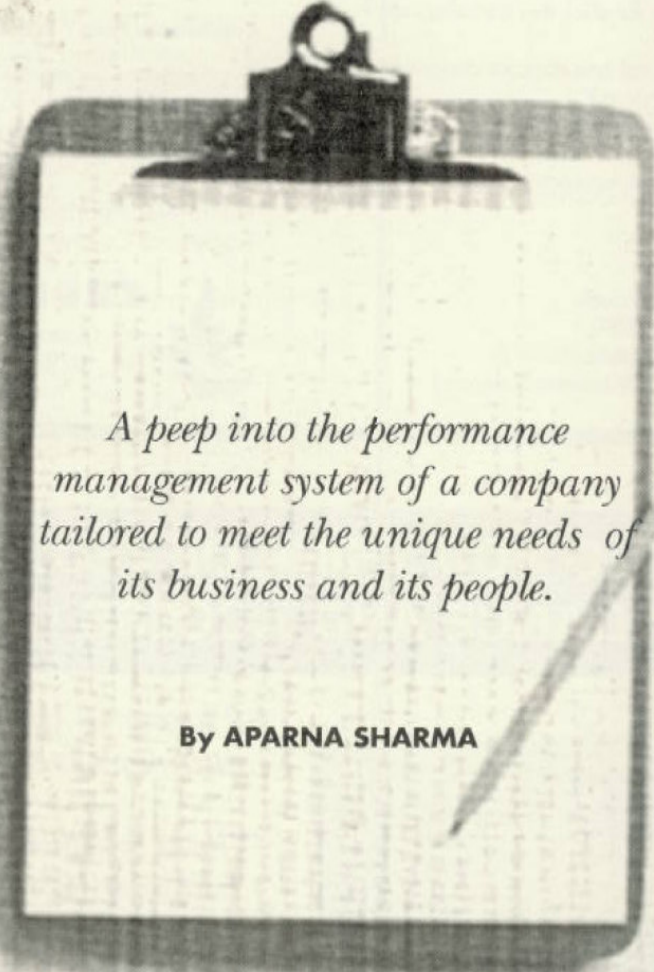


*performance*  

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*management*



*A peep into the performance  
management system of a company  
tailored to meet the unique needs of  
its business and its people.*

**By APARNA SHARMA**

**SHARED GAINS**  
**the writing on the wall**

Monsanto is a creative, innovative learning organization. This may seem to be a blanket statement to begin with. Hence it is critical to understand various businesses and functions of Monsanto. At the same time it is also critical to understand the change processes that Monsanto has been through in the last few years to gain an understating as to how our system has come about.

In 1994, Monsanto stood as a 100 – year organization, with various businesses ranging from food additives like saccharin, chemicals, pharmaceuticals and biotechnology. Similar to any large organizations, it was extremely diversified and monolithic in structure. In 1995, the organization under our CEO, Bob Shapiro, realized the danger of such an unfocused existence. In a radical break from the past, Bob along with the entire organization re-looked at Monsanto as it stood then and charted out a course which would lead Monsanto clearly into the next millennium. This course was that of life sciences, and it encompassed three areas – pharma, nutrition and food.

The new vision of Monsanto today is to help the world and its people by:

- ❖ Creating more and better food
- ❖ Living longer and healthier lives
- ❖ Creating a better and sustainable environment

In the pursuit of our life sciences vision, Monsanto spun off it's chemical business into a new company called "Solutia". Today Monsanto has three main thrust areas, which are the agricultural business where we are

producers of herbicides and genetically engineered seeds, which are disease and pest resistant. With the help of our products we are able to improve agricultural outputs from 20% to 60%. We are also into nutrition and consumer food additives such as sweeteners. We are also into the pharmaceutical sector with drugs for cancer and arthritis. All these are strategically linked into our life sciences vision.

One main realization of our life sciences vision is the need to re-develop and re-orient our processes, systems and structures. Thus, in all essence one can call Monsanto a re-born 100 year old. It feels as if we've just got started.

Our performance management system called DPR (development, performance and rewards) is a direct result of this new vision. The name itself suggests a strong linkage between all the elements of development, performance and reward. DPR was introduced in 1998 and we believe it to be a part of the progressive culture of our growing company.

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Our performance management system is a direct result of this new vision and links all the elements of development, performance and reward...we believe it to be a part of the progressive culture of our growing company.

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What is worth noting about the system is that it got a kick- start all over Monsanto at the same time and it is a uniform system followed globally.

We consider DPR different from conventional appraisal systems because of few simple reasons.

Monsanto has visioned itself to be the pioneer life sciences organization. The very nature of our commitment i.e. to utilize scarce resource better, to create a sustainable environment radically different from what we have today requires a total paradigm shift in thought and business processes.

Monsanto itself is different and can no longer rely on traditional methods and bureaucracies to survive the future it envisions. We are a leaner; team oriented, networked organization with no hierarchies and inter linked businesses and vision. Thus, we are clearly different from our past and need a different system from then.

DPR is unlike any system ever made so far. It is not the traditional HR driven program replete with forms, scales and boxes. It is integral to the Company's vision and linked with its people directly. The HR role is not even that of a facilitator. This process puts Development and Rewards into the hands of the people themselves. By doing so, we are trying to achieve the great target of HR, to make itself redundant.

The people working for Monsanto are different. They are more motivated and challenged and need to control their destiny. They possess amazing capacity to progress and are willing to take up newer and tougher challenges. These people need a tool, which will enable them to be better and not limit their scope.

### **The DPR process**

**Goal setting and planning:** Goal setting is the first critical step in the process. The unit level goals are set at the start of the business cycle which are further translated into team goals for every team.

Based on the role, which is played by the person in the team and his/her job responsibilities, the "performance goals of the person are drafted out. The person also drafts out his development goals for the period, which is based on the future interests he has decided for himself and from the 360 degree feedback he has received in the past. The goals must be SMART.

The 'patterns of behavior' document for Monsanto employees (which lists down parameters for behavior, which are critical for Monsanto's business success) is used as a guide to draft both the performance goals as well as the developmental goals of the employee.

The goal document is drafted entirely by the employee himself and is presented to his manager. Based on the feedback received, the goal document is revised or modified and finally implemented.

Each employee also identifies a coach who will help him/her in achieving goals, which have been set out.

**Ongoing progress review and coaching:** During the performance period the individual, selected coaches and the manger informally discuss progress towards the goals stated. This performance review is the responsibility of the individual. Based on these reviews, necessary adjustments in behavior or goals are made and learning opportunities are discussed.

**Formal assessment and pay link:** Just before the formal assessment time, the individual must solicit non-anonymous feedback from two to six people (who are internal customers) on the goal set by the individual and his performance during the period. Collecting this feedback is again the



responsibility of the individual and not the manager or HR team.

Based on his performance and the feedback received, the individual prepares and submits a written summary of accomplishments and demonstrated learnings to the manager.

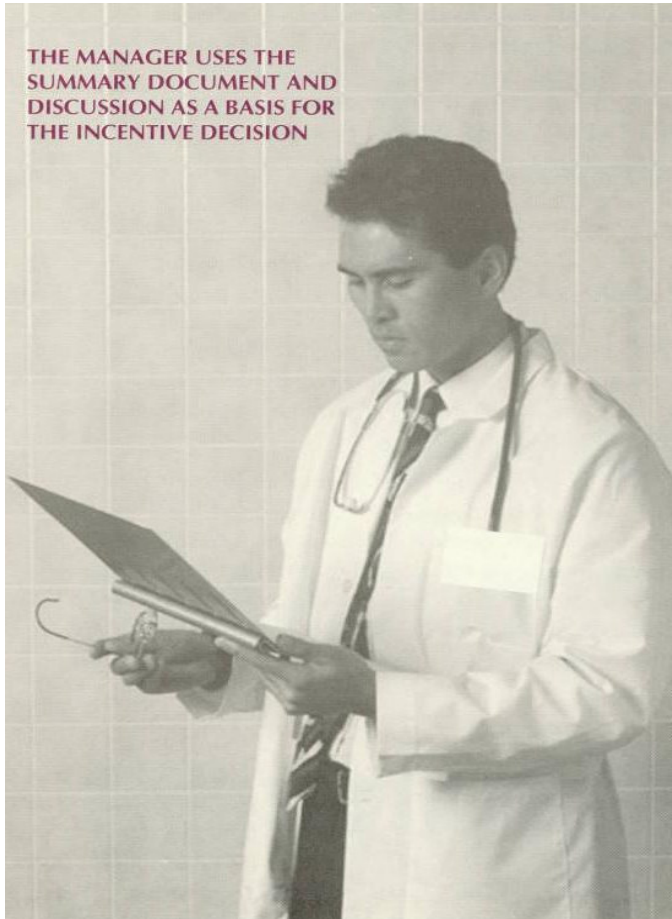
The manager uses the summary document and discussion as a basis for the incentive decision.

For individual contributors, it is suggested that 75% of the incentive be allocated to business performance and 25% for demonstrated learning.

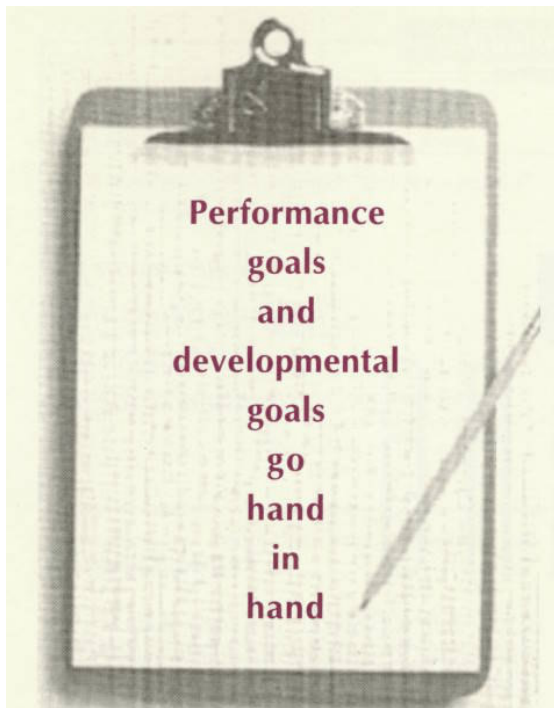
For managers, it is suggested that 50% be allocated to business performance and 50% to people development and demonstrated learning.

The key features of the system are:

- ❖ The individuals drive the entire process themselves. DPR is in their hand; they choose how to do it, when to do it. HR only supports them.
- ❖ People are responsible for their own development. Monsanto will provide resources and opportunities but initiative to develop must come from the people themselves.
- ❖ Rewards are not pure for what you DO but also HOW do you do it. Thus pure numerical goal achievement under DPR is not sufficient to gain the maximum reward.
- ❖ The length of performance cycle depends upon the natural timing of goals and work, rather than a default annual cycle.
- ❖ “Patterns of behavior” has been documented as traits essential for Monsanto’s business success.
- ❖ Feedback of internal customers is an inseparable part of the process.



The individual and his/her manager discuss accomplishments and demonstrated learnings in a formal meeting. They cover every area including goals achieved, patterns of behavior demonstrated. As a result of this conversation some changes may be made to the summary document which should be agreed to by both parties. The manager keeps the final summary document. In case there is no agreement between the manager and individual, then third party facilitation is solicited.



- ❖ 360 degree methodology can be utilized under DPR, however, it is not compulsory.
- ❖ There are no lengthy forms or complicated behavior oriented grading scales, yet the system does not lose its objectivity.
- ❖ Integration of demonstrated development, performance, results and competitive market determines a person's total compensation.
- ❖ Feedback from people becomes a major consideration for the system especially for improvement and development.
- ❖ The system has a common approach to goal setting and formal assessment yet offers complete flexibility.
- ❖ The system links performance and incentive compensation to business results.
- ❖ People managers (who have a number of employees under them) are also appraised on the development of their people. 25% of their incentive depends upon this objective.

We believe it is a unique system, well knit into the culture and philosophy of the company and is owned by all rather than the HR function.

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