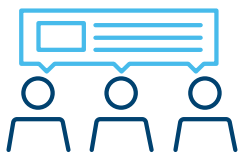


McLagan Insights

Are You Creating a High Performance Culture at Your Firm?

Think twice before scrapping performance management—rather, ensure it delivers on its promise.

Employees are Attracted to Firms that Recognize Their Contributions



They Care

High performers, including millennials, want to know how they are doing relative to their own goals and their peers' performance. It's not just about continuous feedback.¹



They Stay

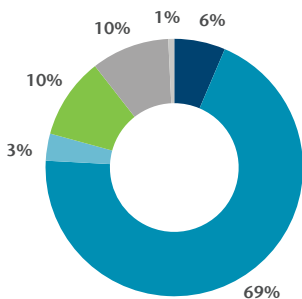
Firms with a formal performance management process have 20% less voluntary turnover than those without one.²

Financial Services Firms Still Focus Heavily on Ratings to Manage Performance

Over 80% of firms have some form of a rating.



Which of the following best describes your organization's performance management program?



n=265
As % of respondents

- We do not have a formal performance management program
- We assign employees a performance rating / label
- We assign rating / label, but do not communicate them to employees
- We assign employees a performance rating / label, but may eliminate this practice
- We eliminated rating / label and are not planning on bringing them back
- We eliminated rating / label, but are considering bringing them back



Are You Paying for Performance?

Linking employee performance to pay was ranked as the top challenge for firms with no performance management process in place.

But it's not all about the rating or the tool—managers are the critical link in managing performance

The two most challenging aspects of performance management for firms pertain to managers: **feedback and coaching** and **holding managers accountable**.



Yet, shockingly, 45% of firms do not provide manager training on feedback and coaching and **only a quarter** articulate people management as a competency and specifically assess managers on it.

How does your organization encourage managers to provide feedback and coaching to employees?

- 86%** Managers are expected to formally discuss individual performance with employees at least once annually
- 55%** Training and resources for managers on providing feedback and coaching
- 26%** Managers receive a separate assessment / rating for people management as part of performance management
- 4%** Feedback is enabled through a separate app specifically geared to providing instant feedback and coaching

McLagan's Practical Steps for Improvement



- Continue to focus on improving performance management—but beware of following the latest headlines blindly.
- Define a clear and compelling strategy that meets your unique talent objectives—resist the urge to tweak outdated programs or adopt new technology without this strategic lens.
- Differentially reward based on performance—or risk losing the war for top talent.
- Encourage feedback and coaching through people management tools.
- Hold managers accountable—make people management an explicit responsibility.

McLagan is a Partner

We bring over 50 years of experience helping financial services firms reach their business potential. Partner with McLagan to design holistic talent strategies that drive financial results.

Connect with Us

To learn how we can help you assess and select the right talent for your organization, go to mclagan.aon.com/talent-solutions.

About McLagan

McLagan provides tailored talent, rewards, and performance expertise to financial services firms across the globe. Since 1966, we have partnered with the largest and smallest financial services firms to help them make data-driven decisions to hire, retain, and engage the top talent for keeping the global economy running. Our compensation surveys are the most comprehensive, in-depth source of rewards data covering over 150 countries from more than 2,500 clients. Our consultants work with hundreds of firms annually to design total rewards programs and benchmark financial performance for boards of directors, executives, employees, and sales professionals. McLagan is a part Aon plc (NYSE: AON). For more information, please visit mclagan.aon.com.

¹ Aon's Workforce Mindset Study

² 2017 McLagan Talent Pulse Study. Interested in learning more about the data in this infographic? Download the McLagan Talent Pulse Study Highlights Report: mclagan.aon.com/sites/Talent-Pulse/2017