# SNL Financial- Performance Management

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*Dedicated to the never-ending love of my parents......*

# Acknowledgments

First of all, thanks to Almighty without whose support and guidance at every step, I stood no chance of progressing through the project.

I am very grateful to Dr. Muhammad Naseer Akhtar, his help and guidance remained a source of motivation for me throughout this journey.

Special thanks to SNL Financials (PVT) LTD. Pakistan and to all its employees, who assisted me, whenever I sought help from them.

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# 1  SNL Financials

## 1.1  Introduction

SNL is a financial information firm headquartered in the state of Virginia, USA. SNL collects, standardizes corporate, market, and financial data for clients to enable them to perform in-depth analysis refining their investment decisions. SNL also analyzes industries they cover including bank and thrifts, financial services, insurance, real estate, energy, media and communications to provide research to its client. Clients use these analyses to make financial decisions. It is serving more than 5,000 client companies and 0.1 million users worldwide. The firm covers data of more than 6,500 public companies and over 50,000 private companies.

SNL Financial was originally founded as "S&L Securities" in New Jersey in 1987 with an initial focus on the savings and loan industry. But state law would not permit the incorporation of a non-bank with "S&L" in the official company name. So we replaced the "&" with an "N" to create "SNL." And the universe for the company soon expanded well beyond savings & loans to the various business sectors we cover today.

Since our founding, SNL has continuously expanded our global operations, as well as the scope and depth of our coverage and products all without compromising the standards of quality and customer service that drive our success. Throughout our organization, SNL has infused 4 core tenets Accuracy, Relevance, Completeness and Timeliness and we stand behind our published information with a unique Accuracy Guarantee.

As a result, leading investment banks, investment managers, corporate executives, ratings agencies, government agencies, consulting firms, law firms and media such as The New York Times, The Wall Street Journal, USA Today, Washington Post, Forbes and Fortune rely on SNL Financial for the best possible information on the companies in our sectors

**Business Address: Headquarter**

One SNL Plaza
212 7th Street NE
Charlottesville, VA 22902

United States
Tel: 434-977-1600
Fax: 434-977-4466
[www.snl.com](www.snl.com)

## 1.2  Mission Statement

Our mission is to provide investment banks, institutional investors and financial institutions with the timeliest, accurate, relevant and comprehensive information available on the financial services industry

## 1.3  Vision Statement

To serve our clients as their most trusted partner for business intelligence

## 1.4  Goal Statement

Our goal is motivation through acknowledging and developing the talents and contributions of each person, and employing those skills in accomplishing company and department goals. By focusing on communication and innovation, we foster accountability and camaraderie. Our success is measured by our effectiveness, our expediency, and the satisfaction of our internal and external clients.

## 1.5  Core Tenents

### 1.5.1  Accuracy

Information you can trust and we guarantee it

### 1.5.2  Relevance

Sector specific standardization and granularity

### 1.5.3  Completeness

The deepest and broadest spectrum of information

### 1.5.4 Timeliness

The latest news, data, linked and updated in real time

## 1.6 SNL in Pakistan

In Pakistan, SNL has established an office in Islamabad (2005), with over 1000 employees as of July, 2016, working in multiple shifts.

**Business Address:**
Al-Khair Plaza
A.K.Fazl-ul-Haq Road
Blue Area
Islamabad
Phone: (051) 2804370
NTN: 2218853-3

### 1.6.1 Market Data Management

Market Data Management is an automated department working on the concept of ETL (Extract, Transform and Load). It's getting all the relevant information from different vendors and then all this information is processed by the loaders and made available to the clients. It is covering following data sets

- Stock Prices, Stock Dividends and Stock Splits
- Institutional Ownership
- Credit Defaults Swap
- Interest Rates
- Commodities prices (Gold, Silver, Copper, Aluminum etc.)
- Credit Ratings (Fitch, Moody's, S&P)

## 1.7 Reason for choosing SNL for the project

The reason I chose SNL for my project is based on the fact that SNL is a results-focused meritocracy, seeking to identify and reward top performers; employees are assessed on achievement of set goals, competency proficiency and performance relative

to peers. Company motivates employees to perform their best through effective performance management.

We differentiate performance at all career levels and in all geographies, rewarding superior performance with superior compensation opportunities in excess of market norms and rewarding strong performers and core contributors with compensation in line with market norms. In this project, the lacunae of on ground practices at SNL vs. HR theories have been identified, followed by recommendations to minimize those gaps.

# 2 Performance Management Process

## 2.1 Introduction

Performance management is a communication process by which managers and employees work together to plan, monitor and review an employee's work objectives and overall contribution to the organization. More than just an annual performance review, performance management is the continuous process of setting objectives, assessing progress and providing ongoing coaching and feedback to ensure that employees are meeting their objectives and career goals.

There is much more to performance management than the annual performance review meeting. Performance management is a continuous process of planning, coaching and reviewing employee performance.

While research and experienced practitioners have identified several characteristics that are prerequisites for effective performance management systems, there are also many decisions that need to be made to design a system ideally suited for a given organization's needs. One such decision is what purpose(s) the system will serve. For instance, performance management systems can support pay decisions, promotion decisions, employee development and reductions in force. A performance management system that attempts to achieve too many objectives is likely to die of its own lack of focus and weight. There is no one type of system or set of objectives that is best suited for all organizations. The purposes for a given performance management system should be determined by considering business needs, organizational culture and the system's integration with other human resource management systems.

Effective performance management systems have a well-articulated process for accomplishing evaluation activities, with defined roles and timelines for both managers and employees. Especially in organizations that use performance management as a basis for pay and other HR decisions, it is important to ensure that all employees are treated in a fair and equitable manner.

Based on examination of performance management processes in several organizations, most contain some variation of the process shown below:

**Figure 1** Typical Performance Management Process

A typical performance system has five steps. We shall discuss each step in details to get a better overview

## 2.2 Performance Planning

### 2.2.1 Strategic Planning

At the beginning of the performance management cycle, it is important to review with employees their performance expectations, including both the behaviors employees are expected to exhibit and the results they are expected to achieve during the upcoming rating cycle. Behaviors are important because they reflect how an employee goes about getting the job done how the individual supports the team, communicates, mentors others and so forth. We are all familiar with employees who may achieve exceptional results but are extremely difficult to work with, unhelpful or exhibit maladaptive behaviors at work. Because such behaviors can be extremely disruptive, behavior is important to consider in most work situations. On the other hand, an employee can be extremely helpful, considerate and interpersonally effective, yet never achieve any important results.

Organizations goals, whether financial, utilization or generating return are driven by its employees. It very important to understand for an organizations and managers that it's the employees who meet these goals directly or indirectly. Organization needs to plan ahead of time for their desires and its goals for the year. These goals once broken down to smaller business units need to communicated to employees so that these employees are aware of the corporate goals to ensure their interest and goals are aligned with their individual goals.

Frequently, organizations do not get their planning process completed until performance cycle has already started. Therefore, often managers and employees great work gets overlooked in the performance appraisal because it was conducted before the plan was agreed upon. Therefore, the plan should be drafted by the beginning of the performance year.

## 2.2.2 Goals Setting & Communication

The process of setting and communicating individual goals should be completed before that start of the period. Communication and transparency is the key to successful performance management system. As goals are set and broken down to individual levels, these should be communicated to each member of the team.

This communication of goals this should not only include detail breakdown of the individual goals but a clear understanding of how it adds up the departmental, organizational goal and overall strategy. Once employee understands and acknowledges the goals assigned, it allows employees establish ownership and keeps them motivated. However, both managers and employees need to agree on the measurements performance indicators and establish the accountability for various performance levels.

To set accountability and expectations between an employee and manager, this should be documented in the plan.

Often, the most difficult part of the planning phase is developing clear and appropriate language to describe performance objectives and measures or indicators of success. Supervisors need to ensure that the performance objectives are a good representation of the full range of duties carried out by the employee, especially everyday tasks that take time, but are often not identified as significant accomplishments.

The objectives and indicators need to be **S.M.A.R.T.**

## 2.2.2.1 Specific

Clearly specify the task to be done, when it must be completed, who is to accomplish it, and how much is to be accomplished.

## 2.2.2.2 Measurable

Use multiple measures if possible, for example, quantity, quality, time frame and cost. Ask questions such as: How much? How many? How will I know when it is accomplished?

## 2.2.2.3 Attainable

Ensure there is a reasonable path to achievement and an excellent chance that objectives will be accomplished.

## 2.2.2.4 Relevant

Goals should be aligned with the organization's overall mission or strategy. Goals measure outcomes, not activities.

## 2.2.2.5 Time-based

Set a clear time frame for achieving performance objectives/goals. In most cases, objectives must be completed by the end of the performance review period.

## 2.3 Ongoing/Frequent Feedback

After performance goals are communicated and clear understanding how they will be evaluated is communicated to employees. The expectation is developed that the team members are aware of what is expected of them.

There is however a need to for review of performance regularly. These regular performance meetings and quick review will ensure that there are no surprises at the end of the appraisal period.

By meeting regularly, employees and managers are both aware of expectations

and they can correct their course if there is an issue. Frequent feedback provides employees with ample opportunity to make any necessary adjustments. Instances where goals are not set and tracked, often the employee's recent behavior is reflected in the review.

## 2.4   Employee Input

Performance of employees needs to be supported with evidence collected throughout the year. In this regard, supervisors must get in the routine of taking notes in meetings with employee.

Tools including a software application for the purpose of recording must be used to regularly remind and record these observations for later use in the review period. In case when tools are available, it a common practice to not fully utilize these until the end of cycle. It is best to do this while the information is still recent and all details are clearly recorded.

If no such recording tools are available then a manager can simply use a word or google document and use it for recording of the meeting purpose. Its managers duty to keep continuous feedback and also to take continuous input from the employee so he has an idea that what is going through employee's mind and what kinds of issues and challenges he is facing to complete his goals.

## 2.5   Performance Evaluation

An Organization can choose one or mixture of many methods available for performance evaluation. Following are few famous methods which companies are using throughout the world

### 2.5.1  360 Degree Feedback

The 360-degree feedback evaluation method is a popular performance appraisal method that involves evaluation input from multiple levels within the firm as well as external sources. The 360-degree method is unlike traditional performance reviews, which provide employees with feedback only from supervisors.

In this method, people all around the rated employee may provide ratings, including senior managers, the employee himself or herself, supervisors, subordinates, peers, team members, and internal or external customers.

As many as 90 percent of Fortune 500 companies use some form of 360-degree feedback for either employee evaluation or development. Many companies use results from 360-degree programs not only for conventional applications but also

for succession planning, training, and professional development.

Unlike traditional approaches, 360-degree feedback focuses on skills needed across organizational boundaries. Also, by shifting the responsibility for evaluation to more than one person, many of the common appraisal errors can be reduced or eliminated. Software is available to permit managers to give the ratings quickly and conveniently. The 360-degree feedback method may provide a more objective measure of a person's performance. Including the perspective of multiple sources results in a broader view of the employee's performance and may minimize biases that result from limited views of behavior.

Having multiple raters also makes the process more legally defensible. However, it is important for all parties to know the evaluation criteria, the methods for gathering and summarizing the feedback, and the use to which the feedback will be put. An appraisal system involving numerous evaluators will naturally take more time and, therefore, be more costly.

Nevertheless, the way firms are being organized and managed may require innovative alternatives to traditional top-down appraisals. According to some managers, the 360-degree feedback method has problems. Ilene Gochman, director of Watson Wyatt's organization effectiveness practice, says, "We've found that use of the 360 is actually negatively correlated with financial results."

GE's former CEO Jack Welch maintains that the 360-degree system in his firm had been "gamed" and that people were saying nice things about one another, resulting in all good ratings.

Another critical view with an opposite twist is that input from peers, who may be competitors for raises and promotions, might intentionally distort the data and sabotage the colleague. Yet, since so many firms use 360-degree feedback evaluation, it seems that many firms have found ways to avoid the pitfalls. Google has a different approach to 360-degree feedback as it provides managers and employees to nominate 'peer reviewers' from anywhere across the organization. According to the company's manager of HR technology and operations, Melissa Karp, "People are fairly candid in their feedback."

One might ask, what happens at Google when people write unconstructive comments? Karp said, "Managers are encouraged to use that as a 'coachable moment' to talk to the person who wrote something unconstructive. However, at Google this hasn't been too much of a problem."

The biggest risk with 360-degree feedback is confidentiality. Many firms outsource the process to make participants feel comfortable that the information they share and receive is completely anonymous, but the information is very sensitive and, in the wrong hands, could impact careers.

## 2.5.2  Rating Scale

The rating scales method is a performance appraisal method that rates employees according to defined factors.

Using this approach, evaluators record their judgments about performance on a scale. The scale includes several categories, normally 5–7 in number, defined by adjectives such as outstanding, meets expectations, or needs improvement. Although systems often provide an overall rating, the method generally allows for the use of more than one performance criterion.

One reason for the popularity of the rating scales method is its simplicity, which permits quick evaluations of many employees. When you quantify the ratings, the method facilitates comparison of employees' performances. The factors chosen for evaluation are typically of two types: job-related and personal characteristics.

Job-related factors include quality and quantity of work, whereas personal factors include such behaviors as interpersonal skills and traits, like adaptability. The rater (evaluator) completes the form by indicating the degree of each factor that is most descriptive of the employee and his or her performance.

Some firms provide space for the rater to comment on the evaluation given for each factor. This practice may be especially encouraged, or even required, when the rater gives an extreme rating, either the highest or lowest. For instance, if an employee is rated needs improvement (a 1 on the sample form) on teamwork, the rater provides written justification for this low evaluation. The purpose of this requirement is to focus on correcting deficiencies and to discourage arbitrary and hastily made judgments.

The more precise the definition of factors and degrees, the more accurately the rater can evaluate worker performance. For instance, in order to receive an outstanding rating for a factor such as quality of work, a person must consistently go beyond the prescribed work requirements. When the various performance levels are described merely as above expectations or below expectations without further elaboration, what has the employee really learned?

These generalities do not provide the guidance needed for improving performance. It is important that each rater interpret the factors and degrees in the same way. Raters acquire this ability through performance appraisal training. Many rating scale forms also provide for consideration of future behavior.

### 2.5.3 Critical incident

The critical incident method is a performance appraisal method that requires keeping written records of highly favorable and unfavorable employee work actions. When such an action, a "critical incident," affects the department's effectiveness significantly, either positively or negatively, the manager writes it down.

At the end of the appraisal period, the rater uses these records along with other data to evaluate employee performance. With this method, the appraisal is more likely to cover the entire evaluation period and not focus on the past few weeks or months.

### 2.5.4 Work Standard

The work standards method is a performance appraisal method that compares each employee's performance to a predetermined standard or expected level of output. Standards reflect the normal output of an average worker operating at a normal pace. Firms may apply work standards to virtually all types of jobs, but production jobs generally receive the most attention. An obvious advantage of using standards as appraisal criteria is objectivity.

However, in order for employees to perceive that the standards are objective, they should understand clearly how the standards were set. Management must also explain the rationale for any changes to the standards.

### 2.5.5 Rankings

The ranking method is a performance appraisal method in which the rater ranks all employees from a group in order of overall performance. For example, the best employee in the group is ranked highest, and the poorest is ranked lowest. You follow this procedure until you rank all employees. A difficulty occurs when all individuals have performed at comparable levels (as perceived by the evaluator).

Paired comparison is a variation of the ranking method in which the performance of each employee is compared with that of every other employee in the group. A single criterion, such as overall performance, is often the basis for this comparison. The employee who receives the greatest number of favorable comparisons receives the highest ranking. Some professionals in the field argue for using a comparative approach, such as ranking, whenever management must make human resource decisions. They believe that employees are promoted or receive the highest pay increases not because they achieve their objectives, but rather because they achieve them better than others in their work group.

## 2.5.6 Forced Distribution

The forced distribution method of performance appraisal requires the rater to assign individuals in a work group to a limited number of categories, similar to a normal frequency distribution. The purpose of forced distribution is to keep managers from being excessively lenient and having a disproportionate number of employees in the "superior" category.

Forced distribution systems have been around for decades and firms such as General Electric, Cisco Systems, EDS, Hewlett-Packard, Microsoft, Pepsi, Caterpillar, Sun Microsystems, Goodyear, Ford Motor, and Capital One use them today.

Proponents of forced distribution believe they facilitate budgeting and guard against weak managers who are too timid to get rid of poor performers. They think that forced rankings require managers to be honest with workers about how they are doing. The forced distribution systems tend to be based on three levels.

In GE's system, the best performers are placed in the top 20 percent, the next group in the middle 70 percent, and the poorest performing group winds up in the bottom 10 percent. The underperformers are, after being given a time to improve their performance, generally let go. If any of the underperformers are able to improve their performance, you might wonder if any in the 70 percent group would get nervous!

Although used by some prestigious firms, the forced distribution system appears to be unpopular with many managers. In a survey of HR professionals, 44 percent of respondents thought their firm's forced ranking system damages morale and generates mistrust of leadership. Some believe it fosters cutthroat competition, paranoia, and general ill will, and destroys employee loyalty. A Midwestern banker states that his company "began a rank-and-yank system that flies directly in the face of the 'teamwork' that senior management says it wants to encourage. Don't tell me I'm supposed to put the good of the team first and then tell me the bottom 10 percent of us are going to lose our jobs because, team be damned, I'm going to make sure I'm not in that bottom 10 percent."

Critics of forced distribution contend that they compel managers to penalize a good, although not a great, employee who is part of a superstar team. One reason employees are opposed to forced ranking is that they suspect that the rankings are a way for companies to rationalize firings more easily.

## 2.6   Performance Review

Assuming that feedback has been provided on an ongoing basis, the formal performance review session should simply be a recap of what has occurred throughout the rating period. In other words, there should be no surprises in the performance review.

During this meeting, managers should discuss with employees their ratings, narratives and rationale for the evaluation given.
The performance review session is also a good time to plan developmental activities with employees. Experienced practitioners have found that competency models and performance standards like those described above help managers and employees identify and address development needs. Obviously, any performance standards that are not currently being met should be identified as development areas. If all current job standards are being met, employees and managers can look to the next level's performance standards to identify requirements and developmental areas to pursue in preparation for advancement.

While identifying developmental needs can be easy with the right performance management tools, knowing exactly what to do to address these needs effectively is not always so obvious. Many managers are quick to suggest formal classroom training or distance learning to enhance employees' skills, without realizing that the vast majority of learning occurs on the job. Even if formal training is the best option for addressing a development need, how does a manager know which training to prescribe for an employee's particular needs? To address these questions and help managers and employees more easily identify effective learning options, "Developmental Handbooks" can be included in performance management systems. Developmental handbooks contain on-the-job learning experiences, formal training and other developmental resources (e.g., books, Web sites) targeted to each competency. These handbooks provide a roadmap for helping address development areas. See the sample excerpt on the previous page.

In some organizations, pay, promotion decisions and other administrative actions are also discussed during the performance review session. In others, separate meetings are held to discuss administrative actions. The rationale for not discussing rewards or other outcomes during this session is to enable a more open discussion about employee development needs. As a practical matter, however, it can be difficult to schedule multiple performance management meetings between managers and employees to discuss different aspects of the process (e.g., evaluations, development, and rewards).

# 3   Performance Management at SNL

The below outline of the performance management in Market Data Management at SNL Financial is based on my personal observation, available documentation, and formal communication regarding appraisal policies of the HR department at SNL Financial.

## 3.1   Performance Philosophy – Pay for Performance

SNL is a results-focused meritocracy, seeking to identify and reward top performers; employees are assessed on achievement of set goals, competency proficiency and performance relative to peers.

SNL motivates employees to perform their best through effective performance management. We differentiate performance at all career levels and in all geographies, rewarding superior performance with superior compensation opportunities in excess of market norms and rewarding strong performers and core contributors with compensation in line with market norms.

## 3.2   Organizational Strategy

### 3.2.1   Annual Revision

Every year the senior management at SNL Financials reassesses its future strategy. It summarizes its organizational strategy and future road map in an annual meeting. The devised strategy includes short-term and long-term plans needed to be implemented for the organization to achieve its goals. Ranging from deploying new tools and practices to new merger plans. The strategy is further broken down into departmental goals and objectives; these are additions or changes to existing goals that will ultimately help the organization achieve its long-term mile stones. For instance the Strategy Road Map are presented, recorded and archived for users at different geographies and hierarchy levels, helping employees understand how SNL plans ahead.
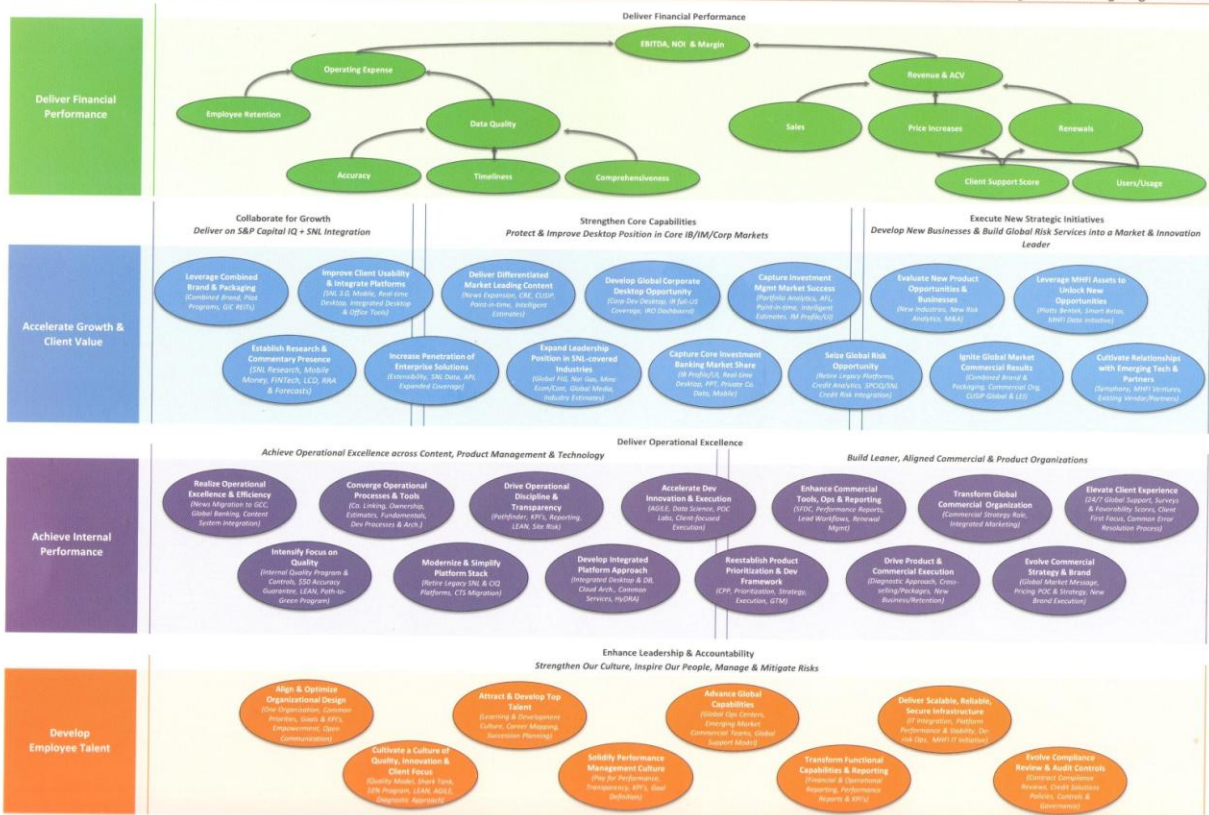
### 3.2.2 Communication

The devised strategy is broken down into departmental goals and budgets, which is further communicated to department heads. The departmental leaders are requests feedback from his respective managers on the new budget, prior to submission of amendments to proposed budgets to the higher management. Request to change of proposed budgets will need to be defended and relative to performance of prior year.

### 3.3 Individual Goals

Keeping in mind the company's strategy and their daily work flow individuals are being asked to prepare their goals. Once these goals are ready they are forwarded to the managers for the approval. Once these are approved, these are entered in the Workday. A sample goal document looks like following

| Incentive Component | | Objectives:<br>What are you trying to achieve? | Measurement Target:<br>What level of success will you achieve? | Goal Weight |
|---|---|---|---|---|
| Operational Excellence | Optimize Data Quality | Support department performance<br>a. Analyze errors received from support team for systemic data problems<br>b. Periodic review of department errors for systemic data trends | a) Identifying development work to improve tools and processes through new user stories addressing accuracy and efficiency issues<br>b) Identifying other processes / procedure changes that will improve accuracy and prevent errors outside of user stories (e.g. Daily queries, Excel macros, etc.) | 25% |
| | Optimize Data Quality | Improve Timeliness of Published Information | The success will be measured through comparison, timeliness of actual tasks Vs given goals. | 10% |
| | Adopt Agile Processes & Tools (Scrum, eXtreme Prog., TFS Task System) | Maintenance of Content Maintenance List, contribute in projects, deficiencies and productivity initiative | a) Support and prioritize audits,<br>b) Assign CMIs to specific groups for execution.<br>c) Execute on CMIs where technical expertise is required.<br>d) Maintain CMIs on Sharepoint site. Create the necessary specs for user stories when required, to eliminate unnecessary ambiguity and questioning from developers in regards to necessary functionality.<br>e) Thoroughly verify results of CMIs.<br>f) Complete/coordinate user acceptance testing when needed.<br>g) The success will be measured based on performance on each tasks/project as against estimated timeline along with overall contribution from global offices. | 15% |
| Achieve Process Maturity/Continuous Process Improvement | Internal Perspective | Learn Market Data Processes & Systems | a) Participate in training sessions with Sr Systems Analyst.<br>b) Work with other Systems Analysts and MDM team.<br>c) Support daily processing. Troubleshoot issues, etc.<br>d) The expectations is to become an expert in the IO data set | 25% |
| | Internal Perspective | Learn Market Data Processes & Systems | a) MDM Splits Processing Improvement Project<br>b) MDM Ancillary Data Processing Improvements, which includes Dup Deletions/Short Interest/et al.<br>c) Support major initiatives including MEG, AFIG, EINS. | 25% |
| | | | | 100% |

It's ensured that each of the performance objectives are clearly defined and quantified, if possible. For instance, for a contributing analyst, the goals would include; number of jobs to be completed, maximum numbers of errors allowed, number of training completed and number of data audits to be completed.

## 3.4  Appraisal

### 3.4.1  Frequency

Formal appraisals for employees are conducted either semi-annually or quarterly. Appraisal frequency is consistent by position and is determined based on job duties and responsibilities. Positions that are sensitive and closely related to core business functions are appraised more frequently (quarterly).

### 3.4.2  Tools

Goals once communicated are incorporated into Workday application. The Workday tool allows the user to see their goals and objectives during the period of appraisal.

Workday is a web-based ERP software vendor that specializes in human capital management and financial management applications.

Workday provides management with a way to oversee employee data, time tracking, procurement, expense management and financial accounting. The company has been applauded for the way it's put an emphasis on usability, providing customers with integrated modules for human

## 3.5 Appraisal Method

SNL is not using one method for appraisal, it using a mixture of two different methods. Following are the two methods SNL is using

### 3.5.1 Rating Scale

It's one of the most used and famous method. The rating scales method is a performance appraisal method that rates employees according to defined factors. Using this approach, evaluators record their judgments about performance on a scale. The scale SNL is using is 1-4 (4- Exceptional, 3 – Strong, 2 – Inconsistent, 1- Does not meet expectation)

One reason for the popularity of the rating scales method is its simplicity, which permits quick evaluations of many employees. When you quantify the ratings, the method facilitates comparison of employees' performances. The factors chosen for evaluation are typically of two types: job-related and personal characteristics.

Job-related factors include quality (less errors), Timeliness and quantity of work, whereas personal factors include such behaviors as interpersonal skills and traits, like adaptability, Team work, Communication. The rater (evaluator) completes the form by indicating the degree of each factor that is most descriptive of the employee and his or her performance.

### 3.5.2  360 Degree Peers Feedback

The 360-degree feedback evaluation method is a popular performance appraisal method that involves evaluation input from multiple levels within the firm as well as external sources. The 360-degree method is unlike traditional performance reviews, which provide employees with feedback only from supervisors.

In this method, people all around the rated employee may provide ratings, including senior managers, the employee himself or herself, supervisors, subordinates, peers, team members, and internal or external customers.

As many as 90 percent of Fortune 500 companies use some form of 360-degree feedback for either employee evaluation or development. Many companies use results from 360-degree programs not only for conventional applications but also for succession planning, training, and professional development.

### 3.5.3  Division

As of today SNL is dividing appraisal into two categories a) Objective–Based on defined goals b) Subject which is based on companies defined competencies. As of today company has following nine competencies. Every competencies has few of the base points using those employee can rate themselves

1.  **Achieving Results**

    - Ability to deliver the required objectives for the role (goals, targets and assigned projects)
    - Identifies risks and obstacles and communicates to senior team members
    - Ability to complete assigned projects
    - Participates and completes all training sessions and exercises necessary for your career development

2.  **Collaboration**

    - Good at working with other team members and crafting a project plan to take to management

- Ability to work productively in a team
- Understands the value of continuous feedback
- Works toward common goals by supporting, encouraging, and sharing information with colleagues Demonstrates energy and enthusiasm for working with others from a wide variety of backgrounds, cultures, etc

3. **Communication**

- Capable of providing a cohesive update on project status to their respective team
- Ability to conduct a presentation to a small group of peers who are familiar with the subject
- Tests for clarity; knows when to ask for help and assistance
- Ability to speak and write effectively for given responsibilities and assignments
- Understands when and how to escalate important issues
- Demonstrates good listening and comprehension skills when interacting with other employees around the globe

4. **Innovation**

- Pursues improvement in quality and efficiency
- Identifies solutions or creative options to address problem areas

5. **Leadership**

- Demonstrates self-motivation
- Assists newer members of the team
- Ability to gain consensus from the team

6. **Organization**

- Employs time management and multi-tasking skills to complete given priorities on schedule
- Ability to identify risks associated with completing work on schedule
- Demonstrates an understanding of the importance of meeting established deadlines
- Ability to adapt workflow based on changing priorities

7. **Ownership**

- Holds self-accountable for reaching key performance goals

- Shows a willingness to take personal responsibility in supporting the team goals
- Takes responsibility for own mistakes, and for correcting them
- Takes initiative to explore possible solutions even when the answer is ambiguous

## 8. Professionalism

- Treats managers and peers with respect and helps the manager in maintaining a cordial atmosphere in the team
- Remains calm in the face of unexpected problems and deals constructively with frustration and disappointment
- Willingness to be flexible and adapt to change
- Personally adheres to SNL's Core Values when interacting with internal and external business contacts
- Adheres to SNL's policies and procedures

## 9. Technical/Domain Knowledge

- Demonstrates an aptitude and interest in learning
- Ability to apply problem solving concepts from one situation to another
- Basic knowledge of SNL processes and procedures

## 3.6 Appraisal Process

### 3.6.1 Initiation

A communication is rolled out throughout the organization informing everyone about the latest review cycle. This email has all the necessary details in it i.e. starting date when employees can start writing the appraisal, what is the deadline for the employees, what is the deadline for the managers, date on which president will sign the process, when managers will start meeting with employees and lastly when employees have to sign off the appraisal.

### 3.6.2 Self-Appraisal by Employee

By the end of the period, employees are requested to submit their performance appraisal. During this period, employees appraise themselves on the given set of goal

and objectives assigning rating to each set of goals and competencies. A sample of review form is shown below

**Employee Overall Evaluation**

| | |
|---|---|
| Calculated Rating: | 3.35 |
| Rating: | 3 - Strong |
| Comment: | Over this was a tough half for the team as senior analyst Paul left and errors have increased a bit. So the situation demand me to step up and work on most of the tasks of Paul. I have been looking after those tasks since then and If you ask my opinion I am doing job well , not as good as Paul was doing but I'm trying to reach the level of high standard set by Paul. During this time I worked alone on different CMI , looked into the daily issues which we totally new and entered user stories / request which needed extensive research. Some of these issues and stories were related to AFIG , MEG and GFIG which needs to be done in urgency. Till now I have been doing all these in define deadlines. |
| | Still there is a lot to learn departure of Paul automatically declared pricing as my main area of concerned since I am getting better on this day by day my next target is to get equally good on IO data so that I can be more beneficial to team. |

## Goals

**Improve Timeliness of Published Information**

Improve Timeliness of Published Information

The success will be measured through comparison, timeliness of actual tasks Vs given goals.

| | | | | |
|---|---|---|---|---|
| Due Date: | Dec 31, 2013 | Status: | | Completion Date: |
| Category: | | | | |
| Supports: | FP: Timeliness | | | |
| Weight: | 10 | | | |
| Notes: | | | | |

**Manager Evaluation**
Rating:   4.0 - Exceptional

System analyst is not as such involved in daily workflow but the expectations from him was to make it sure that he resolve all daily work flow issues raised in Pak office, but apart from his own daily work he also took care of daily analyst task as well. In analyst's absence, he took care of almost all the daily task. Since we have

**Employee Evaluation**
Rating:   3.5

I have been assigned different normal routine tasks in this period i.e. EOD Asia , Cusip Comparison , IPO review and to update different Keyindices manually. Additionally In the absence of night shift Analysts I have been taking care of IO related tasks which includes Daily IO process , Winvick running , IO aggregates etc. I have been

The process also incorporates essay method, where the individual details his accomplishments of goals and objectives by listing the critical incidents over the period. He describes the situation and elaborates his performance objective and how he/she achieved his goals through the necessary and appropriate means.

### 3.6.3   Peers Feedback

The appraisal process at SNL also incorporates 360-degree feedback as you are also required to request feedback from peers across the organization, give feedback regarding you manager. These peers are selected by a prior approval from your manager, and represent individuals that you have worked with over the period and could give feedback regarding your competencies and overall approach towards achievement of mutual or organizational objectives. The Workday tool directly forwards the peer response to your manager only. For illustration of how this information is available at the manager's end in the workday tool, please refer to following

Get Feedback

28 items

| | From | Feedback | Question | Date |
|---|---|---|---|---|
| 🔍 | Zach Fox | Teamwork. Zuhaib is always a pleasure to work with. He is always willing to help out with my numerous requests that fall outside of what our Research team is generally asked to do. He tackles these tasks with vigor even if he won't get a byline on the piece. Further, he does this extra work accurately and promptly. | What competency do you think this person is strongest in and why? | 01/09/2016 |
| 🔍 | Robert Clark | Ownership. There have been times when perhaps Zuhaib has taken on too many tasks, and some important projects, such as Top 50 banks, get delayed. Timelines is critical for some of these recurring articles that our clients expect each quarter. At times, Zuhaib also makes a few too many careless mistakes. Planning ahead when you know you are going to be juggling several projects at once would help. Outlines might also contribute to writing stories quicker. | What competency do you think this person has the most room for improvement in and why? | 01/08/2016 |
| 🔍 | Robert Clark | I would go with teamwork. Zuhaib works on many different projects. He was the lead analyst on more DDs than any other team member. He also contributes with 1st reviews and media requests. Before his three week vacation in November, he put in long hours preparing charts and training Razi for future pulls. And when he came back, he wasted no time getting back into the mix.

I think Zuhaib industry knowledge is vastly improved over the last couple of years. He has acquired extensive knowledge about TARP, failed banks, branch and M&A data, as well as most of our data sets. He has also improved as a writer. | What competency do you think this person is strongest in and why? | 01/08/2016 |
| 🔍 | Syed | He could probably work further on his leadership competency. He has the experience under his belt to step up as a leader and he just needs to motivate himself to rise to that position. He's done well in assisting newer members of the team and is always available for help. Given the opportunity and encouragement, I think he can significantly improve his leadership skills. | What competency do you think this person has the most room for improvement in and why? | 01/07/2016 |

### 3.6.4  Managers Evaluation

Once Manager sees that employee has completed his evaluation and he has received the feedback from peers, he starts to write down his feedback. He reviews employees input, his peers feedback and goals assigned to that particular person and then accordingly give the feedback as well as rating to the employee. A sample of manager's review form is shown below

**Manager Overall Evaluation**

| | |
|---|---|
| Calculated Rating: | 3.35 |
| Rating: | 4 - Exceptional |
| Comment: | He has improved a lot during last couple of months especially after Paul's departure, he took over things really well. It was an opportunity to grab things faster and you did really well. You now understands the dataset and also working on some of the projects independently. May need to work towards mastering MDM processes plus EIS is one of the areas where we need you to concentrate more. We want you to help us identify error trends and curb those errors as well. |

**Employee Overall Evaluation**

| | |
|---|---|
| Calculated Rating: | 3.35 |
| Rating: | 3 - Strong |
| Comment: | Overall this was a tough half for the team as senior analyst Paul left and errors have increased a bit. So the situation demand me to step up and work on most of the tasks of Paul. I have been looking after those tasks since then and If you ask my opinion I am doing job well , not as good as Paul was doing but I am trying to reach the level of high standard set by Paul. During this time I worked alone on different CMI , looked into the daily issues which we totally new and entered user stories / request which needed extensive research. Some of these issues and stories were related to AFIG , MEG and GFIG which needs to be done in urgency. Till now I have been doing all these in define deadlines. <br><br> Still there is a lot to learn departure of Paul automatically declared pricing as my main area of concerned since I am getting better on this day by day my next target is to get equally good on IO data so that I can be more beneficial to team. |

## Goals

### Improve Timeliness of Published Information

Improve Timeliness of Published Information

The success will be measured through comparison, timeliness of actual tasks Vs given goals.

| | | | |
|---|---|---|---|
| Due Date: | Dec 31, 2013 | Status: | Completion Date: |
| Category: | | | |
| Supports: | FP: Timeliness | | |
| Weight: | 10 | | |
| Notes: | | | |

| Manager Evaluation | Employee Evaluation |
|---|---|
| Rating: 4.0 - Exceptional | Rating: 3.5 |
| System analyst is not as such involved in daily workflow but the expectations from him was to make it sure that he resolve all daily work flow issues raised in Pak office, but apart from his own daily work he also took care of daily analyst task as well. In analyst's absence, he took care of almost all the daily task. Since we have | I have been assigned different normal routine tasks in this period i.e. EOD Asia , Cusip Comparison , IPO review and to update different Keyindices manually. Additionally In the absence of night shift Analysts I have been taking care of IO related tasks which includes Daily IO process , Winvick running , IO aggregates etc. I have been |

He also rates his employees based on his work and his peers work. SNL is using following rating scale for rating its employee

## RATINGS SCALE

| 4 = Exceptional | 3 = Strong | 2 = Inconsistent | 1 = Does Not Meet Expectations |
|---|---|---|---|
| • Consistently delivered results and frequently surpassed aggressive and ambitious goals in comparison to peer group<br>• A minimal amount of direction/oversight was required to achieve result<br>• Demonstrated superior competency proficiency in most if not all areas in comparison to peers. | • Consistently delivered results and may have exceeded some targets required by the role and in comparison to peer group<br>• Required an appropriate amount of direction and oversight in order to achieve results<br>• Demonstrated strong competency proficiency in most areas in comparison to peers | • Met results in some areas but did not consistently deliver results in line with expectations for the role and in comparison to peer group<br>• Competency proficiency may not be consistent in critical areas for the role or may fall below peers<br>• Required a higher than expected level of direction and oversight in order to achieve results | • Did not deliver results in-line with expectations<br>• Required a high level of direction in order to achieve results<br>• Behavior-based competencies are not at the proficiency level required for the role |

### 3.6.5 Appraisal Meeting

Once Company's president approves a review period, all the managers are notified by the HR that they can start having appraisal meeting with their employees. In this meeting managers discuss all the feedback given to the employee by him and his peers (without taking any particular names). They go on and discuss each and every point and in case employee sees a big difference in his rating then he can ask discuss that with the managers too.

### 3.6.6 Employees Sign off

This is the last step of the review cycle. Once manager has the meeting with employee, a task is generated for the employees. He needs to give his sign off after the meeting with his managers. He can input his observations here in case he is not satisfied with his rating and did not get any satisfactory answers in the meeting. In this case anyone from the higher management will reach out to him and will solve all his concerns.

# 4 Gap Analysis and Recommendations

GAP analysis determines what aspects are lacking in the current processes in comparison to the best industry practices. My reason for selection of Gap analysis is that it is more organic, flexible and offers much more freedom in choosing what to focus on.

In gap analysis, we list the characteristics of the most effective performance management system and compare it with the current performance management at SNL. Identifying a list of problems in the current system to fill out the gap between these two.

During the process of assessing the effectiveness current performance management system. I focused on not understanding the current process but also incorporating the difference between what is stated in the policy compared to what is practiced. It also included my conversation regarding the performance management system and how it was perceived by other individuals in my departed to help me to assess and collect feedback regarding every stage of the process.

## 4.1 Recommendations

To get a better idea about the current process and the issues people facing with the process, I did a small survey from people of different departments. This helped me in understanding the issues they are facing and their suggestions definitely helped me come with the recommendations. Following is a snapshot of the survey

# HR Survey Form - SNL

*Required

**Your Name** *

[                    ]

**Your Department** *

[                    ]

**How long have you been with SNL Pakistan** *

[                    ]

**Have you participated in any Performance Review yet ?** *

○ Yes

○ No

**If yes, were you satisfied with overall process ?** *

☐ Yes

☐ No

**Are you satisfied with overall procedure ? Do you have any suggestion for HR** *

[                    ]

**How would you rate SNL Pakistan Performance process** *

☐ Excellent

☐ Good

☐ Average

☐ Needs Improvement

**Submit**

*Never submit passwords through Google Forms.*

100%: You made it.

Based on comments from survey and my own observations following are my recommendations

### 4.1.1  Use of Balanced Scored Card at root level

The Balanced Scorecard (BSC) is a strategy performance management tool - a semi-standard structured report, supported by design methods and automation tools that can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions.

While the company is using balanced score card approach in its strategy formulation, there is a need that this is applied at the bottom level as well. Goals of the analyst should be set by aligning to company's overall strategy and should be divided into four categories

1. The customer's perspective
2. The internal business perspective.
3. The innovation and learning perspective
4. The financial perspective

Keeping in mind company's 2016 strategy maps and applying this approach to analyst goal following could be added

The customer's perspective from company's strategy is as following.



I have identified goals (highlighted above) which are related to Market Data Management. Following are the areas which needs to be focused in customer perspective

- To Focus on Client usability
- Leverage MHFI Assets to Unlock New Opportunities

The internal business perspective from company's strategy is as following.



I have identified goals (highlighted above) which are related to Market Data Management. Following are the areas which need to be focused in internal business perspective

- Realize Operational Excellence and Efficiency
- Intensify Focus on Quality
- Elevate Client Experience

The innovation and learning perspective from company's strategy is as following.



I have identified goals (highlighted above) which are related to Market Data Management. Following are the areas which needs to be focused in innovation and learning perspective

- Align and Optimize Organizational Design
- Attract and Develop Top Talent
- Transform Functional Capabilities and Reporting
- Evolve Compliance Review and Audit control

The financial perspective from company's strategy is as following.
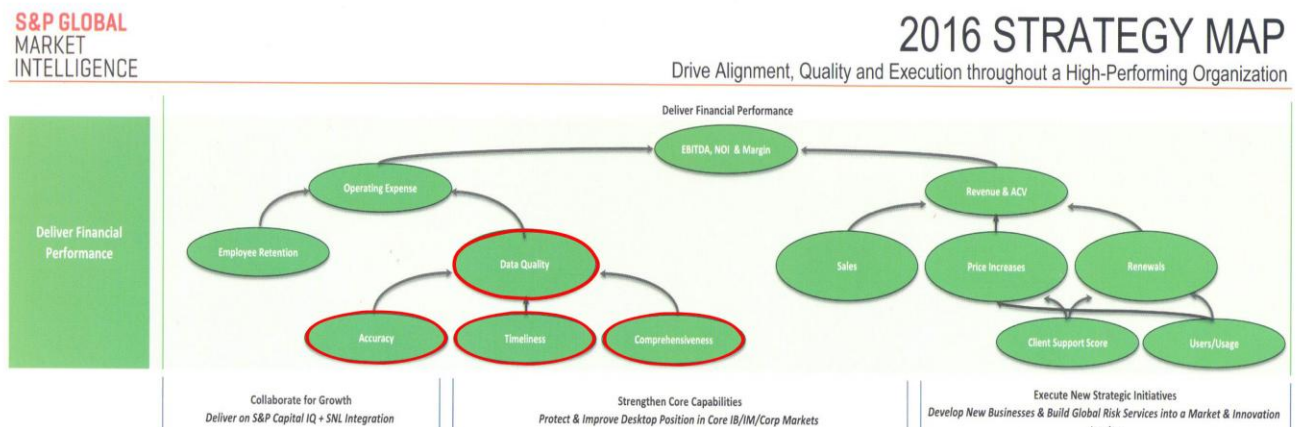


I have identified goals (highlighted above) which are related to Market Data Management.
Following are the areas which needs to be focused in financial perspective

- Focus on Data Quality – Minimum Errors
- Focus on Accuracy
- Focus on Timeliness
- Be Comprehensive

It's very important to align individual goals with organizational goals. The impact of having a Balanced Score Card approach will not only enhance individual but it will be beneficial for the organization as well.

### 4.1.2 Appraisal Meeting's Timings

Managers have developed this bad practice of having review meetings are very last day. Since manager is having it last day it does not give employee any time to review all the feedback managers have provided him and in case if he disagrees with anything he

cannot do anything as it's the last day and there is no way that the ratings or anything is going to be changed so he has to give his sign off willing, unwillingly.

### 4.1.3 Trained Appraiser

Although SNL has good appraisal evaluation system but like any other organizations, a common deficiency in appraisal systems is that the evaluators seldom receive training on how to conduct effective evaluations. Unless everyone evaluating performance receives training in the art of giving and receiving feedback, the process can lead to uncertainty and conflict.

The training should be an ongoing process in order to ensure accuracy and consistency. The training should cover how to rate employees and how to conduct appraisal interviews. Instructions should be rather detailed and the importance of making objective and unbiased ratings should be emphasized. An e-learning training module may serve to provide information for managers as needed.

### 4.1.4 Reduced Subjective Portion

Right now, the appraisal process is very length and it takes approximately 4-5 hours per analyst to complete a review. They have to write about nine competencies and some of those are interrelated hence they can be merged into one. This will make process less time consuming and redundant. We suggest following

- Collaboration and Organization to be merged as one competency
- Achieving results and Professionalism to be merged as one competency
- Ownership, Leadership and Innovation to be merged as one competency

This way number of competencies will be reduced to five which will take less time to fill.

### 4.1.5 Automation in rating process

There is a need to bring automation in the step where managers assign rating to all the individuals. Right now, he is entering the rating manually. The rating system SNL is using is systematic curve (the bell curve) so the rating should be generated by the

system not manually to avoid favoritism. Since its relative and not clear so people often claim that manager is being unfair.

### 4.1.6  360 Peer Feedback process

This is an effective feedback tool but it adds complexity at the same time. The tool may be limited to middle management to top management performance evaluation. Application at functional levels may have implication on individual relationships in future. It would impact the team collaboration culture. Self-evaluation, manager feedback and internal customer feedback will help to get the ultimate objective.

Feedback from internal customers/stakeholders must be about specific behaviors not on functional goals/objective. Similarly feedback to immediate line/manager/leader should cover only behaviors.

It is also observed that individuals with a stronger bonding may provide biased opinion about his co-worker leading to ineffective appraisal. This should be avoided by re-iteration of the importance of providing accurate feedback and if possible noting critical incidents to ensure clarity and transparency.

### 4.1.7  Performance Evaluation Frequency

Critical positions performance evaluation frequency should not be less than quarterly, rest of organization can continue with bi-annually at least. In appraisal performance, the only focus is on functional evaluation but not taking individual potential into account for future assignment/succession planning. An employee could be a high performer with latent potential but organization needs to design his career development path not merely based on his performance but his overall potential as-well.

### 4.1.8  Succession Planning

Currently, the company and the process is only emphasizing on the achievement of year's goal without keeping in mind the importance of employee development. This is creating a huge gap of talent pool for future. People often get frustrated and leave. Company has learning and development as one of its core value but it is not emphasizing on it. They need to put more focus on learning and development as well

as succession planning as business is progressing and there will be need of new talent pool in the local leadership.

To emphasize more on this the company should add Learning and Development as a goal in all the individual career plan. Making it a part of their yearly goal will certainly help them focus more on it.

# 5 Conclusion

The basic purpose of a performance appraisal system is to improve performance of individuals, teams, and the entire organization. The system may also serve to assist in making administrative decisions concerning pay increases, promotions, transfers, or terminations. In addition, the appraisal system must be legally defensible. Although a perfect system does not exist, every system should possess certain characteristics. Organizations should seek an accurate assessment of performance that permits the development of a plan to improve individual and group performance. The system must honestly inform people of how they stand with the organization.

In this project we have studied that what are the best practices of a good performance management system and then used that knowledge on SNL to get an idea about performance management system of SNL. We have found out that some of the practices are very good i.e. getting 360 peer feedback, having a Bi yearly process, using a software (Workday) for performance reviews and having a mixture of two of the most commonly used methods (Ratings & 360 Peer Feedback). This makes SNL's performance systems one of the best among top companies.

There are some areas where SNL still needs to work on. We have identified those areas in our gap analysis and has recommended those. To recap following are the recommendations

- Use of Balanced Score card to align individual goals with Organizational goals.
- Manager to have appraisal meeting few days before the deadline so that analysts can have ample time to review it.
- Managers to have proper training on how to handle performance reviews effectively
- Currently, there are nine competencies which are too much. These nine can be combined and reduced to five.
- Bring in the automation to avoid favoritism in creating the bell curve.
- It has been observed that due to relative grading people often don't give positive feedback to peers so its recommended that this process to be used on subjective portion only.
- Keeping in mind the future growth of the company managers to more focus on succession planning rather than just focusing on short term goals and objective.
- Positions which are very critical to be reviewed on quarterly basis rather than Bi yearly basis.

Using all these recommendation, not only SNL can make the process more efficient but they can also increase the satisfaction rate of the process. Currently, a major part of the community is concerned about the process and they want company to make it simpler and time efficient.

# 6 References

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