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**From Performance Management to
Forward Focus –
How DIRECTV Revolutionized the
Process, Experience, and Culture of
Feedback**

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I. Introduction

This paper provides a unique case study on how DIRECTV has taken a holistic perspective on performance management and demonstrated data-driven and innovative ways to drive employee engagement through performance management. DIRECTV took the “bull” of performance management by its horn and revolutionized the process in its entirety – from eliminating ratings, to branding and philosophy, learning and development programs, the system used throughout the process, compensation guidelines, and change management procedures – all of these components were examined, tested, re-invented and tracked to drive a cultural change in the company.

II. Organizational Context

DIRECTV is one of the world's leading providers of digital television entertainment services, delivering a premium video experience through state-of-the-art technology, unmatched programming, and industry leading customer service to more than 39 million customers in the U.S. and Latin America. In 2014 DIRECTV had 27,200 employees across the US and Latin America and \$31.75B in revenue. The major business units within DIRECTV are Enterprise (corporate functions), Operations (customer care and home services), and Latin America.

Human Resources at DIRECTV has been consistently reinventing itself to solve pertinent talent challenges and exceed meeting the needs of the business. The HR organization has evolved dramatically starting in 2010 with the leadership of a new CEO, Mike White. Under his leadership, the first Chief HR Officer, Joseph Bosch was appointed and the HR organization grew from a tactical executive arm to being a strategic business partner across the company.

Alongside the evolution of HR, the culture of the organization as a whole transformed with a new leadership competency model, consistent standards and expectations around leadership, and increased focus on collaboration and teamwork. Part of this cultural transformation can be seen in the annual organizational health survey that takes a pulse of the full employee population and target specific people-focused initiatives. With the increase in strategic HR initiatives (i.e., talent review & succession planning, focus on learning & career development) and strong CHRO guidance, the last several years illustrated exceptionally high employee engagement in the range of Top Performing Companies (as determined by Towers Watson) and results continued to improve year over year. However, performance management, conservatively a \$4 million investment of 100,000 man hours per year, had consistently been an area of lower satisfaction, and in 2012 we undertook a large transformation at DIRECTV. The next sections will cover what led to the transformation for DIRECTV's performance management process, what the experience entailed, as well we what the outcomes have been so far on the workforce.

III. Origin of the Changes in Performance Management Practices

Internal Research and External Benchmarking

The charter for change to DIRECTV's performance management process started in 2012. At that time, Joe Bosch, CHRO, saw the very beginning of a soon to be emerging trend in the HR industry on the topic of performance management with several companies (i.e., Adobe, Medtronic) across multiple industries starting to rethink and redesign their performance management practices. At the same time DIRECTV conducted a company-wide organizational health survey in which employee engagement and satisfaction with various company processes (including performance management) were assessed. Data from over 15,000 employees (over 80% response rate) were collected in this survey and overall results showed high engagement

scores across all business units of the company (Customer Care, Home Services, Enterprise, Latin America). However, one area that did not rate as highly and was not at benchmark level for Top Performing Companies was performance management. The traditional approach to performance management consisted of employees and managers meeting twice a year to review goals and progress. At the year-end performance review, employees would receive a rating from their manager. In order to assess the current state of performance management and as a result of the engagement scores mentioned above, multiple focus groups with both employees and managers were conducted to dive deeper into the areas for improvement in performance management. Overall, the focus group responses as well as the comments from the organizational health survey highlight several potential areas for improvement for performance management at DIRECTV. The gaps identified in the historical performance management process were: overall accountability, the need for consistency (i.e., in goal-setting, performance ratings) across managers and departments, as well as the need for continuous feedback from managers. Other themes that emerged included concerns with the forced distribution percentages, the need for more recognition, and increased simplicity in the systems that is used to facilitate performance review process.

Concurrent with collecting internal data from employees about the effectiveness of the performance management process, members of the HR team conducted external benchmark research with other companies, notable authors, and consultants on the topic of performance management. The data collected externally demonstrated the following best practices for performance management processes:

- Having an overall performance management philosophy and brand.
- Aligning with strategic HR initiatives (succession planning, leadership development).

- Ensuring performance management is an ongoing process and dialogue.
- Keeping performance management simple; meaning that a front line manager needs to be able to effectively engage in the performance management process and the related tools are easy to use.
- Investing in manager training to effectively evaluate their employees' performance.
- Considering both the manager and the employee experience in the process.

In identifying these themes and best practices, the HR team was able to compare this to the data collected internally from employees and therefore was able to better identify the impactful gaps in the existing performance management process. The data collected both internally and externally led to specific recommendations captured in a white paper that was written by members of the HR team and presented to the CHRO and the HR leadership team. This white paper, which included the major findings and themes mentioned in this section, was what initiated the transformation in company's performance management process.

Conducting a Pilot to Transform Performance Management Holistically

As an outcome of the white paper recommendations, a pilot was designed to test various changes to the full performance management process. The pilot test started in June 2013 at the time of mid-year reviews and went on until February 2014, thus encompassing the major milestones in a performance management process - the mid-year, year-end and compensation planning processes. Overall, 1,300 employees across all business units participated in the pilot program, which included 3 different pilot groups. As the goal was to transform performance management holistically, there were many different elements within performance management that were tested in the pilot process, including: changing the performance management philosophy, timing of compensation discussions, focusing on increased manager and employee

one-on-one meetings, increasing training and resources, and simplifying the performance review itself and system to facilitate the process. Finally another major element that was pilot tested was the performance rating. Company data showed that employees were not satisfied with the existing 5-point rating scale and also that the full scale was rarely used. Instead most employees received a rating of 3 or 4 on a 5-point scale with the actual rating for an employee changing little year over year. As such, the HR team tested 3 different rating approaches in the 2013-2014 pilot process: 1) the traditional 5-point rating scale, 2) a newly developed 3-point rating scale, 3) no rating. Each pilot included a stronger focus on balanced feedback and richer development conversations. Since there were many different elements that were being tested in the pilot, a small cross-functional project team consisting of Talent Development, HR Business Partners, Compensation, Communications, and HRIS was formed to charter the pilot. Below is a chart that displays how the pilot groups were broken out across the company:

Table 1

	Pilot 1: Achieve	Pilot 2: Engage	Pilot 3: Transform
Participants	322 Participants (Finance, HR , Engineering)	384 Participants (Customer Care, Revenue and Marketing, Customer Experience , Supply Chain)	631 Participants (Digital Entertainment, IT, HR)
Timing	Earlier goal setting & year-end discussions, separate pay discussion from performance		
One-on-Ones	Direction to hold at least bi-weekly 1:1s with employees		
Training & Resources	Investment in more time, money, and resources in training on having performance discussions and the performance management process for employees and supervisors		
Process Design	Aligned to design of legacy system/process	Simplified design of system/process	Simplified design of system/process
Rating	5-point rating	3-point rating	No rating

Data was collected through employee and manager surveys at multiple points in the pilot process, 1) immediately following the 2013 mid-year review, 2) after the 2013 year-end review (prior to the compensation conversation), and 3) after managers delivered compensation changes

to their employees. The goal was to evaluate the key changes in the performance management process, including the impact of changing the rating scale on both employee satisfactions and pay distribution. The findings of the pilot provided a very strong case for change. Overall the “no ratings” pilot group had statistically significantly higher satisfaction scores with the overall performance management process and performance review conversations with their managers, while the 3-point rating group had the lowest satisfaction outcomes. Besides the rating, all other elements that were tested in the pilot program showed significant increases in effectiveness when compared to the prior year (historical performance review process).

Sponsoring the Change

Throughout the several month long pilot program, the senior leadership team was kept involved and informed on a consistent basis on pilot results to ensure buy-in along the way. In addition, the entire HR organization participated in all three pilots so that they could be well-informed sponsors of the change having experiences the changes in the process first-hand as employees themselves. The 2013-2014 pilot program yielded such strong results that buy-in from the full senior leadership team, including the CEO, was obtained within 30 days of pilot conclusion allowing the organization to move forward with transforming performance management at DIRECTV that very year. Thus, combining the internal data, external benchmarking, industry trends, and pilot program results there was compelling to move DIRECTV to revolutionize several elements in this process with the goal to close existing gaps, increase employee engagement, and build a culture of continuous coaching and feedback between managers and employees.

IV. Change in Performance Management Practices at DIRECTV

As a result of the 2013-2014 pilot test and the overwhelmingly positive results for changing key elements in the overall performance management process including various different elements that were implemented company-wide at DIRECTV. These changes include the rating scale, performance management system/supporting technology, timing of the process overall, communications, training and expectations of both leaders and employees. All changes are discussed in detail in the following sections.

Changes to Ratings

Prior to implementing changes to performance management, all employees were rated on a 5-point rating scale ranging from “Fails to Meet” to “Exceptional”. The scale included descriptions for each point to provide guidance to managers when rating their employees. When reviewing the distribution of ratings across the organization most employees were rated either “Successful” or “Highly Successful”; the mid-point range on the scale. Very few employees were rated at the top and bottom of the scale, less than 1% and 2% respectively. For the majority of the organization, this rating scale was removed during the year-end review process. A critical factor in the successful implementation of change was to ensure buy-in of all leaders and groups across the company through comprehensive change management. For this reason, Operations did not implement the removal of ratings for the entire group. Second line managers and above (e.g. directors) went through the year-end process without ratings and the rest of the organization (first line managers and below) continued to use the 5-point rating scale as a part of their review process. This allowed the leaders in Operations to experience not having ratings before making the change throughout the group to increase buy-in and ensure cultural fit for their specific business unit. In addition, the changes to performance management did not impact the technicians who work in customer homes, or the Customer Service Representatives who answer

customer calls (our frontline employees) as each of these groups have separate expectations and success measures for their roles, and have historically used different processes for performance management.

DIRECTV follows a tri-annual performance review process where employees and managers have formal check-ins for 1) goal setting, 2) mid-year and 3) year-end. This tri-annual process remained following the changes to performance management. Historically, employees have not been rated during the mid-year review; the rating was only provided during year-end and was tied to compensation rewards for employees. As such, removing the rating had an impact on the employee experience at year-end, but did not impact the conversation employees had previously experienced during mid-year reviews. There were additional changes that were made which impacted the type of conversations and the process as a whole at both mid-year and year-end.

Changes to Philosophy & Branding

We had to establish what performance management means at DIRECTV, what it is and what it isn't. "Forward Focus" was chosen as an entirely new brand name to further solidify the important elements of the process. This branding and laser focus was meant to break the traditional view of performance management, to motivating and engaging employees through ongoing dialogue and development for accelerated business results. To build on the new Forward Focus brand and philosophy, increased communications on the purpose and process were distributed, and training for both managers and employees were offered. These training sessions ranged from one to two hours and were offered in multiple formats (live, webinar) to accommodate as many people as possible. While training for managers was something that had previously been offered, a new focus on employee learning was introduced to drive ownership in

employees' career and development, as well as ensure all employees were aware and had access to the resources available to them.

Changes to the Performance Management System & Technology

During the performance management changes, DIRECTV was in the midst of changing the HR Information System (HRIS) for the company. As such, the system that was used as part of the formal reviews was also changed. Changing the system and supporting technology for performance management, allowed us to simplify the forms managers and employees completed so that the focus could be on the feedback and conversation between employees and managers, instead of on the system itself. Thus, the switch to a new HRIS gave the opportunity to modify the performance review forms and leverage the technology in a way that supported our new performance management philosophy at DIRECTV. As with the previous HRIS, this new technology also allowed for tracking of performance review completion status, so HR Business Partners were able to check and drive towards completion with their client groups.

Changes to the Manager & Employee Conversation

For mid-year reviews, there was an increased focus on development for employees. Where previously the focus had been only on goals met to date and leader competencies displayed, specific questions were inserted to drive a dialogue around employees' short- and long-term career development goals, as well as the resources they felt they needed to achieve these goals. Inserting this information into the process allowed for more impactful discussions for the employees at their mid-year reviews. While goals and leader competencies were still discussed, the employees' development goals and actions became a key component of the conversation. To prepare for the performance review conversation, employees completed a self-assessment form in the HR system on these key elements.

For the year-end reviews, focus was placed not only on reviewing the prior year's performance, but also taking a forward focused look at the coming year. Employees and managers were encouraged to discuss what the employee should accomplish in the coming year and begin to draft the employee's goals. Goal attainment, as well as leadership competencies displayed remained a part of the feedback and discussion, however, there was also a question on what behaviors would have the greatest impact on the employee's performance if done exceptionally well in the coming year. This shifted the focus from solely what was accomplished in the past to what could be done in the future.

Changes to Feedback

Following mid-year reviews a Leader Impact Survey was also introduced which allowed employees to provide feedback to their manager on their mid-year experience. This feedback allowed employees to have a voice on how effective their manager was in providing a meaningful experience during the mid-year reviews. Specifically, employees were able to provide feedback on how well their managers provided coaching, career development opportunities, as well as how effective one-on-one meetings were. Managers who received feedback from three or more employees also received an actionable report that gave real-time feedback on how effective employees felt they were during the mid-year process. The report was provided only to the leader themselves (not sent to their manager) with guidance on how to interpret, take action and follow-up on the results with their team. Leaders who received a report were then encouraged to reach out to their HR Business Partners for continued support and coaching.

Additional guidance was provided to all leaders to meet with their employees on at least a bi-weekly basis to provide continuous feedback and development. This came as a result of

employee feedback which showed that mid-year and year-end conversations were much more effective when the employee had been meeting with his/her manager on at least a bi-weekly basis. When reviewing how often managers were meeting with their employees previously, it was fairly sporadic across the organization with some managers only meeting with their people during the mid-year and year-end discussions. Building bi-weekly meetings into the process was critical in ensuring the ongoing development of employees and helped drive effective conversations during mid-year and year-end.

Managers were also encouraged to gather feedback from others in order to provide a holistic view of performance to the employee. Given the matrix environment at DIRECTV, many employees work on different teams and projects; gathering feedback from others the employee has worked with allowed managers to calibrate with their own experiences, as well as look at themes and trends in how the employee exhibits key leadership behaviors and accomplishes tasks. While this was done in parts of the organization previously, it was not done consistently. We did explore, however did not implement, a systemic method for managers to collect feedback from others, but guidance was provided on methods for collecting the feedback (i.e., in-person or via phone), as well as how to calibrate and deliver the information to the employee.

Changes to Timing

Another significant change to the year-end process was around the timing and content of the discussion. Prior to the change many managers would combine their year-end conversation with the compensation discussion, where employees learn to what extent they will receive a merit and/or cash bonus. Direction was provided to separate these conversations, having the performance review discussion first, to allow managers and employees to truly focus on

employee feedback and development. The timeline of the year-end process was also modified so that all year-end discussions were completed by the end of January. Previously many leaders had discussions late into February to align with compensation. This shift allowed for more timely feedback to employees aligned with the end of the fiscal year. According to internal surveys that were conducted, overall 87% of leaders separated the performance pay discussions, which led to employees viewing the two conversations as much more effective.

Changes to Compensation Decision Guidance

When making compensation decisions for employees, managers were also given more freedom to allocate merit and bonus for what made sense on their teams. With the removal of ratings, managers were empowered to allocate rewards based not only on individual performance, but other factors such as range penetration (base salary relative to market) and performance relative to others on the team. Previously, managers used the ratings to drive this decision, as there were specific guidelines on how to allocate the rewards based on the rating provided. Removing these guidelines allowed managers to look at all of the factors necessary and make more informed decisions on rewards. Specifically, managers were instructed to leverage their full budget and allocate salary and bonus targets based on the employees' performance, tenure, where they were at in the salary range; as well as to differentiate between top, middle and bottom performers. Multiple training sessions with the company's head of compensation were held for managers to assist them in the decision-making process.

To summarize, below is a table highlighting all changes and the level of change effort required for each component of the performance management process that was touched by this change effort.

Table 2

	AREA	RECOMMENDATION	BENEFIT	IMPACT & LEVEL OF CHANGE
Philosophy	Philosophy	"Motivating and engaging you through ongoing dialogue and development for accelerated business results" Involved – Empowered – Focused	Creates common purpose around performance management - what it is and what it is not	HIGH POSITIVE IMPACT MODERATE CHANGE
	Branding	FORWARD FOCUS	Aligns the brand of "performance management" with our philosophy	HIGH POSITIVE IMPACT MODERATE CHANGE
	Timing	Earlier goal setting & year-end discussions, separate pay discussion from performance	Allows early discussion & focus on upcoming year	HIGH* POSITIVE IMPACT MODERATE CHANGE
Dialogue – Quality of Conversation	One-on-Ones	Recommend at least bi-weekly 1:1s and provide more significant training	Provides better alignment & development throughout year	HIGH POSITIVE IMPACT MODERATE* CHANGE
	Training & Resources	Invest more time, money, and resources in training on having performance discussions and the performance mgmt process	Build employee and manager skills necessary to effectively execute performance management	HIGH POSITIVE IMPACT MODERATE CHANGE
	Leader Impact Survey	Implement the survey following mid-year reviews; provide managers with 3 or more responses a summary of survey results	Provides actionable feedback to managers specifically around feedback capability	MODERATE* POSITIVE IMPACT MODERATE CHANGE
Evaluation	Process Design	Simplify year-end review into 4 sections; focus on past & future performance in review	Allows for holistic conversation on performance that is simple	MODERATE POSITIVE IMPACT LOW CHANGE
	Peer Review	Begin using "Get Feedback" functionality in Workday to provide peer feedback	Allows managers & employees to get a holistic view of performance	N/A
	Rating	Introduce "No Rating" across DIRECTV to the annual performance management process	Eliminate ratings as a "detractor" and create an engaging and motivating process for employees	HIGH POSITIVE IMPACT MODERATE CHANGE
	Compensation	Maintain same pay guidelines for FY15 and separate bonus pool for Directors and above vs. Senior Manager and below	More fair and consistent distribution of pay	MODERATE* POSITIVE IMPACT MODERATE CHANGE

V. Implementation of the Changes

In order to successfully implement all of the changes to performance management, we used a phased approach which included gaining leader buy-in, sending multiple manager and employee communications and providing learning opportunities for managers and employees to help support them through the process. Before communicating any of the changes with our employees, we first got buy-in from each of the Executive Vice Presidents (direct reports to the CEO) over the different organizations at DIRECTV. This was critical in ensuring that we had support from the top down and were not pushing out a new process only supported by Human Resources. This also allowed us to have targeted communications about the change from key leaders to their organizations.

Following leader buy-in, we began rolling out the new Forward Focus brand in June 2014. The introduction of the new brand and philosophy was done through targeted employee and manager communications, as well as through follow-up from HR Business Partners. In the communications, information was also shared on the removal of ratings for the year-end reviews. This helped to set expectations in terms of the overall changes to the performance management process, as well as allowed time for individuals to digest the change and ask any questions they had. The HR Business Partners were critical in successfully rolling out the change as they acted as advisors for each client group, answering questions and providing supporting information on the change. To prepare HR for this task, a toolkit was created that included the purpose of the change, details on what was changing and facilitation activities Business Partners could use with their clients. This interactive toolkit was designed to aid Business Partners in facilitating change with their clients by providing them with information and activities to create understanding and buy-in.

Mid-year reviews launched in July 2014 and centered on the new brand and philosophy. In addition, reviews were completed in the new, simplified system for the first time. Included in the review were targeted development questions to focus the mid-year discussion. Continuous bi-weekly one-on-ones were also encouraged to continue the employee's growth and development through the remainder of the year. In August 2014, following mid-year reviews, employees completed the Leader Impact Survey, providing valuable feedback to managers on overall effectiveness during mid-year conversations. The feedback from employees also helped gauge (when viewing at an aggregate level) how effective the overall changes were to the mid-year process.

While employees were informed in June 2014 that they would no longer have ratings as a part of their year-end process, it was important to continue to follow-up and answer any questions that may arise. To ensure that all employees understood what was coming during year-end, as well as help to prepare them to take control of their career and development, and all-employee event “My Day” was launched in November 2014. This learning experience served the purpose to engage employees specifically in performance management and also offered premiere learning and development opportunities to build skills around self-awareness, feedback, coaching, goal-setting, and targeted development.

VI. Outcomes of the Change

We tracked and measured outcomes from Forward Focus over two years through formal surveys and focus groups in organizational subsets: employees, managers, operations employees (utilized the 5-point scale), engineering employees, pilot employees (participated in the no rating scale during the pilot). Of employees participating in Forward Focus both years, 88% would recommend the process (compared to 55% on a 5 point scale), 92% believed their manager’s evaluation of their performance was accurate (compared to 73% on a 5 point scale), and 95% understood how their manager’s evaluated their performance (compared to 75% on a 5 point scale). In the next few sections the key findings are discussed in more detail.

Finding: Pay Distribution for Merit and Cash Bonus Was Not Impacted by the Lack of Rating

When analyzing the distribution of awards, merit (salary review %) was nearly the same between rating and no rating populations. However, the bonus distribution was more aligned with best practice distribution for the no rating population. The lack of a rating (and established guideline) may have helped solve a key issue. Senior leaders were more likely to receive higher ratings than entry level leaders (rating inflation), which contributed to higher average bonus

awards due to the need to fit bonus awards within the rating guidelines. Once the guidelines were removed, bonuses were more equally distributed among different employee levels.

Finding: Separating Pay and Performance Conversations Yielded More Meaningful Feedback

Regardless of the rating scale, separating the pay and performance conversations yielded more meaningful feedback to employees and more fairness was perceived in the pay outcomes. 98% of those surveyed believed the 2015 Total Compensation Review process was effective, and 92% felt their cash bonus award aligned with their performance for the year. Other statistically significant findings from a 5 point scale, included 97% of respondents feeling motivated to achieve their goals and objectives for 2015 and 93% understanding factors their managers used in determining their cash bonus award. 93% believed their compensation decisions their manager made were fair, and 88% felt their compensation awards met their expectations, based on their performance discussion with their manager.

Finding: No Ratings Empowered Managers to Make Pay Decisions

In a formal survey we asked questions of managers only to assess their overall satisfaction with no ratings transformation. The most statistically significant, was that 100% of managers believed they had enough information to make an informed pay decision, up 8% from a traditional 5 point scale. Managers also felt more empowered to make pay decisions for their team (94% vs 86%) and were able to adequately differentiate the salary increase awards based on the performance of their team (94% vs 84%).

Finding: No Ratings Improved Manager's Ability Provide Effective Coaching and Feedback

As part of the analysis of the effectiveness of the new performance management approaches, we were able to test several concerns in moving to a more development-focused, no-ratings approach: manager maturity, managing out under achievers, and managing moving talent.

The first concern mitigated was that managers do not have the maturity to manage in a “no ratings” environment. Our findings showed that some managers use the rating as a “crutch”, hampering them from engaging in rich, developmentally-focused discussions. The crutch of having a rating may impede managers from maturing. After reviewing results following Talent Review average- and lower-potential managers in the no-ratings pilot had the highest effectiveness scores when compared their average and lower-potential peers; additionally, manager commentary had more balance between positive and development feedback in the no-rating pilot. We assessed over 1,100 manager comments to determine what impact manager comments had in the outcomes for employees. While “good” comments did not translate into a better self-reported outcomes for employees, the longer a manager was on a no-rating scale, the longer average length and higher percent of good commentary. For example, 5-point scale reviews had an average word length of 320 and an average of 13% “good” comments; 2nd year of no ratings reviews had an average of 441 words and 35% were categorized as “good” comments. Good comments were defined as commentary with detailed feedback for employees, usually including specific work examples and suggestions for improving and continuing to reach goals.

Table 3

Cohort	Average Word Length	% Effective Feedback Comments
5-Point Rating Scale	320	13%
1 st year No Ratings	387	22%
2 nd Year No Ratings	441	35%

Another concern we were able to address was managing out talent, and disproving the fear that removing the rating will reduce our ability to manage out under-performers. In fact we found, the majority of involuntary 2013 terms were rated “Successful” at the end of 2012, and of 303 involuntary terminations in Enterprise, 208 were rated Successful (6% term rate); 35% of

IRs were termed, but 18 were rated IR for two years in a row. Overall, involuntary terminations decreased in 2014. Of 146 involuntary terminations in Enterprise, 76 were still rated (3-Point or 5-Point scale) with 76% Successful and 14% Highly Successful. Only 10% were Improvement Required.

Yet another concern we were able to mitigate was Managing Talent Movement, or the myth that our organization needs ratings to better manage promotions and lateral developmental moves. We actually found that the Talent Review process is used more effectively for all Managers+, relative to the performance management rating scale. In 2013, 47% of 2+ rated individuals moved laterally or were promoted; vs 5% of “Current”. For individuals below manager, we can create a simplified process to capture a 9-box score for Supervisors and below (if necessary). In 2014, 40% of 2+ rated individuals moved laterally or were promoted; vs. 10% of “Current”. Therefore proving that high potential talent is given more opportunity to continue to develop and advance their careers without ratings.

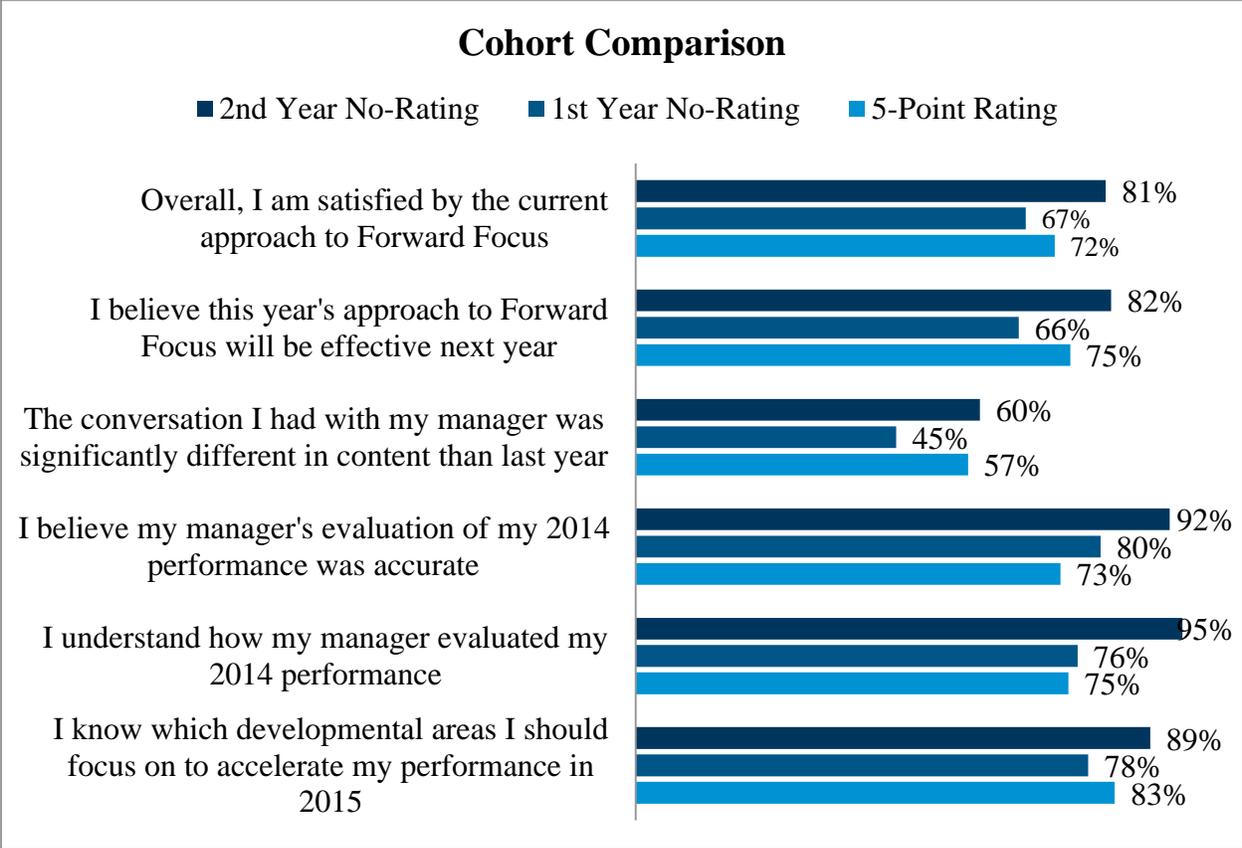
In sum, these findings demonstrate that improving the performance management experience and moving away from ratings increases manager’s ability to provide valuable feedback, increases retention, and enhances succession planning and talent management discussions.

Finding: Individuals in Their 2nd Year of No Ratings had Significantly Higher Outcomes of Effectiveness

Individuals who were on their second year of a no-rating system had significantly higher outcomes of effectiveness than any other group. Overall, when asked if satisfied by the current approach to Forward Focus: 81% said yes (compared to 67% in year 1 and 72% on a 5 point scale). Other statistically significant findings included: 82% (compared to 66% in year 1 and

75% on a 5 point scale) believe this year's approach to Forward Focus will be effective next year; 92% (compared to 80% year 1 and 73% on a 5 point scale) believe their manager's evaluation of their 2014 performance was accurate; and 95% (compared to 76% in year 1 and 75% on a 5 point scale) felt they understand how their manager evaluated their 2014 performance. These findings can be seen in the table below showing a cohort comparison.

Table 4



To summarize these findings, taking a holistic view on performance management and transforming the process end to end – from overarching philosophy, to training and tools, to eliminating ratings, focusing on development discussions, and separating the performance and pay discussions has yielded significant positive results on multiple employee outcomes variables (i.e., engagement, satisfaction, manager skillset, retention).

VII. What Will Happen to Performance Management in the Future?

After having implemented the changes to its performance management process, DIRECTV will monitor longitudinal effects of this large scale change. Of particular interest will be further data supporting the positive impact on employee engagement, manager effectiveness, turnover and other key outcome variables. Using the performance management process as one of multiple strategic HR levers, DIRECTV will continue to drive a culture focused on motivating and engaging employees through ongoing dialogue and development for accelerated business results.

VIII. Conclusion

This case study of how DIRECTV revolutionized its approach to performance management shows how integrated and strategic HR can help drive business results and key employee outcomes. A key take-away from the findings at DIRECTV are that performance management should enable a dialogue between employees and their managers that focuses on motivation, coaching, and empowerment. By taking a holistic view on the entire performance management process and transforming the employee experience with the process, the company was able to drive large scale culture change.