

# Yale University Performance Management Guide

July 2008 – June 2009



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# Yale University's Performance Management System

July 2008 - June 2009

## Philosophy and Intent

Performance management is integral to creating a high performing organization and to supporting employee development. The performance management cycle and processes serve as the architecture that allows managers and employees to set expectations for the year and to discuss each employee's potential contributions toward the achievement of departmental and University goals and objectives.

The University has adopted a process called FOCUS (Feedback and On-going Coaching for University Success) to drive the goal setting and performance review portions of performance management. Through effective goal setting and performance review and assessment, the organization keeps focused on its key objectives, and employees are provided feedback that will help them grow and develop as professionals and as individuals.

The current features of the FOCUS process are joint goal setting between the manager and employee, self-assessment, and the opportunity to engage in productive discussions regarding performance at mid-year and at year-end during the annual assessment. The objective of the performance review discussions is that managers and employees have meaningful and constructive reflection and dialog to provide employees with relevant, specific, and timely information about performance strengths and opportunities for improvement.

Annual performance assessments are a powerful tool for employee development. The employee self-assessment helps the manager understand the employees' perception of their performance, what employees value in their jobs, what motivates them to do better, and how the job fits into their career goals. With that information, managers can engage employees in a discussion on how to achieve high performance in their positions and realize career goals.

Annual reviews and assessments are also important for the organization. They help the organization stay on course to achieve important departmental and University objectives, and provide a tool to assess performance and provide appropriate rewards for employee contributions to University success during the course of the year.

*Note: See <http://www.yale.edu/hronline/PersPracWeb/601.html> for Yale's Performance Management Policy document and visit Yale's FOCUS website at <http://yale.edu/focus> for more detailed information on the topics covered in this guide.*

# FOCUS Annual Performance Management Cycle

The cycle starts with goal setting at the beginning of the fiscal year. The diagram below indicates time frames for the key activities in the cycle.



## Expectations

All managers of staff are expected to set goals with, evaluate, and provide feedback to managerial and professional employees annually. The annual cycle begins with established goals for the period July 1 of the current year through June 30 of the following calendar year. The annual review process takes place during the months of April, May, and June. The evaluation process includes a self-assessment by each employee and a review and assessment completed by the employee's manager. Employees receive an overall evaluation rating based upon their annual assessment. Based on their ratings, employees may be recommended to receive an annual merit increase.

## Starting With the End in Mind

Because the performance management cycle runs annually for all managerial and professional employees, and is linked to merit pay for performance, it is important to plan ahead and conduct the activities included in the performance management process in a timely manner. At the end of the cycle, recommendations for merit increases must be reviewed, calibrated and processed in time for managers to have the performance and salary discussion with employees prior to any change taking effect in their paychecks. The following is a table of start dates and final due dates for all of the activities in the performance management cycle.

## Important Dates

<b>RECOMMENDED START DATES</b>	<b>ACTIVITY</b>	<b>FINAL DUE DATES</b>
6/1/08	Goal Setting – FOCUS forms completed (note: ideally, many departments set new goals concurrently or soon after the annual performance assessment; 10/31/08 is the latest recommended date for this fiscal year.	10/31/08
11/1/08	Mid-cycle status review discussions held	1/31/09
2/2/09	The Human Resources Department communicates the merit process and timelines	2/2/09
4/1/09	The Human Resources Department develops and communicates salary pool and merit increase guidelines	4/15/09*
4/1/09	<u>Performance Review and Merit Process</u> <ul style="list-style-type: none"><li>• HR Generalists facilitate department meetings to plan and set internal timelines as necessary</li><li>• Managers communicate performance management process to employees and request self-assessments</li></ul>	5/15/09

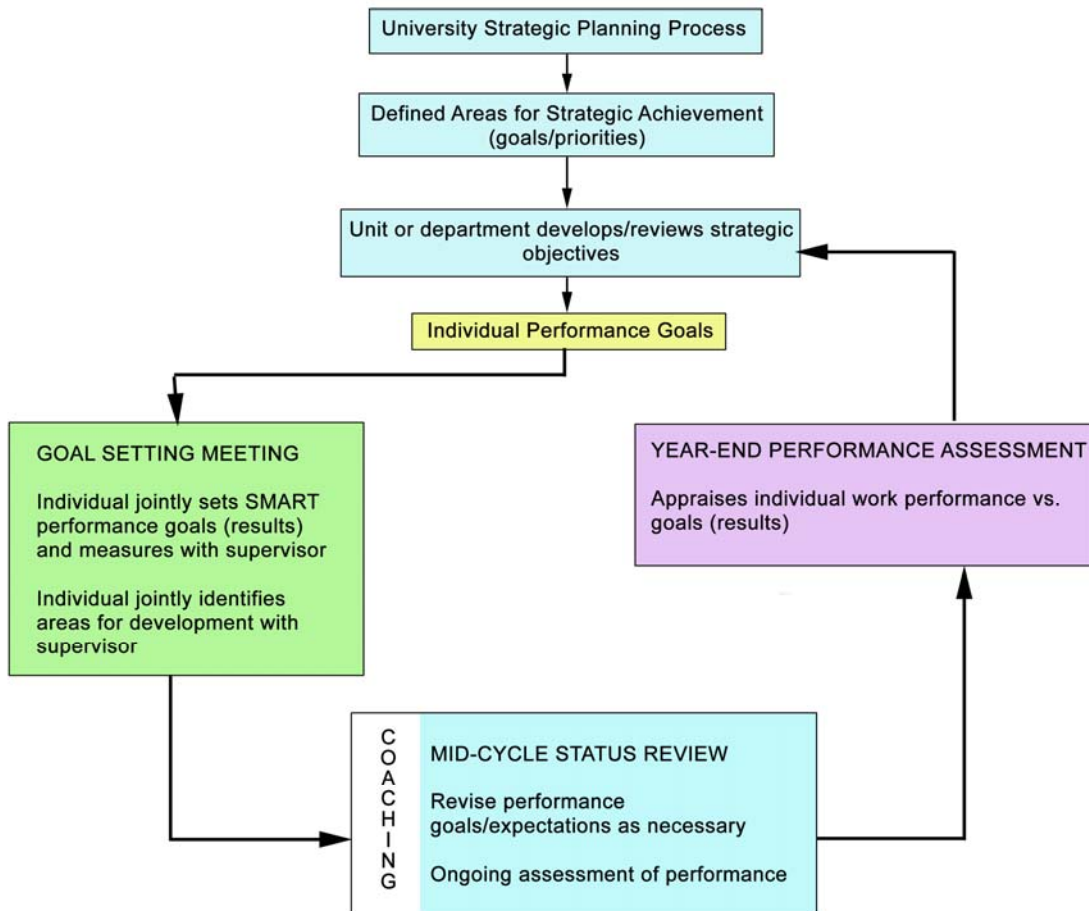
	<ul style="list-style-type: none"> <li>• Employees complete self-assessments and return to manager</li> <li>• Managers solicit feedback from faculty, dual report, clients</li> <li>• Managers receive employee information, data and metrics</li> <li>• Managers prepare written reviews and assessments and develop recommended merit increases</li> <li>• Individual departments conduct 2nd level reviews and/or</li> <li>• Individual departments calibrate evaluation and merit recommendations</li> <li>• Departments submit performance ratings and merit recommendations to Division/School</li> <li>• FOCUS forms completed and signed off by manager and 2<sup>nd</sup> level reviewer (not yet discussed with employees)</li> </ul>	
5/15/09	HR Generalists/Division/School level review, calibration and approval completed	6/1/09
6/1/09	Merit recommendations reviewed, analyzed, processed and provided by the Human Resources Department to appropriate Officer/Provost	6/15/09
6/15/09	All approvals completed – Officer/Provost level	6/25/09
6/25/09	<ul style="list-style-type: none"> <li>• Performance assessment and salary discussions take place (all salaries have final approval)</li> <li>• Signed performance assessments are sent to HR Generalists or department HR Representative to be filed in University employee file</li> </ul>	7/25/09
7/1/09	Merit increases are effective	7/1/09
7/31/09	New salary amounts are reflected in end of July paychecks	7/31/09
7/1/09	New Annual Goals and FOCUS forms completed	8/31/09

\* Dependent upon University Budget approval process

## Goal Setting

Performance management can improve two-way communication, individual and organizational performance, and align activities with the organization’s strategic priorities--and it all starts with goals.

Goals should be driven towards the overall objectives and mission of the University and aligned and linked with them as nearly as is possible. From the highest level of strategic priorities, goals and objectives cascade down through all levels of the organization, ultimately informing the goal setting process for the individual. The following chart indicates how this flow can work.



## Goal Setting Guidelines

### Effective Goals Have the Following Characteristics:

- They relate to organizational and departmental mission and goals
- They are focused on results and the outputs delivered to customers
- They clearly define expectations for performance
- They include a focus on developing and learning; encouraging all individuals to be the best they can be
- They are developed with the involvement of staff; improving communication between managers and staff

And while goals can provide individuals with direction and motivation, they will not effectively do this unless three conditions are met:

The goal is clear so that the individual understands what it entails.

The goal is perceived by the individual as something that is worth accomplishing.

The goal is specific, and is challenging, yet achievable, for the individual.

*Center for Creative Leadership*

### FOCUS Annual Performance Goals

Focus annual performance goals should be a written statement of what the manager and employee expect will be accomplished -- the results of the employee's activities -- within a given time period. It can be a longer or shorter-term goal all of which or part of which will be accomplished within the year.

Goals can be written for specific one-time or on-going projects, new programs, improvements, committees or other assignments, as well as professional development. Goals should be developed in alignment with the mission of the department or organization.

Where strategic plans or goals have not been set or effectively communicated to all levels of the organization, key deliverables and customer needs are good focal points for setting meaningful goals. When these types of goals are reached, they are likely to contribute to creating a high performing organization.

## **Important:**

Essential job responsibilities are what we are all accountable for, and are appropriate to use for goal setting purposes. The key is to think through the deliverables and the measures that, at review times, will help managers and employees determine whether the responsibilities have been handled consistently, at a high level, or insufficiently.

It is also important not to rely *solely* on the daily job responsibilities to set goals, and where possible, to look for opportunities to develop meaningful, and even inspiring annual goals that are beyond the routine job deliverables. Look to develop goals that make the most meaningful contribution to customers, the work group, the organization and the development of the individual.

## **The Mid-Cycle Status Review**

One of the most useful parts of the FOCUS performance process is the mid-cycle review. This is a time for the **F**eedback and **O**n-going Coaching parts of the FOCUS acronym to come into play, and will support and drive the last parts of the acronym – for **U**niversity (and personal) **S**uccess. This is an opportunity to reinforce and encourage continued positive contributions and to make course corrections while there is time to effect change and improve results, so the purpose of this discussion is dynamic, rather than evaluative. For this reason, there are no ratings of performance issued at this time.

Mid-cycle status reviews are typically conducted from 4 to 6 months after goal setting has occurred. This interim process gives managers the opportunity to provide mid-year feedback about an employee's progress toward annual goals, to reinforce progress against the goals, to coach for improvement where necessary, and to revise goals or make goal adjustments if necessary. In periods of rapid change, goals set at the beginning of the annual cycle may need to make way for new or different priorities and new goals.

## **Feedback**

Feedback, to be valuable, needs to be timely and specific. This is one of the reasons a mid-cycle conversation can be so much more powerful than relying only on an assessment at the end of the cycle. Feedback also needs to be descriptive, rather than judgmental. Descriptions of behavior (what was done) and events (what was the context) that are linked to results and impact (what happened as an outcome) create clear and motivating messages.

Giving feedback is a crucial part of any open, honest working relationship. While it can take a little work for managers to prepare so that they can phrase feedback in productive and constructive ways, it is worth the extra effort to maintain a positive relationship to maximize the chances that employees will continue, correct or improve performance.

## Coaching

Coaching is particularly helpful during the mid-cycle review, but also at any time the manager or the employee feels there is a reason to touch base. Yale offers several tools and courses to help managers prepare for and hold a coaching discussion with an employee. Go to <http://yale.edu/learningcenter> for more information.

## The Year- End Performance Assessment

### Overview

The annual performance assessment process is a final discussion of results attained in relation to goals set for the full course of the year. It should be a dialogue, and be built upon observations, results and achievements made during the full course of the year. Preparation is important, and should involve both the employee and the manager.

### Input

To prepare for the assessment, input should come from the employee and the supervising manager. There are a variety of other sources that should be tapped appropriately for useful information with which to develop an accurate and meaningful assessment. Dual report managers should be contacted, and customers can provide valuable input in situations where they may have worked with or relied on the employee.

### Self-Assessment

A very important source of input to the year-end assessment is the employee's own view of progress and achievement with regard to the year's goals. The employee perspective may provide insight and information unavailable through any other source, and should be requested by managers as part of the information gathering phase of preparation they undertake.

### Ratings

Ratings of performance are assigned by the managers once all information has been gathered and determined to fit into one of four categories:

- **Exceptional**-performance noticeably exceeded expectations and made a unique contribution to the University, School or Department objectives. Individuals who achieve this performance rating are recognized by higher levels of management, their peers, and staff that report to them, as "stand out" performers. This rating is typically awarded to between 10-20% of Yale employees and is reserved for the top performer(s) for the year.
- **Met/exceeded expectations**-performance consistently met or exceeded Yale's high standards and expectations. All critical annual goals were achieved. Individuals who achieve this performance rating are widely recognized as a strong and valued contributors. Generally, 75% to 85% of Yale employees will fall into this category.

- **Needs Improvement**-performance often met, but did not consistently meet, position expectations. One (or more) of the most critical annual objectives was not met. Incumbents who receive this performance rating are typically new to their position or need further coaching and development to fully meet position expectations. Less than 10% of Yale employees fall into this category.
- **Unsatisfactory**-performance was below expectations in essential areas of responsibility, with key goals and objectives missed the contribution of individuals who receive this performance rating is typically below that of peers or incumbents in comparable positions. Less than 5% of Yale employees fall into this category.

Numerical ratings are attached to each of these categories so that each goal area can be valued and counted toward a rating for overall performance during the year.

### **Merit Recommendations**

The Human Resources Department determines guidelines for merit increases each year, based on available funds, rating levels and the position in range of the current salary. Managers make recommendations for merit increases using the overall performance rating they have assigned and applying the Compensation Department guidelines.

### **Approval**

As managers complete their assessments, they submit them to department leadership for 2<sup>nd</sup> level review and calibration to provide a check so that employees are being assessed appropriately relative to their peers. The assessment, ratings, and the merit recommendations are examined during this part of the process, so that proper consideration can be given to factors such as the position of the employees' salaries within their salary range as part of the calculation for merit percentage increase.

### **The Performance Assessment Discussion**

Once all approvals have been given, the performance assessment and salary discussion can take place. This will be a conversation worth preparing for as it is an important dialogue for the manager and employee. Approximately an hour is typically reserved for this meeting. Some excellent tools are available to help managers prepare on the FOCUS website: <http://yale.edu/focus>. This may also be the time that new objectives and goals for the coming year begin to be discussed, which will expand the topic areas and time required for the discussion.

### **Pay for Performance**

The University is committed to merit pay for performance, and the performance management cycle of goal setting, mid-year review and year-end performance assessment outlined here serves as the foundation for achieving that result. The Human Resources Department supports managers in applying annual merit pay, based on performance assessment, through a coordinated process involving the efforts of several key roles. An understanding of those roles and responsibilities is

helpful for managers involved in the performance review and assessment process, and they are described in the section that follows.

## **Roles and Responsibilities**

### **Manager**

The manager has primary responsibility for and owns the following parts of the review process:

- Receives self-assessment
- Drafts assessment materials, recommends rating, and often, recommends salary increase
- Forwards assessment materials to 2nd level reviewer
- Adjusts assessment materials/ratings/salary based on feedback and discussion with 2nd Level Reviewer and/or from Calibration Process
- After final approval, holds feedback meeting with employee
- Responsible for "owning" and delivering the rating, assessment message, and salary, as approved

### **Dual Report Manager**

This is a manager with dual supervisory authority who provides input into the ratings, reaches consensus with all supervisors, and also approves the assessment and rating.

- Involvement can vary greatly based on circumstances
- May provide insight and support or may be fully involved in almost every step
- Identifying which manager is primary and what role the other will play should be clearly established well in advance

### **2nd Level Reviewer**

This manager has responsibility for the final approval and sign off on the rating, assessment, and salary increase. The 2<sup>nd</sup> level reviewer has primary responsibility for the following parts of the review process:

- Reviews and approves the rating, assessment message and salary recommendation; approval signifies agreement and support of the rating, assessment message and salary in the broader context of the larger group.
- Responsible for considering performance distribution and salary guidelines for the larger group. In departments with a calibration process, the 2nd level reviewer often participates in calibration.
- Responsible for working with the manager(s) to resolve issues, if changes need to be made in the rating, assessment message, or salary based on 2nd level reviewer's opinion, dual manager's difference of opinion, or feedback from calibration.

The 2nd level reviewer may be the manager's manager, a higher level manager, or other official. He or she may be in the direct "line of command" or in a different capacity.

## **Performance Management – Related Topics**

### **Unsatisfactory Performance**

Managers should address performance issues with employees when they arise and should not postpone discussion with the employee until the mid-year or annual review. The manager should contact the HR Generalist regarding specific issues and work with the Generalist to develop a plan for communicating the issues to the employee, documenting them appropriately, and preparing a performance improvement plan. At the mid-cycle and year-end performance assessments, these performance issues should be noted appropriately on the FOCUS form and discussed.

### **Too New to Rate**

All newly-hired staff employees of the University are on probationary status for the first 90 calendar days of their employment. For the purposes of the annual year-end performance assessment, employees who have been in their jobs for fewer than 6 months will be considered too new to rate. See additional information on probationary status at <http://www.yale.edu/hronline/PersPracWeb/106.html>.

### **FAQs: Frequently Asked Questions**

1. How does the FOCUS performance management process benefit employees?

The FOCUS performance management process is a mechanism by which employees can understand what is expected of them in their jobs and how their performance relates to the success of the unit and the University. It provides for regular communication between managers and employees to assess job performance and to help the employee develop skills that are critical to effective performance in the current or future job.

2. Why does Yale need a performance management process?

Every organization needs to achieve certain goals to be successful. With a performance management process, Yale can monitor progress toward achieving its goals and pinpoint the work and activities that were most important in achieving or not achieving them. This knowledge can be used by the organization to redefine goals or to set new ones, and to keep building on the successes achieved.

3. What is the role of the manager in the FOCUS performance management process?

Managers must set clearly defined, measurable, realistic and time-framed goals with input from their employees. On a regular basis, managers must provide an objective evaluation of the work of each employee that fairly assesses the employee's success in demonstrating skills and achieving goals. When an employee fails to meet expectations, the manager must explain

why, provide coaching and help the employee create a plan of training and development to help the employee be effective in his/her job.

4. Why did Yale require overall performance ratings of M&P staff beginning in FY08?

Giving an across the board percentage to all employees at pay raise time, or basing pay increases on tenure, is a vanishing practice. Today, most organizations have adopted formal performance management processes and are linking salary adjustments directly to an individual's success in accomplishing established goals (for individuals, departments, divisions and the entire organization) on which they are rated at the end of an evaluation period. Pay for performance, or requiring ratings of employees, enables Yale to reward high-level performance and motivate employees to meet individual and organizational goals.

5. Is an overall performance rating tied to merit?

Yes. Beginning in FY08, the overall performance rating an M&P receives was tied to a merit increase and a pay for performance philosophy.

6. If a department is on a different review cycle, must they still have a written performance document by June 30?

Yes. All departments must have this completed by June 30th.

7. Who will have access to the FOCUS form/employee record?

Only the employees, their managers, and University officials with a business need, e.g. HR Generalists, will have access to the FOCUS form/employee record.

8. What do I do if I disagree with my manager's rating?

If you do not agree with your manager's rating, you have several options. You can fill out the comments section of the FOCUS form. You can have a constructive dialogue with your direct manager to discuss the disagreement -- often the disagreement ends once a more clearly articulated discussion between a manager and employee takes place. If a discussion with your manager does not end the disagreement and you feel you need to, then speak with your manager's manager and/or your HR Generalist.

9. Is there a difference between performance goals and development plans?

Yes, there is a difference. Performance goals are the results you wish to achieve within your current position and development plans target how you want to grow and develop in your career. This difference is covered in the core FOCUS classes, "Goal Setting and Feedback for Manager's" and "Goal Setting and Feedback for Non-Managers". In addition, the HR Organizational Development and Learning Center offers classes on "Coaching for Development" and "Coaching for Performance".

10. What prompted the change in forms and rating structure?

Several key changes have been made in the rating scales and language explaining the meaning of ratings. These are based on best practice and on feedback from users and key stakeholders. The process is reviewed annually and feedback received is drawn upon to make appropriate changes and improvements.

11. Do my manager and I evaluate on the same goals?

Yes. Before filling out your self-assessment, review your performance objectives for the year with your manager.

12. Are there any examples for filling this out?

Yes. You can find some examples on the FOCUS website: <http://yale.edu/focus>

13. Where can I find the forms?

The forms are online at: <http://yale.edu/focus>

## Glossary of Terms

Assessment	University term for the annual evaluation or performance review.
FOCUS	<u>F</u> eedback and <u>O</u> ngoing <u>C</u> oaching for <u>U</u> niversity <u>S</u> uccess
M&P	University classification for managerial and professional employees. M&P employees all participate in the performance management process at Yale.
Merit Pay	A percentage increase to be added to an individual's base pay to recognize and reward performance.
Mid-Cycle Status Review	Mid performance year check-in with employees to review status on goal achievement, potential need to change or modify goals, reinforce positive progress on goals. No ratings are given at this time.
Pay for Performance	Practice of recognizing and rewarding performance with merit pay.
Ratings	Numeric values used to evaluate performance during the annual assessment.
Self-Assessment	An employee's evaluation of how he/she has performed in relation to the annual goal(s).

## **Related Human Resources Links**

- Compensation & Classification <http://www.yale.edu/hronline/compclas>
- FOCUS Form <http://www.yale.edu/hronline/focus/forms>
- FOCUS Website <http://yale.edu/focus>
- Human Resource Generalists <http://www.yale.edu/hronline/hrgeneralist>
- HR Policy and Procedures <http://www.yale.edu/hronline/PersPracWeb>
- OD & Learning Center <http://learn.caim.yale.edu/lcdb>
- Staffing & Career Development <http://www.yale.edu/hronline/careers>