



# LEARNING IMPACT MODEL

## **Isoken and Obinna Fix Performance at PNL Insurance**

Isoken Ighodalo is completely exhausted after a three-hour long People EXCO meeting chaired by PNL Insurance's CEO with one of the EDs, the Chief Strategy Officer, the Head of Talent and herself in attendance. She double-hats as PNL's Company Secretary and Director of Human Resources, and quite frankly, most of her experience is on the Company Secretariat side, although she is very keen on the HR challenge and building her skills in this area.

'If only the nagging HR issues had to do with stuff that I was used to' she thought to herself as she made her way back to her office and handed over the files to her very competent Head of Talent, Obinna who was her go-to person on a number of the more HR-related issues. Obinna had worked in both sales and operations at FT Insurance, the legacy company that has now become PNL, and his diverse experience was always valuable in dealing the more complex HR issues.

PNL Insurance used to be a mid-sized underwriter in Nigeria (FT Insurance) with a focus on mainly maritime and oil and gas related insurance. Following the policy on the re-capitalization of insurance companies, it has just completed a series of mergers with other underwriters and an acquisition from a UK-based global player in the industry and had broadened its products.

The new investors have built a global brand in insurance and had implemented a new performance management system at PNL based on the Balanced Score Card. The system was a huge departure from what everyone was used to, and the transition from a behaviour-based system to a more results-focused system was not particularly easy for everyone at PNL.

Besides, the new system required a lot more activities along the performance management cycle that involved the Company's Line Managers. Managers were required to sign performance contracts, keep performance files, determine learning needs based on performance gaps, report on performance through dashboards, have one-on-one discussions every six weeks and so on, in addition to the normal twice-yearly performance appraisals and reward decisions. It was really tedious.



During the People EXCO session, Obinna had recommended that they carry out an evaluation of the new performance management system. There were lots of complaints and bickering from the employees across the country about the outcomes of the last appraisal and reward cycle. The ED Marketing was continuously heckled by staff in Port Harcourt and Abuja during the strategy road shows the week prior. Everyone blamed it on The Balanced Score Card and the Performance Management System. The People EXCO had to call an emergency meeting to deal with this, and Obinna's recommendation was accepted.

To ensure transparency, the HR Team got an external consultant to undertake the evaluation which involved an anonymous survey of all staff. The results were damning. More than 70% of employees across all cadres and Business Units believed that the new performance management system was broken, and they identified three areas that were at the heart of the challenge - 1) The Performance Contracts were not understood and workable; 2) Line managers did not follow through on the process and 3) The system for allocating rewards was not transparent.

Armed with their analysis from the Performance Management pulse-check, the HR Team engaged another consultant to carry out Performance Contracting Clinics. Obinna had borrowed the idea from a case Study he read from the Harvard Business Review website ([www.hbr.org](http://www.hbr.org)) - "Bolster Performance with Performance Contracting Clinics".

The idea was simple - go around the Company and get Line managers and their team members to work together to cascade the organizational strategy and translate it into Key Performance Indicators (KPIs) and goals that are aligned with the overall strategy, workable and "owned" by the employees and managers.

The process revealed quite a lot of flaws. In one session in Port Harcourt, Obinna who was hands-on with the external consultants discovered that for many of the staff, the KPIs were never discussed before the Performance Contracts were signed and Managers pretty much bullied employees into signing rather than engaging them.

After a month-long exercise of Performance Contracting Clinics, the Performance Contracts were a lot better. While everyone didn't agree with the KPIs, everyone understood what they were, what was expected of them and how they were to be measured and evaluated. Getting people to talk about the Performance Management system and discuss their KPIs certainly calmed the fray nerves across the organization.



In addition, Isoken got an approval to implement a Company-wide Performance Management Training for Line Managers that took them through each stage of the performance management life-cycle. The trainings were very experiential with role-plays, videos and lots of practical scenarios.

The CEO and the EXCO also reviewed the system for allocating rewards especially the process of moderating performance appraisal scores. Managers were always happy to cop-out of the responsibility by being “over-polite” during the initial appraisals and awarding high scores and then “blaming” top-management for moderating the scores downwards. Employees started to suggest that there was a lot of “nepotism” in the system, so reforms were really necessary.

One year after all these interventions, another pulse check was carried out and the results were much better, in fact - significantly better. But, it wasn't only the pulse check that was better, PNL's income and balance sheet had grown significantly, over-shooting their earnings expectations.

At the year-end party, Isoken and Obinna received a special mention and award from the Company's CEO... “The purpose of a performance management system is not to punish and reward people only, it is meant to get the organization to perform. Our performance management system is certainly working since our organization has actually over-performed”, the CEO said as he handed over the award plaques to Isoken and Obinna.

**Are you looking to improve the performance management system at your Organization? Will you like a performance management system that actually delivers better performance and not just ‘rewards’ and “sanctions”? Then, call us on +234 818 195 6161 to explore how can we support you in this regard.**

