

THE PAY FOR PERFORMANCE PROGRAM THAT NOT ONLY CHANGED BEHAVIOR, BUT DRIVES BOTTOM LINE SUCCESS



Network Rail runs, maintains and develops Britain's tracks, signalling system, rail bridges, tunnels, level crossings, viaducts and 18 key stations. Website: www.networkrail.co.uk

"Our job is not just to change a process and roll it out. We are only done when behavior has changed." Those are the words of a Network Rail manager following completion of his performance management training and briefing. They capture the huge shift in behavior and culture that has taken place at Network Rail in recent years. It reflects the organization's desire to develop a high performance culture.

This shift in behavior has seen:

- Greater frequency of informal conversations about performance—enabling earlier identification of good and bad behavior
- Greater satisfaction with development discussions that drive engagement and retention
- Direct reports of managers claiming that performance management capability has improved significantly
- More people claiming their managers are creating a climate where Network Rail values are lived

The performance management program devised and implemented by Network Rail with support from Kenexa, an IBM Company, has delivered consistent behavioral change. We know that up to 40 percent of an organization's performance can be attributed to its leaders, and by driving behavioral change, managing others better and rewarding them fairly, Network Rail is seeing benefits in terms of organizational performance.

"We have ambitious plans," explains Bill Templeton, leadership development manager at Network Rail, "and the performance of our people is at the heart of achieving those goals. We want to run the railways efficiently and safely, but we also want to grow the railways. In fact, that's one of the key objectives in our next control period.

By educating our managers to be better performance managers, we are directly increasing our chances of delivering against our organizational goals."

MANAGERS OVERWHELMINGLY POSITIVE

The feedback from managers attending the program has been very positive. Eighty-eight percent of managers felt they could lead a high performance culture in their team after attending the program. Other highlights from the manager feedback included:

- Eighty-nine percent felt the program equipped them to manage their people effectively
- Ninety-two percent felt the training met its objectives

Furthermore, the managers' understanding of the new process increased significantly from 50 percent before the program to 85 percent after the program. These positive responses indicate that the managers have the right tools and mindset to drive a high performance culture.

AN INCREASED PERCEPTION OF FAIRNESS

The impact of the training and briefing was also reflected in the number of grievances, with a decrease in 2008 compared to the previous year. Employee satisfaction with the performance review process also rose in 2008, with 78 percent of 300 people surveyed from across Network Rail indicating they agreed with the result of their performance review. This indicates an increased perception of the transparency and fairness of the process.

THE PROGRAM THAT DROVE THE SUCCESS

According to Bill Templeton, the significant success of the new performance management program is down to its comprehensive nature and the quality of implementation.

The organization knew it needed to embed the behavioral change to drive a culture of performance, growth and development. This was achieved primarily by a series of workshops for all managers run by Kenexa, Network Rail's leadership development partner.

- One-day launch workshop for the 49 members of the executive team, personally led by CEO, Iain Coucher. Driving a performance culture required this and significant support from the very top of the organization.
- Two-day Pay for Performance Leader workshops, focusing on behavior and skills development for 180 Pay Performance Leaders (PPLs). The PPLs were leaders who were given the responsibility to manage the distribution of reward in their area. This ensured that the decisions on aligning pay to performance were being made much closer to the 'coal face,' which created greater transparency.
- Two-day HR workshop for over 100 managers and HR business partners to support their internal clients.
- Two-day workshop where 3,000 places offered all leaders in the business workshops focused on the core skills and behaviors for world-class performance management.

Other key elements of the program included:

- The creation of a new final rating process, called Remuneration Benchmark Tool (RBT) to support the PPLs
- Revisions to the performance management form to make it more engaging
- Visible senior level support
- A comprehensive briefing and communication plan to inform and change behavior

DRIVING FUTURE SUCCESS

Bill Templeton is delighted that the impact of the pay for performance program has been so positive: "It's clear from this data that our program to drive a performance culture has directly impacted the behavior and engagement of our employees. The effectiveness of our line managers in leading and managing our employees is improving directly as a result of this program."

"We also know that higher levels of engagement are linked with lower staff turnover, lower accident rates, higher customer satisfaction and higher productivity. All of these contribute directly to the bottom line."

"Our task now is one of continuous improvement. Far from resting on our laurels, we want to build our new performance management culture and drive engagement levels even further."

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