

A GLOBAL TOOL - DPR

REWARDING PERFORMANCE AT MONSANTO

Monsanto in 1994 stood as a 100 year organization which had various businesses ranging from Food Additives (Like Saccharin), Chemicals, Pharmaceuticals & Biotechnology. Similar to any large Organization, we were extremely diversified & monolithic in structure. In 1995, the Organization under our CEO Bob Shapiro realized the danger of such an unfocussed existence. In a radical break from the past, Bob alongwith 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. (See diagram below)



As can be seen the vision of life sciences encompasses Pharma, Nutrition & Food. The new vision of Monsanto today is to help the World & its people by :

- ⇒ Creating more & better food
- ⇒ Living longer & healthier lives
- ⇒ Creating a better & sustainable environment

In the pursuit of the Life Sciences vision Monsanto spun off its 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 & genetically engineered Seeds which are disease & pest resistance. With the help of our products we are able to improve agricultural outputs from 20-60%. We are also into Nutrition & Consumer food additives such as sweeteners. You must be aware of our brand 'Equal' which is India's largest selling sweetener. We are also into the pharmaceutical sector with drugs for cancer and arthritis. However all these are strategically linked into our life sciences vision.

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

Our Appraisal system or DPR (Development, Performance & Rewards) is a direct result of this new vision. The name itself suggests a strong linkage between all the elements of Development, Performance & Reward. DPR was introduced in 1998 and we believe it to be a part of the progressive culture of our growing Company.

We consider DPR *different* from conventional appraisal systems because:

- Monsanto has visioned itself to be the pioneer Life Sciences Organization. The very nature of our commitment i.e. to utilize scarce resources better, to create a sustainable environment radically different from what we have today requires a total paradigm shift in thought & business processes.
- Monsanto itself is different and can no longer rely on traditional methods & bureaucracies to survive the future it envisions. We are a leaner, team oriented, networked organization with no hierarchies and inter-linked businesses and visions. Thus we are clearly different from before and need different systems from before.
- DPR is unlike any system ever made so far. It is not the traditional HR driven program replete with forms, scales & 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 & 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 & tougher challenges. These people need a tool which will enable them to be better and not limit their scope.

The DPR process

1. Goal setting & planing

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 *Developmental Goals* for the period which is based on the future interests he has decided for himself & from the 360 ° 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.

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 or guide him in achieving certain goals which have been set out.

2. Ongoing Progress Review & Coaching

During the performance period the individual, selected coaches & the Manager 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 & learning opportunities are discussed.

3. *Formal Assessment & 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 goals 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 & submits a written summary of accomplishments & demonstrated learnings to the Manager. This summary is approximately two pages.

The individual and his/her manager discuss accomplishments & 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 final summary document is kept by the Manager. In case there is no agreement between the Manager and Individual then third party facilitation is solicited.

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 & 25% for demonstrated learning.
- for Managers it is suggested that 50% be allocated to business performance & 50% to people development and demonstrated learning.

The key *features* that this system is based on is

- ◇ The entire process is driven by the Individuals 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 & opportunities but initiative to develop must come from the people themselves.
- ◇ Rewards are not pure for what you DO but also HOW you do it. Thus pure numerical goal achievement under DPR is not sufficient to gain the maximum reward.
- ◇ The length of performance cycle depends on the natural timing of goals & work, rather than a default annual cycle.
- ◇ A set of 'Patterns of Behavior' have been documented as traits essential for Monsanto's business success.
- ◇ Feedback of internal customers are an inseparable part of the process.
- ◇ The 360° 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 & the competitive market determines a person's total compensation.
- ◇ Feedback from people becomes a major consideration for the system especially for improvement & development.
- ◇ The system has a common approach to goal setting & formal assessment yet offers complete flexibility.
- ◇ The system links performance & incentive compensation to business results & development results.
- ◇ People Manager (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.

Please Note- This write-up has been written by Ms.Aparna Sharma ,Manager-HR at Monsanto (I),Mumbai.