

Results Oriented Pay Program (ROPP)

CPS Human Resource Services Performance Management and Rewards System

Why do we have a performance management and rewards system?

CPS is an entrepreneurial public agency established to satisfy the human resource needs of public and non-profit clients. A high production capacity is required to thrive and provide future services. There are no legislative or statutory mandates to ensure our continuation. Consequently, our policies and practices must be designed to ensure the best client services, as well as to ensure a financially sound organization. We need a pay policy and performance management system that promotes high employee and organization performance. A Results Oriented Pay Program (ROPP) has been established to provide the best pay framework for achieving CPS's goals.

The ROPP reflects the values of CPS to revere hard work but pay for results. It is also most responsive to employee/supervisor communication regarding individual performance accountabilities and successful achievement of job responsibilities. The program focuses on paying employees according to their level of performance and managing performance by planning performance expectations in advance, changing expectations as business needs require, and evaluating performance according to identified measures.

What kinds of best practices has CPS tried to integrate into its system?

Executive and Management Support: Our senior leaders all participate in the same performance management system as all employees. Therefore, they understand, support and are expected to model the way in which the system is to be implemented.

Whole System is Integrated: We emphasize that our program is really a whole system, from planning to execution to rewards. Employees have to see the link of their job responsibilities, objectives, competencies, results, performance ratings and rewards in order to be effective.

Linkage to meaningful organization values, goals and objectives: We focus on the concept of cascading goals/objectives and direction. Each employee has a role in ensuring the organizational success through the execution of the day to day responsibilities and/or completion of objectives that support the organizational goals. This linkage has to be crystal clear for every individual contributor in the organization.

Accountability: Everyone is responsible for their own performance, as well as understanding and complying with our ROPP system. In addition, managers and supervisors are accountable for ensuring performance plans with clear objectives are in place, measures are defined and transparent, direct feedback is provided to each direct report, and consequences for poor performance or rewards for superior performance follow the evaluative stage of the process.

Calibration of Ratings: Our system builds in the expectation that healthy, honest, direct discussions will take place between raters at the unit level, the department level and between the senior leaders before ratings are finalized. These discussions help ensure that all managers are applying the rating scale in the same way for similar performance results. This type of 'norming' or 'calibration' goes along way toward increasing consistency and the perception of fairness.

Meaningful rewards: Our system is designed to differentiate performance and pay, so that the highest performers receive the largest rewards. All increases (both movement within the range and performance bonuses) are based on performance. Our priority is to reserve more funds to reward and retain high performers; thus when funds are limited, fewer dollars are applied to maintaining our market position.

What is Included in ROPP?

Pay Policy and Range Setting

Pay levels for CPS job classes are based on a combination of external, or "market", pay information and appropriate internal pay differentials with other CPS job classes. Market surveys are conducted annually and a decision made on any appropriate range adjustments. CPS provides no cost of living increases.

The important difference in CPS's pay policy is that all increases in pay are based on and directly related to employee performance. Pay increases are not "across the board" and will not be automatic. Our pay philosophy is that dollars received mainly reward job performance, less importantly they represent changes in labor market rates or employee experience in a job classification.

Performance Planning

In order for CPS to accomplish its organizational goals, each individual employee must make a strong and relevant contribution. The performance planning process is a communication tool that cascades from organizational goals and objectives to department, to unit, and then to individual goals and objectives. In this process, individual expectations are tied to the organization's goals and objectives.

The purpose of the performance planning process is to clarify understanding of the goals of the organization and work unit and establish mutual understanding between employee and supervisor about the job's performance standards and expected results.

Each regular CPS employee, in collaboration with their supervisor, is required to prepare an annual performance plan which describes accountabilities, objectives/action steps, plus results and evidence measures. At the end of the performance year, each employee will receive a performance evaluation that compares accomplishments to performance plan commitments.

Accountabilities: Represent the major focus of a job and are expressed as the key "end results" on the performance plan. Every employee's plan includes four accountabilities: core job function, organizational citizenship, client satisfaction and financial success. Each accountability has a percentage weight assigned for that performance plan year which is determined by senior leadership. Focus may change from year to year based on organizational goals, but generally there is a relative balance to the accountability weights (25% each +/-5%).

Core Job: This accountability pertains to achieving business goals through quality, quantity and timeliness in which tasks and responsibilities of the job performed. In addition to duties, responsibilities and objectives, this section also includes identification of core and job level competencies. This is really about *what* you do and how well.

Organizational Citizenship: This accountability has to do with individuals creating and experiencing an environment of dignity, purpose and respect in the workplace as well as working collaboratively within your team and across the organization. This is really about *how* you do your job and live the CPS values.

Client Satisfaction: This accountability has to do with exceeding client expectations and building client relationships, both externally and internally.

Financial Success: This accountability has to do with ensuring the survivability and long-term stability of CPS so that we can grow our organization, while contributing to the advancement of the HR profession.

Objectives/Action Steps: Identify a means to satisfy a job's accountabilities. They are specific statements of planned accomplishments. They identify results to be achieved, time frame, and resource constraints and are related to organizational goals and objectives. Each plan also includes the action steps the employee will take to accomplish the overall objective. There are objectives included in each of the four accountability areas.

Results and Evidence: Indicators of successful or unsuccessful performance for each accountability. They are either qualitative or quantitative.

Throughout the plan year, supervisors and employees will meet periodically to discuss accomplishments as they relate to the performance plan. Performance plans and objectives are updated as needed.

Performance Evaluation

The purpose of the performance appraisal process is to provide employees with useful feedback on their performance compared to established performance standards and expected results; improve employee productivity and job satisfaction by recognizing individual strengths and providing development plans for areas in need of improvement; and provide a rational basis for pay administration.

Performance evaluation consists of two parts: performance monitoring and performance appraisal.

Performance monitoring occurs throughout the year. The purpose is to provide employees with periodic feedback regarding progress/performance and tell employees how they are doing. It is to provide positive reinforcement when performance is as expected and going well, and to help develop steps for improvement if needed. It is also to ensure that goals and objectives remain current and relevant.

Mid-year Review: Midway through the performance plan year (usually January), employees receive a mid-year review, which documents in written form, an employee's progress and performance compared to their performance plan. No numerical rating is provided at mid-year.

The **annual performance appraisal** occurs at the end of the performance plan year. The appraisal process begins with the employee submitting a listing of accomplishments that are tied to the performance plan. This is not a listing of activities, but truly accomplishments or results achieved that added value to the unit or organization. After discussion of that document the supervisor prepares a written narrative evaluation and meets with the employee again to discuss the overall performance

for the year in all accountabilities. Several rating tools are provided to assist supervisors in conducting objective reviews in the area of core job and organizational citizenship.

Determining the Rating: All employees, regardless of seniority or previous experience will be evaluated against total job requirements and performance compared to expectations/commitments set out in the performance plan. CPS uses a 6 point rating scale, with '3' reflecting meets expectations performance. The '6' rating is reserved for distinguished performance and is provided only in exceptional cases. The supervisor determines the ROPP rating for core job, organizational citizenship and individual client satisfaction accountabilities.

In addition to an individual rating on client satisfaction, each employee shares in an organizational 'client satisfaction' rating that is based on external customer surveys conducted at the conclusion of each project. The entire organization also shares the same financial success accountability rating, which is based on CPS organization financial metrics. The inclusion of these two 'organization wide' ratings for each employee's rating emphasizes the integration of individual performance with organizational success, as everyone shares in CPS customer satisfaction and financial stability.

Following unit norming/calibrating sessions and an all manager integration/calibration meeting, the individual ratings are finalized. Individual ratings for each accountability are multiplied by the designated percentage weight for that accountability to come up with a final overall rating number for each employee. The supervisor then informs the employee of their final rating.

Pay Administration and Rewards

Within the CPS performance management system, there are two types of rewards – movement within the range and performance bonuses. Funding for range increases and performance bonuses is always based on ability to pay.

Merit Rewards for Range Movement: Employees that achieve a "4" level rating (an exceeds standards rating for superior performance) and maintain it can expect to progress to the top of their range. Employees with lower ratings can expect to reach mid-range or less. Pay is administered once each year at the same time for all employees. Pay increases are guided by a "pay matrix" designed to correlate pay policy with performance rating, so each employee receives movement within the range based on their ROPP performance rating. The actual matrix used will vary from year to year depending on a variety of factors such as market movement and CPS's ability to fund salary range increases.

Bonuses: Performance bonus pay will be paid in a lump sum for superior performance. Lump sum amounts will depend on the rating received and the percentage bonus level tied to that rating. If earned, a bonus percentage is paid based on the past year's salary received. The maximum lump sum amount possible for exempt employees is 20 percent and the maximum amount for non-exempt employees is 12 percent. The actual number of and amount of bonuses paid each year depends on the ratings earned, CPS financial success and ability to pay.

Conclusion

Effective performance management requires commitment, constant attention and continual program review. As part of our commitment to the ongoing improvement of our program, we provide annual training to all employees on our Results Oriented Pay Program. The yearly training helps to increase employee understanding, buy-in and personal accountability for the program's effectiveness. In addition, each year senior leadership reviews the program elements for weaknesses, necessary additions or deletions and implementation improvements, as well as considers if the program is assisting CPS to meet its organizational strategies, goals and objectives. This annual 'debrief' also helps us ensure the effectiveness of our program.

Though CPS has been working at this for almost twenty years, we realize with performance management, we never 'get it right and are done'. The hard work continues!



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At CPS, we're committed to improving the quality of human resource management in the public sector.