



Accelerating People Performance of FLEM employees through two new Models - A data-centric model for People Performance Analytics and a New Modelling Approach for Role Mastery

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Abbreviations & Definitions

(in alphabetical order)

1. **ABC:** Activity Based Costing
2. **Cohort:** Cohorts is another name for group
3. **Cumulative Average Performance (CAP):** CAP is the Cumulative Average of performance of a person over a period. For example, CAP till Residency-Month3 (M3) is the Cumulative Average performance of a person from first month after joining till M3.
4. **FLEM:** Front Line Executives and Managers
5. **HCM:** Human Capital Management
6. **KRA:** Key Result Area
7. **KPI:** Key Performance Indicator
8. **PP:** People Performance
9. **PMS:** Performance Management System
10. **PPM:** People Performance Management
11. **PPMS:** People Performance Management System
12. **PPA:** People Performance Analytic
13. **Residency:** Residency is another term for vintage in the organisation. It is measured from the date of joining in the organisation.
14. **Residency-Month:** Residency-month is the number of the months measured from joining month, for each person. Residency months are indicated as M0, M1, M2 etc., M0 is his/her month of joining. M1 is the first month after joining and so on.
15. **TMI PP Model:** TMI People Performance Model compares People Performance in the same role on “residency-month” basis and is vastly different from the current model of comparing performance on “calendar-month” basis.
16. **TMI Plot:** TMI plot is a two-dimensional plot of residency-month vs performance for each individual. The plot is divided into six segments as detailed later and each person is identified with the sextant that he/she belongs to.

The Context

By far the biggest problem faced by HR teams in large employee organizations is the high attrition and low performance of their Front-Line Employees and their Managers (FLEM) especially in their first two years of residency with the employer. Attrition rates as high as 60% to 90% per annum are common among FLEM workforce in Banking Financial Services and Insurance (BFSI) industry, FMCG and service industry. FLEM workforces constitute more than 50% of the entire workforce and are deployed in sales, customer service and operational roles and work as fulltime/part time or outsourced/off-roll or onsite/remote site workforce.

HR teams are perpetually sucked into - hiring, on-boarding and off-boarding FLEM employees. "Hire and fire" policies adopted till date have become counter-productive.

The conventional Performance Management System (PMS) requires a radical re-think, for the FLEM workforce. Our current performance management of FLEM is outdated because we use lag indicators (outcomes) to measure performance. We reward performance based on performance on calendar – month basis. Both these practices are ineffective.

We need a new approach to change this scenario.

Executive Summary

TMI Group is a pioneer in large scale hiring (over 200,000) and induction (over 200,000) of FLEM employees since 2010. This experience has helped in understanding the new millennial workforce and developing insights into the root cause – lack of role mastery and outdated People Performance practices.

This report showcases two new models - People Performance Analytics (PPA) and Role Modelling required for Role Mastery. This study presents these innovative approaches with case studies with real and contemporary data.

There are 10 Cardinal principles that are the building blocks of the new TMI Model for analysing People Performance (PP), and these are listed in this report. The step-by-step process adopted for People Performance Analytics (PPA) is also presented.

The study also highlights how these two novel approaches, if adopted, can change crucial HCM policies of FLEM workforce in the first two years of residency and can bring about a significant acceleration and enhancement of performance with reduced attrition.

These two studies conclude:

- “People Performance” is different from “Business Performance”, and we need a residency-month based approach to compare people performances. Targets, rewards must be linked to residency of the FLEM.
- The performance measured as performance multiple, variation is in the range of 10x to 84x.
- The performance variation between the top and bottom performers is huge and all our case studies prove it. Variation of People Performance - measured as Performance multiple between the top performing cohort and the bottom performing cohort- for FLEM in the same role, in the same company, with the same work environment, with the same entry gates and with the sales induction processes, and same vintage – can vary

between 10x to 84x. Average of the cohort performance hides this huge performance variation and performance multiple is not currently used as a performance metric and therefore is a blindspot in HCM.

- This means that high performers are heavily underpaid and poor performers are overpaid. This means that a huge part of the HR budget is devoted to poor performers and the high performers are subsidizing the poor performers.
- Attrition analyses can establish if there is a strong correlation between performance and attrition.
- The huge performance variation is the root cause of high infant attrition and low outcomes and can be addressed.
- Role modelling, by adopting an ABC (Activity Based Costing) model helps in building a relation between effort and outcomes in any role and any process, apart from helping in identifying the key tasks and sub-tasks which have the highest co-relation with role outcomes.
- Top performers perform these key sub-tasks differently than the poor performers and hence best practices transfer on these key sub-tasks are the key to performance acceleration and enhancement.
- Companies need to build daily/weekly Performance Output Indicators (POI) as lead indicators of performance and use relative performance data to motivate low performers to adopt the best practices and track the implementation of the best practices.
- If the new models are adopted, HR policies for FLEM employees in the first two years of residencies must be different from the rest of the employees in the organisation and the how the key HR policies will be impacted are also listed in this report.

Our current Performance Management System is failing – The How and Why

Our Performance Management System for FLEM workforce which most employers use to measure, reward and counsel the workforce on performance, has failed miserably.

Did you know that the current People Performance Management (PPM) has been around for centuries? Chinese civil servants had performance ranking in the third century. And officers in the Napoleonic wars were subject to 360-degree reviews. In USA, Performance Rating Act of 1950 set the goals of PMS to – recognize merit and contribute to efficient operations, to strengthen the supervisor subordinate relationships and to improve individual effectiveness. The Incentive Rewards Act of 1954 in USA, authorized honorary recognition and cash payments for superior accomplishments, suggestions, special efforts or services or other personal efforts.

Prof Robert Kaplan and David Norton laid out the balanced scorecard method and linked it to people performance measures.

Drs. Robert Kaplan and David Norton Published the Balanced Scorecard (BSC) in 1992 as a strategy implementation tool for any Business entity. The balanced scorecard was developed primarily as a business performance measurement tool and even today it is relevant. Unfortunately, many organizations have extrapolated this model to People Performance Measurement in two ways – first cascading the KRAs and KPIs from business to a team and to an individual through a goal alignment process and secondly adopting the four-perspective model to the individual performance. HR teams have institutionalized the PMS system and today many PMS platforms exist to implement the PMS system. But this extrapolation is the root cause of the ills of the PMS for the FLEM workforce.

As a recruiter, we call the PMS letter distribution day as the “blues day”. The largest number of calls, in a single day, are made to recruiters, on that day. 95% of the employees who have not received their promotion letters believe that they have been short changed. Almost every employee believes that the increment is inadequate, and they are underpaid. Even the promoted employee believes he or she is undervalued by the company. Most employees feel that their boss has been unfair to them and has remembered the faults and failures and has not considered the great work done.

To understand how PMS has failed, we must start by understanding what purpose of the PMS is. Let's see what the expected outcome of PMS were and compare with the actual outcome. People PMS were introduced to recognize merit and contributions to efficient operations, to strengthen the supervisor subordinate relationships and to improve individual effectiveness. Against these lofty goals, the actual realities on the ground are the opposite. But the ultimate failure of the PMS is a hard fact, of huge performance variation, which seals the argument that PMS has failed. In the accompanying report titled “Revamping the People Performance Management System (PPMS) for FLEM Workforce - A RESEARCH PAPER”, authors have elaborated on the ills of the current PMS and on the building blocks of the new People Performance Management System (PPMS).

About TMI Group

TMI Group (TMIG) has built a leadership position in Human Capital Management (HCM) Consulting & Services in India. Over the 30 years of its existence, TMI Group has completed thousands of impactful engagements across 400+ large Global and Indian organisations, including Global-Award winning engagements. TMI Group has partnered with employers across sectors - Banking, Financial Services & Insurance (BFSI), Manufacturing, IT & Services in India, in addition to many of the world's largest Multi-Lateral Agencies that are active in global capacity building. On the other hand, since 1991, TMI Group has supported several million professional job seekers and learners.

TMI Group believes that corporations and working professionals will face huge disruptions, driven by work automation, Artificial Intelligence (AI) in the post-covid era. TMI Group has adopted TMI 2.0 strategy to stay relevant and to ride this wave of disruptions to be the first mover in Integrated HCM services (IHCM), along with higher value-added services across IHCM value chain. The objective is to become a leading player in India and in the region by adopting the latest technologies, including Thick Data Analytics, Advanced Data Visualization, Automation, Augmented Reality / Virtual Reality (AR/VR) learning, Deploying a range of open-source technologies, TMI Group integrates Consulting, Solution Development & Deployment with technology-assisted fulfilment services across a range of HCM.

During 2020-21 pandemic, after completion of 30 years, TMI Group has metamorphosized, to become a full-fledged digital enterprise, enabling employees work from home-productively and seamlessly and many of the work processes have become digital please visit www.tmigroup.in for more details.



10 Cardinal Principles – the building blocks of People Performance and its Analytics

The Frontline Workforce Performance can make or break the balance sheet of an organization. While there are performers who drop out of the system because they believe that they are not recognized, there are low performing employees who stay on for a long tenure in the company because their performance gets covered by the top performers, when you use average as a measure for the cohort performance. It is important to adopt a data centric approach because data reflects the ground reality at any point of time. There are these 10 cardinal principles of People Performance. The TMI model of PP is built on 10 cardinal principles as detailed here under. The principles are illustrated with the data from various studies conducted by TMI Group in the last few years.

Principle #1

Performance in a Residency month is the right way to compare and report People Performances

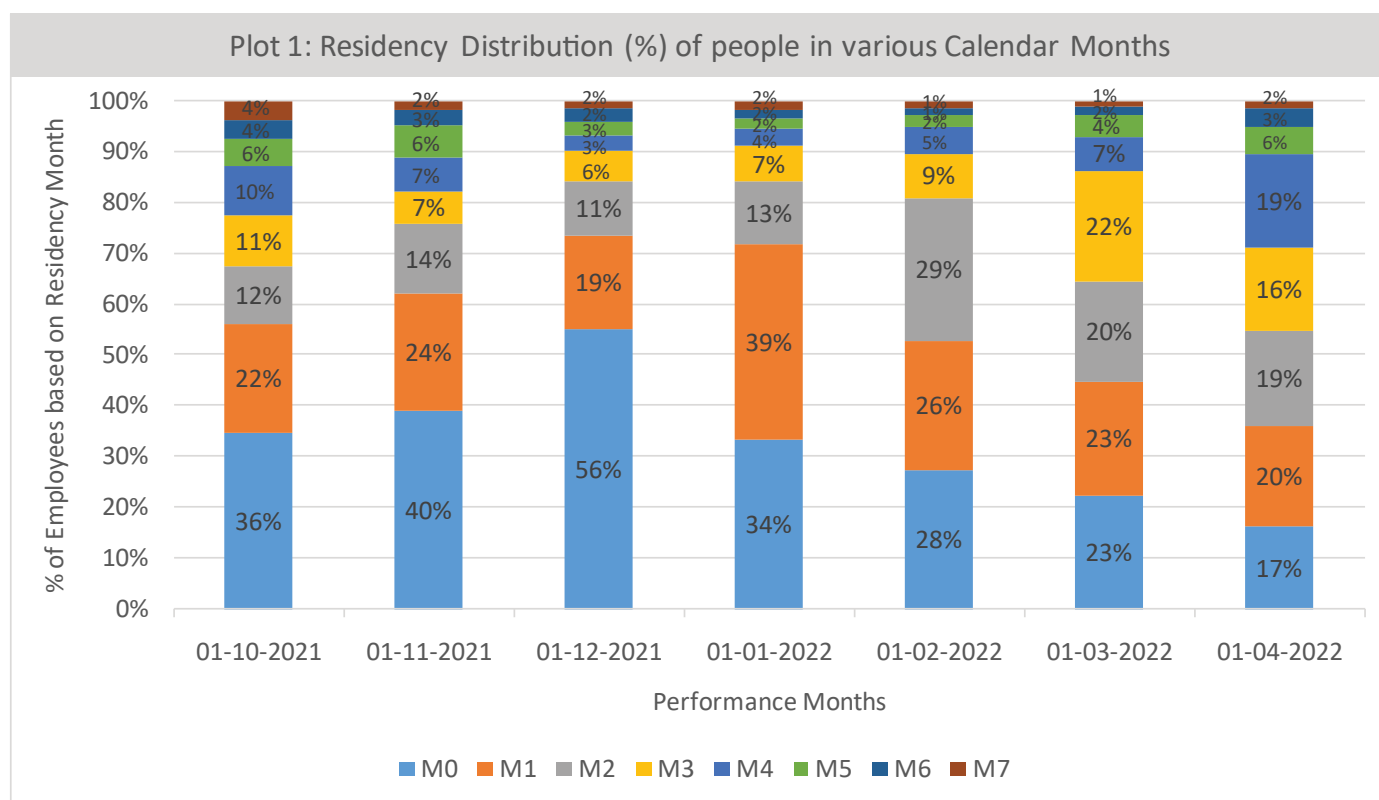
Business performance is different from People Performance (PP). Business performance is reported on “calendar-month” basis. People performances are better reported on “residency-month” basis (residency month is the number of the months measured from joining month) because only then you can have the right comparison of performance of two people in the same role. People performances improve as the residency increases (this is validated by most studies) and thus it is unfair to compare the performance of a newcomer into the role with a veteran in the same role.

For example, in a single calendar month, the aggregate PP data is a mixture of PP of FL EM workforce with multiple residencies. Please see residencies of employees in a calendar month, of a home loan major in the table below. The October '21 month had 36% employees who joined in that month, 22% employees in their first month of residency and 10% employees in the fourth month of residency. This mix of residencies also varies from calendar-month to calendar-month as seen from the Table 1.

Table # 1	% Composition of residencies in a calendar month - All in the role Employees									
MONTH - Residency / Calendar	M0	M1	M2	M3	M4	M5	M6	M7	Total	Cohort Size
31-Oct-21	36%	22%	12%	11%	10%	6%	4%	4%	100%	304
30-Nov-21	40%	24%	14%	7%	7%	6%	3%	2%	100%	468
31-Dec-21	56%	19%	11%	6%	3%	3%	2%	2%	100%	991
31-Jan-22	34%	39%	13%	7%	4%	2%	2%	2%	100%	1,424
28-Feb-22	28%	26%	29%	9%	5%	2%	1%	1%	100%	1,892
31-Mar-22	23%	23%	20%	22%	7%	4%	2%	1%	100%	2,324
30-Apr-22	17%	20%	19%	16%	19%	6%	3%	2%	100%	2,644
Total cohort size	2829	2458	1895	1341	893	395	236	143		
Inference	You cannot compare performances of people with different residencies. It is like comparing apples and oranges. Employees with higher residency are likely to outperform employees with lower residencies									

The same data represented graphically is given below. **Each colored line of data is the data of a single calendar - month**

PLOT #1: Residency distribution (%) of people in various calendar months (M0 is the month of joining)





Business Performance Vs People Performance

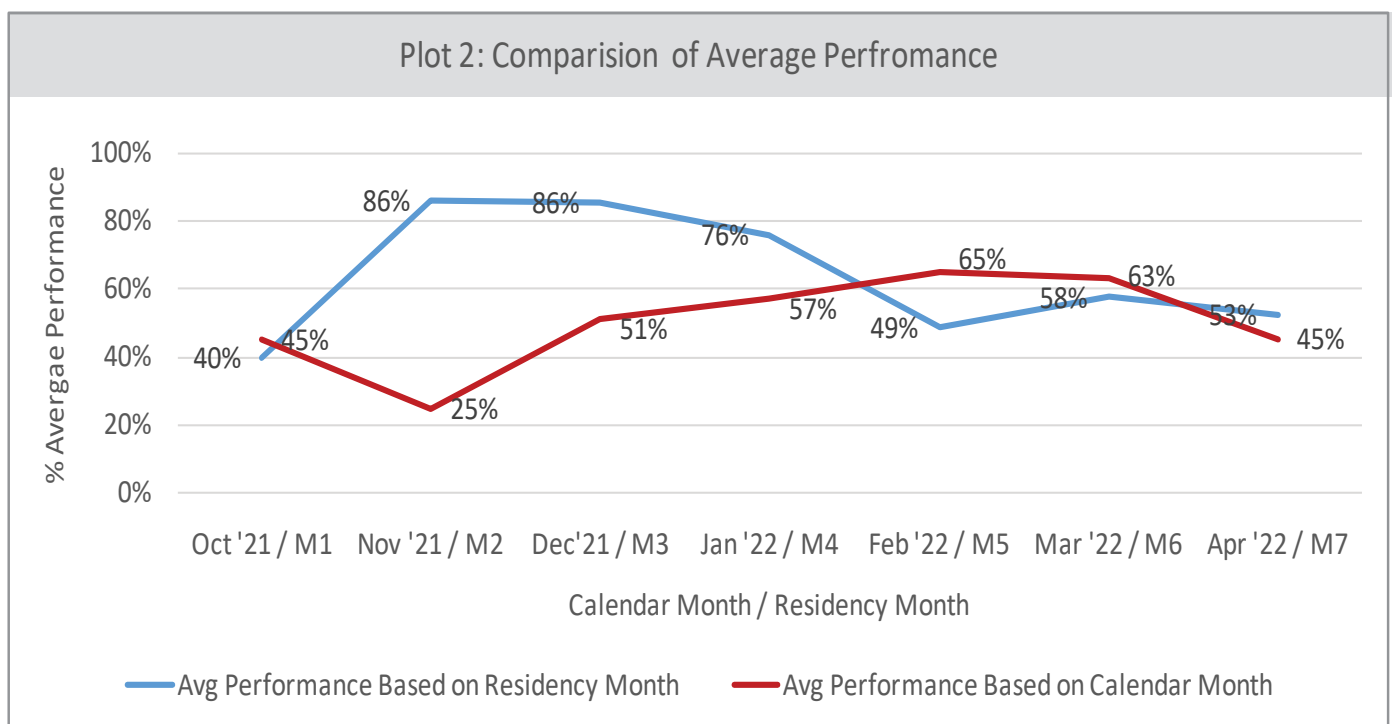
So, comparing the data of people in any calendar-month is like comparing apples and oranges. The right approach is to compare people performances on residency-month basis. The residency-month based reporting is very relevant for FLEM workforce whose stay in companies is very short - less than two years and many of them are in their first job.

There are three benefits of this approach:

- This allows comparison of people who entered the role on different dates. This normalizes the joining date of employees.
- This allows you to compare higher vintage employees with similar vintage.
- We can build predictive models for new employees on residency-month based performances.

Plot 2 below shows two performance pictures of the home loan sales team in a home loan major. The red line shows the performance on calendar-month basis (Business performance picture) while the blue line shows the same performance data recast on residency-month basis (People Performance picture)

Plot 2: Business performance picture vs People Performance picture



It is obvious that both are showing two opposite pictures:

Calendar-month performance shows that the overall cohort performance, after a dip in Nov month, shows a continuous improvement till March. However, the residency-month based performance shows that the average performance peaks in the second month (M2) and then starts declining.

// Google's productiveness as an organization is not the place it must be. Profits tend to hide problems... until they don't //

- Sundar Pichai

It is obvious that both are showing two opposite trends.

Calendar-month performance is misleading as an indicator of people performance.

Principle #2

Actual Performance Achievement as a % of target normalises people performance across geographies and corrects for seasonalities

PP outcomes will vary from territory to territory. There are also seasonal variations of PP. The outcome targets also vary from territory to territory and can also vary from month to month. The only way is to normalize PP across geographies and seasons is by calculating actual Performance Achievement % against targets. Hence, the people performance indicator used in this report is actual Performance Achievement % against target.

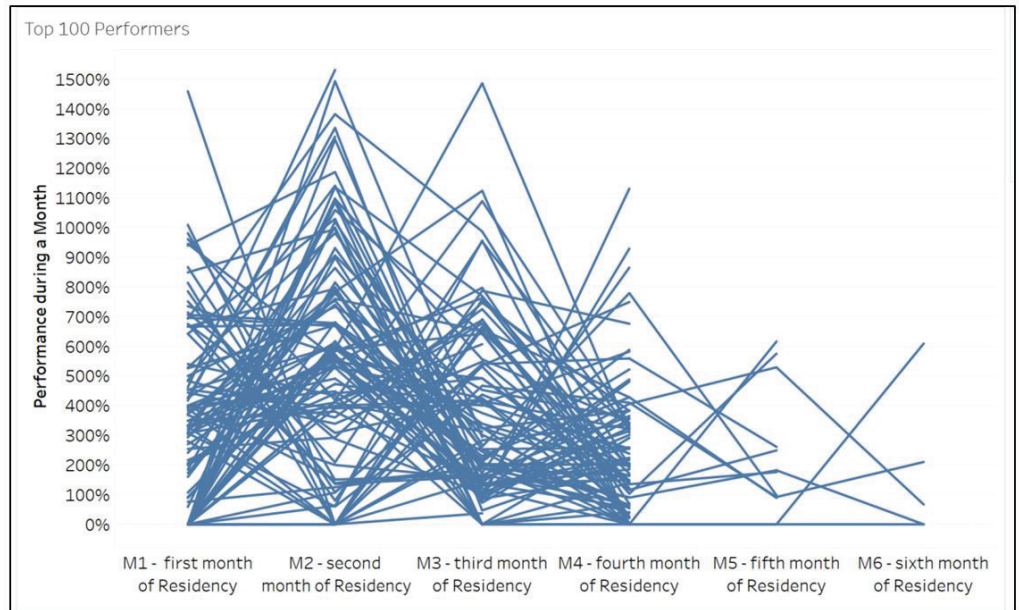


Principle #3

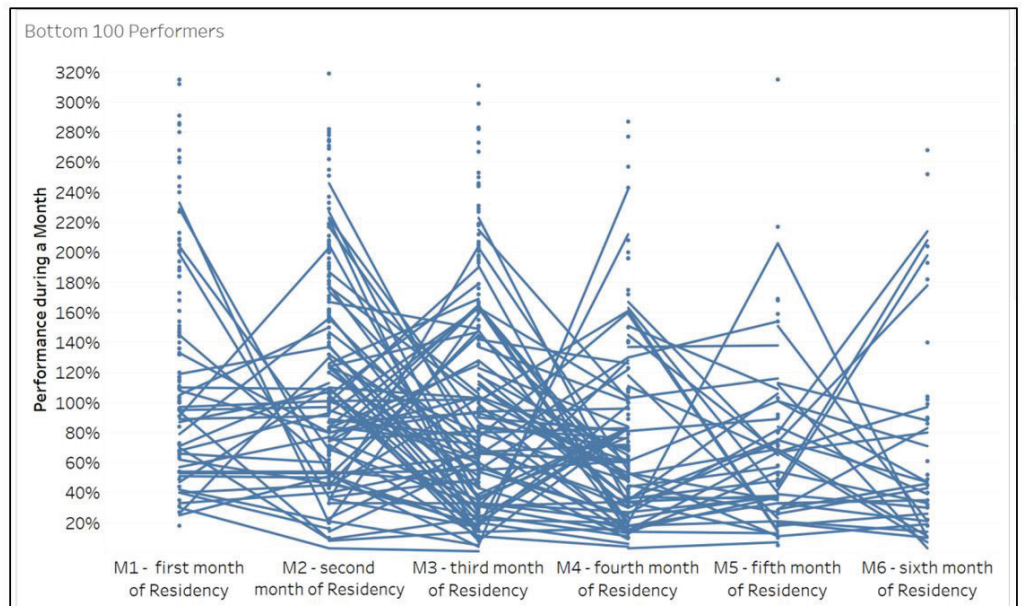
Single month performance is not a good indicator of PP

When you study the performance of people, across months, it shows a huge fluctuations. This is valid for top performers as well as bottom performers. Hence a single month performance is a poor indicator of an employee performance. The two plots below, from live data of people in the same role, in a home loan major, illustrates this

Plot 3: Top 100 Performers Data



Plot 4: Bottom 100 Performers Data



So, people decisions, like need for HR interventions should not be based on monthly PP data. Cumulative Average Performance (CAP) of that individual over a period is a much better indicator. This evens out the monthly performance variations. It is better to use CAP or Cumulative Average Performance over a period, as an indicator of PP.

Principle # 4

Cumulative Average Performance (CAP), till any residency month, is the average performance of the individual for the first month of residency till that residency month. So, it is a better basis for comparing PP.

In Principle #1, we recommended residency-month based comparisons of people performances. This is a fundamental concept. But to even out the fluctuations, it is better to use the Cumulative Average Performances (CAP) over a period. Table 2 (Performance in a residency-month) and Table 3 (Cumulative Average Performance till a residency-month from the first month of residency) below this.

CAP till a residency month is calculated only for employees whose residency month data is available for all months from M1 till that residency – month. The data is from our study of FLEM for a home loan major.

Monthly People Performance Indicators							
Table # 2	Monthly People Performance (Residency Month Basis)						
	M1	M2	M3	M4	M5	M6	M7
Monthly Average Performance of all employees	40%	86%	86%	76%	49%	58%	53%

Cumulative Performance Indicators– CAP upto a Residency Month Basis							
Table # 3	Cumulative Average People Performance upto the month (residency month basis) FOR All Employees						
	First month	Upto 2 months of residency	Upto 3 months of residency	Upto 4 months of residency	Upto 5 months of residency	Upto 6 months of residency	Upto 7 months of residency
Monthly average performance of All Employees INCLUDING Zero Performers	40%	69%	84%	95%	49%	42%	30%
Cohort size (no of employees)	2,458	1,860	1,278	802	294	133	40
Inferences on Table 2 cohort sizes for each residency month	Cumulative Performance moderates and evens out monthly performance variations						
	Cohort sizes (Row no 2) up to a month, are the number of people who completed the same residency period. Cohort size is maximum in M1 starts declining and it is at 802 in M4.						

CAP up to M4 is the cumulative average performance till the fourth month of residency, and this calculated as the total performance during the first four months divided by the residency period of 4 months, for each employee who completed 4 months of residency.



Principle # 5

We need to identify what is the optimal period of residencies for comparing people performances, and to drill down to gain insights.

While CAP can be calculated till any residency-month, there is a need to identify an optimal period of residency-months - for drill down. Why? Drill down must be on sustained performance. The criteria for choosing the optimal residency period are two – period must be long enough, and the cohort size should be large enough - to deep dive for comparing PP. Here the cohort consists of ONLY people who have completed identical residencies.

In this study for a home loan major, the optimal period was four months. The cohort size at the end of four months, consisted of people who have completed M1, M2, M3 and M4, was 802.

Cumulative Average Performance (CAP) till the fourth residency month, for each person, must be calculated and used to draw performance insights for the entire cohort. Performance Analytics, performance grouping, performance ranking etc. were made on this basis.



IF they
CAN DO IT,
so CAN You

Principle # 6

Relative performance amongst role holders is better than performance against targets.

FLEM tend to dispute their targets at the performance review time, especially when they don't achieve. The best way to get over this issue is to focus on relative performance between peers. People in the same role and with the same residency cannot argue when their colleagues are performing better – under the same work circumstances. The concept is “if he/she can do it, why can't I do it?”. This is a crucial motivator to improve performance and the crucial motivation to learn – from the better performer.

“Reward efforts,
not outcomes”

- Sundar Pichai

Principle # 7

Lead vs Lag indicators in Performance

Business performance is often outcome driven while people performance is a mix of output and outcome. Outcomes are always lag indicators. For example, a salesman in the home loan sales industry, the number and value of loan disbursed is the outcome which is reported in the subsequent month and hence the data is a lag indicator. Lead indicators – for example number of loan proposals submitted to a customer can indicate how the outcomes will be subsequently.

Hence a mixture of output and outcome indicators are more insightful and useful than only outcome indicators. Lead indicators are also useful to track performance when there is a significant lead time required to make the first sale.

“But whenever an average is used to represent an uncertain quantity, it ends up distorting the results because it ignores the impact of the inevitable variations.”

- Sam Savage, HBR

Principle # 8

What you see on the top is not the truth. Drill down to find the truth

This is a very crucial principle which says that what you see at the aggregate level at the top, is like the tip of the iceberg. It is not the whole truth. What lies underneath is the truth. The whole idea is to “cut and dice” the PP data and drill down to the lowest possible level - which is often the individual level.

There are many ways of cutting and dicing the PP. One way is to drill down on geography of work locations. Another way is to cut, and dice based on education, type of work city (tier 1, tier 2, metro etc.). **Drill down often offers insights which aggregate data hides.**

This is aptly illustrated by data in Table 4 below. In our study of a home loan major, first every employee is classified into a performance slab cohort - based on the CAP till M4. The table shows the CAP % of the various performance slab cohorts, up to M4. Column 1 shows the performance slabs and column 10 shows the performance contribution of this slab cohort of employees against all the employees whose CAP till M4 is calculated.

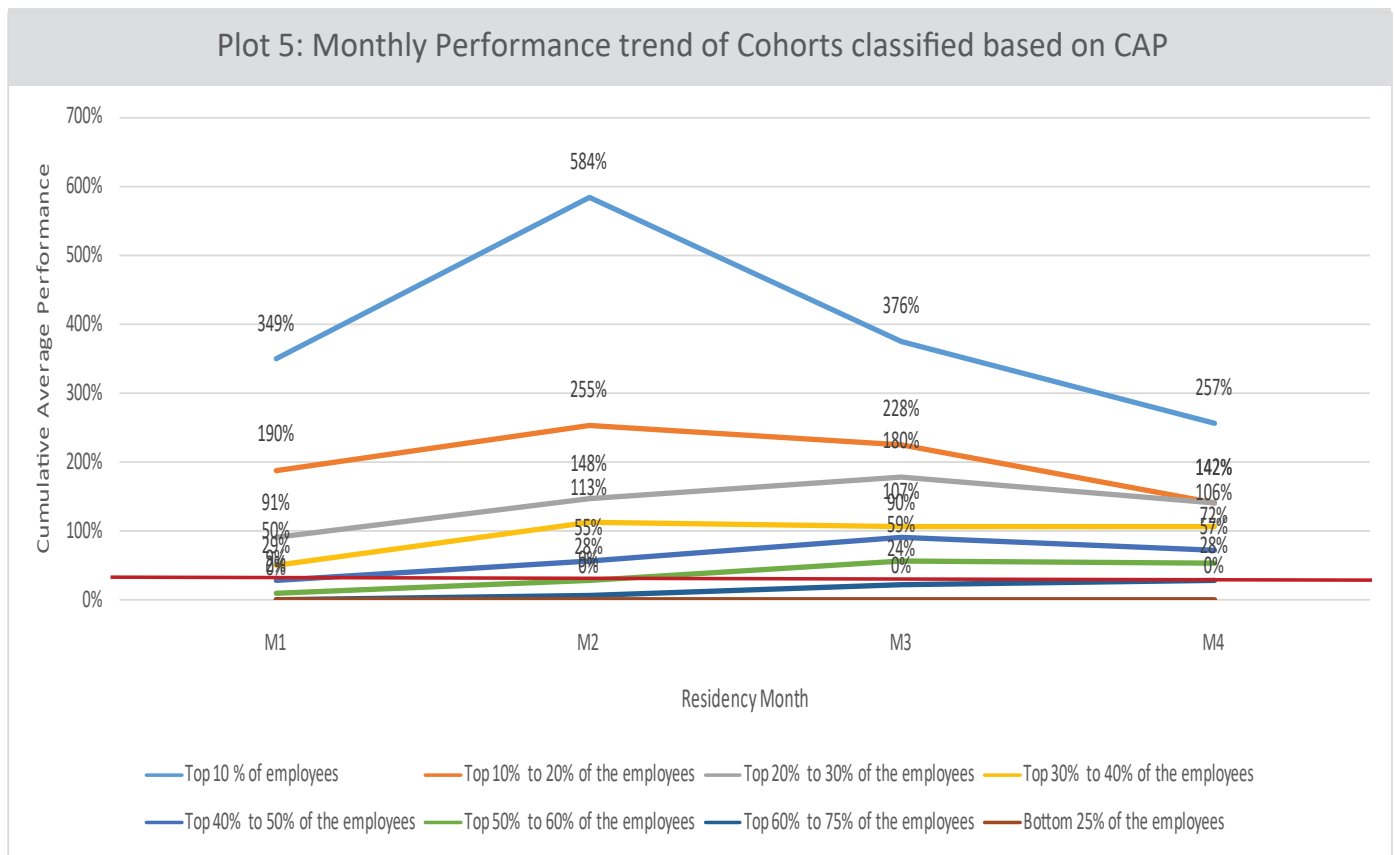
Table # 4	Frequency of Distribution of Employees on CAP scores upto M4 - Including Zero Performers									
	FOR All Employees Including Zero									
Slab value reference including Zero performers	Employee PERCENTILE rank distribution on performance - slab value maximum	Employee PERCENTILE rank distribution on performance - slab value minimum	Highest performance score of the cohort	Lowest performance score of the cohort	Average performance score of the cohort	Multiple of performance score - highest / lowest	No. of employees in the cohort	SUM TOTAL performance delivered by the slab cohort	% of SUM TOTAL delivered by the slab cohort	Cumulative of SUM TOTAL %
Top 10 % of employees	1	80	815%	255%	391%	3.2	80	31317%	41%	41%
Top 10% to 20% of the employees	81	160	254%	167%	203%	1.5	80	16278%	21%	62%
Top 20% to 30% of the employees	161	241	166%	117%	140%	1.4	80	11222%	15%	77%
Top 30% to 40% of the employees	242	321	117%	73%	94%	1.6	80	7510%	10%	87%
Top 40% to 50% of the employees	322	401	73%	49%	62%	1.5	80	4992%	7%	94%
Top 50% to 60% of the employees	402	481	49%	29%	38%	1.7	80	3009%	4%	98%
Top 60% to 75% of the employees	482	602	29%	0%	16%	NA	120	1876%	2%	100%
Bottom 25% of the employees	603	802	0%	0%	0%	NA	200	0%	0%	94%
Top 100 employees	1	100	815%	226%	361%	3.6	100.0	36132%	47%	
	Multiple of Average Performance of - Top slab to bottom slab (other than zero performers)				25					
Inferences	Top 20% of the employees contribute to 62 % of ALL employee performance. Top 100 employees contribute to 47% of all employee performance.									
	25% of the people are still zero performers even after 4 months, on a CAP basis									
	Bottom 70% of employees contribute to only 23 % of the performance of all employees whose CAP till M4 is calculated									
	The performance multiple is 25 between the CAP of top performance group and the bottom performance group – even after ignoring the Zero performance group									

Next, let us study the monthly average performance trend of each of these performance slab groups, month-on-month. In other words, what is the performance trend of the top 10% cohort? What is the performance trend of the bottom cohort? Do the people remain in the same performance band? These questions are answered by Table 5 below

Table # 5	Monthly Performance Trend of Cohorts classified - based on cumulative average performance - All Employees				
	M1	M2	M3	M4	M5
Average Performance of the entire cohort	40%	86%	86%	76%	49%
Top 10 % of employees	349%	584%	376%	257%	209%
Top 10% to 20% of the employees	190%	255%	228%	142%	136%
Top 20% to 30% of the employees	91%	148%	180%	142%	84%
Top 30% to 40% of the employees	50%	113%	107%	106%	83%
Top 40% to 50% of the employees	29%	55%	90%	72%	38%
Top 50% to 60% of the employees	9%	28%	59%	57%	67%
Top 60% to 75% of the employees	2%	9%	24%	28%	35%
Bottom 25% of the employees	0%	0%	0%	0%	23%

Please see the Plot 5 below which plots the monthly performance of cohorts categorised into different performance levels based on the CAP up to M4. The question we asked is this – are people in the performance bracket? In other words, people categorised as low performers based on CAP up to M4, do they stay in the same level of low performance or vice versa?

The answer is yes. The insight is that employees tend to stay in their performance band, over a period. This is a huge concern. Top performer cohort tends to stay as top performers while bottom performers tend to stay as bottom performers.



Inferences	Average Performance in any month (Row #1 of Table 5 and THICKER RED line) appears reasonable till M4 but hides many truths. The top 10% cohort is performing at 4 times the average of the entire cohort.
	Most important – people tend to stay in same performance range over time. For example, top 10% cohort tend to stay on top band. Likewise, poor performers tend to stay in bottom band.

Retail Bank Major Sales Team - Disaggregation of Performance



“ Interpreting yesterday's performance with yesterday's theories is passé. Interpreting contemporary data with data science theories is the new model ”

- T. Muralidharan

“ People don't do what you expect. They do what you inspect. ”

- Lou Gerstner

Principle # 9

Two dimensional analyses of performance provide better insights than single dimensional analysis – TMI plot of performance and residency reveals many insights.

This is another very crucial concept. The dream of every organisation is to have people who are performers AND are also loyal (i.e., Stayers). For example, analysing the people performance data on time dimension is always done. We have used the CAP till M4 to draw insights in our study of the home loan client. When you analyze the same PP data on two dimensions of cumulative performance and residency you can derive deeper insights. For example, who are the employees who stay and perform? How many are there? Who are the employees who stay and don't perform?

This is called TMI plot. Here people are categorised into six segments based on three levels of performance (high/medium/low) and two levels of residency (high/ low). Each employee is categorised into one of the six segments based on his/her CAP AND residency.

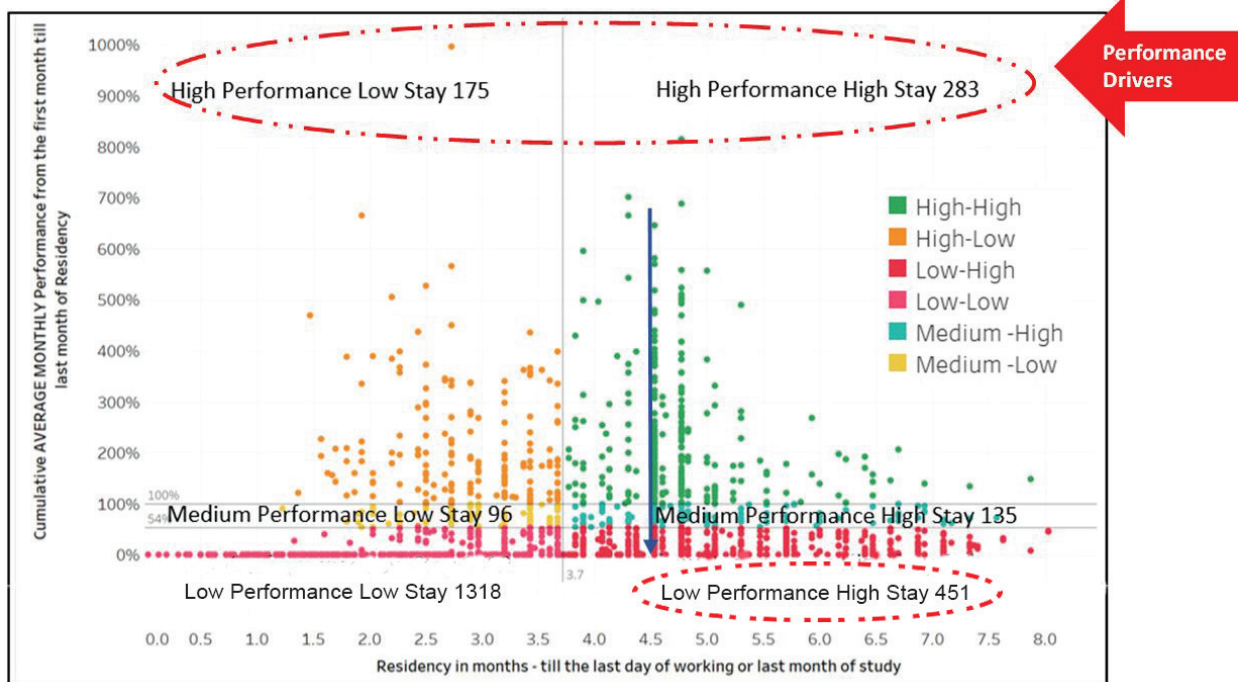
For this, we had to choose **CAP till the last month of residency**, instead of CAP till M4. Why? Because CAP till M4 will have the same residency of four months, for everyone. We also want to analyse the entire employee base, with multiple residencies and also those who attrited, during the study period.

Taking the home loan client case, Table 6 gives the break-up of employees across the six segments.

Top 3 segments which are the preferred segments for any organization, constitute only 24% of the employees while bottom 3 constitutes of the employees. This shows that we need plan to HR interventions to move people into the top to 3 preferred segments.

Table # 6	Classification of all Employees on two dimensions							
	Cumulative performance is classified into three categories - high, medium, and low. High performance means performance higher than 100% (the Norm). Medium performance means performance higher than the average of the cohort but less than 100%. Low performance means performance is lower than the cohort average.							
	Residency is classified into two categories - High and low. High residency means residency above cohort average. Low residency means residency less than cohort average							
Performance categorisation FOR All Employees								
High performance means performance greater than	100%	Medium performance means performance greater than	54%	Medium performance means performance less than	100%	Low performance means performance less than	54%	
Residency categorisation for FOR All Employees								
High residency means residency (months) which is greater than	3.7	Low residency means residency (months) which is lesser than	3.7	Max performance of entire cohort till the last month of residency	997%			
Segments	Sextant Reference	Ranking of Sextant	Max of Cumulative AVERAGE MONTHLY Performance from the first month till last month of Residency in this sextant	Min of Cumulative AVERAGE MONTHLY Performance from the first month till last month of Residency in this sextant	Avg of Cumulative AVERAGE MONTHLY Performance from the first month till last month of Residency in this sextant	Count of ALL Employees in the sextant	Cohort Employee % Total	Performance variation within the sextant cohort
High Performance - High Stay	High-High	1	815%	101%	231%	283	12%	8.11
Medium Performance - High Stay	Medium -High	2	100%	54%	76%	135	5%	1.84
High Performance - Low Stay	High-Low	3	997%	101%	219%	175	7%	9.92
Medium Performance - Low Stay	Medium -Low	4	100%	54%	76%	96	4%	1.86
Lower Performance - Low Stay	Low-Low	5	54%	0%	3%	1318	54%	NA
Lower Performance - High Stay	Low-High	6	54%	0%	16%	451	18%	NA
All sextants	Performance multiple across cohorts				50.24	2458		

Plot 6: TMI Plot of Performance & Residency



Each employee is a dot in the above TMI plot (Plot 6), X axis is the last month of residency / last month of study – whichever is earlier. Y axis is the CAP till the last month of residency / last month of study. TMI plot reveals that the variation of CAP between top and bottom performers with the same residencies - reaches its highest point in the 4.5 residency - month (height of the blue vertical line in month 4.5) and declines as residency goes beyond that period. This means that 4.5 month is a key threshold in employee residency period. It also reveals relationship between CAP variation and tenure in the role. **Lastly, it reveals that there were 451 employees (18% of cohort) in least preferred segment - low performance with high stay.**



“ FLEM performance reviews that do not identify the root cause of non-performance have very limited value. ”

- T. Muralidharan

Principle # 10

Performance multiple is a key measure of people performance and supervisor performance

We are currently measuring the average performance of a cohort. Is this representative? Is this the right measure? If there are huge variations in performance within the cohort, the mean is not representative. Performance metrics must include performance variation within a cohort. Is the variation reasonable? If not, can we drill

down to the root cause? Does the performance variation reveal anything about Front Line Supervisor effectiveness? What is the metric for performance variation within the team of a supervisor?

We are proposing performance multiple – the ratio of top performers to bottom performers as an additional useful measure. But this requires definition of top performers and bottom performers.

For example, can we use the performance multiple between the top performer and the bottom performer? In any large cohort this multiple will be very high. What if the high performer is an outlier? Does it distort the picture? The answer is yes. Is it better to measure the performance multiple between top 10% employees and bottom 10% employees?

We have identified three different scenarios to calculate performance multiple for the Home loan major case study referred earlier, as given in the Table 7 below. The first scenario is the variation of CAP of the top performer versus the bottom performer – at an individual level. Top rank performer is ignored as an outlier. Zero performer slab is ignored also. Despite this the CAP multiple is huge at 281. The second scenario is CAP multiple of the high performance + high residency segment (most preferred sextant) to low performance + high residency segment (least preferred sextant). In this scenario, the multiple is 50. The third scenario is the CAP multiple of the top 10% cohort and the bottom 15% cohort, after ignoring the zero slab. In this scenario, CAP multiple is 25. More details are presented in the answer to Question # 11

Table # 7	Performance Multiples - High Performers vs Low Performers under various scenarios						
S. No.	Cohort	Period of Comparison	Top Performance % of target	Exclusions / Inclusions in Top Performance Cohort	Bottom performance % of target	Exclusions / inclusions in top performance cohort	Performance Multiple
1	ALL employees	CAP upto 4th month of residency	702%	Excluding performance outliers	3%	Excluding Zero performers	281
2	ALL employees	Upto last month of residency / last month of study	815%	High performance - High residency cohort only	16%	Low performance - high residency cohort only	50
3	ALL employees	CAP till 4th month of residency	391%	AVERAGE of Top 10% of employees including zero performers	16%	AVERAGE of bottom 20% of employees (Other than Zero).	25

“ It’s time for a shift in mindset. Rather than “Give me a number for my report,” what every executive should be saying is “Give me a distribution for my simulation. ”

- Sam Savage, HBR

The performance multiple varies from a high of 281 to a low of 25, as detailed in the table above. In our view, the lowest performance variation of itself of 25 is huge and requires serious investigation.



Outline of study # 1: People Performance Analytics (PPA)

The conventional Performance Management System (PMS) requires a radical re-think, especially for the FLEM (Front Line Executives and Managers) workforce.

PPA study uses the current performance data of employees in the same role and recasts the performance data based on residency-month.

The People Performance Analytics (PPA) study answers a few of the following questions:

S. No.	Category	Questions
1	Questions on the Model for Measuring People Performance (PP)	Is there a significant difference in performance picture – when you analyse the “business” performance on calendar-month basis vis-à-vis “people” performance on Residency-month basis?
		What is the appropriate way to compare people performance?
		Why adopting the calendar-month basis for people performance gives a wrong picture?
		Is it better to compare monthly PP or over a period?
		Is there a significant difference in performance picture – when you analyse the performance month-wise vis-à-vis Cumulative Average Performance (CAP) over a period?
		Is there an optimal period required for comparing people performances? How do you arrive at the optimal period?
2	Questions on People Performance Variations?	How do you plot employees on Residency AND Performance?
		Do the individual employee performances – top 100 and the bottom 100 – vary month to month?
		What is the performance distribution of FLEM workforce, at the end of the Optimal Residency period?
		What is the performance multiple between top performers and bottom performers-measured as Cumulative Average Performance (CAP) at end of the Optimal Residency period?
		What is the performance multiple across various scenarios?
3	Questions on power of drilling down on Performance	What does the performance variation mean?
		Does the average performance reflect the performance of the cohort? What happens when you drill down to see the performance trends across various performance slab cohorts?
		Is there a correlation between Performance and employee demographics like education, prior work experience, age etc.?
		Is there a correlation between performance and employee work location?
		What is common amongst High performance and High residency cohort in TMI plot?
4	Questions on time to achieve milestones	There are many zero performers. What is the average time an average new employee will take to make the first outcome?
		What is the average time an average new employee will take to cross 50% of performance for the first time?
		What is the average time an average new employee will take to cross 100% of performance for the first time?
5	Questions on Attrition	Is there any correlation between Performance and attrition?
		Who are attriting – performers or non-performers?
		Which are crucial Residency months - for attrition?
		Is there any common demographics – between high performance with high residency cohort in the TMI plot?
		Are there any common demographics – between low performance with high residency cohort in the TMI plot?

Outline of study # 2: Role Modelling for Role Mastery

Role Modelling breaks the process in which the role is active into Stages, Activities, Tasks, and Sub-tasks by adopting the ABC model used in manufacturing industry and then establishes a correlation between effort (time consumed) and outcomes expected. Deeper analyses reveals that only 20% of the sub tasks are levers to performance and daily Performance Output Indicators (POI) on these key sub-tasks are the lead indicators for performance. The study recommends that top performers perform these key sub-tasks differently and their best practices must be captured and transferred to poor performers.

The Role Modelling study attempts to answer these questions:

S. No.	Category	Questions
1	Role Analyses	What are SATS (Stages, Activities, Tasks and Sub-Tasks) for the process where the role is active?
		What is the effort (time) required for each sub task?
		What is the frequency of the sub-task for a single outcome?
2	Cost Analyses	How does the cost build-up in the process?
		What are the highest cost sub tasks for the role?
3	Criticality Analyses	What is the cost of failure at any task level?
		Which tasks have the highest failure costs?
4	Key sub-task analyses	Which are the key tasks based on cost analyses and criticality analyses?
		Which are Performance Output Indicators (POI) for these key sub-tasks?

Implications on HR Policies

People Performance Analytics model and the Role Modelling approach proposed above, if adopted, will impact many aspects of Human Capital Management, especially of FLEM employees in the first two years of residency in the company. We have highlighted a 16 HR policy areas where changes may be required.

S. No.	HCM Domain	Questions
1	Target setting	Can we distribute targets based on residency of the employee?
		Can we relook at the target norms based on achievement of top performers?
2	People Performance metrics	How can we build a combination of lead and lag indicators of people performance?
		How do we include POI measurements into the daily / weekly Reporting App used in the company?
		How do we create POI norms based on actual data from Role practitioners?
		How do we create dashboards on each POI for each employee?
3	Performance Ranking	Can we rank employees based on their residencies?
		Can we rank employees based on CAP up to an optimal residency period – both on lead and lag indicators?
		How do we rank employees based on a combination of lead and lag indicators?
4	Performance Incentives	How to identify and reward top performers to retain them?
		How to identify low performance with high residency employees? how do we deal with them?
		Why should incentives be linked to only targets? How will it motivate poor performers?
		Why can't we incentivize employees to move up one slab at a time - from current performance slab to the next higher performance slab?
		How do we create retention bonuses for Performers who stay?
5	Scientific Norms for performance milestones	How many months would a new employee need to reach 50% or 100%?
		When should an employee be identified for Performance Improvement Plan (PIP)?
6	Supervisor KPI	Can we add a new KPI to supervisors – to measure and minimize the Performance multiple within their teams?
7	FLEM employee motivation to improve performance	How do we create an APP – a private space - for self-evaluation of performance – where an employee can see his performance over a period and compare his performance with other cohorts?
		Can we create simple visualization on performance?

S. No.	HCM Domain	Questions
8	Performance Reviews	How do we use relative ranking to motivate employees?
		How do we create relative performance dashboards for each supervisor?
		How do we use POI ranking to provide specific performance feedback, for each employee?
		How do we create success stories at Key sub-task level?
		How do we drive employees to adopt key sub-task best practices to improve POI?
9	Scientific Exit Norms	How do we build scientific exit norms for non-performing employees?
		How do we compute the real cost of attrition after considering low performance in the initial months?
10	Scientific Hiring Norms	How do we create straw profiles based on TMI plot – what is common amongst high performers and high residency cohort?
		How do we avoid profiles based on TMI plot - what is common amongst low performers and high residency cohort?
11	Role induction	How do we redesign Role Induction to focus on best practices on key sub tasks?
		How do we make trainers accountable for Activation of new employees – to make the first sale?
12	Up-skilling strategies	How do we create different up-skiing strategies around POIs
		How do we create different training programs based on which segment the employee is - in the TMI plot?
13	Attrition analytics and prediction	How do design HR interventions to prevent performer attrition based on peak residency-month of attrition?
14	Performance prediction	How do we build Attrition prediction models based on POI and demographic data?
		How do we build statistical models to rank the POIs?
		How do we build OUTCOME prediction models based on POI?
15	Optimize Total cost of Employment (TCOE)	The total cost of employment is the cost incurred for each employee for the full one year. How do we optimize Total Cost of Employment (TCOE) instead of minimizing recruitment costs, training costs etc.?
16	Year 1 special treatment	Treat FLEM ONE – FLEM in their first year of residency - differently from the rest. How do we create separate policies for FLEM ONE?

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About the Authors



T. Muralidharan, TMD, is the Founder and Chairman of three-decade old TMI Group. With 1000 + Employees and Gig professionals with Pan India presence, TMI Group is a talent management and innovative work force solutions group dedicated to the success of Indian professional talent – worldwide. TMI Group is a pioneer and one of India's big 5 in Talent Acquisition, Talent Development and Learning Sciences. Performance Consulting, HR Analytics and Robotic Process Automation are the recent additions to the TMI Group offerings. **TMD** has built TMI Group into one of India's leaders in its domain with customers in IT, BFSI, Manufacturing and Service sectors. TMI has global customers in Japan, Germany, Middle East, Africa, Singapore, and Central Asia. TMI Group has placed over 200,000 FLEM Employees and skilled over 200,000 executives in the Indian Corporate Sector over the last 31 years.



Harish Tadinada leads the Data Analytics delivery. He has over 13 years of industry experience and over 9 years of experience in market intelligence, data analytics, and insights across functions in HR, Operations, and Sales. His expertise is in implementing tools and techniques to work with raw data and using tools to manipulate and visualize data to derive valuable insights.

SYNOPSIS

TMI Group is a pioneer in large scale hiring (over 200,000) and induction (over 200,000) of FLEM employees since 2010. This experience has helped in understanding the new millennial workforce and developing insights into the root cause – lack of role mastery and outdated People Performance practices.

Studies have shown that there could be a huge variation between top and bottom performer in the same role, in the same company, between people who were recruited and trained the same way, working under similar work environment, AND with the same vintage.

This results in skewing the performance picture so that the high performers are not recognized, and the non-performers are not identified in the early stages. Both these are detrimental. This performance variance issue has been the blind spot of traditional HR processes because of the use of “Average Performance” as the metric, which hides the huge performance variation. It recommends use of performance variance within a cohort as a metric of supervisory performance

This report showcases two new models – People Performance Analytics (PPA) and Role Modelling required for Role Mastery. This study presents these two innovative approaches with case studies with real and contemporary data.

There are 10 Cardinal principles that are the building blocks of the new TMI Model for analysing People Performance (PP), and these are listed in this report. The step-by-step process adopted for People Performance Analytics (PPA) is also presented. Role Modelling breaks the process in which the role is active into Stages, Activities, Tasks, and Sub-tasks by adopting the ABC model used in manufacturing industry and then establishes a correlation between effort (time consumed) and outcomes expected in the role.

The study also highlights how these two novel approaches, if adopted, can change crucial HCM policies of FLEM workforce in the first two years of residency and can bring about a significant acceleration and enhancement of performance with reduced attrition.