

PMS RE-DESIGNED

A case study on re-designing the Performance Management System (PMS) to drive accountability and growth for an Automotive manufacturing company



BACKGROUND

The client, a leading automotive manufacturer, sought to fundamentally redesign its PMS to align with a renewed organizational vision following a period of significant business challenge. While leadership demonstrated readiness for cultural transformation, several structural and behavioral barriers persisted. The existing system lacked clear accountability mechanisms and suffered from inconsistent goal-setting practices. Conversations on performance and development were often avoided, undermining a culture of constructive feedback. KRA setting was largely viewed as a procedural, year-end exercise rather than a driver of performance. Further, analysis revealed a weak linkage between business outcomes and individual performance ratings.

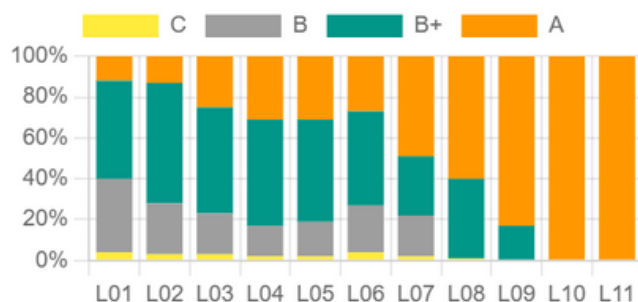
APPROACH

Talentonic was engaged to shift the PMS focus from simple evaluation to active management of performance. Our approach was structured in key phases:

- **Diagnostic:** A deep analysis through leadership & HR interviews, Focus Group Discussions (FGDs) with employees, and a thorough data diagnostic.
- **Benchmarking:** Studying industry trends and determining the organization's appetite for change.
- **Changing the Narrative:** Developing a high-level proposal and gaining alignment via leadership workshops.
- **Implementation:** A 20 point rollout plan including process changes, digitization, communication, and training for HR and people managers

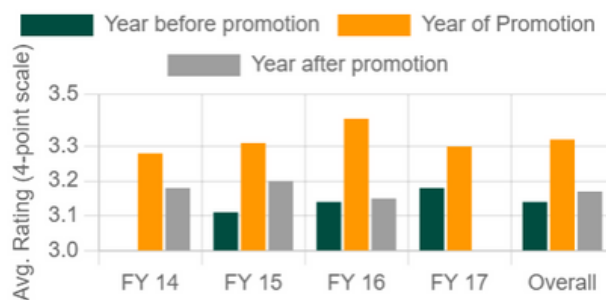
FINDINGS FROM THE DATA

Ratings Increased with Seniority



Junior levels (like L01) had a wide distribution of ratings, while 100% of senior levels (L10, L11) received 'A' ratings, suggesting weaker performance scrutiny at the top.

Promotion Decisions Influenced Ratings



Ratings were highest in an employee's year of promotion and showed a significant dip in the years immediately before and after, indicating that promotion decisions were influencing performance scores.

OUR RECOMMENDATIONS

A 20-point change plan was delivered, centered on "**Changing the Narrative**" from passive loyalty to active accountability. Some of the recommendations in that plan included:

- Align top leaders and cascade goals top-down with a focus on a maximum of 6 KRAs.
- Mandate monthly manager-employee reviews and log conversations in the system.
- Implement a 5-point rating scale with no mandatory bell curve.
- Introduce 360-degree assessments and a new leadership competency model.
- Install signature training programs on 'manager as a coach' and performance skills.
- Enforce 100% compliance with zero exceptions to build discipline.