



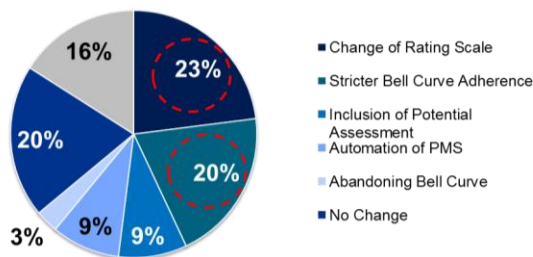
Managing Performance & Rewards for Top Performers

By Poonam Chopra

Managing Performance & Rewards for Top Performers talks about the current Performance management landscape which uses 'Bell Curve' based performance appraisal systems hurting 20% of the top performers in India.

Key Takeaways:

- Top Performers generate **67% more revenue** annually than average performers
- The top **5%** performers yield almost **one-third** of the organizational results
- It takes **2** average and **20** below average performers to deliver the same positive impact as that of **1** top performer
- High performers are **attracted to** organizations that pay for performance and recognize their contributions
- Low performers are **more likely to stay** with an employer when pay for performance relationships are weaker



Source: Aon Hewitt's Next Generation Practices Survey for Managing Performance & Rewards for Top Performers

The Current Performance management Landscape:

89% organizations continue to use 'Bell Curve' based performance appraisal systems, despite some of the most admired companies across the world abandoning it

80% organizations have made changes to their Performance management systems in the last 5 years

Is India Inc. bold enough in placing pay for performance bets on variable pay?

- **<2%** increase in variable pay as a percentage of Total Cost to Company (TCC) over the last decade (2003-13)
- Even as per estimates, Variable Pay as a percentage to Total Cost to Company by 2018 will increase by **<1%**
- Payout Opportunity on Variable Pay for Top Performers is **150%** of the payout received by average performers
- With an average salary of INR 500,000 and variable pay as a percentage of TCC being 14%, the difference between a top and an average performer is only **INR 2900 per month**

Is
**Pay for
Performance
losing its
meaning?**

It is Time (or is it?) to Revisit the Pay & Performance Curve!