WOODWARD

END-OF-YEAR EVALUATIONS

For Leaders

Achieving Results

Through Performance Management

Our Purpose

To design and deliver energy control solutions our partners count on to power a clean future.

Our Values

INTEGRITY

We do the right thing. Always.

RESPECTFUL & ACCOUNTABLE

We hold each other in high esteem and hold each other to high standards.

HUMBLE & DRIVEN

We're confident but not arrogant. We're always striving for better.

AGENDA

Review Performance Cycle

Discuss Year End
Performance Timeline

Performance Evaluation

Mitigating Biases

Common Challenges

Tools to Support You

Getting started...

- This workshop is designed to be an interactive discussion

- You'll have opportunities to share and ask questions – please feel free to **Un-Mute** and respond verbally, respond in the **Chat**, use emoticons (**React**)

- Please be present and do not multi-task ☺

- Have fun sharing and learning from each other

- We will be recording
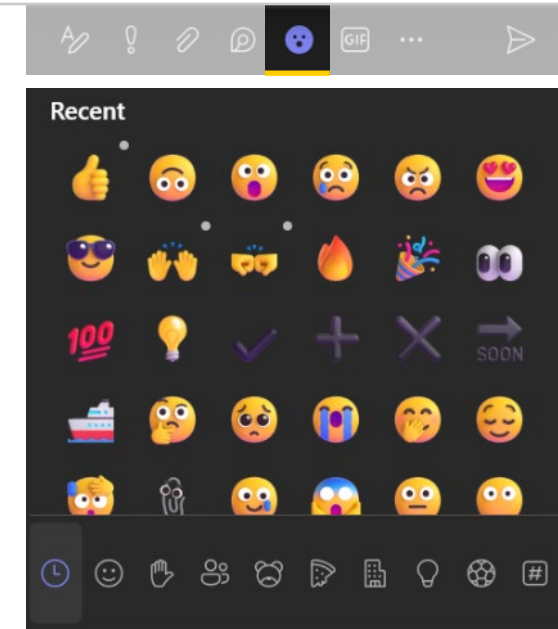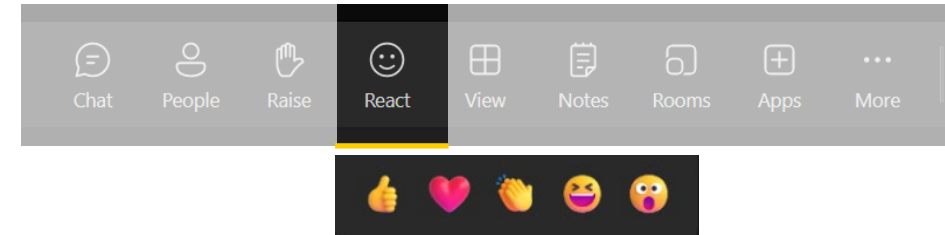
Action: Please put up an emoticon so I know you found them.

What is the purpose of our performance management cycle?

Align and reward individual contributions to drive organizational performance and activate member engagement

What are the consequences of not evaluating performance accurately?

Inaccurate Performance Evaluation

Confusion on Goals and Direction

Broken Trust in Leadership

Lack of Member Development

Leads to

Poor Team and Company Performance

Disengaged Team Members

Our Performance Management Cycle

October	March	August/September	October/November
Set Goals	**Review Progress**	**Evaluate Results**	**Summarize Results**
Establish priorities for the year	Mid-year performance feedback	Review mid-year results and more	End-of-year performance feedback
Focus on expectations and goals	Review goal progress and establish focus areas for each goal	Review behavior in alignment with values	Discuss future focus areas
Consider development when requesting work/projects		Self-evaluations	

Why evaluate Performance?

Evaluate Results

- Creates a positive and motivating workplace culture

- Tracks development goals and opportunities

- Provides evidence of progress (or lack thereof) towards goals

- Recognizes high performing team members

- Tracks coaching and course correction of low performing members

- Legally defend talent decisions and mitigate liability

Performance Evaluations

Steps for success

Evaluate Results

- Review performance conversations and results

- Review behavior in alignment with Woodward Core Values

- Review employee self-reviews to determine alignment, potential mis-alignment

- Request and consider 360 Feedback

- Check your bias (we all have them!) to ensure you are reviewing and rating fairly

- Document year-end performance evaluation in Workday

Performance Evaluations

Evaluating Results and Behaviors

Evaluate Results

Remember to focus on *this* performance cycle. Only evaluate results and behaviors for current Fiscal Year.

RESULTS
(the "what")

- Progress toward performance and development goals

- ✓ Review past formal and informal performance conversations, check-ins and career conversations

- ✓ Review performance evaluation rating scale and rate using the full year of information

BEHAVIORS
(the "how")

- Behaviors associate with competencies / values

- ✓ Look back on previous conversations and experiences you have had with direct reports

- ✓ Focus on *how* your team member accomplished tasks / initiatives

- ✓ Think through relationships and feedback throughout the team or organization

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Performance Evaluations – Describing Observations

Consider the following when assigning performance ratings:

| Review team member's goals and their progress to achieve or exceed these goals	Consider feedback from others	Double check for biases in your performance ratings	Be prepared to provide specific examples of the team member's results and behaviors that led to your performance rating
❑ *What <u>specific</u> goals did they achieve/exceed?* ❑ *How did they overcome challenges or become hindered by obstacles?* ❑ *How did their performance contribute to the team's and organization's success?*	❑ ***What*** *did the team member achieve? (results)* ❑ ***How*** *did the team member achieve those results? (behaviors)* ❑ *What strengths did the team member demonstrate?* ❑ *What development opportunities could the team member consider?*	❑ ***Review*** *the most common types of bias and ensure you've taken steps to reduce the presence of these in your ratings.* ❑ ***Confirm*** *that there aren't ratings based on non-performance related factors or bias.*	❑ *What <u>specific</u> observational examples of performance are you prepared to share that encompass the full evaluation period and only that evaluation period?*

Understanding the New 5-Point Rating Scale
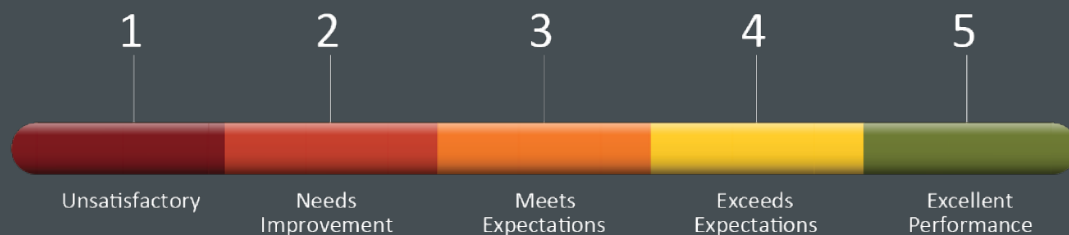
1 — **Unsatisfactory:** Performance falls significantly below expectations. The individual demonstrates fundamental deficiencies in the skill or competency being assessed, requiring immediate attention and improvement.

2 — **Needs Improvement:** Performance is below expectations but shows some potential for growth. The individual displays weaknesses or areas for development in the skill or competency, requiring focused efforts to improve and meet expectations.

3 — **Meets Expectations:** Performance meets the expected standard for the role or task. The individual demonstrates proficiency in the skill or competency being assessed, meeting the basic requirements and performing adequately.

4 — **Exceeds Expectations:** Performance goes above and beyond what is expected. The individual demonstrates a high level of proficiency and consistently exceeds the standard for the skill or competency, achieving exceptional results.

5 — **Excellent Performance:** Performance is outstanding and exemplary. The individual consistently demonstrates exceptional proficiency and skill in the area being assessed, setting a standard of excellence for others to follow. Their performance significantly contributes to the success and goals of the organization.

1	2	3	4	5
Unsatisfactory	Needs Improvement	Meets Expectations	Exceeds Expectations	Excellent Performance

Example:

	1 UNSATISFACTORY	**2** NEEDS IMPROVEMENT	**3** MEETS EXPECTATIONS	**4** EXCEEDS EXPECTATIONS	**5** EXCELLENT PERFORMANCE
Upholds Woodward Values	Team member consistently fails to demonstrate behaviors aligned with Woodward values. Team member shows disregard for ethical standards and may engage in behavior that is contrary to company values.	Team member demonstrates a basic understanding of Woodward values but occasionally falls short in upholding them. Team member may need additional guidance and reminders to consistently demonstrate behaviors aligned with company values.	Team member understands and demonstrates behaviors aligned with Woodward values. Team member may occasionally take initiative in promoting a culture of values within the workplace.	Team member consistently goes above and beyond in demonstrating behaviors aligned with Woodward values. Team member encourages others in promoting a culture of values within the workplace.	Team member consistently demonstrates exceptional commitment to Woodward values, by modeling behaviors aligned with Woodward values. Team member consistently takes a leadership role in promoting the company's values.
Example:	John is a GM who frequently dismisses his subordinates' opinions and ideas during team meetings. He tends to interrupt them, and when they try to explain themselves, he does not listen to their arguments and instead imposes his own views. As a result, his colleagues often feel disrespected, and their morale is low.	Sarah is a communication professional who usually listens to her colleagues during team meetings. However, at times, she interrupts them or dismisses their ideas without acknowledging their contributions. Although she means well, her colleagues feel that she sometimes lacks empathy and does not value their opinions.	Tom is a team leader who consistently shows respect for his colleagues. He actively listens to them during meetings, considers their perspectives, and validates their opinions and experiences. He creates a safe and inclusive environment where everyone feels heard and valued.	Liz is a senior HR manager who consistently demonstrates exceptional respect for her colleagues. She shows empathy towards them, takes the time to understand their viewpoints, and goes out of her way to support them. She is known for her kindness, consideration, and unwavering commitment to creating an inclusive workplace.	Sal is a Supervisor who sets an example for respect in all interactions. He fosters an inclusive environment where everyone feels valued and respected. He actively listens to his colleagues, considers their perspectives, and consistently shows kindness and consideration towards others. He is known for his exceptional leadership and commitment to creating a positive workplace culture.

Performance Evaluations

Summarizing Results

Summarize Results

Remember – performance evaluations are used for talent decisions (i.e. merit, promotions, project assignments, etc.), so it is very important to rate accurately, fairly and objectively.

We must first assess how individuals are performing and **then** make compensation decisions that are aligned with this assessment.

It is vitally important that team members know where they stand, and whether a team member displays performance that is unsatisfactory, needs improvement, meets expectations, exceeds expectations or excellent performance. One of the most important ways you can demonstrate respect for them is to be honest with them about their performance.

So in the most basic terms, **your strategy for rewarding each team member of your team should be a natural outcome of the performance management cycle**.

Evaluating Performance

Do	Don't
Review performance holistically across the year.	Rate performance based solely on most recent performance.
Focus on facts, check your biases and remain objective.	Compare team members to one another.
Prioritize evaluations and set time aside to be able to focus on your performance evaluations.	Consider the performance evaluation process a 'check the box' exercise
Incorporate and seek feedback from key stakeholders when rating your team members.	Only seek out feedback from those that may confirm your beliefs.
Use descriptive and objective language in the reviews so your team member understands their evaluation.	Document performance vaguely, or with few data points to discuss with your team member.

Bias in Performance Management

Bias = when shortcuts are created about people that lead to assumptions regarding who they are and how they perform. Our brains are wired to go towards what we expect.

There are three types of bias that can often show up during performance evaluations and calibrations:

Recency Bias – the tendency to allow recent events to influence a performance rating (positively or negatively) instead of considering overall performance.

Similarity Bias – the tendency to rate someone more favorably, or attribute positive or negative intent to something, when they are similar to you in background, style or other characteristics.

Confirmation Bias – the tendency to see things in ways that confirm existing beliefs, as well as your tendency to search for, favor and use information that confirms pre-existing views.

Performance Evaluations

Performance Issues

Evaluate Results

- Woodward core values include - **Respectful & Accountable** - we hold members to high standards and ensure **accountability** to individual performance

- Team members deserve **candid feedback** about their performance

- Team members and leaders have a **shared responsibility** to ensure feedback is sufficient

- Team members should receive **clear communication** when they are not keeping up with expectations or when their job is in jeopardy

- When performance is such that a team member is showing a pattern of not meeting the expectations of the job – it may be appropriate to engage in the formal **progressive discipline process or performance improvement activities**
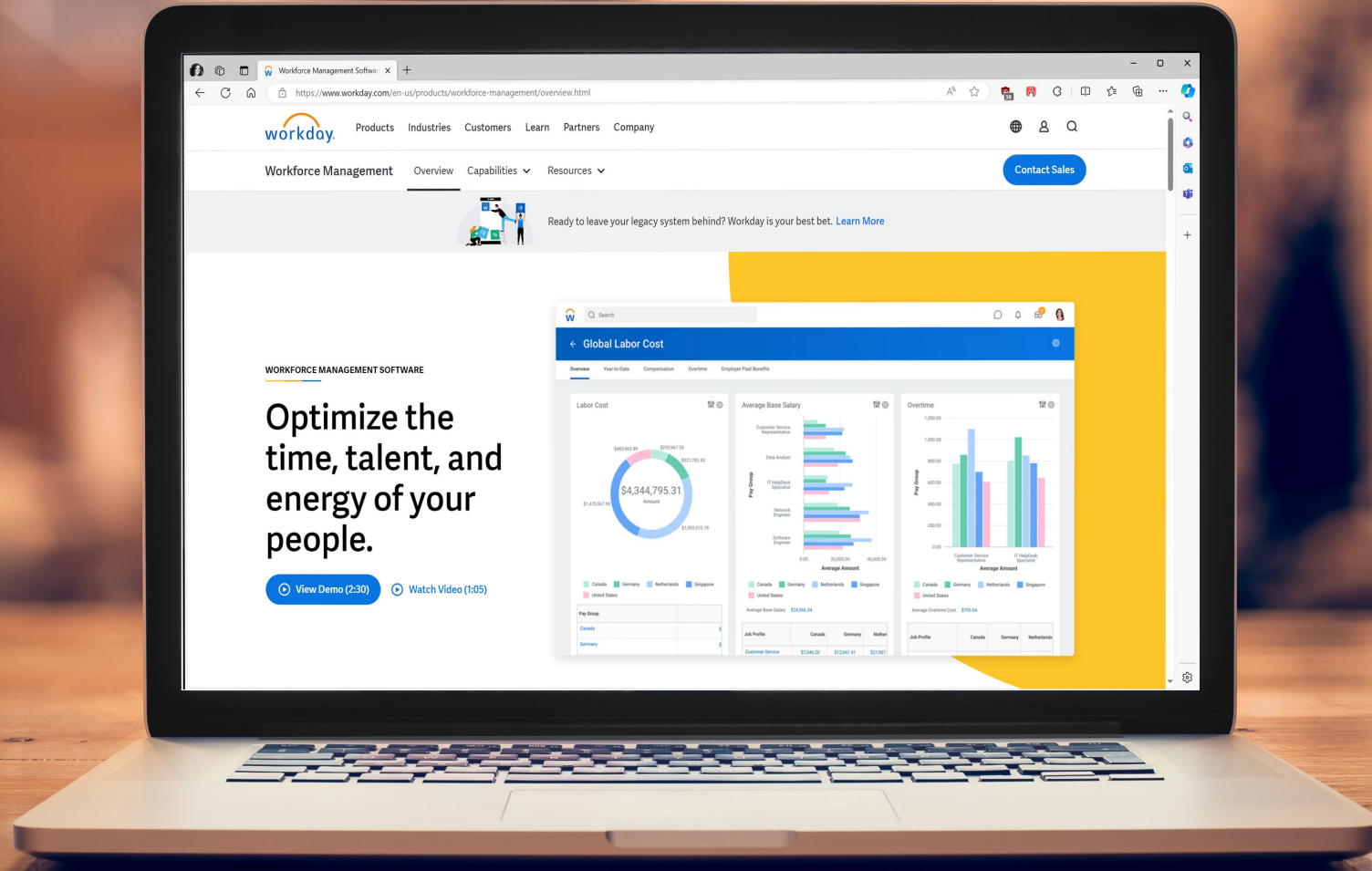
Performance Evaluations

Documentation

Evaluate Results

- **Stick to the facts!** (Objective vs. Subjective)

  "You have missed the deadline to submit your deliverables for your last three projects"

- **Provide context/clarity**

  "As we've discussed in team meetings, the expectation for customer request turnaround time is 48 hours."

- **Discuss how gaps affect business-team-individual**

  "By not following up on this action with urgency, the customer chose to go with another provider, and we lost X dollars from that sale"

- **Offer coaching to make it ACTIONABLE**

  "I would recommend that you develop a standard email template to respond to customer requests"

- **Review progress**

  "Since we discussed this issue last month, you have not demonstrated improvement…"

Using Workday to document your conversations

Complete Manager Evaluation

End-of-Year Performance Evaluation Process in Workday

| Team Member Completes & Submits Self-Evaluation | → | Leader Completes, Rates, & Submits Team Member Evaluation | → | HR & Leader Calibrate Ratings | → | Leaders Change Ratings, if Needed | → | Leaders Host Performance Conversation with Team Members | → | Submit Evaluation for Team Member View |
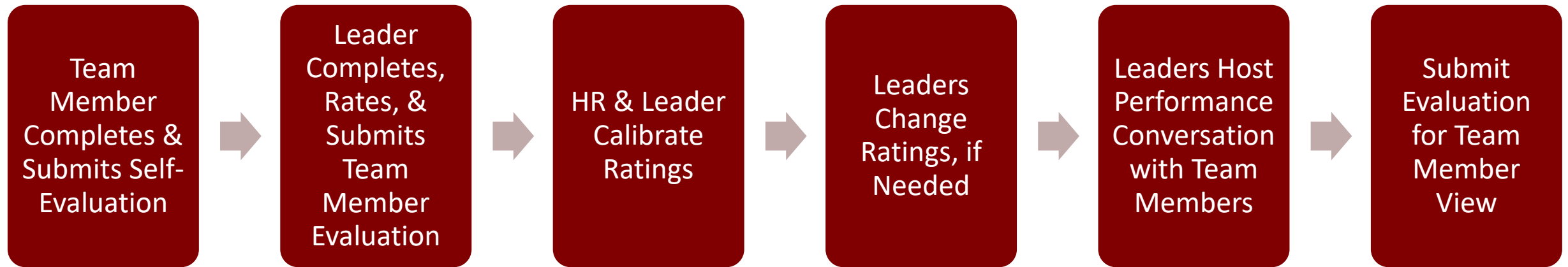
Requesting 360 Feedback

The **Request Feedback on Employee** tool is a way for you to gather constructive, open-ended feedback from stakeholders on your members' contributions during the past year. Multiple viewpoints from various sources will produce a more complete picture of the member's performance than a single reviewer's evaluation.

Selection: If you choose to collect stakeholder feedback, involve the team member in the process of selecting some of the stakeholders. This allows the Member to be part of the process and more accepting of the results.

Workday Knowledge Article: Request Feedback on Employee

TIPS

- Stakeholders should be selected based on their working relationship with the Member. Limit the number to 5 or 6.

- They should know the Member's work and have frequent interactions.

- Avoid stakeholders that are known only through casual interactions, brief meetings, or a one-time, short-term project or presentation.

- Include a balanced set of stakeholders that can provide objective feedback, both positive and developmental.

- A stakeholder may decline to provide information if they have not had sufficient interaction with the Member during the year.

- Be sure the person providing feedback is reliable and can provide constructive feedback.

Thank You

POWERING A CLEAN FUTURE

WOODWARD