

Quick Briefing Guide

Post Office Financial & Travel Services reduced its appraisal costs by 50% in the first year – How did they do this?

Formed in April 2009, Post Office Financial & Travel Services (aka POFTS) is an integrated team that brings together two joint ventures between the UK Post Office and the Bank of Ireland. They are:

- First Rate Exchange Services (aka FRES, our travel money business)
- Post Office Financial Services (aka POFS, our financial services business)

Background

In the past both companies ran paper-based bi-annual appraisal system. This was a highly administrative task both centrally with HR and for each individual Manager and Direct Report. The cost of doing the paper-based appraisal was estimated to cost £8k to central HR alone and to the organisation – based on hours to complete – was circa £35k.

Through our engagement survey we also identified a perception that objectives were not being captured and through our quality control processes that there was a lack of consistency in approach across our Management population in providing clear and consistent development feedback and that while paper based personal development plans (PDP's) were in place, these plans were not being communicated to employees.

We decided that rather than trying to force a further top down approach, we would develop a bottom up 'online' approach which would create ownership and / or pressure for cascade to occur.

Objectives of project

1. Develop, an on line performance management system (iPlan) which enables:
 - a. employees to have the ability to input and update objectives to suit the business (rather than a performance management activity during appraisals) with managers having the ability to approve/reject and monitor/comment on progress throughout the year.
 - b. data to be imported over to the end of year review, saving both employee and manager time in trying to remember and capture data for a full 12 month period.
 - c. PDP to be recorded along with the facility to regularly update progress
2. Develop a Management Reporting System that allows the company to check objectives and appraisal status and if required for regulatory bodies to check that the company had taken steps to manage and report performance of its people. Compliance within financial services industries is a significant matter.

Summary of Project Team and roles and responsibilities

The Head of Learning & Development led a test team of 5 team from across the business (representatives from field sales programmes, IT and HR). The leader worked closely with account manager from PSP Group (www.psp-group.co.uk).

External Support

We researched the market for potential solutions but could only find applications that were expensive or offered partial solutions or were extremely complex in design or limiting in allowing customisation. We needed a system that was not only simple and easy to use but also one that would be quickly accepted by everyone. We worked with the external provider, PS Group, to design a system later called iPlan.

Timescales

iPlan was implemented in stages over an 18/24 month period.

Stage 1 (by Sept '07)

An online version of the appraisal form for the Mid Year Review was developed. Data submitted by the manager and direct report was collated by the system into one document for joint discussion.

Stage 2 (by March '08)

A similar approach was adopted for end of Year review and calculate overall scores thus reducing errors and improved accuracy.

Stage 3 (by Sept '08)

Once deployed and tested, the system was extended to allow entry and updates to Objectives anytime during the year.

Stage 4 (by March '09)

Full system in place for end of year review with all data on Objectives (inc updates) being imported over to review

Stage 5 (by March '10)

System launched to the new integrated business POFS Sept '09. Completion March '10

iPlan is now a business as usual tool coming up to its fifth year.

Barriers experienced and overcome

1. Resistance to change from those that preferred the traditional paper-based system.

The shift to an online tool required significant internal marketing and a carefully executed change management programme to support its integration. This included meeting with Managers, securing sponsorship from influential Head of Departments, mandatory workshops, one-to-one meetings, email shots, announcements on the Intranet and magazine to keep all up to date with the launch. This was backed up by Office-based Help Desk support and a technical Help Desk run by PSP Group.

2. IT against having to maintain a system

To overcome potential issues from IT, having consulted with them we decided to use an external, secure, hosted solution with 99% uptime and planned maintenance to ensure near 100% access to the system. IT requested that only POFTS employees could access the system.

3. Perceived changes to the appraisal system again

We felt that in order for it to be accepted across the business that whatever was proposed it should replicate the manual process as much as possible i.e. *identical in principles and process to the paper version.*

Key Outcomes

iPlan has enabled POFTS to move significantly from a paper-based appraisal organisation with appraisal twice a year to a 'real time' performance management business that can update and adapt to the business environment when it chooses.

1. Overall iPlan has created substantial business efficiency (estimated reduction in hours to complete of over 50%). This functionality created sufficient ROI on its own to justify the development cost of £60k spread over 2 financial years. We estimate the cost saving to be circa £21,500 per annum – based on business efficiency alone.
2. By December 2008 all (100%) employees had written objectives and following the integration in 2009 this was 95% by 3/10. The next stage is to look at helping people write SMARTer objectives.

3. The results from the post appraisal survey 2009 highlighted that the product was viewed as highly effective by users and management:
 - o 81% rated the system as having met their needs (89% in 2010)
 - o 73% felt the process delivered detailed manager comments (61% in 2010)
 - o 61% felt they saved time in completing the appraisal – specifically 19% stating it saved between 1 – 4 days and 30% from 1 to 4 hours.
 - o Unsolicited comments *“Easy to use..... straightforward and stress free..... very simple”*.
4. Completion rates: the engagement survey indicated a significant improvement in perception of **PDPs** – a shift of 10% from 74% to 84%. In particular, **faster completion rates** (94%) were noted for the completion of the annual review in April 2009 with no extension period (those few who failed to meet the deadline submitted their partially completed paperwork so that we had a 98% completion of the annual review) unlike in previous years when the administrative function of collecting back reports was immense and in 2010 this figure was 96%.
5. iPlan has also benefited the business in that employees can update their objectives at any time. We are also able to make personal responsibility tangible for everyone: individuals for their work and personal development, management for their support and encouragement of their direct reports and HR as a support function, with access to real time and accurate reporting.
6. There is also significant benefit from improvement in compliance – which creates an absence of potential management or regulatory issues – and in reputation for HR as a cutting edge function.

More information

For a demonstration and to find out more, please contact PSP Group on 01865 893220 or email info@psp-group.co.uk.