



insurance exclusive
build a better culture through
agile performance management

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Onboarding, performance
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Employees in the insurance industry are feeling more overwhelmed than ever.^[1]

Insurance is one of the most regulated industries in Australia. Compliance processes are often complex and highly administrative. And as the pressure of community expectation to pay out claims increases (often fueled by media reports), so too does the level of regulatory scrutiny. Just take the embattled life insurance sector. A Fairfax-Four Corners exposé prompted both an ASIC investigation and a parliamentary enquiry into the entire industry.

Insurers are also struggling to keep up with rapidly changing technologies. With Insuretechs disrupting the competitive landscape, many businesses are investing in new technologies - such as data analytics and mobile - and replacing timeworn legacy systems that are crippling business agility.

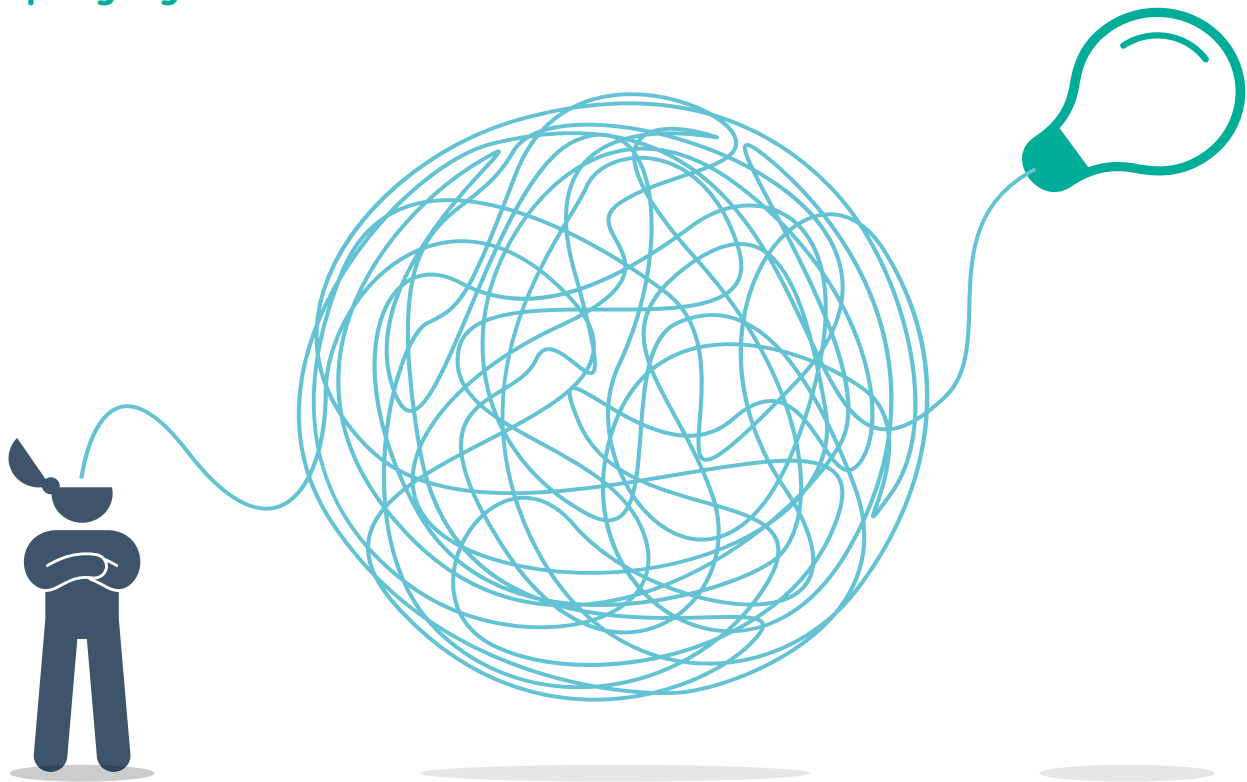
This is a lot for staff to deal with at once. Throw in 24/7 connectivity and accessibility (thanks to smartphones and tech gadgets), and overly complex business processes and you have the perfect storm to take even the best of us to breaking point.



The concept of the overwhelmed employee is a growing phenomenon in our modern world. 65-75% of organisations report they are grappling with it and two out of three business leaders list it as one of their key business issues.^[2]

So what do we do about it?

Simplifying the work environment



81%

of insurance industry respondents indicated that their work environment and business practices are either “complex” or “very complex.” ^[1]

Companies are realising that the key to better performing and more engaged staff may lie in simplifying the work environment: streamlining work, reducing bureaucratic red tape, getting rid of manual processes and simplifying complicated rules and procedures.

HR is leading the way. Taking advantage of intuitive technology, they are replacing convoluted, manual and poorly executed processes with more agile and higher impact alternatives.

In particular, a new generation of simplified performance management is emerging.

A more agile solution to performance management

The way we work has changed. Traditional once a year performance appraisal methods just don't cut it anymore. According to Global Human Capital Trends research, 82 percent of companies report that these kinds of performance evaluations are not worth the time.

Employees want more regular feedback and to be developing their skills and careers. Managers want high performing staff without having to spend a lot of time filling in paperwork. Businesses leaders want critical real time data at their fingertips to manage talent.

Organisations are changing their approach. They are focusing less on forms and more on staff development. They are reducing the length of performance reviews but improving the quality of check-in discussions. They are automating processes so that real time records, information and data can be accessed where and when it's needed on any device.

Welcome to Agile Performance Management. The new era of simplicity and practicality in performance management that we've all been waiting for.

What is Agile Performance Management?

Agile performance management is a future focused conversation about a person's development. Unlike traditional methods where managers deliver a marathon performance review once a year, agile performance management is more like a series of sprints. Employees participate in shorter but more regular formal and informal reflection, goal setting, coaching and feedback discussions that steer and support performance and development over time.

Effects of Agile Performance Management on productivity and organisational capability

We know that when employees are engaged in the business there is less turnover, staff work harder, they care about what they do, and are more productive. This can have significant impacts on a company's bottom line.

There is a strong link between feedback frequency and staff engagement. In fact, staff that receive regular feedback are 3 times more likely to be engaged than organisations with annual (or less frequent) feedback and review processes.⁽³⁾

Greater organisational alignment

Agile performance management aligns the workforce with the business by linking employee performance and goals to organisational strategy and priorities. It also helps build greater employee engagement and organisational capability by:

- Ensuring your people have the right skills and competencies for the future
- Tailoring training, coaching and development activities to real needs
- Recognising and rewarding performance achievements
- Improving workforce safety and wellbeing

A higher skilled workforce is more productive

With a development focus, agile performance management helps build skills and knowledge that maximise talents and improve performance. A more skilled workforce in many circumstances are more productive than a less skilled workforce - even allowing for the costs of training and possibly higher salaries.

Maintaining a commitment to developing staff enhances employee engagement. By nurturing their talents, enriching their jobs and helping them advance their careers, agile performance management processes make staff feel valued and more committed to the organisation they work for.

The evidence

Research indicates that agile performance management practices are having a high impact on businesses that adopt them:

- 90 percent of companies that have redesigned performance management see direct improvements in engagement;
- 83 percent say they see the quality of conversations between employees and managers going up;
- Teams that have implemented more effective performance feedback processes have seen productivity improvements of 12.5%; and
- 96 percent say the processes are simpler. ⁽⁴⁾⁽⁵⁾

Agile Performance Management Cycle



Reflection and assessment

Effective performance management begins with **self-reflection** under the guidance of a supervisor, coach or mentor.

Reflection starts with an accurate understanding about what is expected of a person in their job.

Setting performance expectations

To perform well, employees need to understand:

- why a job exists;
- where it fits into your organisation;
- how it contributes to the overall objectives of your organisation;
- what is expected of the person's performance; and
- any changes that will impact their work and how this will affect performance

Reflecting on past performance

Part of good performance management is helping staff take a step back to ask themselves what it is they are actually doing, and how well they're doing it.


- What results have I produced?
- What impact has my work had on the people I serve?
- How have I acted with clients, colleagues, and supervisors?
- How have I demonstrated our organisation's values?
- Have I followed process and procedures?
- How will I adapt to any changes?

Competency frameworks

Performance = Results + Behaviours

Job performance is comprised of results (outcomes and objectives that must be achieved) and behaviours (actions and how your people go about their work).

Behaviour is often overlooked as one of the key levers of performance. When a supervisor and employee agree on what must be achieved (the results) and how to go about achieving it (actions and behaviours), they establish a formula for success.



Don't overcomplicate the competency framework by defining jobs down to a granular level. Just focus on **four or five** core competencies for each role and ensure staff understand the behaviours needed for each.


Flexible goal setting

Armed with a more realistic picture of their performance, and what they want to work on, staff are then in a strong position to focus on goal setting.

Getting your priorities straight

Simplifying performance management requires some soul searching. You want to figure out what's really important (and what's not) and only set goals that will have the highest impact on performance.

A good way to do this is to take an outside-in perspective. Think about what would add value to your customers or the business?




Consider limiting staff to two or three goals at a time so they aren't trying to focus on too many things.

Re-assessing goals mid-performance cycle

It sounds logical to set long-term goals and then work towards them. Planning over the long term isn't a bad thing; but a lot can happen during that time.

You may discover that a goal that once seemed desirable may end up seeming like a bad idea (for a whole barrel of reasons) or potentially becoming a waste of time in the wake of a further change.

To accomplish truly meaningful goals, all participants must be willing to question assumptions and re-evaluate as necessary. Is this a realistic goal for the individual? Is this still a priority? Are there more pressing or productive ways the person could be investing in their development?



Catching up with employees more regularly (but for less time) becomes critical to ensuring that the right focus is maintained.

Training, professional development and upskilling

Agile performance management is development focused. It ensures managers and staff are identifying the competencies required for a person to do their job well and building on and enhancing their current skills, knowledge and abilities in tangible ways.



Formal accreditation

For new entrants to the insurance industry, the priority for formal training may be to complete a Tier 1 or Tier 2 accreditation under RG146.

For staff seeking education pathways to further their career later on, professional qualifications in their sector (eg General Insurance or Insurance Broking) or specialist areas (eg claims or underwriting) are available through ANZIIF (Australia and New Zealand Institute of Insurance and Finance) and other registered training organisations.

Multiple modes of learning

All staff regardless of level or role will at some point need to develop higher level competencies to do their jobs effectively. Businesses will need to offer a range of ongoing learning and development initiatives to equip staff to deal with their evolving environments.

Professional development activities are most successful when staff have the opportunity to make sense of new information using a combination of interactive approaches. This is a bit like the 70:20:10 model for learning and development first founded in the 1980's. It maintains that individuals obtain 70 percent of their knowledge from job-related experiences, 20 percent from interactions with others, and 10 percent from formal educational events.

There are a number of cost effective, flexible and higher impact alternatives to traditional training methods that insurers can employ:

- Research projects - a staff member is given a task requiring them to independently seek out knowledge and then apply it back on the job;
- Peer discussions and collaboration - groups of staff are brought together in a facilitated discussion to talk over issues and develop strategies for dealing with them
- Field observations - individuals are paired with a subject matter expert that models how new knowledge can be applied effectively on the job



- Coaching - occurs when a supervisor or experienced colleague provides guidance and on-the-job performance feedback
- Mentoring - a carefully selected, more experienced person provides wisdom and advice to help an employee achieve their goals. Mentoring of new entrants by older workers is a key opportunity to upskill staff.
- Just-in time - web based learning that can be accessed on demand when the learner needs it.

Frequent feedback and regular check-ins

This is the linchpin of successful performance management. Feedback doesn't always have to involve a scheduled sit-down meeting. Some of the best feedback occurs spontaneously - in the moment, on the job. Where and how it happens doesn't necessarily matter (as long it is done respectfully and not in the earshot of clients or team members). What is important is that the feedback is timely and meaningful.

Providing feedback is enriching but can also be universally challenging when there are tough conversations to be had. A firm foundation of trust, and the creation of a culture where regular feedback (both good and bad) is the norm, can make all the difference in whether a person takes feedback on board.

Supervisor feedback

Frequent informal chats are helpful for building trust. Understandably, staff are more likely to accept criticism from a leader that has followed their progress and given them lots of positive comments in the past, so it is important that a supervisor takes advantage of as many opportunities to talk about performance in as balanced a way as possible.

Other sources of feedback

Most staff want feedback from their Supervisor. But it can be difficult for leaders to find the time to get around to staff to observe performance and provide feedback as regularly as they would like. It is also unlikely that a Supervisor can be across every aspect of their staff member's performance.

Empowering staff to seek feedback from other sources not only increases feedback frequency but also provides them with a more rounded view of their performance.



Peer feedback

Co-workers performing similar jobs can sometimes have a better understanding of their peer's performance than supervisors and upper management. They can also provide a valuable perspective for the feedback process.

Client feedback

If a staff member is in a client facing role, consumer feedback is probably going to provide the most direct and valuable insights into a person's performance.

Subordinate feedback

Collecting feedback from subordinates enables leaders to really understand how their reports see them.

Annual performance review

After 12 months of formal and informal feedback and coaching discussions, the annual performance review should be a breeze. Instead of a dreaded and stressful experience it becomes an opportunity to look back at what has been achieved.

And rather than just filing away the paperwork at the end of the year, the outcomes and learnings form the basis for discussion and reflection needed to set new goals in the next performance cycle.

The role of managers

It is important that managers are clear about the primary purpose of performance management. Is it to align employee goals to the business goals? How is it used in the overall talent management process? Is it linked to remuneration decisions? Is it all of these things?

As they rely less on paperwork and formal structure to manage performance, Managers will need to become better coaches. They need to move beyond the action-oriented traditional management functions of planning, organising, staffing, coordinating and controlling, and master the subtle art of focusing, challenging, influencing, encouraging, and developing staff.

Providing a safe environment

One of the reasons for breaking performance management down into bite-sized chunks rather than just a once a year, formal discussion, is to make it less threatening. Staff need to feel safe that if they open up about their struggles or admit to failings that they aren't going to be punished for it or marked as an underperformer on their annual performance review.

When employees trust their manager and sense they have a vision for them, they are more receptive to feedback. They take on board criticisms and advice knowing their manager has their best interests at heart. They also know they have someone to turn to if they need help or have problems.

Streamlining the process

There are many reasons why performance discussions don't get done:

- People are too busy
- Lack of preparation
- The process is unnecessarily cumbersome and keeps being put off

A lot of these issues can be avoided with better planning and execution.

Scheduling

The performance management cycle can begin and end at any time. Following a particular timetable is OK so long as you don't forget about new team members.

Use technology to monitor and track processes to ensure no-one is missed.

Agile performance management technology

Good performance management software can really simplify performance management. A great system will guide you through the process of reflecting on performance (objectives and behaviours) and help you structure SMART goals for development.

A system that is easy to use and mobile compatible will also ensure that records of feedback and development activities such as training and coaching are always kept in one place for easy reference and can be accessed anytime and anywhere they are needed.

An added advantage of using software is that it keeps the process paper free - no more employee files busting at the seams!

Making your business more agile

Agile Performance Management is steadily replacing traditional performance management. Agile literally means able to move quickly and easily. And that's exactly what your performance management process should be doing for your people and your business - equipping them to respond rapidly and effectively to change.

It's time to acknowledge that your people are busy in every aspect of their lives. They need an intuitive and logical performance management process that fits seamlessly into their work routine. A process that gives them greater returns with less red tape.

If you are still using outdated systems that create mountains of paperwork, have stopped yielding better performance outcomes, and just add to the burden of already overwhelmed managers and staff, then perhaps it's time you made your performance management system more agile.

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