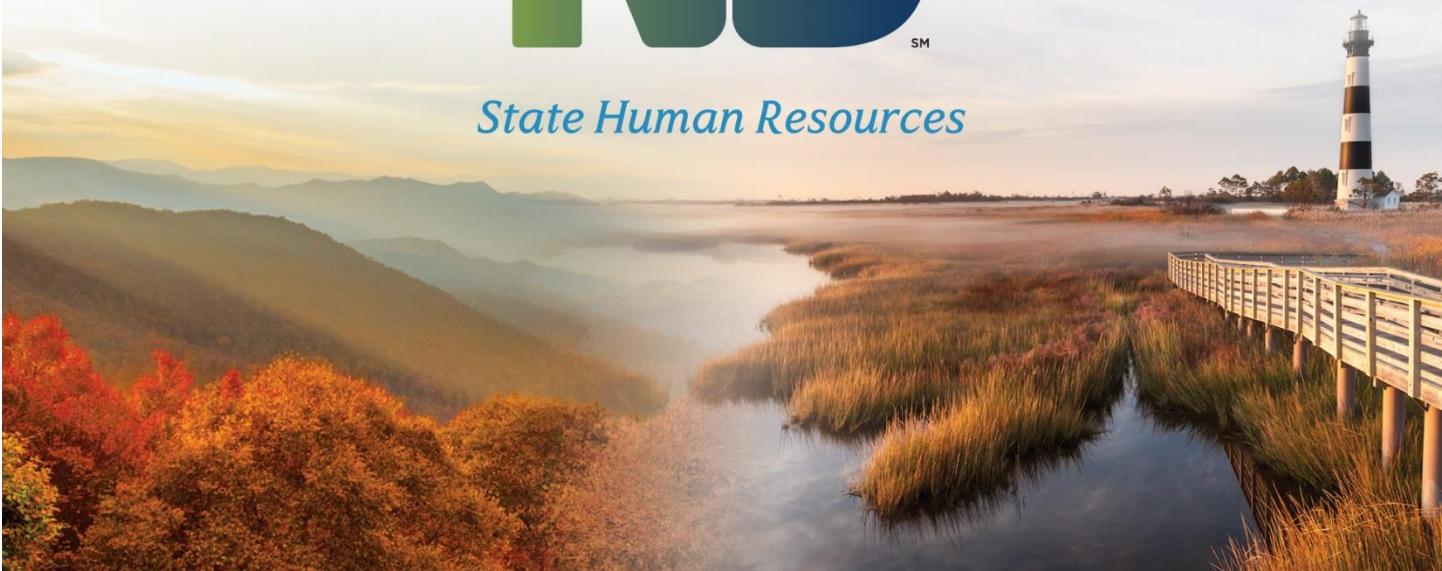




State Human Resources



**NASPE - Eugene H. Rooney, Jr. Award
Innovative State Human Resource Management Program**

PROGRAM

**Valuing Individual Performance (VIP)
Performance Management Program**

State of North Carolina



CONTACT

Paula Kukulinski
Talent Management Division Director
Office of State Human Resources
1333 Mail Service Center
Raleigh, NC 27699-1333
Phone: 919-733-2474
Fax: 919-733-8359
Email: paula.kukulinski@nc.gov

SUMMARY

North Carolina Valuing Individual Performance (NCVIP) is North Carolina government's statewide performance management (PM) program designed to provide a standard way of doing business through consistent PM practices and processes. NCVIP was formally implemented in July, 2015, although the state of North Carolina has been preparing for this implementation since late 2012. NCVIP unites all state agencies and universities under a common PM philosophy, policy, and process, including performance cycle and rating scale, and seeks to achieve the following objectives:

- Facilitate effective communication between employees and managers/supervisors;
- Ensure employees have a clear understanding of the performance expected of them and how their individual work contributes to achievement of the organizational mission;
- Ensure employees provide, as well as receive, input into the development of individual goals and ongoing information about how effectively they are performing relative to established goals;
- Identify and implement opportunities for employee development and discussion of career objectives; and
- Provide policy consistency.

Prior to the implementation of NCVIP, all state agencies and constituent institutions of the University of North Carolina had their own PM policies and processes, resulting in inconsistent, disjointed PM experiences for employees, as well as a host of other challenges (e.g., inconsistent expectations across state government agencies for employees in similar job classifications, such as Administrative Support Professionals). Likewise, in 2010, the North Carolina Office of State Auditor (OSA) conducted a performance audit of the Departments of Correction, Health and Human Services, and Transportation in state fiscal year 2008, revealing disappointing results. This audit found a lack of monitoring of performance management across the state, ineffective PM program administration in agencies, and excessive ratings inflation (e.g., 81% of state employees received "Outstanding" or "Very Good" ratings and less than 1% received "Unsatisfactory" ratings). These findings received negative attention in the local press, such as the Raleigh-based *News & Observer*. In short, taxpayer dollars were being wasted on ineffective and inefficient PM processes across North Carolina state government.

In an effort to address the recommendations of the OSA and most importantly, to provide meaningful, engaging PM experiences for state employees, NCVIP was developed through several cross-agency working groups focused on PM philosophy, policy, and process. Additionally, a cloud-based, software-as-a-service PM technology was procured to facilitate PM processes across state agencies. Since its formal implementation in July, 2015, the Office of State Human Resources (OSHR) has achieved noteworthy results and received positive feedback about the impact of NCVIP across state government.

The website for the North Carolina OSHR is oshr.nc.gov and the link to the North Carolina VIP Program is ncvip.nc.gov.

- 1. Please provide a brief description of this program.** North Carolina Valuing Individual Performance (NCVIP) is North Carolina government's statewide performance management (PM) program designed to provide a standard way of doing business through consistent PM practices and processes across state government. NCVIP unites all state agencies and universities under a common PM philosophy, policy, and process and reinforces the importance of viewing PM as an ongoing process rather than an event.
- 2. How long has this program been operational?** Although the development of NCVIP began in late 2012, the program was not formally implemented until July, 2015, when the NCVIP policy became effective and agencies in North Carolina state government gained access to the cloud-based PM technology tool during the Performance Planning process. The extensive effort invested in the development of NCVIP better ensured key stakeholders were engaged throughout the development process and could champion VIP in their agencies.
- 3. Why was this program created?** NCVIP was created to provide a standard way of doing business through consistent PM practices and processes across state government and to change the PM culture in state government to one in which goals are strategically aligned, performance results are monitored and measured, and employees are given input into the management of their performance and opportunities to further their development.
- 4. Why is this program a new and creative method?** While other private- and public-sector entities have developed and implemented similar PM programs, NCVIP represents a new and creative approach to PM in

North Carolina state government because it is a holistic initiative which integrates several key functional areas in its design and implementation. These areas include communication and branding, learning and development, information technology, and classification and compensation. Additionally, NCVIP represents a new approach to PM in North Carolina state government because it drives consistency in policy and business practices and reinforces the importance of employee engagement in the PM process.

5. What were the program's startup costs? During the first year of implementation, the primary startup costs associated with NCVIP fell into three categories: (1) technology, (2) process time, and (3) training time. In Fiscal Year 2014-2015, the Office of State Human Resources (OSHR) incurred the technology implementation cost of \$75,000, as well as the annual subscription fees of about \$300,000 to cover 75,000 users. During the first year of implementation, we estimated that increased time would be spent by employees and supervisors on the PM process and training, but this time will eventually decrease as employees and supervisors become more comfortable and familiar with NCVIP process and technology.

6. What are the program's operational costs? From a technology perspective, NCVIP costs \$4/user/year; thus, we anticipate \$300,000 in operational costs annually for access to the technology used to facilitate, monitor, and report on PM.

7. How is this program funded? Funding for the technology is included in OSHR's budget.

8. Did this program originate in your state? Other public-sector entities have developed and implemented similar PM programs; however, the specific NCVIP program (i.e., policy, process, training, technology) did originate in North Carolina.

9. Are you aware of similar programs in other states? Yes, other state governments (e.g., Georgia, Nebraska, and Tennessee) have PM programs which are similar to NCVIP. In developing the NCVIP policy and process, we consulted with these entities to leverage their best practices and learn from their challenges and pitfalls. In doing so, we developed a robust PM program which capitalizes on PM best practices utilized in a number of public-sector entities and better ensures an integrated talent management strategy and approach.

10. How do you measure the success of this program? As mentioned in the summary (p. 2), PM was previously decentralized in North Carolina state government and was viewed as a very event-driven program. As a result, PM was not adequately monitored or administered across state agencies; thus, limited data are available to compare the success of the NCVIP initiative to results achieved in the previous PM program(s). The initial success of NCVIP is measured by monitoring and reporting on the percentages of employees who have participated in Performance Planning and Interim Reviews. As of March 8th, very positive results have been achieved. These numbers are as follows:

Task Name	No. of Tasks Launched	No. and % in Complete Status	No. and % in In Progress Status	No. and % in Incomplete Status ¹	No. and % in Not Started Status
FY 2015-2016 Performance Planning Task	71,544	60,467 (85%)	3,706 (5.2%)	7,126 (10%)	245 (0.34%)
FY 2015-2016 Interim Review Task	61,951	55,662 (90%)	208 (0.34%)	6,077 (10%)	4 (0.01%)

¹ At least one of the required steps in the task workflow was not completed.

We also measure NCVIP’s success through training completions in our statewide learning management system (LMS). In 2015, 15 of the top 20 training assignments were related to NCVIP, resulting in a total of 458,970 learning completions. This trend has continued in 2016; 10 of the top 20 training assignments were related to NCVIP, resulting in a total of 61,942 learning completions to date. These learning completions focus on the NCVIP technology, but also the philosophy and process behind NCVIP, lending further support to the positive strides we are making in North Carolina state government to change the culture around PM.

The technology used to facilitate the NCVIP process provides robust monitoring and reporting capabilities. We will continue to gauge the success of NCVIP through metrics such as the number and percentage of employees: (1) with a completed Annual Performance Evaluation, (2) who completed a self-evaluation as part of the Annual Performance Evaluation process, and (3) with an Individual Development Plan. We will also gauge NCVIP success through the number of NCVIP training assignments and completions, employee

satisfaction with NCVIP training, number of PM-related grievances filed, and differences in PM participation rates and Annual Performance Evaluation ratings by demographics (e.g., gender, race, tenure).

We will also increase our focus on quality. For example, do Performance Plans contain strategically aligned goals, which clearly identify results employees are expected to achieve and the impact employees are expected to make? Do Interim Reviews and Annual Performance Evaluations contain documentation to support performance assessments and ratings?

11. How has the program grown and/or changed since its inception? As we developed and implemented NCVIP, we relied heavily on feedback from both the HR community and state employee population to modify the NCVIP policy, process, training, and technology to better accommodate employee needs and preferences; however, we also struck a balance with pushing the envelope to ensure we are fostering an organizational culture around PM which is better aligned with current best practices in talent management and PM. In short, we are challenging the status quo, while recognizing that each agency has its unique culture, perspective, and maturity with regard to PM; some degree of flexibility must be afforded in the statewide policy and process to allow agencies to customize aspects of the process, training, and technology to best meet their employees and supervisors where they are.