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AXA RAISES THE BAR

As staff across the country enter the period of mid-year performance review, many will find that the company have changed the rating criteria, making it harder than before to achieve a successful or higher rating. There is no longer any leeway in achieving performance objectives and unless you have met them all, you will not be rated as successful. This will undoubtedly see more partially successful and developing ratings handed out.

The driver for these changes is mainly around **AXA**'s new performance management culture. Performance ratings have historically dictated the cost of the bonus and **AXA** have stated that the current level of bonus payment is not reflecting the level of company performance. If this is the case then clearly something has to be done. However, as we highlighted in 2009, the spread of performance management ratings through the grades shows that the higher the grade you are, the more likely you are to receive a successful or higher rating. The implications of this on cost are obvious as higher graded employees get higher percentages on higher salaries than lower graded staff.

Clearly it cannot be right that so many managers are having their performance assessed as above successful when the results for the op co they work for are only 'partially successful'.

It should be the case that the spread of performance management ratings should be similar for grade 3's as it is for grade 9's. Indeed there is an argument that there should be more partially successful ratings at higher grades if the op co is not reaching its own targets (that this is not the case does not necessarily reflect on the individual, but that probably their individual performance targets are not robustly linked to the business. If we accept that the managers did exceed their objectives and the company didn't then the only answer is that the objectives set were wrong).

The spread of performance ratings through the grades and the importance of ensuring a fair spread is of paramount importance to union members in **AXA** and given the limitations on bonus budget going forward, the company needs to be up front and transparent on the subject, demonstrating to its employees that performance ratings and subsequent rewards no longer favour the higher graded.

From an individual's point of view it is more important than ever that you ensure the objectives set at the start of the year are realistic and achievable and that should circumstances change during the year that are beyond your control (eg. a rating increase), then you need to ensure your objectives are changed to reflect this.

Equally it is important that managers spend the time making sure objectives are reasonable and robust. There is no issue with challenging targets, but unrealistic ones are demotivating and result in poor performance.

Finally when looking at performance management there is the issue of forced distribution (or "I can only give so many ratings of this level out").

Whilst **AXA** has a notional idea of what percentages of ratings it expects at an "on target" Op Co level, it is not the case that departments are only allowed to give so many successful, outstanding or excellent ratings. Now we all know that some managers have historically used this as a reason for not giving an employee the rating they expected, however this appears to be a case of the manager not wanting to give out a tough message and explain to the employee why they are not getting the rating expected.

So if you are told this, challenge it. After all if you don't know why your performance is being assessed at a lower level than you expect, then you need to know why so you can improve your performance?