Performance Management System

A Case Study at MT
Why measure performance?

• What gets measured gets done
• You can’t manage what you can’t measure
• What you cannot measure you cannot improve.
• If you cannot improve you cannot grow.
• Measurement helps in objectively differentiating between performers and non performers.
• Performance related pay is possible only through metrics.
Definition of Performance Management System

“Performance management is both a **strategic** and an **integrated approach** to delivering **successful results** in organizations by **improving the performance** and **developing the capabilities of teams and individuals**.”

*Armstrong and Barron (1998)*
In brief: Mauritius Telecom

Historical telecom operator in Mauritius

ISO 9001:2008 company. Good corporate governance, fair working conditions, secure products and services, cutting edge technology with 3G / 4G, Fibre Optic Network, IPTV and Undersea cable investments

Government of Mauritius (60%) and Orange France (40%) – Main Shareholders

Regional investments in Orange Madagascar; major shareholder at 90% in Telecom Vanuatu Ltd

Various business units comprising Telco operation, Content development, Directory services, Call Centre Services

Workforce of 2500 employees

Highly unionised – 3 unions with multi membership originating from mergers between Dept of Telecom and Overseas Telecom Services
Why Performance Management at MT?

• Moving from a monopoly position to a Competitive environment. Competitiveness rested on the effectiveness of human assets – on the ability to create, to apply skills and accumulate knowledge, to effectively together and to treat customers well.

• ICT sector became 3rd Pillar – Teledensity moved to 120%

• Competitive reward package for attraction and retention

• Shift from a standalone performance appraisal based on soft criteria (punctuality, teamwork, etc) to an integrated system based on hard, strategic aligned and results oriented system (high performance culture)
  ➢ Shareholders observe better results.
  ➢ Employees experience greater job security and career advancement thanks to outstanding performance.
  ➢ Dividends and bonuses pay out as reward
Performance Management Model

Vision
Strategic Objectives
Strategic Goals
Organisation Key Performance Areas (KPA)
Department Objectives
Key Performance Indicators (KPI)

Execution
Planning
Milestone at Mauritius Telecom

- Roll out of PMS with clear personal objectives, performance standards and indicators at all levels.
  - Dec 2009

- Awareness session and Training to all employees on objectives setting
  - Development of personal objectives
  - Sep 2010

- Payment of 1st PMS Bonus to all employees based on the achievement of both Group Objective and Personal Objectives
  - S1 2010 to S1 2012

- Manual Process

- Online Process/ Calibration
  - S2 2012

- Web Version
  - S2 2014

Evolution in the process
Process timing

January

Financial Year

December

Set Objectives
January - March

April - June

July - September

October - December

Assess

Mid Term Review

Ongoing Coaching / Feedback

performance management at Mauritius Telecom
# MT Performance Management System

## PMS Summary

<table>
<thead>
<tr>
<th>Year</th>
<th>Semester</th>
<th>Phase</th>
<th>Status</th>
<th>Total</th>
<th>Complete</th>
<th>Pending</th>
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</thead>
<tbody>
<tr>
<td>2014</td>
<td>2</td>
<td>Objectives Setting</td>
<td>Work In Progress</td>
<td>1749</td>
<td>1675</td>
<td>47</td>
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<tr>
<td>2014</td>
<td>1</td>
<td>Performance Evaluation</td>
<td>Work In Progress</td>
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<td>1557</td>
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<td>2013</td>
<td>2</td>
<td>Performance Evaluation</td>
<td>Complete</td>
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<td>1550</td>
<td>20</td>
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<td>2013</td>
<td>1</td>
<td>Performance Evaluation</td>
<td>Complete</td>
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<td>Performance Evaluation</td>
<td>Complete</td>
<td>1501</td>
<td>1483</td>
<td>12</td>
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</table>

6 records retrieved
Challenges faced at MT

Design Phase

• Challenge of buy in from internal stakeholders
• Trade Union: “What are the benefits of implementing a PMS?”
• Trade Union – “What are the rewards that the employees will get?”
• Assisted by Strategic Partner in model design but project driven inhouse due to sensitivity

*Once an organization has the “buy-in” of unions, the implementation phase of the PMS becomes much more smoother.*

• Kicked off with 75% of staff as 25% was governed by another regime based on profitability bonus scheme

Integration Phase

• Big challenge – aligning the company strategic objective, departmental objectives with the objective of implementing the PMS.
• Top Down Process was aligned with strategic plan and annual objectives of operating plan
• Key Result Areas aligned as per strategic intent
Leadership

• The implementation of the performance management system has to be supported and driven by top leadership and management... CEO and Top Team provided full support and were fully involved

Competence

• All those involved in the performance management system must possess appropriate knowledge, attitudes and skills to utilise the system. As such the following problems have been acknowledged:
  • Difficulties in writing objectives – different grade, educational background : need to explain how to write objective.
  • Development of performance indicators, key results areas, performance agreements.
  • Administrative issues – how to handle absences, switching of jobs, promotions etc
  • Appraisers who sit on the fence

Implementation – The Most Crucial Phase

• MT had to sensitize all its employees on the “why” integrating a PMS in the system. Sensitization becomes a vital aspect in order to counter resistance to change, the aim is to explain the benefits of the performance management system, communicate progress with the implementation and reduce uncertainties, fears and anxieties.
Cnt’d

Evaluation

- Non achievement of process in a timely manner – reminders and last reminders
- Transparency around calculation
- Disputed around scores
- Challenge for achieving stretched objectives vs mediocrity
- Focus on compliance rather than value from the process
Assessment and Findings

Redefined – The market reached a maturity stage where customer retention and development of new products and services were formulated in the Strategic Execution and Operational outcomes. Actually business results dropped and pay out increased.

Objectives not stretched enough resulting into high percentage of high achievers. Due to low growth, business targets were easily met, resulting into non-optimisation of resources.

Timelines for objective setting and performance review were not met.
Assessment and Findings – Cont’d

Effective link between the different hrm areas were not achieved eg learning and development, talent management and expected behaviours

System did not provide for Cross Functional Team assessment

Governance and transparency – issues with respect to openness and fairness
Graphical presentation of Business Results and Employee Performance

Performance Management at Mauritius Telecom
## Example of Analysis of Distribution

(plse input ONLY the number of employees within function)

<table>
<thead>
<tr>
<th>Number of Employees within function</th>
<th>Number</th>
<th>Pre Calibration</th>
<th>Post Calibration</th>
<th>Performance Distribution (%) pre calibration</th>
<th>Performance Distribution (%) post calibration</th>
<th>Suggested Distribution (%)</th>
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</thead>
<tbody>
<tr>
<td>No. of employees with Exceeds</td>
<td>64</td>
<td>0</td>
<td>0</td>
<td>57%</td>
<td>0%</td>
<td>15 - 25%</td>
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<tr>
<td>No. of employees with Succeeds</td>
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<td>0</td>
<td>38%</td>
<td>0%</td>
<td>65 - 80%</td>
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<td>0</td>
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<td>0%</td>
<td>5 - 10%</td>
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<tr>
<td>No. of employees with Inadequate</td>
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<td>0</td>
<td>0</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>
Example of Calibration Chart

![Calibration Chart](image)

- **Exceeds**: Performance Rating: 0%
- **Succeeds**: Performance Rating: 20%
- **Nearly There/Inadequate**: Performance Rating: 80%

- **Target Distribution**: Blue line
- **Pre Calibration**: Yellow line
- **Post Calibration**: Green line
Performance Management System as an ongoing process

Performance Management processes have to be nurtured. The fundamental mistake many organisations have made is to believe that all they have to do is design an elegant system complete with documentation, run one or two workshops and it will all happen as planned...the systematic monitoring and evaluation of performance management is essential to maintain it as an effective process

(Armstrong and Baron, 2009)
## Challenges and Road Map 2015

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Way Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low growth</td>
<td>✔ Include Network Promoter Score as a new performance criteria across the business</td>
</tr>
</tbody>
</table>
| Objectives not enough stretched / Missed out deadlines | ✔ Training of appraisers  
✔ Guidelines on objectives setting and evaluation according to hierarchy levels  
✔ PMS as one component of people management objective for the management grade |
| Non effective integration of HR processes           | ✔ Definition of functional competences plugged in to the PMS                |
| Governance and Transparency                         | ✔ Escalation process in case of non agreement on scores  
✔ Calibration guideline set in advance  
Budget allocation per department                      |
Thank You