



DRAFT

APEX Perspective: Executive Performance Management Program (PMP)



March 2019

Background

In September 2018, the Association of Professional Executives (APEX) asked executives for feedback on their recent experience with the performance pay program.

The survey sought to understand the community's concerns so that advice could be formulated and shared with various stakeholders.

Based on hundreds of completed responses from all EX levels, as well as ongoing engagements with federal executives, APEX has developed this perspective on the Performance Management Program (PMP).

APEX's view is that the assessment of performance should be accurate, constructive, timely and free of bias. Results should be shared, and job-related discussions should ensue, followed by accurate and timely payments, where due.

The performance management program should be a forward-looking perspective that offers no surprises at year-end.

Based on input from executives, this APEX Perspective on the PMP provides recommended actions to improve the process, principles, feedback, performance ratings and pay. In the following text, italicized sections depict comments received directly from executives: these selected comments mirror many others APEX also received.

PMP Process and Principles

Regarding the **PMP Process and Principles**, in general:

- It is not well understood by either Executives or their managers.
- It is not consistently administered between departments.
- Ratings, feedback and payments occur too long after year-end.
 - Payments in each of the last two years have been issued six months or more into the next performance year
- 35% of respondents in the APEX survey reported receiving no feedback on their performance
- Executives are being asked to write their own performance narrative.

Executives told us:

- *I should not have to write my own performance assessment.*
- *Performance pay is NOT related to performance at all-- it is basically a high school level clique situation where those who are "marketed" by their friends will get higher percentages of "at risk pay" than others regardless of the real situation. It is just too subjective, period.*
- *Feedback and ratings were late. I received written feedback without a rating in September, a rating a couple of weeks after that and the letter on October 18 (after my mid-year review discussion).*

Proposed Actions:	Lead
By April 2019:	
✓ Instructions for managing performance throughout the performance cycle should be reviewed, updated and shared with all executives annually.	CHRO, Deputy Heads
✓ Introduce a common commitment for all executives, requiring consistency, transparency, fairness and timeliness in the administration of performance management within their area of responsibility.	CHRO
✓ Performance ratings should not be the exclusive means of screening candidates in selection processes.	Deputy Heads, PSC
✓ Executives should not be asked to draft the narrative to support their performance rating.	Deputy Heads
✓ Personal relationships should not influence the performance management process.	Deputy Heads
By November 2019:	
✓ Ensure that departments subject to the program are specifically reminded of the importance of the role that it plays in managing human resources and preparing them for successful careers in the public service.	CHRO
By April 2020:	
✓ Performance ratings for individual executives should include a link to how they managed the performance of their direct reports, as set out in the relevant policies or directives. Failure to respect the elements of the Performance Management Program should be reflected in the responsible executive's performance results.	CHRO, Deputy Heads

✓ The Performance Management Program should be reviewed and benchmarked externally to ensure that its design is appropriate for executives.	CHRO
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PMP Feedback

Regarding **Feedback**, in general:

- Meaningful feedback is lacking and where provided, it is often more positive than the numeric rating suggests.
- Feedback should be constructive and linked to learning and development aimed at closing gaps.
- Some managers of executives claim that they provide performance feedback when their Executive employees say otherwise.
- Concerns regarding performance should never be a surprise at rating time.
- Only 51.7% of over 900 respondents to the APEX survey reported receiving both verbal and written feedback on their performance.

Executives told us:

- *The process is rather Star Chamber-like as the initial discussion of performance without recommended ratings is so general as to be rather worthless. Senior executives are strictly forbidden to reveal recommended ratings and by the time the rating is revealed (almost 6 months after year end this year) there is little discussion on actual performance. There is no chance to rebut any of the feedback or to have an influence on the final rating as my initial discussion in the spring did not mention factors discussed at the final discussion in the fall when the rating was locked in.*

Proposed Actions:	Lead
By June 2019:	
✓ Ensure that regular and meaningful performance feedback is provided. Written feedback which is acknowledged in writing by the employee must be the standard and must reflect verbal feedback provided and be consistent with the numeric rating.	Deputy Heads

✓ Take ownership of the process and engage their manager to ensure that they have clear objectives that are adjusted as needed throughout the year.	Executives
✓ Individual learning plans must address both Executive learning needs and feedback received.	Deputy Heads, Executives

Performance Ratings

Regarding Ratings, in general:

- Impression that ratings are determined by quotas over results and are influenced by relationships.
- Executives feel that career advancement is increasingly dependent on relationships and less and less on results achieved.
 - This perception is reinforced by the significant increase in the use of non-advertised appointments to fill vacancies, as reported by the Public Service Commission.
- Ratings for executives in positions removed from organizational leadership – regional (mostly outside the National Capital Region), enabling roles (mostly corporate functions), and low visibility (not high priority files) or operational roles feel less valued, and report that ratings for these groups are not reflective of true performance.
- Ratings are determined by individuals with little knowledge of the executive being rated – review committees are not familiar enough with the work and performance of the executives they are discussing, especially in organizations with hundreds of executives.
- The same rating in successive years can result in different performance awards.
- Executives are often told that budget and/or bell curving of the ratings are the reasons for their ratings, and the ratings do not reflect actual performance. These excuses diminish accomplishments.
- A Succeeded rating is portrayed as solid, but has been used to screen executives out of selection processes or other opportunities.
 - 49.5% of respondents to the APEX survey reported receiving a Succeeded rating, while 38.1% reported receiving a Succeeded+ rating
- Arbitrary and often non-transparent rules are often cited after the fact to justify ratings. The most common example of this is the association of a Succeeded minus rating for someone in the first year of an appointment. (Interestingly, outside the survey results, Associate Deputy Ministers have reported to APEX that they are subjected to such a rule).

Executives told us:

- *How ratings are determined is not shared and any questions are characterized as insubordinate and not answered.*
- *Although a rating of 3 is considered as Succeeded (or Met), executives see it as the kiss of death for their career.*
- *Performance ratings are requested more often in competitions. In recent times, a rating of Succeeded+ is often requested. However, a Succeeded rating for some departments is not a bad one and it is almost impossible to receive a Surpassed rating.*
- *There is a lack of consistency in ratings between NCR and regional executives. Executives in corporate functions can be held to higher standards as they have more visibility with ADMs and Deputies.*
- *Executives who do not work on “visible” projects, never receive a higher rating than a level 3 (Succeeded). This creates morale and motivation issues.*
- *The EX performance rating process should be revisited with a view to standardization.*
- *There should be an independent recourse mechanism for executives who believe that have not been properly evaluated.*

Proposed Actions:	Lead
By July 2019:	
✓ Finalize and share performance reviews and ratings with executives within the 60 days, as required by the <i>Directive on the Performance Management Program for Executives</i> .	CHRO, Deputy Heads
✓ Executives in less visible (e.g., enabling, regional or operational) roles should not be treated as lesser valued members of the EX Group.	CHRO, Deputy Heads
✓ Organizational rules that may limit a performance rating must be shared in writing with executives at the beginning of the performance period or in letters of offer.	CHRO, Deputy Heads
✓ Organizations should not be limited by a budget cap when rewarding executives within the parameters of the Performance Management Program.	CHRO, Deputy Heads
✓ Evaluate the feasibility of introducing formalized multi-rater feedback.	CHRO, Deputy Heads

Performance Pay

Regarding Performance Pay, in general:

- The value of performance pay is insufficient given the workload and effort.
 - Treasury Board data posted online reports that between 2013-14 and 2016-17, the average payment for pay-at-risk for executives in the core public administration was \$15,032, which was essentially the same in each of the four years reported with an average bonus amount of \$4,976, also largely the same in each of the 4 years.
- The narrow range of percentages available to reward good performance makes it difficult to differentiate, in a meaningful way, between Succeeded (generally 10% for EX-01 to 03), Succeeded+ (generally 12% for EX-01 to 03) and Surpassed (up to 15% for EX-01 to 03) performance ratings.
- Performance awards should not be subject to arbitrary decisions – ratings should determine the amount of the award. For example, in our survey, of the 6 EX-04s and 05s who received a Surpassed rating, only two received the maximum performance bonus of 6%, with four others reporting 1, 3, 4 and 5%.
- In 2016, 2017 and 2018, the date for the annual PMP report was changed from June 30 to August 30 due to Phoenix capacity issues. Some departments then failed to meet the 30-day timeline in the Directive for payment of performance awards, with performance award payments made to executives into December and indeed into January or later, up to 9 months or more after the end of the review period.

Executives told us:

- *Performance pay is a crap-shoot annually. There is a seeming "quota" as to the number of executives who can received Succeeded+ or Surpassed in any year and performance seemingly has little or no impact on that. The entire system is arbitrary and should be done away with. Roll the pay-at-risk portion into Base Salary and retain only the bonus portion to be awarded for exceptional performance subject to review by OCHRO.*
- *Performance pay system does not motivate me at all. The potential "bonus" amount is too small to matter, particularly after tax, and usually not worth the extra effort.*

- *The performance pay system is utterly useless and does not motivate me at all. The potential "bonus" amount is too small to matter, particularly after tax, and usually not worth the extra effort.*
- *The percentages should be higher for the amount of bonus, given the workloads and what equivalents in private sector make as bonuses.*
- *The delta after taxes between ratings of Succeeded, Succeeded+ and Surpassed is so minuscule compared to the amount of effort required to achieve a Surpassed or Succeeded+ rating, that it is in no way an incentive to want to perform at a higher level. I would rather be paid more in my base salary to compensate for the increased effort.*

Proposed Actions:	Lead
March 31, 2020:	
✓ Undertake a comprehensive review of the Performance Management Program and standardize awards and ratings across departments	CHRO, Deputy Heads

APPENDIX A: PERFORMANCE MANAGEMENT PROGRAM PRIMER

The Performance Management Program (PMP) for executives is intended to be an essential component of effective management. The requirements for the Program, as set out in the *Directive on the Performance Management Program for Executives* are to:

- Link individual Executive accountability to strategies and business priorities,
- Manage the performance of executives in support of Key Leadership Competencies and values and ethics, and
- Administer performance awards.

The *Directive on the Performance Pay Program for Executives* sets out that as a minimum, employees being paid as executives can expect:

- A valid performance agreement which is reviewed at least once a year,
- To receive regular feedback concerning their performance and learning and development opportunities, and
- An assessment of their performance including:
 - their performance against the Ongoing and Key commitments, including an assessment of how the results were achieved, based on the Key Leadership Competencies and values and ethics, and
 - at mid-year and end of year, one-on-one discussions with their immediate manager, that includes constructive feedback and identification of, and support for development and learning needs.

Where performance is judged to be below expectations, executives are entitled to receive timely notification that change is expected, along with identification of steps to be taken. And, executives can expect to receive a written assessment of their performance within sixty (60) days of the end of the fiscal year.

It is expected that all executives in the core public administration participate in this process annually. Separate agencies may choose to follow this process or develop one that best suits their organizational requirements.

Under the Directive, performance awards are to be paid within thirty (30) days following authorization of payment by the Office of the Chief Human Resources Officer (OCHRO). Departments are required to submit an annual Performance Management Program report to OCHRO by June 30.

APPENDIX B: SURVEY QUESTIONS

1. Your current EX classification level (or equivalent)?
2. Number of years at that level?
3. Performance rating received for 2017-18?
4. Percentage in-range salary progression granted?
5. Percentage of the lump sum (at-risk) performance award received (including bonus)?
6. Did you receive feedback on your performance?
7. Your department?
8. Did you receive anything else (e.g. management leave, recognition award) and how much?
9. Were any departmental rules invoked which impacted your rating?
10. Is there anything you would like to tell us about factors which were cited to justify your rating?
11. Was a peer review process used to calibrate your rating?
12. Was formal feedback on your performance sought by your superior from your colleagues and/or subordinates?