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персоналу»

Виконав: студент 6 курсу, групи СУП 17/М

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CONTENT

ACRONYMS

BOD	Board of Directors
CEO	Chief Executive Officer
CIPD	Chartered Institute of Personnel and Development
CPM	Continuous performance management
PR	Performance review
CTO	Chief Technology Officer
DM	Delivery Manager
HR	Human Resources
OKR	Objectives and Key Results
PM	Performance management
TL	Team Lead

INTRODUCTION

The IT industry is among the most dynamic in Ukraine. According to the research by IT Ukraine Association, IT area is growing annually with 20%. In 2018, the industry was ranked 2nd among the export services in Ukraine, which brings a significant amount to the country's budget (₴10 billion in 2018) and improves GDP (3.3% of GDP contribution in 2018 according to the PWC)

Performance management is a strategic and integrated approach to deliver growth and sustained success to IT companies in Ukraine by improving the performance of all employees. Organisations can achieve their goals and objectives only through the combined efforts of all people who work there. This is the task of management of each organisation.

The performance management system is fundamental to the effective operation of the company, and it is an integral part of the employees and organisations relationship. The effectiveness of performance management affects employee satisfaction, which in turn affects employee turnover and employee tenure.

The relevance of the topic: The reason why I chose this topic is that nowadays the IT industry in Ukraine is up-and-coming, rapidly developing and still suffers from a shortage of staff. Increasing competitiveness and the need for organisations to react quickly to the constant environmental changes in recent years have attracted attention to the continuous development of employees. Therefore, traditional performance management is no longer as effective as it used to be and needs to be changed to the continuous process as well.

Since the idea of my thesis is completely new, and the continuous performance management system was invented a few years ago, there are very few studies on CPM model.

The main source I used was Deloitte's report: "Rewriting the rules for the digital age 2017 Deloitte Global Human Capital Trends". I also used the experience of such companies as "Patagonia", "Equinix", "GE Oil & Gas", "Adobe".

The object of the research is an IT outsource company TechMagic, based in L'viv. The subject of the study is performance management system at the company.

The purpose of the study is to rebuild a system of current performance management at the company to the CPM, that will help employees have a clear understanding of their career path at the company. CPM system will increase employee engagement, loyalty, eNPS and decrease voluntary turnover, as a result.

Methodological, theoretical and informational basis of the research: Data was obtained with a well-structured and validated self-administered survey that covered the objectives of the study. Data of the analysis was analysed using questionnaires, interviews and work with focus-group.

Connection with MA HR&OD: I use the knowledge acquired during my studies at a business school in my master thesis work. The most useful courses for my study were: "HR Business Partnership in an international business context ", "Performance Management and Employee Engagement", "Organization Development" and "Strategic human resources management".

CHAPTER I
THEORETICAL REVIEW OF CONTINUOUS PERFORMANCE MANAGEMENT

1.1. Theoretical basis and key sources of CPM

Historical and economic context has played a significant role in the evolution of performance management over the decades. When human capital was plentiful, the focus was on which people to let go, which to keep, and which to reward - and for those purposes, traditional appraisals (with their emphasis on individual accountability) worked pretty well. However, when talent was in shorter supply, as it is now, developing people became a more significant concern - and organisations had to find new ways of meeting that need. [11]

Performance Appraisal was invented by WD Scott (1900 – 1949). [1] WD Scott's system was not a recognised concept, and it wasn't more formal appraisal systems became implemented by a large number of businesses till the middle of the century.

The 1950s was a period of developing a formal system of appraisals. To the end of the 1950s, many questions appeared regarding performance appraisal systems, because there was no element of self-appraisal

In the 1960s a method for measuring goals has emerged. As the 1960s progressed, performance appraisals began to improve. The process of evaluating performance focused more on goals and objectives, including much more self-reflection and maximising employee engagement in the assessment process.

The 1970s: a reassessment of the efficiency of the personnel performance evaluation process. There was much criticism about how the assessments. Several cases were even referred to as the court. Most of the critics concerned the subjectivity of appraisers. Companies began to include psychometric and rating scales into the process.

The 1980s – early 2000s: during this period, a growing number of companies focused on employee motivation, engagement and loyalty, which led to a more holistic approach to employee productivity management. Companies began to measure new metrics, such as self-awareness, communication, teamwork, conflict reduction, and the ability to control emotions. Many of them remain relevant to this day.

Performance management today. The primary vector is the change of the traditional hierarchy in favour of more fair working environments, where attention is paid to project teams and interaction between them. This change led to a new 360-degree feedback system. The constant development of technologies that give company flexibility and that recognise the value of a company's high culture, I can assume that determining that excellent performance will continue to change and people who manage the organisation will have more a more significant contribution to the way their colleagues are valued.

How companies do performance management is one of the most fundamental and difficult parts of management and HR now. According to Chan and Lynn (1991), the organizational performance criteria should include profitability, productivity, marketing effectiveness, customer satisfaction, but also employee morale. In this perspective, employee performance is tightly related to organizational performance, effective and efficient employee performance will positively influence organizational performance. [3]

(https://maaw.info/ArticleSummaries/ArtSumChanandLynn91.htm)

In my understanding PM is the huge process, which includes planning, monitoring, and evaluating an employee's work. The main function of this process is setting objectives for employees which is connected with company strategy and tracking employee's overall contribution to the organization. It involves aligning an employee's skills and competencies with his/her objectives to plan work and set expectations. Contemporary performance management is much more than performance reviews and

assessment. Performance management is all about making sure that employees are happy, engaged and working towards company goals.

PM is also the process of creating a work environment for employees in which they are enabled to perform to the best of their abilities. It is a whole work system that begins when a job is defined as needed. It ends when an employee leaves your organization. It defines your interaction with an employee at every step of the way in between these major life cycle occurrences. PM makes every interaction opportunity with an employee into a learning occasion.

But the biggest limitation of annual reviews is that with a strong emphasis on financial awards and punishment, as well as on the structure where performance is measured at the end of the year, it holds employees to account for past behavior by improving their current performance. [11]

Here are some of the key takeaways from the Adobe blog about the need to change the PM system:

1. Reviews are time-consuming with little perceived benefit. On average managers were spending 17 hours per one review meeting.

2. More than 50% of office workers said that performance reviews have no impact on how they do their job and are a needless HR requirement.

3. Ratings and reviews are stressful. Near 60% say performance reviews are upsetting, and their managers play favourites.

4. You can see at the infographic below (Figure 1.1) that as a result of PM discussions, many people said they cried (22%), looking for another job (37%) or quit the company (20%). Millennials were even more likely to look for another job (47%) or leave (30%). In fact, close to two-thirds of Millennials would switch to a company that didn't have reviews even if pay and job level were the same.

5. It's time for a change. More than half of office workers and two-thirds of managers wish that their companies would get rid of or change its structured performance

review process – for Millennials that was even higher. When it comes to the ideal method, most people want feedback at the moment and qualitative feedback. [10]
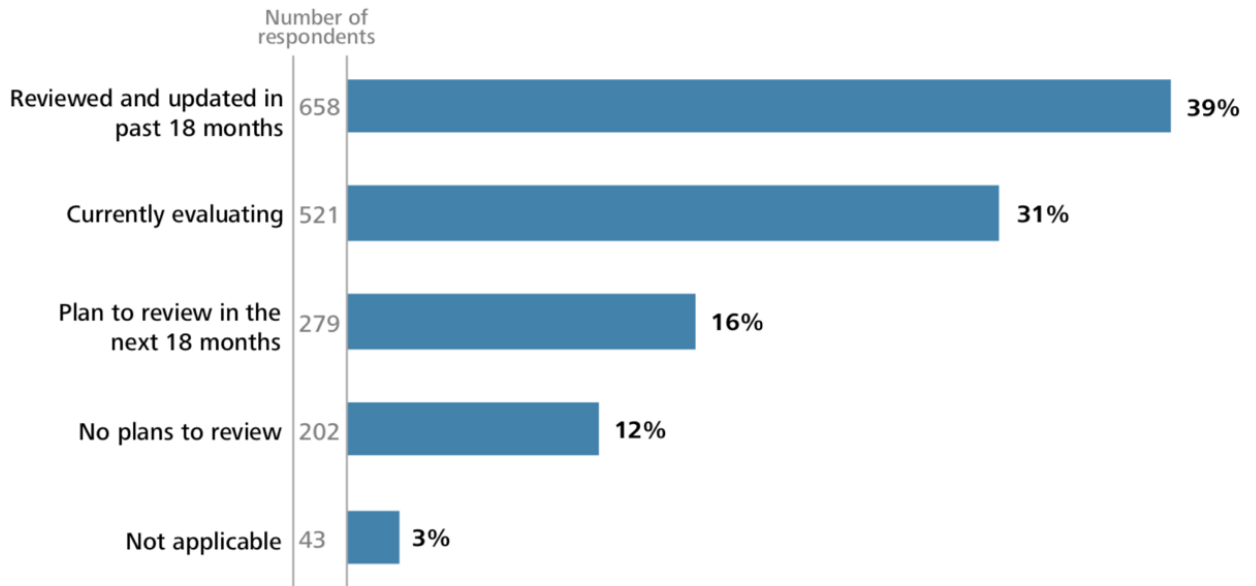

Figure 1.1. Adobe report infographic: Performance Review get a failing grade

On the contrary, regular talks between managers and employees about productivity and development change the focus on work force development, which your organization needs to be competitive today, and over the years.

Today, more than 70% of all employees work in the service or at work related to knowledge. Their work is driven by their skills, attitudes, teamwork, customer relationships and their ability to innovate. These skills must be mature over time and successful performance management should focus on the continuous development of these capabilities, not on their ranking and rating.

Many today's employers understand that it's time to review their performance management systems. Business researcher Josh Bersin estimates (Figure 1.2) that about

70% of multinational companies are moving toward a CPM model, even if they have not yet arrived. [9]

Number of respondents

Category	Number	Percent
Reviewed and updated in past 18 months	658	39%
Currently evaluating	521	31%
Plan to review in the next 18 months	279	16%
No plans to review	202	12%
Not applicable	43	3%

Graphic: Deloitte University Press | DUPress.com

Figure 1.2. A strong majority rethinking performance management

This is all about CPM. The main source of theoretical review for my work is the research of business researcher – Josh Bersin (Deloitte) report from 2017. The concept of CPM is totally new (Table 1.1), so there are not a lot of researches on this topic yet.

Table 1.1

The new rules of Employee Performance Management

| Old rules	New rules
Performance appraisals and goal-setting conducted once per year or twice a year	Check-ins conducted quarterly or more frequently; regular goal-setting occurs in an open, collaborative process
Feedback collected by manager at the	Feedback collected continuously and

end of year	easily reviewed at the end of year
Goals kept confidential with focus on individual achievement	Goals made public and transparent with increased focus on team achievement
Employees force-ranked on a quantitative scale	Employees rated on a qualitative scale; rankings considered, not forced
Compensation kept confidential and focused on equity; bands based on performance ratings	Compensation levels more transparent, more frequently discussed, and focused more on pay for performance than on equity
Managers focused on evaluating performance	Managers focused on coaching and developing people
One leader evaluates each individual in a qualitative, opinion-based process	Many contribute to an individual's performance evaluation; evaluation draws heavily on data
Process considered to be a burden and waste of time	Process is agile, faster, continuous, and lighter

CPM is an approach that fosters continuous conversations between managers, direct reports, and teams about goals, work progress, and performance to date (in the form of constructive or positive feedback). It typically includes ongoing one-on-one conversations between managers and direct reports, periodic performance development conversations, and continuous, real-time collection of performance feedback data from employees' networks. Continuous performance management demands that companies take a more fluid approach to reviews and goal setting - not just waiting for the year-end discussion.

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Since I work in an IT area that is very dynamic, all processes need to be flexible and adapt quickly to a changing environment. In the past, most organizations were designed for efficiency and effectiveness, leading to complicated and siloed organizations. The resulting business models, which were based on predictable commercial patterns, are unsuited to an era of unpredictability and disruption. Instead of mere efficiency, successful organizations must be designed for speed, agility, and adaptability to enable them to compete and win in today's global business environment.

1.2. Principles and benefits of CPM

Overall, continuous performance management is a shift to a belief that all employees really want to improve themselves in addition to doing their job well. CPM system demonstrates that the organization's primary role is to support employees (versus assess them annually and hold them accountable). Figure 1.3. presents the most common hallmarks of CPM.
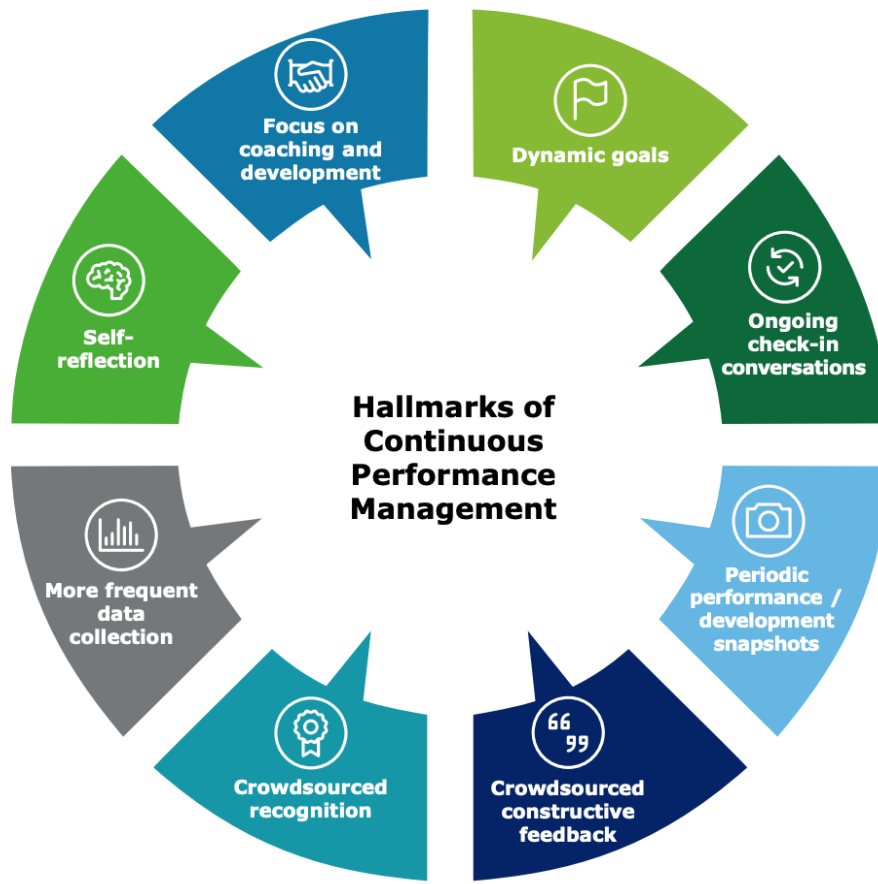
Figure 1.3. The most common hallmarks of CPM system [9]

Today companies need to make fundamental changes to the way they operate to be up-to-date with world trends at PM:

• Ongoing conversations (check-ins): Managers and employees need to talk and check goals more often - at least once a quarter (ideally monthly or weekly).

• Goals setting process: Annual reviews are dead, goals must be reviewed several times a year to ensure relevance and consistency with the objectives of the business, with the needs of the team and the employee's aspirations.

• Role of manager: Managers should have less control, more trust and help employees to grow. They should be more like coaches, giving regular feedback on employee performance against shorter-term goals. Employees now have greater control over their careers and are more independent in setting personal goals and determining their correlation with the company's goals. The role of the manager is the support and assistance with the resources that the employee needs to achieve his/her goals.

• Organisational structure: Many corporate structures are changing from the traditional hierarchical model to cross-functional model. Today, companies often use compositions in which work is primarily performed in small networks (projects). Collaboration and communication are significant. Team leaders can control the project's progress, not employees. Those managers who are responsible for career development may be less directly involved with actual day-to-day work.

One of the key points in a continuous performance management (CPM) approach is that most employees want to advance in their organizations. Their input is used to continually improve and reshape these processes at the company. Effective and continuous performance management helps businesses to provide the requisite support and structure for employees to do so.

1.3. Conclusions to the chapter

The working world have seen a steady shift away from "competitive" cooperation model (rating people, ranking them and removing those, who are below the median) to "coaching and development" cooperation model (focus on support, mentoring and helping employees become better) over the last two decades.

If we want to set goals, measure progress, and improve performance in our teams, we have to work in an agile way, b more flexible, give people lots of feedback, and coach people to succeed. And we have to understand that feedback and coaching may come from many sources: a project manager, a peer or a client.

The IT area is an intellectual property, brand, so every person matters, because it is the main asset of the company. CPM is an innovative new approach which helps to increase employee engagement and loyalty and bringing better results for business as a result. Unlike traditional PM, CPM helps employees easily align their personal goals with desired company outcomes, while providing them with ongoing feedback, frequent coaching conversations and increased recognition.

Continuous Performance Management maximizes your organization's most valuable asset: your people. Putting employee performance at the center of business helps answer on most strategic HR questions, such as how to identify your top performers, how to improve employee engagement, and how to reduce employee turnover.

CHAPTER II
COMPANY DESCRIPTION AND PROJECT BACKGROUND

2.1. Key information about the company

TechMagic is an outsourcing IT company that was founded in June, 2014. Besides L'viv office, the company has a business office in Boston, USA. The company has three main areas of development - JavaScript stack, Mobile and Salesforce. This allows to be good experts in IT business and create exchanges for sharing experiences. In its first year, the company hired a handful of engineers who were appointed as professional developers. Today the company has more than 125 employees, of which more than 100 are engineers (developers, testers, business analysts, etc.) and 20% of personnel are non-technical. TechMagic organizational structure is presented on the Figure 2.1. below:
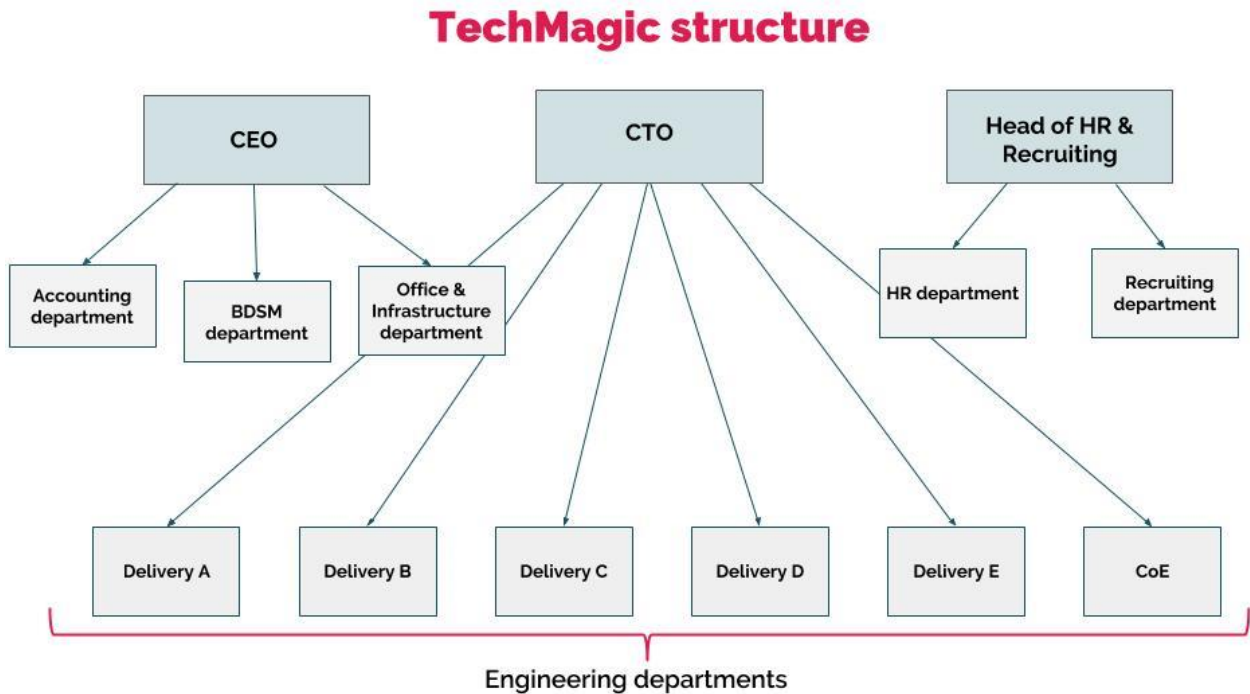
Figure 2.1. Organization structure at TechMagic

There are two types of departments at the company: technical (project teams with developers, QA engineers, BA engineers etc.) and non-technical departments (accounting, sales and marketing, support, HR and recruitment departments)

Referring to the CIPD research insight (CIPD, 2012) "Achieving sustainable organisation performance through HR in SME" [2], you can find a table at Appendix A where I analysed the stages where my company is located with the detailed description of each process and real examples. Currently, TechMagic is somewhere between "Consolidating organisation" and "Emerging enterprise" stages.

Emerging enterprise – is an organisational stage, which is usually characterised by the greater formalisation of the structure of the company (including the construction of the team and more formalised roles of work), as well as the introduction of some procedures and processes to achieve more operational consistency. At this stage of development, people are beginning to realise that employment issues need to be managed more effectively to attain consistent work, and there is likely to be a need for some policies and staffing processes. However, the need for greater consistency should be balanced with the requirement to respond quickly to immediate questions. Therefore, flexibility remains essential.

Consolidating Organization. Many organisations go into the stage of their development, where business leaders "retreat" and reflect on what the organisation achieves, as well as about the future of business. At this stage of development, a business strategy can be more predictable than before, and the human resources management challenge is to ensure that employment practices and management support the goals of the organisation and match the strategic direction and values of the organisation. According to the need to think about medium- and long-term prospects, the implications for organisations at this stage of development are the need to think more about career development, and more specifically about the development of management as a means of preserving and providing the talent necessary to support productivity. At this stage,

organisations often find they need more levels of, and that operational functions are more scattered and less interdependent. A more systematic approach to engagement often manifests itself at this stage of development associated with the reconciliation of pay with long-term business goals. [2]

TechMagic has sharply grown almost two times during the last year, so some processes have shifted either in the process of construction and improvement. The management of the company is interested in the professional growth of employees, long-term relationships with employees and customers and company growth.

Now the company is in the process of implementing the values in all operations, which will help to unite the "right" people further and shed those who do not fit the company. It is worth constantly remembering the dynamics of processes and their changes, depending on the growth of the company.

2.2. The current state of PM system

TechMagic Performance Review System is well integrated into the company's operations right now. Review frequency depends on an individual's role within the company and usually takes place biannually or annually. Professionals are evaluated against criteria which include overall work performance, client-orientation, level of initiative etc. An employee is assessed by him/herself and by their team leads. Also, employees receive the assessment from their client and colleagues. After initial assessments, they meet to compare their marks and comments and negotiate a final performance review. The result of these meetings is to put together an individual employee action plan to address their current weaknesses, as well as to set them some professional goals, which he or she have to achieve before the next performance review. [6]

Current PM system consists of the next blocks:

1. Soft skills matrix – main PR form with 4 blocks of competencies

2. Hard skills matrix – knowledge evaluation (KE) process (optional)
3. Peer Feedback – feedback on cooperation with a team
4. Client Feedback – feedback from clients (optional)

Samples of the main form for filling (soft skills matrix), peer feedback form and form feedback from the client are in the Appendix B. The KE matrices are different for each department and are updated continuously.

CTO of the company says "Now, we pay increasing attention to soft skills: given that technical skills have already been mastered by our professionals as part of the work they do. Therefore, we evaluate soft skills before continuing on with the rest of the candidate assessment process" [6]

However, there are several reasons why the company wants to rebuild the performance system. For example, the frequency of meetings every half a year is too rare, and the meeting becomes very stressful for both parties: management and worker. It is also necessary to gather information about the employee and the results of his work in 6 months, which is sometimes very difficult. It is also essential to change the type of relationship between managers and employees to more trusting. The manager must act as a mentor or coach for the employee and his primary goal, as for the team, must be its stable development. To do this, they need to improve communication, learn how to set up flexible goals, and regularly view, edit, modify them.

It is crucial to teach managers of the company to be ready to provide regular feedback on regular meetings with employees. Although the process is well integrated into the operating activities of the company - it needs to be rearranged.

2.3. Strategic basis for building CPM system at the company

TechMagic does not have a developed strategy for 5 or 10 years. However, every year management of the company develop a strategy for the next year and announce it to

all employees. All departments and all employees set goals that follow the strategy of the year.

The strategic direction of 2017-2018 at TechMagic was the "Leadership", and all efforts of the company were aimed at growing and development of leadership skills of all Team Leads at the company. This directly reflected on HR strategy: during the year HR department planned, organised and conducted the first Leadership School. Graduates of the school were employees who held leadership positions or wanted to promote such a place.

In 2018-2019, the company outlined the next strategy of the year - "Operational excellence". As the company grew up, this year has been a year of work on improving the processes in the company. The HR department was focused on the legal aspects of working with the staff, continued to develop the leadership skills of our employees by launching a LS club meeting of graduates of the LS school. However, the most critical task for the HR department is the improvement of the performance management processes.

A year ago, the company introduced an OKR goal setting system for non-technical departments. Since TechMagic is an outsourcing company, it was harder to implement an OKR process for project teams.

The HR department initiated the rebuilding of the performance management system for engineering departments and supported by the company's founders and all top management. The Table 2.1. below shows the SWOT analysis of building CPM at TechMagic:

Table 2.1

SWOT analysis of building CPM system at the company

Strengths	Weaknesses
• Regular and meaningful feedback to employees help them become better	• Subjectivity

and grow professionally and personally • Managers and employees who use the CPM to set performance goals can steadily increase job performance and improve interpersonal relationships through regular communication • Process is agile, faster, continuous, and lighter	• Political influences, emotional influences, and interpersonal issues. • CPM is very time consuming and can be overwhelming to managers with many employees.
Opportunities	**Threats**
• Improve organizational performance, employee retention and loyalty • Improve productivity • Overcoming the barriers to communication • Clear accountabilities, and cost advantages. • Clarifies expectations of the employees • Self-assessment opportunities clarify the job accountabilities and contribute to improved performance • Defines career paths and promotes job satisfaction.	• Lack of employee engagement if CPM is poor implemented • Giving negative evaluations can increase turnover. If an employee feels performance pressure or gets unfair feedback, they can leave the company • If not done right, the CPM can create a negative experience for both the employee as well as the manager. Proper training on process and techniques can help with this.

For TechMagic managers, the CPM strategy can more effectively track the achievements and weaknesses of employees, and encourage managers to address these situations when they arise. Setting goals can also be more comfortable and easier with a continuous approach to efficiency, given that the annual goals of some workers are adjusted when corporate purposes change.

For employees, this continuous process allows them to receive more timely feedback than an annual review that can eliminate surprises and accelerate improvements. With the help of constant productivity software, employees can also recognise peers and colleagues for their success. At the Figure 2.2. you can see the expected future process of CPM:
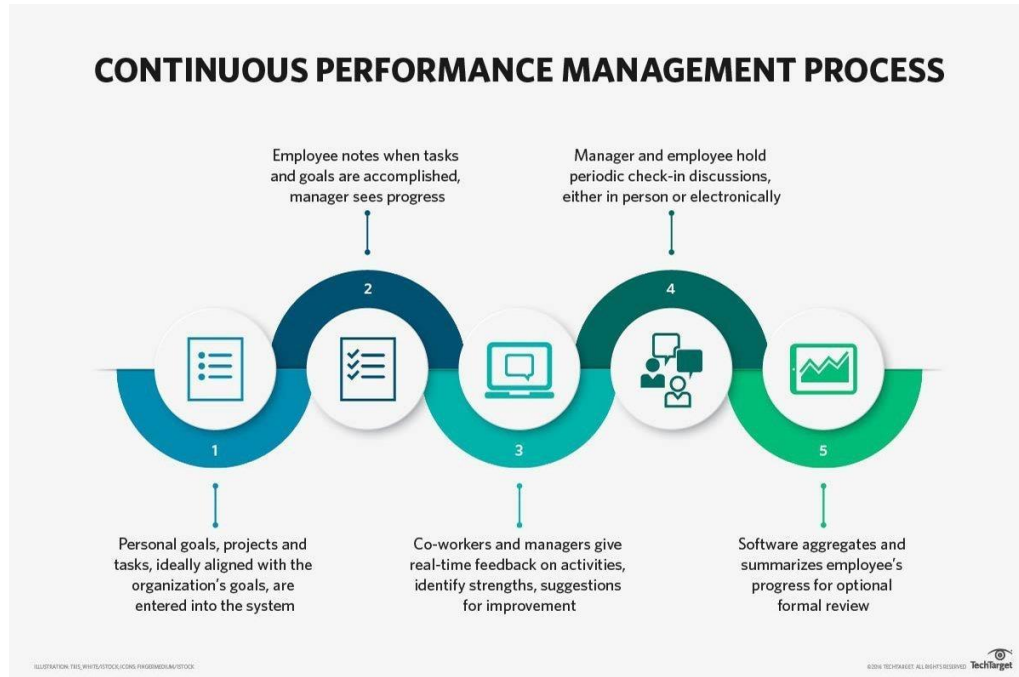
Figure2.2 Future process of CPM at TechMagic [4]

2.4. Conclusions to the chapter

I have been working for the company for more than two years, and during this period the company has grown almost twice. Along with quantitative growth, there is a qualitative growth of the organisation.

TechMagic is at the stage of active growth and development right now. The company's annual strategy for 2018-2019 is "Operational excellence", and each department has goals that are strictly related to this strategy. Performance management is a process that helps develop both employees and organisations.

People are the company's main asset. The main task for HR & management team is to build a system that will make this asset more valuable, that is, to develop employees, to set them flexible and ambitious goals, and to help managers as much as possible to help their teams improve their performance. The critical task for the HR department will be to teach managers to work with their people. Managers should become the best HR for their teams

CPM is a model that is ideally suited to performance management at TechMagic as of today. The company has already introduced some hallmarks from the CPM model. However, the system requires systematisation and adaptation of all processes.

CHAPTER III

RESEARCHES AND ANALYSIS AS THE BASIS FOR IMPLEMENTATION OF THE PROJECT

3.1. Employee satisfaction survey

The main method of research of the project was the Employee Satisfaction Survey. The questionnaire includes the following topics:

- Working conditions
- Job satisfaction
- Culture
- Management & Feedback
- Compensation & Benefits
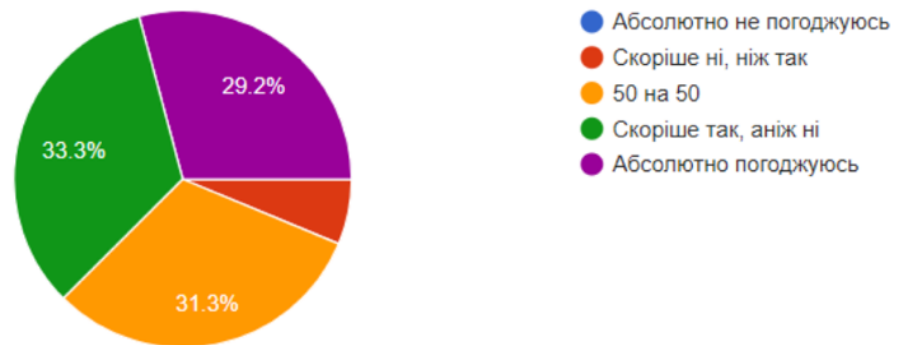- Training & Development
- Teamwork

Using the results of the Employee Satisfaction Survey 2017-2018 (Figure 3.1), the problem with the current performance system and management feedback was recorded for the first time.

Previously, such surveys were conducted once a year at TechMagic. However, this was too rare. The work in the company is very dynamic, and the HR department began to hold it at Q1 and Q3 of the year and also added short surveys for tracking eNPS at Q2 and Q4.

Management

Я отримую регулярну оцінку своєї роботи від свого безпосереднього ліда:

48 responses

Legend:
- Абсолютно не погоджуюсь
- Скоріше ні, ніж так
- 50 на 50
- Скоріше так, аніж ні
- Абсолютно погоджуюсь

29.2%
33.3%
31.3%

Figure3.1. Results of the Employee Satisfaction Survey 2017-2018.

Management at TechMagic

There were some critical comments about PM system in this survey, such as:

- "The matrices for evaluation are not clear, I don't get clear explanations for this or that assessment;"
- "I don't have enough communication with my Team Lead;"
- "In addition to the traditional Performance Review meetings, I would add periodic meetings with Team Lead for feedback on my performance and goals achievement (ex. every 2 months);"
- "I do not have enough concrete, clear, understandable goals and challenges".

Next survey was conducted at the end of 2018. We wanted to compare the results after a year of Leadership School, where managers improved their soft skills. (Figure 3.2)

Я отримую регулярний зворотній зв'язок про свою роботу від свого ліда:
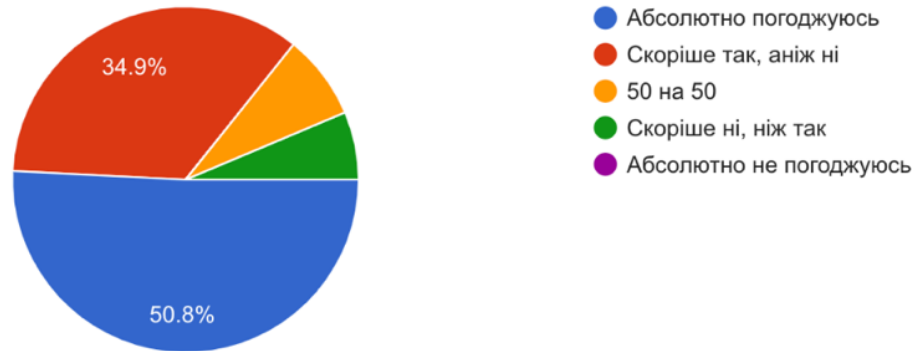
63 responses

Figure 3.2. Results of the Employee Satisfaction Survey 2018.
Management at TechMagic

The result was better than in the previous year. We also add one more question to this survey (Figure 3.3), which was related directly to the performance review process, not only feedback from the manager. When we get the results, we understand that there are some problems in the process of PM.

Процес оцінки продуктивності праці (PDP meetings) зрозумілий та корисний:

63 responses
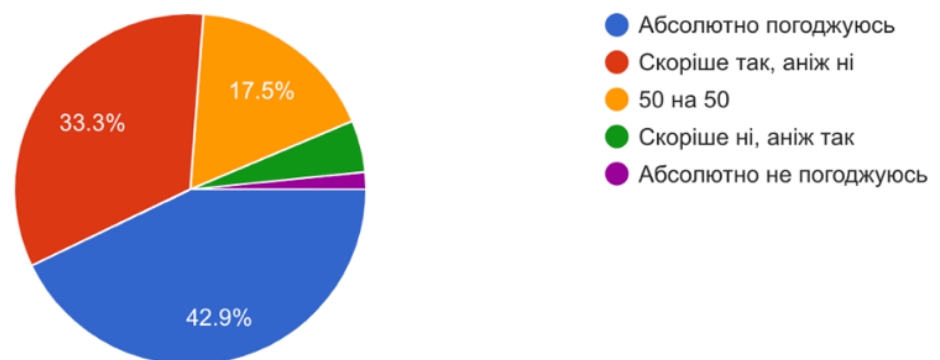
Figure 3.3. Results of the Employee Satisfaction Survey 2018. Performance review process

When the problem with the current performance system and management feedback was detected, we began to pay more attention to this topic on the interview meetings with employees. Interviews are useful for gaining insight and context into an issue. In an interview, there is an opportunity for a respondent to describe what is important to them, and from their responses, I could find useful quotes and stories for analysis.

During the study, I used the following interview methods:

- Face to Face interviews (regularly meeting with HR, exit interviews etc.)
- Focus Group (work with group of employees to provide feedback regarding PM system)

Face to Face method is an interview with HR (or manager) about job satisfaction and professional development of the employee, based on the next topics: company culture and values, team cooperation, project satisfaction, performance and growth, workplace etc.

An exit interview is a meeting which provides your organisation with the opportunity to obtain frank and honest feedback from the employee who is leaving.

HR notes the results of the interviews into the documents according to the templates that are added to the Appendix.

During the Face to Face meetings and exit interviews, I received a lot of useful information and comments that supplemented the Employee Satisfaction Survey and helped me to understand the problem with PM more fully. I collected many comments about management feedback or performance review process, for example:

1. "The matrices for evaluation are not clear, and I don't get clear explanations for this or that assessment."

2. "I don't have enough communication with my Team Lead."

3. "In addition to the traditional Performance Review meetings, I would add periodic meetings with Team Lead for feedback on my performance and goals achievement (for example, every two months)"

4. "I do not have enough concrete, clear, understandable goals and challenges."

An exit interview is one more channel to collecting feedback about performance. During exit interviews, HR tries to understand and record the reason for the employee's termination. After meeting HR add the reason of quit into the corporate ERM system.

We analysed this data and realised that one of the top reasons why people leave the company is performance pressure. An employee who did not have regular feedback and then heard negative feedback about his/her performance at an annual performance review will likely be looking for a new job. The supply exceeds demand at the IT market, so feedback and relationship with a manager is a crucial factor in employee satisfaction.

3.3. GAP -analysis

GAP analysis has been widely used as an effective method of strategic analysis. I used it to diagnose a performance issue with management in a company to anticipate situations that create gaps between the real and desired situation and avoid the frustration generated by failures in making changes (Table 3.1). The condition of the application of this method is the existence of a gap between the desired and current levels of achievement of goals.

With its help, I arranged the search for steps to achieve a given goal, determined the trajectory of transition from the achieved level of achievement of some purpose to the desired.

Thus, with the help of GAP-analysis, one can find the optimal path from the current state to the desired one and identify the constraints imposed, among other things, on the state of organisational processes, functions and structures.

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Table 3.1

GAP-analysis of CPM system implementation

Present state (Where are we now?)	Future state (Where do we wish we were?)	Improvement steps (How are we going to close the gap?)
Annual or semi-annual review	Continuous performance review process	Rebuild current PM system to CPM at the company.
A long cycle to evaluate past performance	Small cycles that offer real time feedback	Propose new process of PR to all employees and provide trainings for peers, TL, DM. Teach managers agile goals setting.
No follow-ups and check-ins during the year, inflexible goals	Periodic feedback and guidance for future performance improvements, flexible goals	Provide training to TL and DM on providing effective feedback and goal setting in the context of the new process. Teach how to make goal setting process more frequent (start to provide monthly check-ins)

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Complex and non-transparent evaluation process	Automated process of review	Develop a new corporate system for employee evaluation, goal setting and continuous feedback – TechMagic PDP
Negative impact on employees (stress, demotivation etc.)	Positive working environment	Tracking employee satisfaction by more frequently surveys

3.4. Stakeholder analysis

The aim of the stakeholder analysis process is a systematic way to analyse stakeholders by their power and interest. High interest, high influence stakeholders are Key Players. Low interest and low influence stakeholders are the least significant.

A stakeholder analysis can help my project to identify:

- the interests of all stakeholders, who may affect or be affected by the project;
- potential issues that could disrupt the project;
- key people for information distribution during executing phase;
- groups that should be encouraged to participate in different stages of the project;
- communication planning & stakeholder management strategy during the project planning phase;
- ways to reduce potential adverse impacts & manage negative stakeholders;
- engaging stakeholders throughout the project life cycle is a key to (but not a guarantee of) project's success.

The brainstorming session was conducted by me among HR department team members to identify key stakeholders for the project. We highlighted all the people who are affected by your work, who have influence or power over it or have an interest in its successful or unsuccessful conclusion.

A detailed description of each stakeholder (its role, influence, interest, engagement strategy, etc.) can be found in the Table 3.2.

Table 3.2

TechMagic Stakeholder analysis matrix

Stakeholder Name	Interest	Influence	What is important to the stakeholder?	How could the stakeholder contribute to the project?	How could the stakeholder block the project?	Strategy for engaging the stakeholder
Founders	**High**	**High**	project profitability and budget compliance, compliance with the project's strategy, a clear and understandable process of implementation of the project	to support the idea and change before all employees, approve the plan and a budget for implementing the new process of CPM	stop implementation due to lack of fast results, not to mention interim successes of the implementation team, lack of trust, not approve a new process or a budget	demonstrate intermediate successes, speak the language of numbers and money, emphasize that the project meets the company's strategy

Delivery Managers	**High**	**High**	the need to apply a new process in the work to achieve the most positive result	involvement in the implementation of the process in their teams, demonstration of managerial expertise, transparent and clear communication with the TL and peers regarding project support, strategic vision and close cooperation with HR department	lack of timely communication regarding the implementation of the project for teams and pilots, demonstrate passive behavior, lack of understanding of the project	the ability to enhance the team's performance and expand its managerial skills

Team Leads	**Medium**	**Medium**	the opportunity to demonstrate the expected result and achieve positive changes in the development of their team, feel the importance of their role,	demonstrate maximum involvement in the project implementation process, clear communication and training of their teams, cooperation with HR department	demonstrate resistance to change and be inflexible, do not put any efforts to project, unwillingness to learn	to encourage activity and interest in the project, to be interested in the role of the change agent and the pioneer
Employees	**Medium**	**Low**	the absence of a negative impact on the process of work, motivation and involvement in the company, as well as the lack of stress	successfully adapt to the new process, demonstrate interest and initiative in the implementation	to resist change and to give a negative color to all innovations	Communicate regularly and transparently the employees about the project implementation process, listen to feedback,

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				of positive practices		demonstrate positive changes
HR Department	**Medium**	**High**	compliance with all arrangements for HR changes in the company, absence of negative changes and complications in the process of implementation, support from owners and	use its expertise on the construction of a new process, its implementation and the successful operation of this process in the company, to support staff in implementing the changes and create a positive atmosphere.	not to be flexible and to use old approaches in the new process, not to make efforts to support employees, not to track their mood and not to mark intermediate successes	give a sense of mission and influence through support from the founders and top management in the project implementation process, the possibility of applying their expertise, a sense of trust from colleagues in the implementation process

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Clients	**Low**	**Low**	continuous and stable performance of all the team and each team member	support the implementation of changes in team work processes	to resist changes and block implementation of new process of performance management	communicate with clients about the project implementation process, get feedback and explain all advantages for clients after implementation changes
Competitors	**Low**	**Low**	-	indirect impact: participation in external questionnaires for the project, use of experience of competitors in the project	-	participation in external questionnaires for the project, knowledge sharing

A simple way to summarise the level of backing I have from stakeholders, during the project, is to colour code them. I showed advocates and supporters in green, blockers and critics in red and those who are neutral in orange (Figure 3.4)
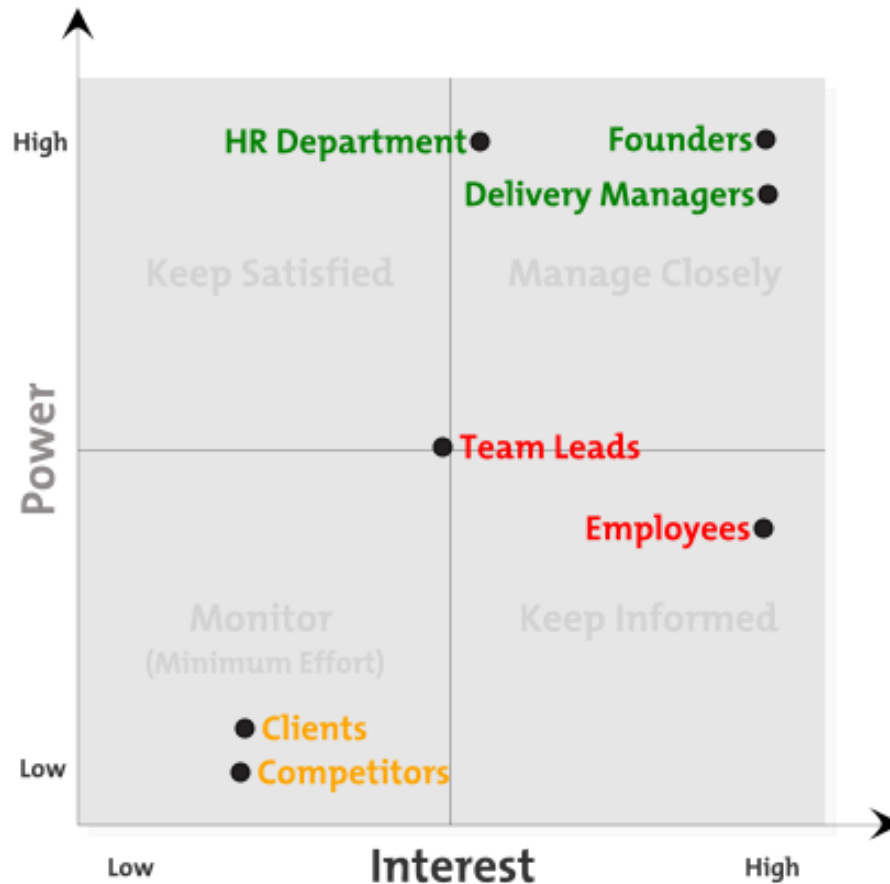

Figure 3.4. Stakeholders influence and interest matrix

3.5. Project risk analysis

The risk always relates to uncertainty. Risk Analysis is a process that helps identify and manage potential problems that could affect, undermine or fail the project. The risk management process also helps solve problems when they arise because these problems have been foreseen and plans for their treatment have already been developed and agreed upon. You avoid spontaneous reactions and go to the "fire extinguishing" mode to correct the problems you might expect. This makes for happy, less stressed project teams and

stakeholders. The result is that you minimise the impact of project threats and capture the opportunities that arise.

For risk analysis, I identified potential threats that the company might face and then assessed the likelihood that these threats would be implemented and the severity of each risk. Also, I have set up steps to prevent those risks (Table3.3)

Risk Analysis is an essential planning tool that could save time, money, and reputations. The first step in Risk Analysis is to identify the existing and possible threats that you might face. I choose:

- organisational
- financial
- technical
- behavioural risks

For adverse risks, TechMagic uses the next three ways to respond:

- Avoidance: company does all it can to ensure that the risk does not occur.
- Mitigation: company reduces the chances of the risk occurring and also identifies alternatives for minimising the consequences.
- Acceptance: When there's no way to avoid, transfer or mitigate risk, the company accepts that there is nothing that can be done and makes no effort to deal with it.

Table 3.3

Risk analysis of the project

Risk	Risk assessment			Reason	Steps to prevent risk
	Risk likelihood	Risk severity	General level		
Organizational risks					
Overload of employees	High	Medium	**Medium**	Additional training, meetings, discussion outside of project tasks	Time learning optimization, avoidance of unscheduled meetings, weekly demo with all teams in the implementation process
Lack of communication about changes of PM system in the company	High	Medium	**High**	Lack of communication skills and consistency in discussing the importance of implementing change	Additional training of communication skills for management, discussion of communication strategy for TL and DM

Unplanned dismissal of key people in the company	Medium	High	**Medium**	Hunting, demotivation, discrepancy in priorities or values	Monitoring the working climate, continuous support for key people, tracking their work satisfaction
Financial risks					
Increase the final cost of the project	High	Medium	**High**	Inaccurate cost estimates and forecasts	Careful planning of the budget and all the resources involved, provision of a reserve for unpredictable situations
Failure in achieving financial results	High	High	**High**	Negative indicators of financial benefit of project implementation (indicators of employee satisfaction, staff turnover,	Measurement of interim results and financial indicators of project implementation in comparison with expected result

				productivity increase)	
Termination of project financing	Low	Medium	**Low**	Change of the priorities of the owners of the company	Constant communication with owners to explain the importance of the project, demonstration of the results of interviews and interviews
Technical risks					
Managerial mistakes	Low	High	**Medium**	Lack of managerial skills in the company's managers (DM & TL), lack of cooperation with the HR department	Management training, coaching, providing resources for the development of a new system, support from the owners of the company
Lack of CPM expertise	High	Medium	**Medium**	Novelty of the model in the Ukrainian market,	Use the experience of foreign companies

				lack of practical experience, lack of knowledge base and theoretical materials	
Incorrect project goals	Low	Medium	**Medium**	Goals are formed incorrectly; the goals are unreachable	Careful goals, regular check of achievements, updating of goals during the project, if there is a need
Behavioural risks					
Lack of employee motivation	Medium	Medium	**Medium**	Lack of understanding of the ultimate goals of the project, the lack of vision of positive change, the expectation of	Visualization of positive changes, involvement employees into the project, collecting feedback from employees, tracking the emotional state of employees

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			<td style="background-color:#D35400"></td>	negative effects of the project	
Management & employee resistance to change	Low	High	**Low**	Lack of awareness of the importance of the project, fear for the future, expectations of negative consequences	Maximally inform employees, rely on the results of analysis of the problem, engage in the implementation of the project
Burnout of employees	Medium	High	**High**	Negative emotional state of employees, lack of understanding of project objectives	Creating a positive atmosphere, attracting the most active employees as agents of change, celebrating short wins

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3.6. Conclusions to the chapter

In this chapter, I described all researches and analysis that were carried out to better understand the problem of the thesis, main stakeholders, and the risks of the project implementation.

The job satisfaction questionnaire is one of the best ways to measure loyalty, engagement and employee satisfaction. It was the results of this questionnaire that identified a problem with the process of review performance, the work of managers and effective feedback. Attention was also drawn to the results of the HR one-on-one meetings with employees and the exit interviews with colleagues who left the company and were as open as possible.

After analysing all the results of the interview and the meetings conducted, it can be concluded that regular communication with employees helps to identify the problem in the early stages and not to bring it to a critical state.

After the successful analysis and problem statement, I used GAP-analysis to understand what companies need to be implemented to achieve the goals in the area of performance management. GAP analysis has shown a clear need for management training and the development of their soft skills.

The analysis of the stakeholders of the project showed that the owners of the company have a high interest in the project, which supports and stimulates its implementation, and employees of the company can resist changes. Understanding this fact prompted me to analyse other project risks, among which I identified organisational, financial, technical and behavioural risks.

I consider the lack of communication strategy and financial risks to be the most considerable risks.

CHAPTER IV
PROJECT IMPLEMENTATION

4.1. Project objectives and expected results

The main question for TechMagic in the context of my project is "Where do we wish we were after implementing CPM?" Continuous Performance Management offers a smarter alternative to existing controversial old-fashioned review models. The primary purpose of my project is to rebuild a system of current performance management at the company to the CPM, that will help employees have a clear understanding of their career path at the company and will increase employee engagement and eNPS, and decrease voluntary turnover, as a result.

Qualitative results of the project are:

- Regular feedback and check-ins with managers
- Small cycles of evaluation that offer real-time feedback
- Flexible goals setting process
- The automated process of review which makes PR more comfortable
- A positive working environment without stress for employees

Quantitative results of the project:

- Increasing employee engagement (Employee Satisfaction Survey results)
- Positive dynamics of eNPS (Employee Satisfaction Survey results)
- Decreasing turnover (HR Analytics)

4.2. Plan of implementation of the project

In this part of the section, I presented a step-by-step strategy for implementing my project in the form of a calendar plan in the Table 4.1. Each stage has a description, timeframe, and a list of stakeholders involved in its implementation. The project

implementation period has no hard deadline, but the preliminary projections for the completion of the project are the end of the second quarter of 2019.

The project began in early 2018 with theoretical training. The progress of implementation of the project I showed in Figure 4.1. As I mentioned earlier, the CPM is a new model in performance management, so I spent much time on the theoretical study of the CPM and studying the experience of foreign companies.
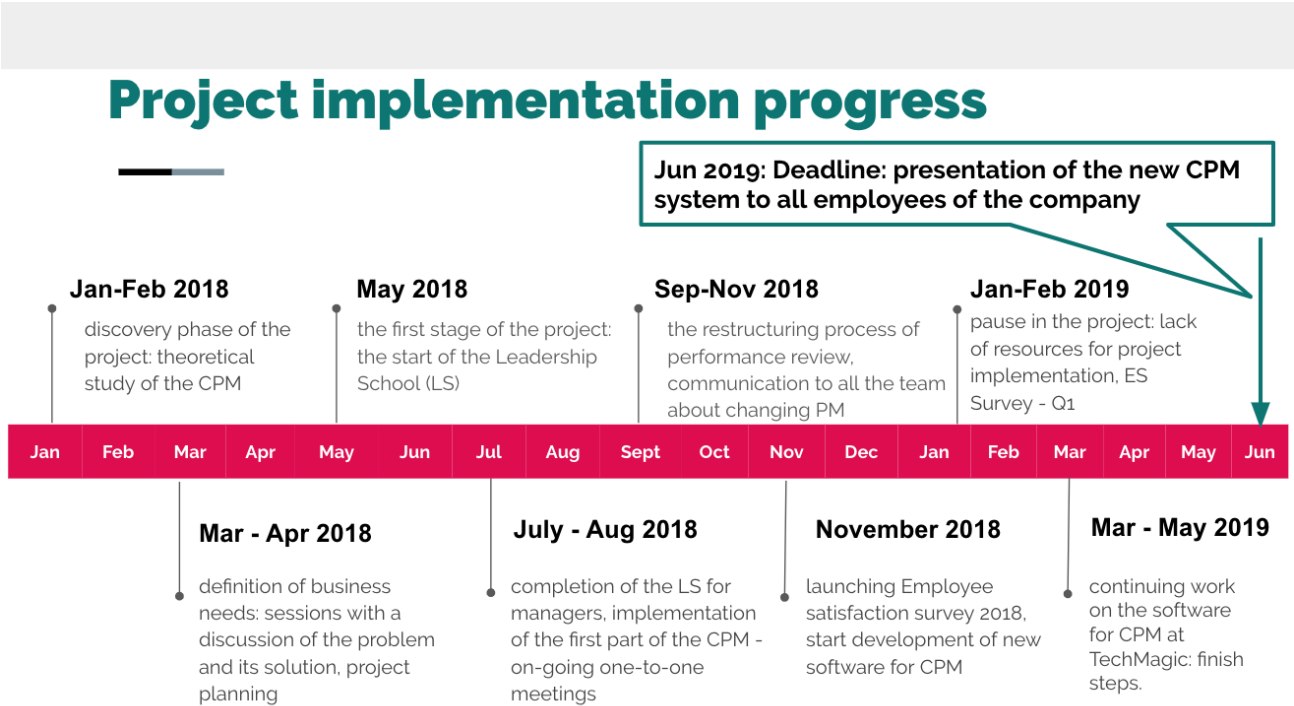
Project implementation progress

Jun 2019: Deadline: presentation of the new CPM system to all employees of the company

Jan-Feb 2018
discovery phase of the project: theoretical study of the CPM

May 2018
the first stage of the project: the start of the Leadership School (LS)

Sep-Nov 2018
the restructuring process of performance review, communication to all the team about changing PM

Jan-Feb 2019
pause in the project: lack of resources for project implementation, ES Survey - Q1

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun

Mar - Apr 2018
definition of business needs: sessions with a discussion of the problem and its solution, project planning

July - Aug 2018
completion of the LS for managers, implementation of the first part of the CPM - on-going one-to-one meetings

November 2018
launching Employee satisfaction survey 2018, start development of new software for CPM

Mar - May 2019
continuing work on the software for CPM at TechMagic: finish steps.

Figure 4.1. Project implementation progress

Table 4.1

Project implementation plan

Stage name	Description	Time period	Involved persons	Success criteria for the stage
1. **Employee Satisfaction Survey – analysis of the results**	- analysis of responses in Employee Satisfaction Survey - review of the last interview with employees: one-on-one meetings, exit interviews - preparation of consolidated results	January 2018	HR Department	- Employee Satisfaction Survey carried out - results are summed up
2. **Session on discussing the results of Employee Satisfaction Survey**	- presenting results for founders and discuss it - GAP-analysis	February 2018	Founders (CEO, CTO, Head of HR & Recruitment), HR	- clear understanding of the current situation - brainstorm of the desired future situation - documented GAP analysis
3. **CPM system research**	- review the Deloitte report	Jan-Feb 2018	HR	- understanding of the basic principles of the

	- study of the experience of foreign companies that have implemented CPM - SWOT analysis for CPM			CPM system and its key indicators - understanding the advantages and disadvantages of the system (SWOT analysis)
4. Communication of the results of Employee Satisfaction Survey	- presentation of Survey results for all employees - discussion of existing problems and the need for change - callback after presentation	February 2018	HR, founders	- employees informed of the current situation - honestly declared weaknesses in the processes of the company and announced changes - gathered feedback from the staff about the desire to change processes
5. Strategic Planning Session	- the establishment of the problem of the need for changes in the current	March 2018	Founders, HR, key people at the company (TL)	- requirements for managers are defined - requirements for tools are defined

	processes of performance management			- at least five ideas have been proposed for improving the performance management system
	- formulation of requirements for managers (training newly-created managers) - formulation requirements for tools and methods for implementing changes - suggestions and brainstorming			- decided to start Leadership School for managers
6. Communication about the start of Leadership School	- sending e-mails to company employees about the start of LS - involving managers in building a curriculum through a survey of expected results and topics for classes	March 2018	HR	- all managers are informed about the LS and confirmed their presence - the motivation of managers increased because of their involvement in the construction of the curriculum

7. Detailed Leadership School planning	- construction of training schedule - communication with all speakers about dates, places, times, topics - preparation of a place for studying at the office	Mar-Apr 2018	HR, Office Support team	- the training schedule is sent to the participants - all speakers approved the dates of their performances - HR team is ready for the great opening of LS
8. Leadership School	- beginning of training of managers - classes relating to feedback, team development, performance etc. - feedback after each lesson	May-July 2018	HR, founders, TL	- classes take place regularly - managers attend training - feedbacks are positive
9. Strategic session on restructuring PM process	- discussion of the change of the PM process, considering on the feedback of the employees, and the emergence of a new role in the company - Delivery Manager	August 2018	HR, founders, DM, TL	- approved performance review process with a new role – DM - managers begin to meet regularly with their teams (one-on-one check-ins)

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	- discussion of the introduction of regular one-on-one meetings of managers with employees - discuss possible software options for PM process			- several options for software that needs to be explored
10.Meetings with managers (TL, DM) for checking the progress of one-on-one sessions with employees	- feedback from managers about regular meetings with employees (retrospective) - exchange of experience between different managers - support of the HR department during the process of implementing changes - collecting feedbacks from interviews with employees	Sep-Nov 2018	HR, DM, TL	- a new process of meeting between the manager and the employees has been implemented - managers worked out for themselves the only convenient system of one-on-one meetings - positive dynamics in feedback from employees regarding feedback from management

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11.**Research: Software for PM process**	- search for at least 3 software options - representation of options for owners - choosing the best option	Oct-Nov 2018	HR	- software selection
12.**Begin the development of software**	- coding of own software by employees who are not involved in the projects - demo sessions each week with a development team	November 2018	HR, development team, CTO	
13.**Employee Satisfaction Survey – analysis of the results**	- analysis of responses in Employee Satisfaction Survey - review of the last interview with employees: one-on-one meetings, exit interviews - preparation of consolidated results	December 2018	HR Department	- Employee Satisfaction Survey carried out - results are summed up

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14.Presenting a new CPM system to all employees	- present new system to all employees - Q&A session	May 2019	HR Department	- all employees are informed about the new performance system and understand the process of performance review
15.Feedback after CPM system presentation	- collect the feedback from employees on new CPM system	May 2019	HR Department	- employees understand the process of CPM system - feedback was received and an analysis of responses was conducted
16.Regular improvement and updating of the software	- fixing problems in the system - regular meetings on improvements and additional functionality - software support team	Ongoing	HR Department, Support Team	- the software works good and makes the CPM process easy and understandable

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17.CPM flexibility	- regular meetings with management to improve or improve the system - quick reaction to changes	Ongoing	HR department, founders, DM, TL	- CPM system is relevant and in line with expectations - the system achieves its goals: increasing engagement and loyalty (improving the results of the questionnaire), reducing turnover

4.3. Communication strategy

ADKAR is a goal-oriented change management model in which everything you do in the process of implementing changes is consistent: you must achieve combined goals during the process to achieve your overall aim (Figure 4.2)

ADKAR Model of Change

A	Awareness: of the need to change
D	Desire: to support and take part in the change
K	Knowledge: of how to change
A	Ability: to implement the change
R	Reinforcement: to sustain the change
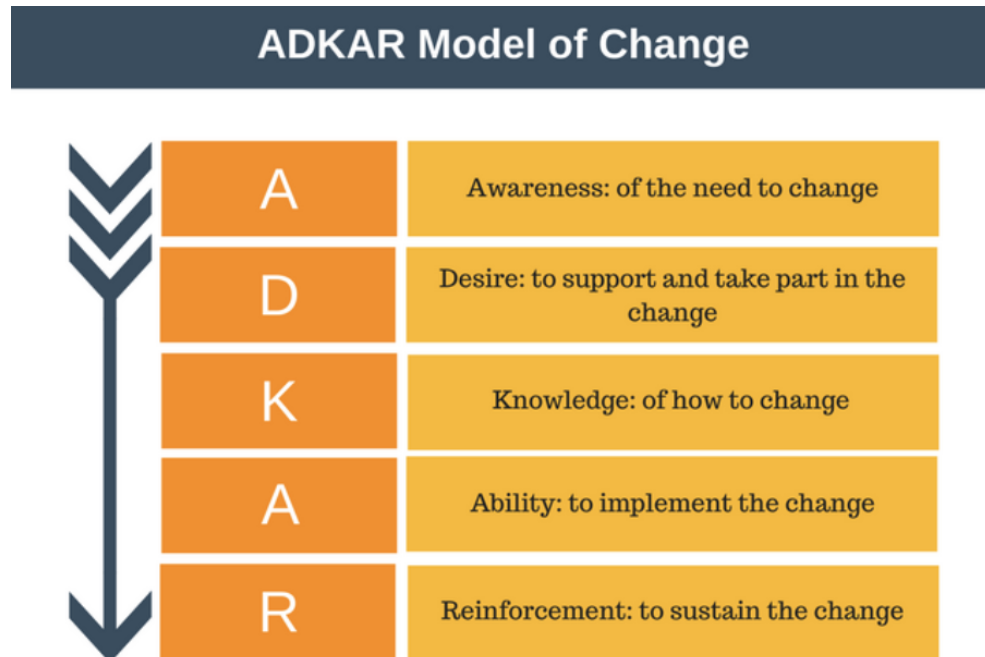
Figure 4.2. ADKAR model of change

Here are the steps which I took, regarding the ADKAR model, during my project implementation:

1. A – Awareness: Identify the necessity for change.

Employees aren't going to do changes willingly unless you can bring them to an understanding of why change is needed. I made an Employee Satisfaction Survey and encourage people to give feedback to the company, ask questions and make suggestions. After collecting the results, I made a visualisation where each employee could see that we

need to do some changes. They believed and had willing to do changes because it was their feedback. This step is already done.

2. D – desire: Employee participation and support for change.

I have assembled managers for whom changes in the process were significant and held several sessions with them, where we brainstorm about what changes we need and how we can implement it. I also assembled regular feedback about the PM system from employees at the one-on-one meetings or PR and considered their comments during discussions with the management

3. K – Knowledge: Know how to change and decide what changes will be in terms of skills and behaviour.

We had Leadership School for management, where we improve their managerial skills, which are needed for successful implementing of the CPM system.
Also, the HR Department provided many educational trainings for employees about the new process, skills they need and expectation which company have to each employee level. This step is at the ongoing stage because we need to present a new software system for all the team as soon as possible and teach them how it works.

4. A – Possibility: Make changes every day.

Managers and employees started to implement changes in their daily work. Managers started with regular one-on-one meetings with employees to understand their goals and help them with setting steps to achieve them. Employees have started to understand better what the company expect from them. We should thoroughly follow the principles of the CPM system for today and letting managers and employees try CPM in practice, even if they make mistakes.

5. R – Reinforcement: Maintain changes in the long run.

During this 'step', managers (DM, TL) listen carefully and give employees lots of feedback. At this stage, we tracked achieving the results your change process targeted. During this stage, I will monitor how processes flow from one person or department to

another using workflow software. I will track down the reasons for bottlenecks. Do people need more training? Do company need to provide more resources?

The ADKAR model is flexible and highlights the importance of informing our employees about the different steps of change.

4.4. Cost of the project

The preliminary budgeting of the project took place in several stages. At first, the company considered buying a ready-made solution. We have calculated the cost of purchasing an external system for automating the CPM and a series of trainings and webinars for training all employees as a system. The cost of such a system - minimum $ 12,000 per year plus the cost of training for all employees - from $ 2,000 to $ 4,000 (depending on complexity of customization and duration of training). As the number of employees increases, this amount would also increase.

The company was not ready to pay more than $ 14,000 per year on the PM system, so founders decided to develop the system on its own. The project involved 2 senior, 1 middle and 2 junior developers (at different stages of the project). There were also 1 designer, who worked part-time during all project.

I split all costs of project into several parts (Table 4.2):

- costs for strategic meetings, meetings with DM and TL, brainstorming sessions;
- costs for Leadership School;
- costs for automation of CPM process - development of internal CPM system

Table 4.2

Project implementation costs

Cost item	Time	Sum
Meetings & Communication		
Strategic meetings with founders	4,5h	550$
Meetings with DM on redesign the concept of the system	8h	450$
Meeting for all the team (CPM system presentation)	1h	1800$
Result		**2800$**
Leadership School		
Payment for coaches (only topics related to PM)	8 h	1200$
Downtime of participants	8 h	3040$
Costs for organizational needs	-	200$
Result		**4440$**
Development of CPM system		
Software development		**20000$**
Result		**20000$**
Total		**27240$**

In the Figure 4.3. below, I assumed that the yield on this investment would increase annually (ranging from $ 15,000 till $ 23,000 in 5 years).

Let's calculate absolute payback period for the project = $ 11,000 + $ 11,000 + $ 11,000 = $ 33,000 (full two years and a part of the third year).

Part of third year = $ 33,000 - $ 27,200 = $ 5,800 / $ 11,000 = 0,53

Absolute payback period for the project = 2,53 years.

Year	0	1	2	3	4	5
INVESTMENT	$ (27,200)	$ -	$ -	$ -	$ -	$ -
INCOME	$ -	$ 15,000	$ 17,000	$ 20,000	$ 22,000	$ 23,000
COSTS	$ -	$ 4,000	$ 6,000	$ 9,000	$ 6,000	$ 7,000
NET CF	$ (27,200)	$ 11,000	$ 11,000	$ 11,000	$ 16,000	$ 16,000
ACCUMULATED CF		$ 11,000	$ 22,000	$ 33,000	$ 49,000	$ 65,000

PV	CF	ACCUMULATED CF
PV1	10,000	10,000
PV2	9,091	19,091
PV3	8,264	27,355
PV4	10,928	38,284
PV5	9,935	48,218
SUM PV	48,218	

PROFITABILITY	10%
NPV	21,018
IRR	34.70%

Figure 4.3. NPV and IRR calculations

If the company chose the ready-made software, then each year would have to bear the higher costs associated with the support of the external system.

Based on the calculations above, the project is pay-back and, accordingly, worthy of attention.

4.5. Preliminary results of the project

The project lasts almost 1.5 years. During this time it passed such stages as identification, negotiation, decision-making, planning, implementation. As of today, the project is at the final stage, which should end with an assessment of the results.

As for the preliminary results of the project, I would like to summaries the following results:

1. TechMagic held a Leadership School for managers with the training of soft skills that are necessary to work with people. Among the classes in the school were several, which were devoted to the performance management and performance results of teams, giving feedback, goal setting;

2. The level of trust between employees and their managers has increased

3. The implementation of regular one-to-one meetings of managers with subordinates (once a month), which gave very positive results in the Employee Satisfaction Survey of employees;

4. The eNPS index has increased in 2%, while the turnover has decreased in 5% in 2018 (in comparison with 2017). Unfortunately, only part of the project was implemented. The central part - the new automated CPM system, will be presented in June 2019. After that, I will conduct a regular Employee Satisfaction Survey and will receive new data on the loyalty, attraction and satisfaction of the employees.

4.6. Conclusion to the chapter

Implementation of the project was divided into several parts:

- solving the problem of managerial competence. Decision – start a Leadership School for TL and DM;
- communication on the need for changes with management. Decision – regular meetings, brainstorms and interviews;
- searching the software to the automation of the CPM system. Decision – production of own software;
- implementation of the new system - the introduction of the new CPM process for all the team and training them to work with a software.

Leadership School involved potential employees who have not become managers yet. Some of the bottoms has been promoted to the position of the TL after completing the training.

The training turned out to be a good investment, and Leadership School generated new managers for the company, who were ready to take more responsibilities, to work effectively with a team and add value.

The process of communicating with managers on the problem of performance management at the company helped to understand the needs of different departments and projects.

During the project implementation a lot of efforts was devoted to the automation of the new system – CPM. If we choose a ready-made external system, it would have cost the company more in 2 years. However, I think that ready-made system gives the quicker implementation of the project for a company, which would be a plus.

The advantage of our own software is the flexibility, adjusting to the needs of the company of the solution and lower cost in the end.

As of April 2019, the owners of the company and management are satisfied with the development of the project. Software at the final stage of coding. It is planned to present it for all employees in the end of May 2019.

CHAPTER V

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

The world has become a dynamic process of integration and interaction among people, businesses, and nations - a world of globalisation.

Performance management builds a bridge that connects between the people – employees and the business – organisations. Organisation considered performance management as insurance for both companies that employees will strive to give their best achievement at the work site. In return, the company will fill their commitment to the employees by providing all the necessary tools, resources, education materials, feedback, motivation, assessments, and rewards systems to support the employees with being entirely successful.

The constant change in the workplace means that by the time an employee receives feedback about some issues in a classic Performance Review, months have gone by, and it is too late to change. I work at TechMagic - outsourcing company, which is at the stage of active growth and development right now. The company's annual strategy for 2018-2019 is "Operational excellence", and each department has goals that are strictly related to this strategy. The main goal for the HR department and this project, in particular, is to rebuild a system of current performance management at the company to the CPM, that will help employees have a clear understanding of their career path at the company. CPM system will increase employee engagement, loyalty, eNPS and decrease voluntary turnover, as a result.

CPM presents a way around that by providing more regular coaching and feedback. This model is ideally suited to the needs of TechMagic as of today. The main features of CPM are:

- check-ins conducted quarterly or more frequently;

- regular goal-setting occurs in an open, collaborative process;
- feedback collected continuously and efficiently reviewed at the end of the year;
- employees rated on a qualitative scale; rankings considered, not forced;
- compensation levels more transparent, more frequently discussed and focused more on pay for performance than on equity;
- managers focused on coaching and developing people;
- the process is agile, faster, continuous, and lighter

In the third chapter, I described all the research that formed the basis of this work. A key source of information gathering and tracking results is the Employee Satisfaction Survey, which includes questions for eNPS calculating. eNPS – is a critical metric that helps to measure employee loyalty and engagement and enables the organisation to digitise results and see the dynamics of change.

GAP-analysis showed that the first step for the implementation of the CPM system is training for managers. This conclusion was the beginning of the start of Leadership School at TechMagic.

Stakeholder analysis helps to understand how should I work with founders, which way of communication is better to use with DM and which will be better for TL. Risk analysis is the most helpful tool for project planning among which I identified organisational, financial, technical and behavioural risks.

Before the start of planning to rebuild the PM system, I recommend to identify a strategy for PM answering the following questions:

- What is the organisation trying to achieve through a new CPM system?
- How can it best be aligned with business strategy?
- What method will develop managers most effectively?

The plan, which was built at the beginning of the project, and the actual results as of today are not critically different. However, there are some delays in the software development phase for effective implementation and automation of CPM system.

I believe that the preliminary results of the project are successful because some of the CPM model hallmarks, such as dynamic goals, on-going conversation and constructive all-around feedback, have been successfully implemented in the company's life cycle.

From the conclusions and recommendations, I want to highlight the following:

- Expectations to the speed of rebuilding the current PM was re-evaluated. Rebuilding such an extensive system is a long process that requires the involvement of both company owners and managers, and the maximum inclusion of HR department. There are only 2 HRs in the company, which are engaged not only in the performance management process. It has become a blocker. Alternatively, the company could invite an outside expert to moderate the project

- The company's decision to make own software for CPM was perilous. Quicker results on the introduction of the new system could be achieved by buying an external tool, which is already ready to use.

- The trust of founders and managers plays a significant role in project implementation. Both the company owners and management showed maximum involvement in the project and flexibility which helped and motivated to continue implementing changes.

- The organisation needs to be prepared that not all employees in the company will understand the goal of change and will resist any activity associated with these changes.

In April 2019, the project was implemented at 85%, and the preliminary results of the implementation are thriving: the results of the Employee Satisfaction Survey have positive dynamics (eNPS increased in 1% during one quarter).

Employees confirm positivity of changes on the one-on-one meetings. Managers note that regular communication with employees and a clear goal setting process help in project management.

APPENDICES

Appendix A

TechMagic positioning through process descriptions

Processes	Name of stage	Description
System and processes	Emerging enterprise	During the last year TechMagic have been working on the construction of fundamental processes in the company. For example: 1. A system for performance evaluation (soft and hard skills) was build 2. The recruiting process (we have our own CRM system, run a base of candidates, etc.) was improved 3. A policy of holidays, sick leave, business trips and working conditions was created 4. Training and development policy was created 5. Initiated management meetings once a week (resource planning) was provided The vision of leaders in the organization clearly coincide with the needs that arise in the people management processes and systems. Tangible support and management trust, which allows me as HR to build and implement processes without any blockers.
Resourcing and talent	Emerging enterprise	In recruiting TechMagic have a problem of hiring people ASAP. Sometimes the company loses potential customers due to

		lack of resources & talents. Hiring people is urgent.
		The recruiting department has an uneven load that is difficult to predict, which causes the burnout of recruiters.
		Management of the company is not ready to create a bench for people. People who are on a bench often look for a new job because they are worried that they will not have a project (it is specific of outsource companies).
		Management decided to create internal projects (for example, writing internal systems) for people without projects. A big plus is the company's policy: if the project is over, and there is no new one - the person is not fired. Often, we give a person a task in R&D, where she explores a topic and spreads knowledge.
Reward	Consolidating organization	The decision to change the salary is taken not only based on the opinion of the owners. It's based on the results of the employee's performance in the last period: half of year (based on the feedback from the manager, team and HR).
		Salaries in the company are average in the market.

		We provide this system one year ago and final decision is still owners, but detailed feedback rom leads, teams and HR helps much.
Learning & Development	Consolidating organization	The company tends to a continuous process of learning and development. We provide and engage our employees to internal techtalks. Also, we host external events that help employees to grow. We have leadership school for managers development. Management (owners) is great example for others. They constantly improve their skills, learn and develop. Their goals coincide with the desires of workers for development.
Vision & Values	Consolidating organization	We have formed the mission and values of the company this year. We have also half-yearly meetings where owners and management team describe the vision to all employees. We are in the process of implementation values into all processes: recruitment, performance review, cooperation with customers. Owners were the initiators of creating the mission and values of the company and were fully involved into the process.

Engagement	Emerging enterprise	Engagement activities starts from on-boarding period and company try to 'keep temperature' by surveys about employee satisfaction, by one-to-one meetings with HR and managers. We build brand of the company and have some. We have a good reputation in the market that helps us attract talented people to the team. Owners are ready to invest resources to improve the conditions for employees for greater engagement.
Organization and job design	Emerging enterprise	We do not have a detailed job description and a clear hierarchy in the company. Sometimes employees are not well informed about the organizational structure and are guided only within the project scope. Owners builds and modifies the structure depending on the needs.
Communication	Consolidating organization	We use various communication tools according to needs: general mailing for all employees, regular thematic mailings, personal emails, Skype chats, etc. There are rules for conducting meetings. A great plus is the ability of all team members to communicate with the customer and be involved into the business process.

		There are some problems in communicating between leads and teams, such as 1-2-1 meetings. We are planning a training on this topic for managers.

Appendix B

TechMagic PDP system – current templates

Survey template

Description: Team feedback for developer

Question
1. Your colleague's code is readable, structured and easy to test   Type Linear Scale ✕

Question
2. The behavior of your colleague in the team is friendly and sociable   Type Linear Scale ✕

Question
3. What are the strengths of your colleague you can highlights?   Type Open Answer ✕

Question
4. What would you recommend to improve your colleague at work?   Type Open Answer ✕

Question
5. Would you like to work with a colleague in the future?   Type Open Answer ✕

ADD QUESTION   SAVE

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