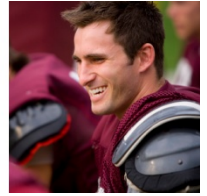


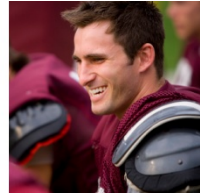
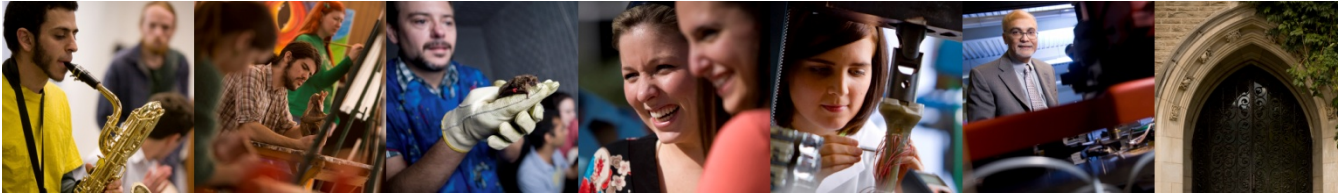
# Pay for Performance and Merit Allocation

Information Sessions for  
Supervisors of TMG  
July 29 and 30, 2010

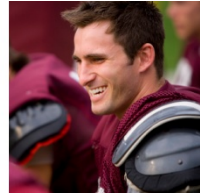


# Agenda

- Salary review provisions
- What is “pay for performance”?
- Performance management system
- Conducting an effective performance review
- Developing effective and measurable objectives
- The linkage of performance and pay
- Important dates

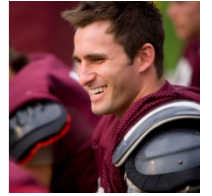


# Salary Review Provisions

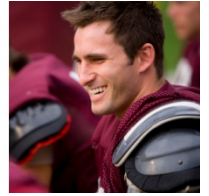
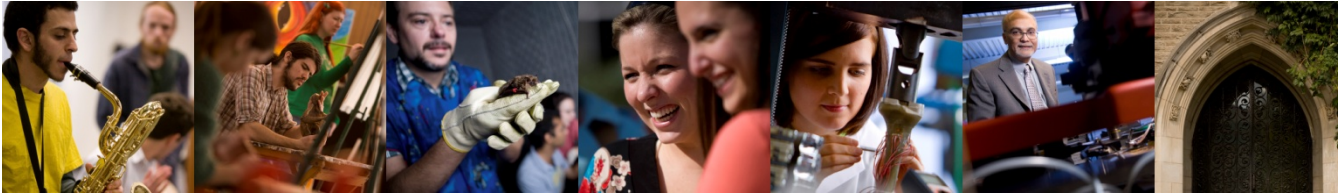


## Salary Review Provisions - Recap of Information Presented at the TMG Information Sessions

- Salary ranges:
  - Frozen for two years to April 2012
- TMG employee increase provisions:
  - 3% merit pool from which individual increases can be awarded based on performance
  - Increases will be effective July 12, 2010 and will be applied retroactively
  - Increases are to be allocated based on the new “Framework for Merit Allocation for TMG”
  - Completed performance reviews and objective setting documents are mandatory to receive an increase

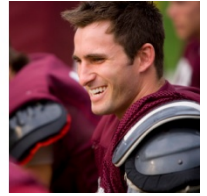


# What is Pay for Performance?



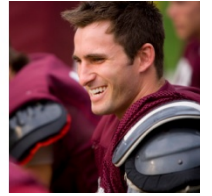
# What is Pay for Performance?

- Link between an employee's pay and performance
- Recognizes employees' individual contributions and encourages the best performance possible
- A way to reward employees for positive behaviours and achievement of desired results
- Distinguish between varying levels of performance with appropriate merit recommendations

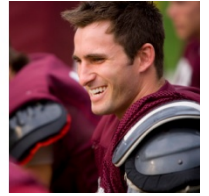


# Pay for Performance Program

- A successful pay for performance program will:
  - Reward employees for achieving performance results
  - Provide rewards commensurate with contributions
  - Be communicated easily to employee
  - Be understood readily by employees
  - Recognize the University's ability to deliver pay increases
  - Be structured and administered in a logical manner
  - Conform to legal requirements
  - Use a credible means of evaluating performance

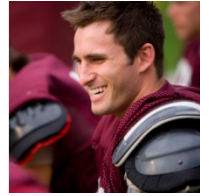


# Performance Management System



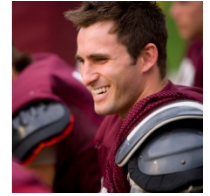
# Performance Review Forms

- Modifications to the performance review forms
  - Annual Objective Setting and Performance Review for TMG
    - For employees in TMG who lead people and/or projects
  - Annual Performance Review for TMG
    - For confidential, non-supervisory employees
    - Used for employees in TMG whose positions are less supervisory and less strategic in nature



# Critical Elements

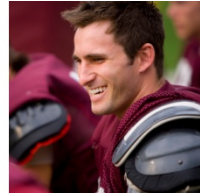
- Management commitment
- Employee participation
- Effective education and training
- Objective feedback
- Recognition of good performance
- 2-sided accountability (supervisor/employee)



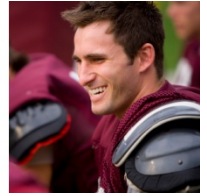
# Performance Rating System

- Revised performance definitions

Level Rating	Performance Measure	Description
5	<b>Leading Performance</b>	Delivered far beyond the results needed. Demonstrated exceptional performance on a distinctly superior level of quality in all areas of responsibility. - A breakaway performance this year.
4	<b>Strong Performance</b>	Delivered the results needed and more. Consistently achieved and frequently exceeded job expectations. – A level of performance to be proud of.
3	<b>Expected Performance</b>	Delivered the results needed. Achieved job expectations in most areas. Sometimes exceeded expectations. There are a few areas which would benefit from continued development. - A positive level of performance.
2	<b>Needs Consistency</b>	Delivered partial results. Must develop a plan to fulfill all job expectations within a reasonable period of time, not exceeding one year.
1	<b>Improvement Needed Now</b>	Did not deliver results needed. Improvement required in most aspects of the job. Limitations have to be addressed right away. An immediate development plan is required for significant and fast improvement.



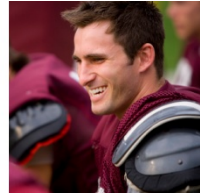
# Conducting an Effective Performance Review



# Preparation by the Supervisor

In advance of the Performance Review meeting:

- Familiarize yourself with the key responsibilities in the employee's most recent job description
- Review goals and objectives set in the previous year
- Review employee's file and relevant records, notes, and training information
- Identify key objectives for the coming year
- Tip: Keep performance notes throughout the year



# Performance Review Meeting

## Timing:

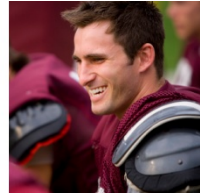
- Annually
- Continuous feedback with periodic check-in points
  - Continuous opportunity for two-way discussion
  - Timely feedback on projects
  - Review progression toward achievement of goals
  - Identify challenges
  - Modify or add objectives, as needed

## Participants:

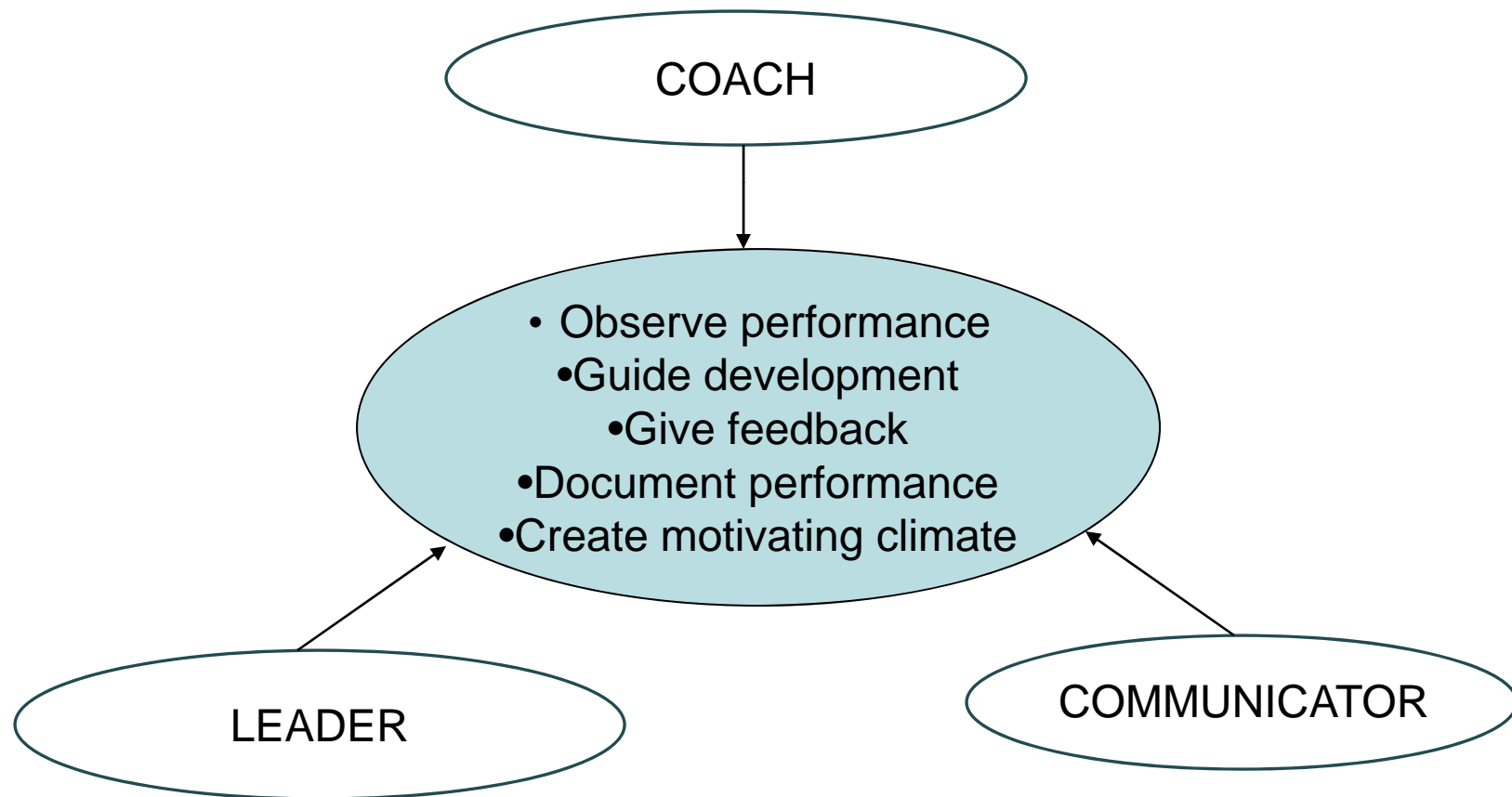
- Supervisor, TMG Staff member

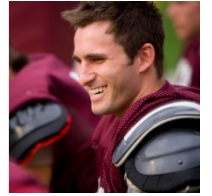
## Use:

- Level of achievement used to determine merit award



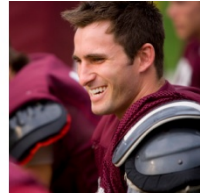
# Conducting the Discussion



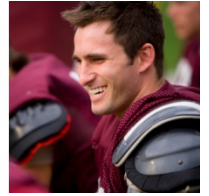


# Prepare and Return to HRS:

- Completed performance review for the past year (June 2009 – June 2010)
- Objectives for the coming year (June 2010 – June 2011)



# Developing Effective and Measurable Objectives



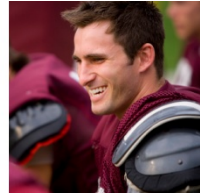
# Objective Setting

An objective is:

*“A precise, measurable statement of what you intend to achieve during a specified period of time toward a particular desired outcome.”*

Purpose:

- To align organizational, departmental and individual goals
- To define expected outcomes
- To ensure a shared understanding of what is to be achieved



# Objective Setting

## Objective

- What will be accomplished?
- How does it tie into the department/organization strategy?

## Action Plan

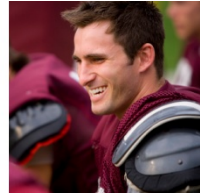
- How will this be accomplished?

## Measures

- What does 'successful achievement' look like?

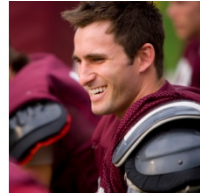
## Results

- What was achieved?



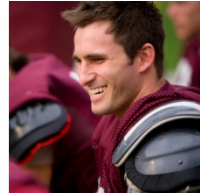
# SMART Test

	Is the stated objective?	Does the stated objective?	Key question to determine if the stated objective is defining what's intended.
<b>S</b>	Specific	Clearly provide both the employee and the manager the same understanding of what is to be achieved and the results expected.	Exactly what is the objective?
<b>M</b>	Measurable	Specify a level for results expected that is objective and can be observed.	What would a good job look like?
<b>A</b>	Attainable	Be achievable within the resources that are or will be available.	Is the objective feasible?
<b>R</b>	Result Oriented	Should be central to the goals of the University - successful completion should make a difference.	Is the objective meaningful?
<b>T</b>	Time-limited	Current within reasonable time objectives.	Can the objective be attained in the defined time frame?

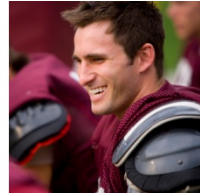


# Mandatory

- All managers must include responsibility for Health & Safety as a key objective
  - Complete Due Diligence, WHMIS and fire safety training
  - Provide health & safety, and site-specific orientation for new hires
  - Complete workplace inspections; participates in workplace inspections, when required
  - Host health and safety information sessions
  - Commend health and safety performance
  - Document all training
  - Review/comply with Risk Management policies
  - Identify department first aid provider(s)

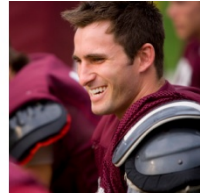


# Linkage of Performance and Pay: Merit Allocation



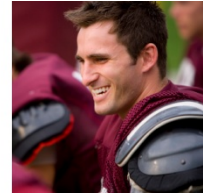
# Goals of Merit Allocation

- Recognize and reward performance and achievement of desired results
- Progress individual salaries through the salary range



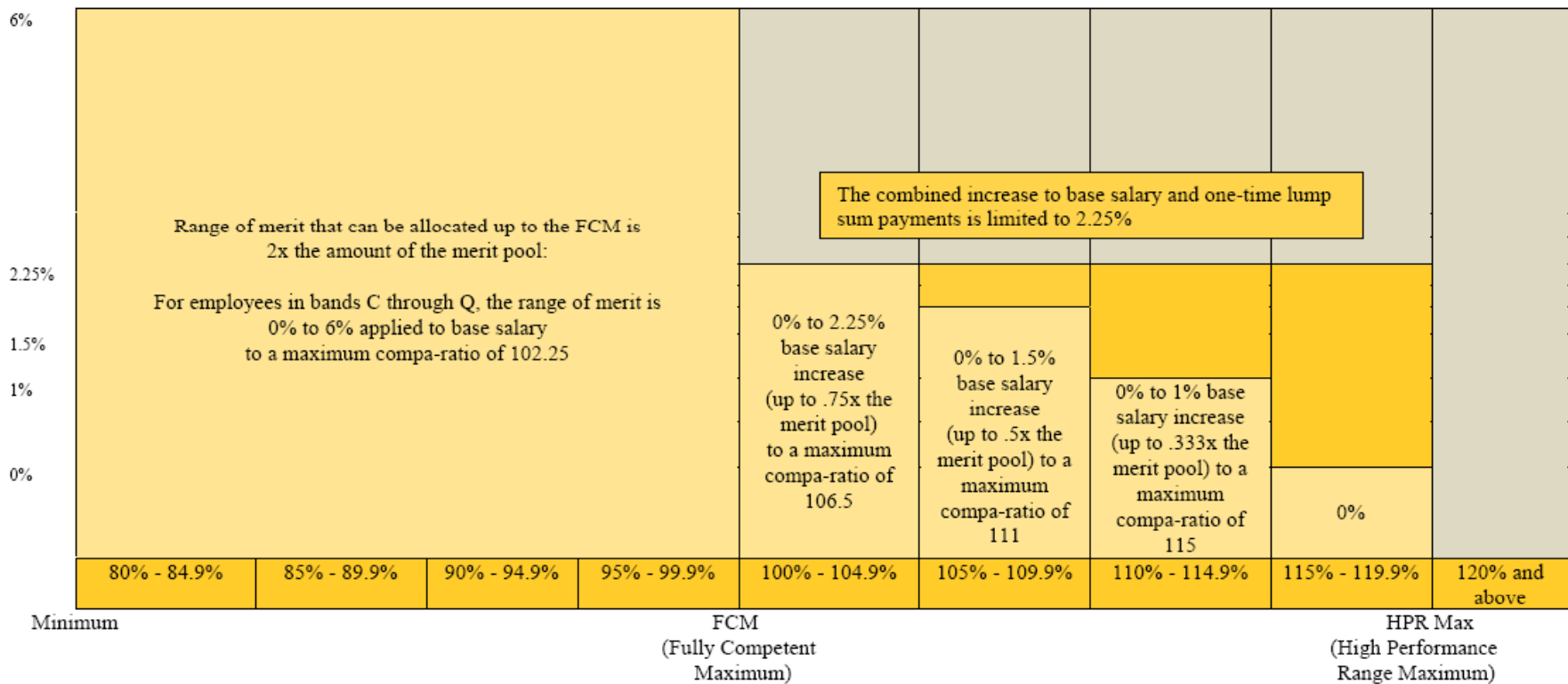
# Guiding Principles

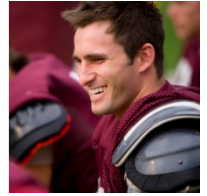
- Larger awards are given to employees who consistently demonstrate fully-competent or better performance with salaries below FCM
- The salary of a employee who demonstrates successful performance should be moving toward a 100% compa-ratio (i.e., compa-ratio increasing)
- Employees with performance that is less than satisfactory receive little or no merit
  - The exception to the above point is an employee very low in the salary range whose performance is steadily improving on the learning curve (typically a new employee)



# Framework for Merit Allocation

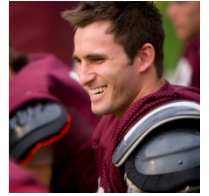
The following chart illustrates the range of merit that can be awarded based on performance and position in the salary range. The chart is to be read in conjunction with the 'Important Notes' included in the Framework for Merit Allocation for TMG document.





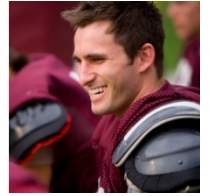
# Framework for Merit Allocation

- Important Notes:
  - Base salary increases for employees at or above FCM are restricted to sustained, high performers
  - Increases for employees at the FCM or above are limited to a total of 2.25%
  - Increases for employees at the FCM or above can be awarded in the form of a base salary increase or one-time, lump sum payment, or combination of base salary increase and one-time, lump sum payment
  - Increases should be awarded in such a way that progression into the next compa-ratio zone is limited to the maximum base salary increase possible for the lowest paid in the next compa-ratio zone



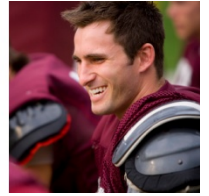
# Framework for Merit Allocation

- Important Notes:
  - Employees with a compa-ratio of up to 99.9% can be awarded a base salary increase of up to 6%. Revised compa-ratio of base salary cannot exceed 102.25
  - Employees with a compa-ratio of 100% to 104.9% can receive a base salary increase of up to 2.25% or combination of base salary increase plus one-time, lump sum payment to a maximum of 2.25%. Revised compa-ratio of base salary cannot exceed 106.5
  - Employees with a compa-ratio of 105% to 109.9% can receive up to a 2.25% adjustment – the maximum portion which can be applied to base salary is 1.5%. Revised compa-ratio of base salary cannot exceed 111



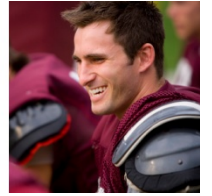
# Framework for Merit Allocation

- Important Notes:
  - Employees with a compa-ratio of 110 to 114.9% can receive up to a 2.25% adjustment – the maximum portion which can be applied to base salary is 1%. Revised compa-ratio of base salary cannot exceed 115
  - Employees with a compa-ratio of 115% to 119.9% can receive up to a 2.25% adjustment in the form of a one-time payment – no portion can be applied to the base salary. Note that the value of the lump sum added to the base salary cannot result in a revised compa-ratio of greater than 119.9
  - Employees with a compa-ratio of 120% or greater, are ineligible for an increase



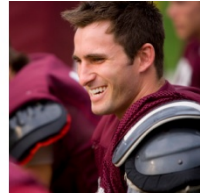
# Merit Awards

- Supervisors determine merit awards based on the following factors:
  - Assessed performance of achievement of objectives
  - The employee's compa-ratio and position in the salary range

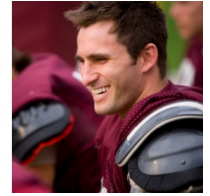


# Challenges:

- What can I do if there is not enough money to recognize performance?
  - Request additional dollars from the envelope budget
  - Envelope manager has oversight for several work units where some work units may not spend as much as others

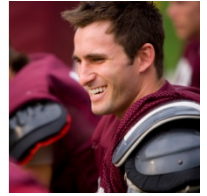


# Important Dates



# Important Dates:

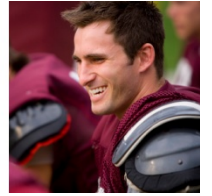
Date	Description
July 12 <sup>th</sup>	Salary increase effective date (will be applied retroactively)
August 5 <sup>th</sup>	Salary increase module in VIP is opened
August 5 <sup>th</sup> – 20 <sup>th</sup>	Reviewer access
August 20 <sup>th</sup>	Reviewer to provide printed/signed authorizations, special premium forms for lump-sum payments, certificates of compliance and performance reviews and objectives to Approver
August 5 <sup>th</sup> – 31 <sup>st</sup>	Approver access
August 31 <sup>st</sup>	Approver to submit printed/signed authorizations, special premium forms for lump-sum payments, certificates of compliance and performance reviews and objectives to HR
September 24 <sup>th</sup>	Pay deposit will reflect increased salaries and/or one-time lump-sum payments



# Resources on the website:

<http://www.workingatmcmaster.ca/totalrewards/>

- Performance Review forms
- Presentations:
  - TMG Annual Salary Review Information Sessions
  - Pay for Performance and Merit Allocation – Information for Supervisors
- TMG Salary Ranges
- Framework for Merit Allocation
- Articles on conducting effective performance reviews



Questions/Comments?