

## Improving Effectiveness of Performance Management System

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### About the company

The Piramal Group is a diversified conglomerate with operations in over 30 countries and brand-presence across 100 markets around the world. Since the late 1980s, the Piramal Group evolved from a textile-centric business to a diversified pharmaceutical-based global organization. The Piramal Group operates across sectors such as **healthcare, healthcare information management, financial services, specialty glass packaging and real estate.**

As a Group we have consistently identified opportunities ahead of the curve, even when market situations suggest the opposite. We invested in the domestic formulations business when others were focused on growing international generics. Our persistence paid off when a deal with Abbott in 2010 valued our business at **USD**

### 3.72 billion, an unprecedented 9x sales and 30x EBITDA.

Over the past two decades we have consistently focused on growth and today are ranked amongst the leading business conglomerates in India. The approach has been both organic and inorganic growth. We have built solid global partnerships to augment our presence in certain markets and continue to focus on core businesses by consistently investing in them. The Piramal Group's balance sheet today is in excess of **USD 3 billion** and over 70 percent of the revenues are generated from outside India. We are home to a team of over 7,500 people from around the world and at any time have over 21 nationalities working with us.

Our philanthropic arm, **Piramal Foundation**, runs projects across healthcare, education, livelihood creation and youth empowerment. Projects like **Piramal Water (Sarvajal)** and **e-Swasthya** are now Harvard Business School Case Studies.

### Our Values – Knowledge, Action & Care

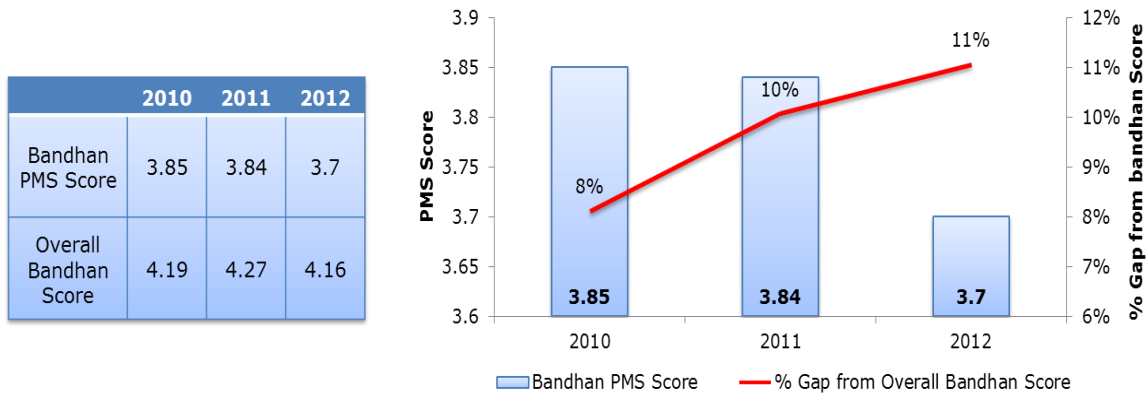
	<b>KNOWLEDGE</b> : We strive for a deeper understanding of our domain. : We aspire to do things creatively.	<b>EXPERTISE   INNOVATION</b>
	<b>ACTION</b> : We are empowered to act decisively and create value. : We are consistent in our thought, speech and action.	<b>ENTREPRENEURSHIP   INTEGRITY</b>
	<b>CARE</b> : We protect and enhance the interests of our customers, community, employees, partners and shareholders. : We aspire to be the best, yet strive to be humble.	<b>TRUSTEESHIP   HUMILITY</b>

### Need of the Project & Problem Definition

Piramal Group has transformed from being an Indian conglomerate to a Multi-National Company with Indian roots. We have a presence in multiple regions across the globe with diverse businesses and a talent pool of 8000 employees.

In line with our core value, **Knowledge, Action & Care** we always were focused on ensuring that we provide best environment for our employees to perform. To understand the pulse of our employees, we had been

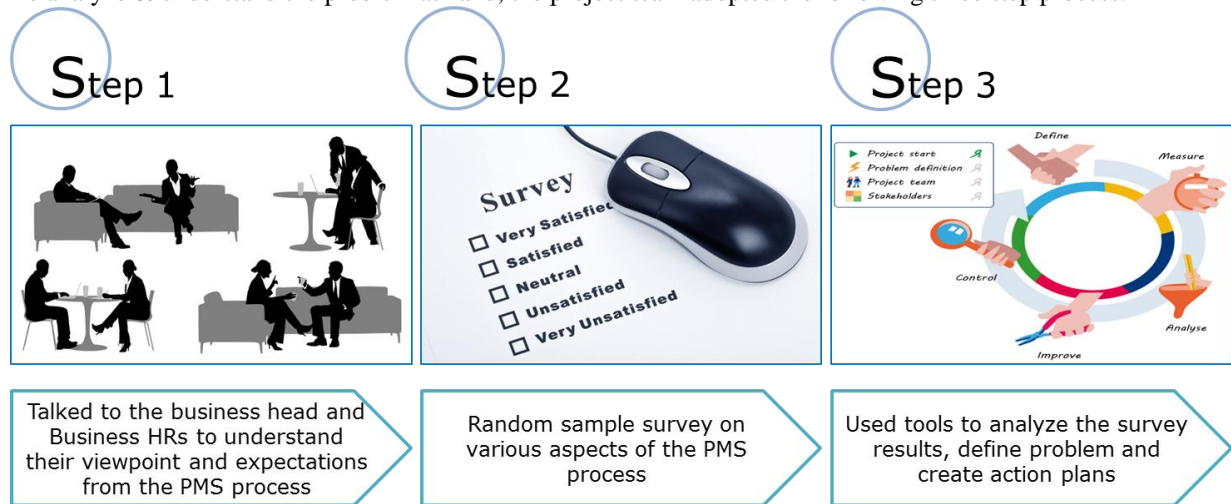
conducting Bandhan survey (our employee engagement Survey). This survey was indicating declining satisfaction level score for PMS System over three years. This score was consistently low across all the Businesses indicating a problem in the PMS process itself.



Our **Strategic Vision 20-20** also includes employee centric organization as a focus & ensures that our employees from diverse setups are measured on a fair & transparent scale. It is imperative for us that our Performance Management system is robust, uniform and more effective. So, to improve the effectiveness of the PMS system, we initiated a focused improvement project for “Improving the Effectiveness of our PMS system” across the organization.

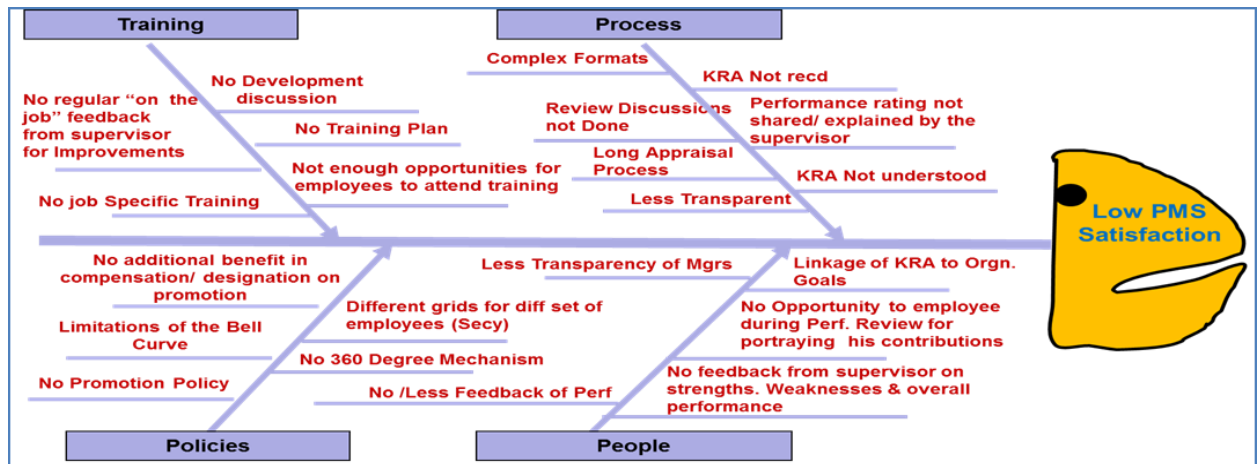
**Methodology adopted for the Project**

To analyze & understand the problem at hand, the project team adopted the following three step process:

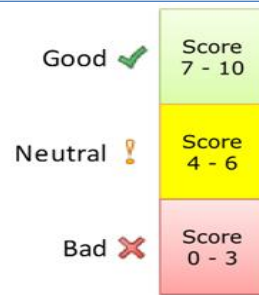


**Step 1 – Inputs from key customers**

The HR Team held discussions with Key Stakeholders to understand their viewpoints & expectations from HR function. This feedback was then used for developing a quantitative questionnaire.



- A Survey Questionnaire was developed
- Ratings 0 – 10 (Increasing favorable)



### Step 2 – Employee Speak through Online Survey

Based on the inputs from the key stakeholders, a survey questionnaire was developed to quantitatively capture the gaps in the PMS System.

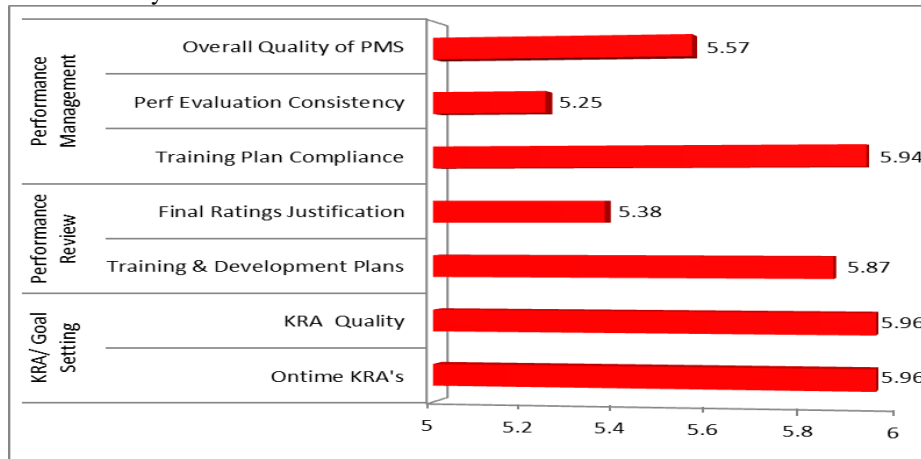
A participation of 545 employees was received in the survey across the organization.

### Step 3 – Analysis of Survey Results

The Survey results were consolidated and analyzed. The first level on analysis split the overall satisfaction score of the survey (6.3) into two components: scores for people managers (6.7) & employees (5.9). The scores for people managers & employees was compared for all the questions which was found to be consistently low for employees across all the questions.

Questions	Focus	Managers	Subordinates	Overall Satisfaction
Ontime KRA's	Systems	7.67	5.96	6.82
KRA Quality	Systems	6.97	5.96	6.46
KRA Alignment	Systems	6.97	6.14	6.56
PMS Review Quality	Leadership	6.83	6.1	6.46
Freedom for Expressing	Leadership	6.62	6.41	6.52
Feedback Quality	Leadership	7.07	6.14	6.6
Training & Development Plans	Systems	6.86	5.87	6.36
Final Ratings Justification	Leadership	6.28	5.38	5.83
Periodic Perf Feedback	Leadership	6.27	6.07	6.17
Training Plan Compliance	Systems	5.5	5.94	5.72
Perf Evaluation Consistency	Systems	6.25	5.25	5.75
Overall Quality of PMS	Systems	6.66	5.57	6.11

The Scores for employees were further isolated to identify the key focus areas for over improvement in effectiveness of the PMS system.



**Benchmarking the Best practices**

For further understanding the best practices across the industry, we connected with HR teams of other organizations. The best practices were listed down and workgroups were created for improving the PMS process across the organization.



The workgroups conducted brainstorming sessions to identify action items to address the focus areas identified through analysis of PMS survey results summarized as below:

<b>Standardizing</b>	Same process, same formats, same timelines, same understanding of what performance means – across all businesses
<b>Documentation</b>	Creation of Employee PMS handbook and SOPs, publication on Intranet for easier access
<b>Training</b>	Training employees on process, managers on how to give feedback. Introduction of e-learning modules for easy access & uniform understanding
<b>Cascade Process</b>	Rigorous cascade process through X-Matrix for all levels
<b>TopX</b>	Multi-level discussion for each employee’s performance and contributions
<b>Monitoring</b>	Central monitoring to ensure on-time and quality execution

**Action Plans & Execution**

The action plans identified were focused on the Key areas identified out of the PMS survey. These action points also had multifold impact across the focus areas as indicated below:

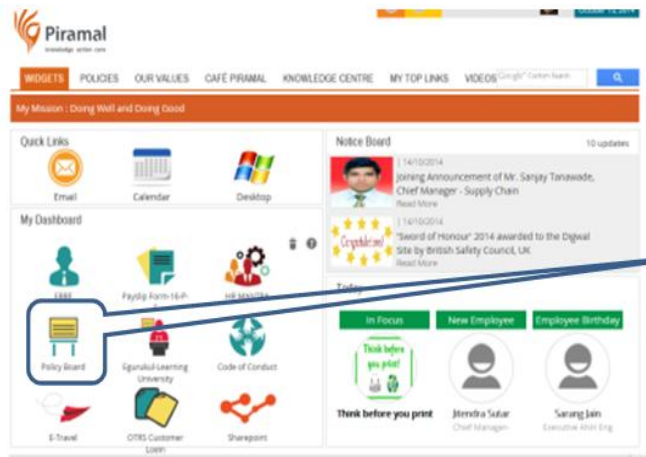
	Performance Evaluation Consistency	Training Plan Compliance	Final Rating Justification	Training & Development Plan	KRA Quality	On Time KRA
<b>Standardizing</b>	✓			✓	✓	✓
<b>Documentation</b>	✓	✓	✓		✓	✓
<b>Training</b>	✓	✓	✓	✓	✓	✓
<b>Cascade Process</b>			✓		✓	✓
<b>TopX</b>	✓		✓			
<b>Monitoring</b>	✓	✓	✓	✓	✓	✓

**Standardizing**

Multiple formats were floating in the organization associated with PMS process. A document Control system was put into place & communicated across the organization to standardize the formats.

**Documentation**

All the associated SOPs for PMS Process were reviewed and documented. For easier access of these SOPs, they were uploaded in an online portal accessible across the organization. Also, for improving visibility, the direct link to the online portal was put up on the home page of the web portal of the organization.



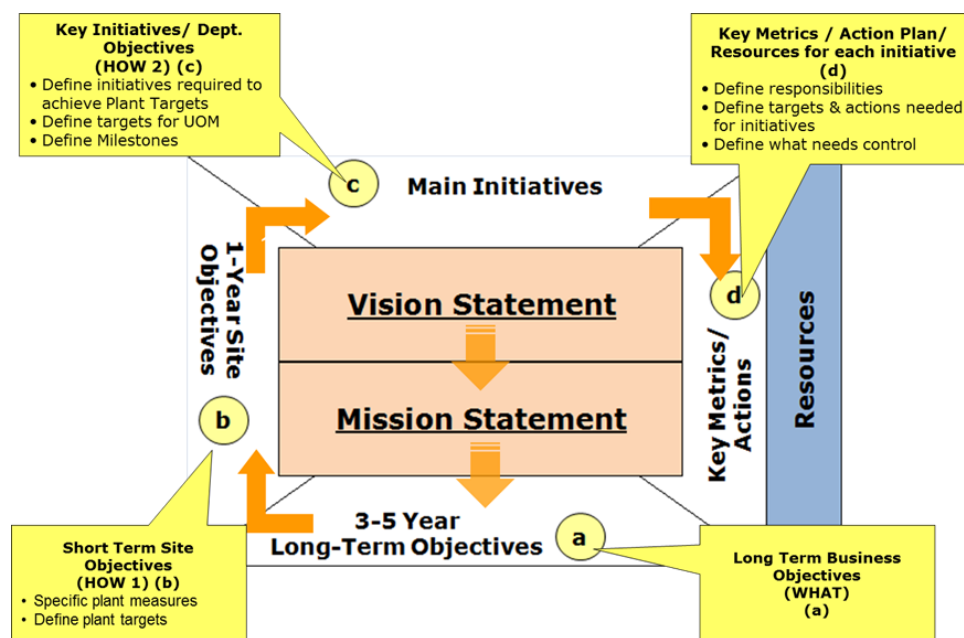
Provided a direct link to PMS Module on Local Intranet Page.

**Training**

For more effective Trainings on the PMS Processes an interactive e-Learning module is developed. The same is used by HR team across the organization for training the employees about the PMS processes – KRA Setting, Mid-Year review & End-Year review.

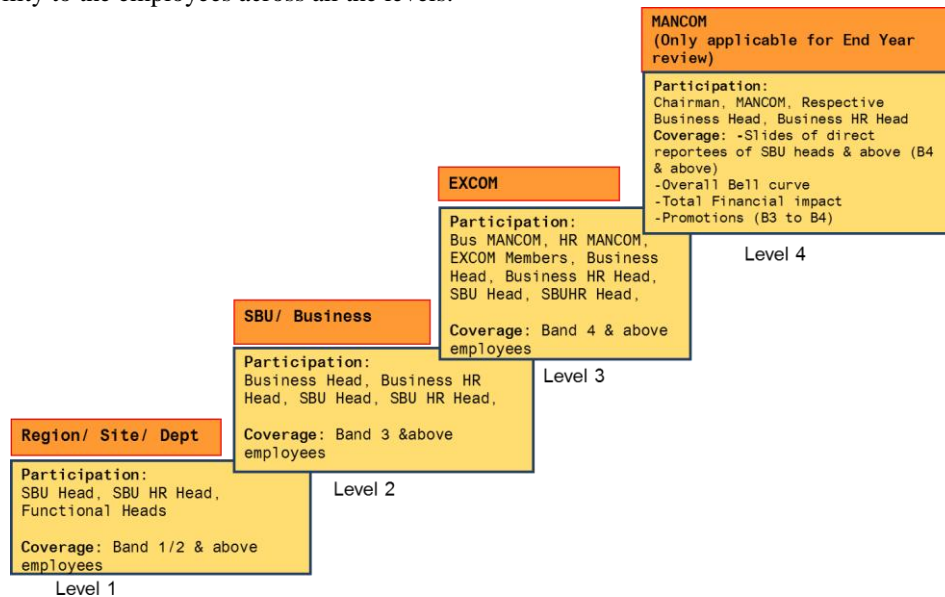
**KRA Cascading – X Matrix**

X-Matrix a policy deployment tool is deployed for effective KRA Cascading across all the level sin the organization. This has resulted in better orientation of KRAs to the organizational goals.



**TopX**

A TopX process was institutionalized for multi-level discussion of performance of employees. This provided a better visibility to the employees across all the levels.



**Monitoring the improvements**

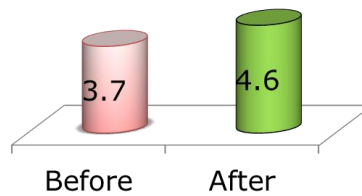
To ensure sustenance of the improvement efforts, monitoring systems were put in place which are being reviewed by a central team. Any deviations are highlighted and corrective actions are taken to prevent any major deviations.

	A	B	C	D	E	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC
1	Process	Timeline	Responsibility	Prior Status	March	1-Apr-14	2-Apr-14	3-Apr-14	4-Apr-14	5-Apr-14	6-Apr-14	7-Apr-14	8-Apr-14	9-Apr-14					
2		Activity			Fri	Tue	Wed	Thurs	Fri	Sat	Sun	Mon	Tue	Wed	Thurs	Fri	Sat	Sun	Mon
4	KRA Setting																		
5		Templates, PMS Manual	PMS COE facilitator																
6		Training - KRA Setting	L&D and PMS Team																
7		Preliminary Budgets	Finance																
8		First Level ExCom KRAs	Business HR																
9		KRAs for 1 Level Below	Business HR																
10		Final Budget Approval	ManCom																
11		Cascade of KRAs to all Employees	Business HR																
12		Compilation & Checking by Business HR	Business HR																
13	KRA Audit																		
	Guideline and Send																		

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
1	SN	Business	Site	KRA Templates Status	Training Dates														
2					6th Jan	7th Jan	8th Jan	9th Jan	10th Jan	11th Jan	12th Jan	13th Jan	14th Jan	15th Jan	16th Jan	17th Jan	18th Jan	19th Jan	20th Jan
3					Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon
4	1	Pharma Solution	PPDS	Sent												Meenu	Sudeep		
5	2	Pharma Solution	PDS	Sent												Meenu	Sudeep		
6	3	Pharma Solution	Digwal	Sent													Tanmayi, Priyanka		
7	4	Pharma Solution	Ennore	Sent			Tanmayi,												
8	5	Pharma Solution	Mahad	Sent										Meenu					
9	6	Pharma Solution	Pithampur	Sent				Meenu											
10	7	Pharma Solution	Canada																
11	8	Pharma Solution	UK																
12	9	Pharma Solution	LDPOC & VFCD	Sent					Tanmayi, Priyanka - Vikhroli										

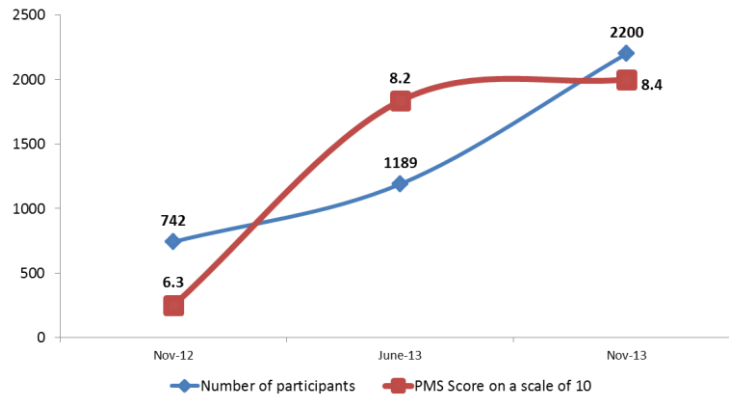
**Results**

As a result of the improvements under this project. Our employee engagement survey, **Bandhan scores** improved from 3.7 in 2012 to 4.6 in 2013.



The **PMS Survey score** also indicated a drastic improvement post completion of the project.





### Sustaining the Improvements

For sustaining the improvements under these projects, all the Action items were incorporated in our daily Management structure – Service Effectiveness Teams. This ensure that these improvements are self-sustaining through the SETs across the organization.

**Objective**

- **Process Maturity** – To drive & sustain process improvements in order to have matured & effective processes in Corporate/service functions.
- **Metric Management** – To set up robust performance metric management systems.
- **Visual Workplace Management & 5S** – Visual management of Corporate/Support functions.

