How Cigna Removed Ratings and Lifted the Performance of 40,000 Employees
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Beth Jones, Practice Lead, Neuroleadership Institute

A NEW LANGUAGE FOR LEADERSHIP

Research • Education • Solutions

WHO ARE WE?
A research-driven leadership institute with IP in development since 1998 & operations in 24 countries

THREE PRACTICES
Performance
Transform performance by lifting the quality of conversations

Diversity & Inclusion
Move the needle on today’s diversity and inclusion challenges

Learning & Change
Accelerate and embed new behaviors through brain-based strategies
MOMENTUM CONTINUES TO BUILD

THE MOVEMENT SO FAR

INDUSTRY RESEARCH

RESULTS

• Conversation quality improves
• Conversation frequency rises
• Employee engagement goes up
• Pay differentiation increases
• Yes, it is worth the investment

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There were two primary reasons for considering a change to our performance management philosophy and system:

1. The changing workplace and workforce dynamics demand a fresh approach.
2. We need to continue growing as a company.

Cigna has audacious business expectations over the next 5 to 7 years. To achieve these, we need highly engaged, motivated employees and a rewards strategy that aligns with our growth mindset.

We also received feedback from our employees that our existing performance management process does not provide the mechanism for growth and development that we need to achieve these challenging goals.
The Research

- We partnered with Dr. David Rock (NLI) to evaluate and include the latest thinking on neuroscience, developing capabilities and establishing a strong growth mindset.
- We also discussed strengths-based leadership with Marcus Buckingham, a practice important to developing individuals fully and positively.

Benchmarking

Some of the companies we interviewed are below:

- Cargill
- Deloitte
- Disney
- GNP
- Juniper
- Microsoft
- Mars

To begin building the Business case and our approach, the Steering team met with several companies who were also going through a performance management change or already changed their approach to PM. Below are the key themes we uncovered:

- Movement toward conversation and coaching away from ratings
- More frequent and better conversations being reported by managers & employees
- Less competitive, more collaborative atmosphere
- Compensation is now better differentiated and tied to value
- Energy and engagement have increased
- Feedback from diverse sources is flowing

The Team and the Work Approach

<table>
<thead>
<tr>
<th>Develop knowledge</th>
<th>Acquire and assess data</th>
<th>Build business case</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Month 1)</td>
<td>(Month 2-3)</td>
<td>(Month 4)</td>
</tr>
<tr>
<td>Core team workshops</td>
<td>Company benchmarking/survey</td>
<td>Review and approval</td>
</tr>
</tbody>
</table>

Core Cigna project team – 13 Line and HR Bancrofters

Employee Survey Summary

To better understand our employee’s perspective and views on the current performance management process we conducted a survey for employees and managers. Most of the questions were based on a 5 pt. scale (Strongly Agree-Strongly Disagree.) Below are the summary results of key questions:

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Agree/Strongly Agree</th>
<th>Neutral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall, the time I spend on Cigna’s current performance management process is balanced with the benefits I derive from the process.</td>
<td>45%</td>
<td>26%</td>
</tr>
<tr>
<td>My year-end rating fairly and accurately recognizes my contributions.</td>
<td>29%</td>
<td>28%</td>
</tr>
<tr>
<td>Cigna’s current performance management process supports productive performance and development conversations with my immediate manager.</td>
<td>26%</td>
<td>30%</td>
</tr>
<tr>
<td>Cigna’s current performance management process motivates me to do my best work.</td>
<td>34%</td>
<td>31%</td>
</tr>
<tr>
<td>Cigna’s current performance management process helps me understand the standards on which I am evaluated.</td>
<td>29%</td>
<td>24%</td>
</tr>
<tr>
<td>Cigna’s current performance management process helps me successfully achieve the work of my organization.</td>
<td>33%</td>
<td>31%</td>
</tr>
</tbody>
</table>
**Employee Survey, cont'd**

(Manager responses)

Please use three words to describe your experience with Cigna's current performance management process.

Unfair, Frustrating, time consuming, Inconsistent

**Employee Survey, cont'd**

(Employee responses)

Please use three words to describe your experience with Cigna's current performance management process.

Inconsistent, Confusing, Lengthy, Unfair, Tedious

**Connect for Growth**

Objectives

- Energize team members
- Enable personalized growth

Underlying assumptions ("table stakes objectives")

- Improve individual performance
- Improve organizational performance
- Continue to differentiate rewards

**Connect for Growth**

Guiding Principles

- We will operate with a growth mindset
- Our focus will be on the future
- We will maintain informality
- We will focus on the conversation

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Connect For Growth - The Recommendation

OBJECTIVES
- Motivating high performance at Table stakes objective
- Improving individual performance
- Encouraging team members performance
- Encouraging personal growth (Growth)
- Encouraging new and deeper connections (Cigna)

MINDSET
- Energized
- Motivated
- Coachable
- Time well spent
- Connected
- Think Different
- Flexible

NEW ELEMENTS OF THE CYCLE
- Check-in conversations
- Check-out conversations

EVALUATION
- Conversations are called “Check-ins” with an expectation that one be held quarterly. During the course of these quarterly check-ins it is expected that managers will address one or more of the following topics:
- Goal-setting - Progress - Career - Outcomes
- Check-in conversations can take place with anyone at any time. Documentation of conversations will be minimal.
- The formal numeric or letter rating, On/Off Track will be used as the overall performance indicator.
- Separate management and evaluation process for conversations (off track)
- Check-in conversations will be informal and frequent
- Managers facilitate conversations that address all aspects of cross-functional performance
- Rewards will be consistent with conversations

Rewards for Contribution

Guiding Principles

Rewards for Contribution is one part of Connect for Growth and we will reflect a growth mindset.

Managers will use their judgment to a greater extent in the allocation of rewards.

We will differentiate rewards based on employees contributions.

Rewards for Contribution

The Evolution

Fixed Mind Set
- Performance ratings
- Pay for Performance
- Formulaic guidelines and distribution criteria drive rewards
- Differentiated rewards based on performance

Growth Mind Set
- On track/Off track
- Rewards for Contribution
- Enterprise performance and individual contributions drive rewards
- Differentiated rewards based on contribution

Rewards for Contribution

Defined

Contribution reflects the ways in which employees IMPACT and ADD VALUE to the organization.

Performance
- Goal attainment
- Demonstration of enterprise competencies
- Meeting expectations of the role
- Level of stretch in the goals
- Collaboration
- Customer centricity
- Impact
- Innovation
- Learning from mistakes
- Thoughtful risk taking
- Setting clear expectations (managers)

Contribution
- Goal attainment
- Demonstration of enterprise competencies
- Meeting expectations of the role
- Level of stretch in the goals
- Collaboration
- Customer centricity
- Impact
- Innovation
- Learning from mistakes
- Thoughtful risk taking
- Setting clear expectations (managers)
Sentiments from Employees

In May 2016, we launched a 2nd Global Insights Survey which gauged employee perceptions around Connect for Growth, Rewards for Contribution and how we are doing at Cigna:

Your sentiments about CONNECT FOR GROWTH are strong!

Out of all respondents:

- 78% said check-ins helped them understand growth and development opportunities.
- 85% said check-ins helped them understand how they are performing.
- 68% said check-ins helped them understand how their managers help them.
- 67% think the program is an improvement over our past performance management system.

Managers gave mostly positive reviews to Rewards for Contribution:

- 73% are comfortable altering lower rewards to those who contributed in a lesser manner in order to reward change contributors.
- 88% said their managers did not like the current RFC approach more than the previous Compensation approach.
- 9% said the current approach works well.

Executive Summary
Connect for Growth Impact Statement

Data Counts by Key Demographics
- Response rates:
  - Surveys sent: 3493, Surveys received: 1087
  - Response rate: 31%
- Role:
  - Non Manager: 891 (82.5%)
  - Managers: 189 (17%)
- Years of Service: Manager: 9.9, Non Manager: 9.5
- Country:
  - US: 917
  - Non-US: 163
Summary Insights: Opportunities

The data shows a large gap between the self-reported manager's behaviors and the assessment of manager behavior by employees.

24% of employees report that they have insufficient support from their managers to develop and achieve their career goals.

- These managers have a negative impact on the perceived quality of conversations, engagement levels, and performance improvement.
- Negative comments were more likely to come from employees who indicated they were not supported.

While CTI and CFG training received high marks, support tools, particularly findability and relevance, need improvement.

The comment analysis suggested that 17% of employees are unaware of CFG, don't see it as relevant or different from what previously existed. (Based on 248 comments)

Summary Insights: Positives

Better than expected results for Year 2 of the program, given the potential acquisition and reduced change management activities.

Managers and employees made an effort to adopt the new behavior both within and outside the US.

Time spent with employees in formal and informal conversations has increased. Managers and employees report that they meet about once/month for check in conversations.

Support levels are high: 72% of respondents indicated they were highly supported AND that they understand how their goals are aligned to Cigna's success.

Performance & engagement are the same or a bit better due to CFG.

CFG Manager Behaviors: Manager vs Employee View

<table>
<thead>
<tr>
<th>Manager Behavior</th>
<th>Manager</th>
<th>Non-Mgr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encourages employees to think new ways</td>
<td>4.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Enables employees to make independent decisions</td>
<td>4.0</td>
<td>3.7</td>
</tr>
<tr>
<td>Aligns expectations for direct reports</td>
<td>3.8</td>
<td>3.6</td>
</tr>
<tr>
<td>Sets clear expectations for direct reports</td>
<td>4.0</td>
<td>3.8</td>
</tr>
<tr>
<td>Provides constructive feedback to me</td>
<td>3.4</td>
<td>2.9</td>
</tr>
<tr>
<td>Assists me in identifying growth opportunities</td>
<td>4.0</td>
<td>3.7</td>
</tr>
<tr>
<td>My manager documents and follows up</td>
<td>3.7</td>
<td>3.9</td>
</tr>
</tbody>
</table>

My manager encourages me to think new ways, enables me to make independent decisions, and sets clear expectations. He provides constructive feedback to me and helps me identify growth opportunities.
**CFG Employee Behaviors: Manager vs Non Manager**

- **Legend**
  - Manager
  - Non-Manager

**Time Spent, Frequency and Quality of Check-ins**

<table>
<thead>
<tr>
<th>Hours Spent/Year on Formal &amp; Informal Discussions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before</td>
</tr>
<tr>
<td>11.8</td>
</tr>
<tr>
<td>14.3</td>
</tr>
</tbody>
</table>

**Impact of Work At Home on Support, Alignment and New Behaviors**

The Work from Home data was only available in the US. For those employees, there are no meaningful differences in perceptions of employees based on where they work regarding manager support, alignment of goals or new behaviors.

**Impact of Work from Home on New Behaviors**

The data is comprised of 916 responses from US: 343 WAH, 573 Office. The % mirrors the WAH population as a whole in the US.

**Frequency of Types of Conversations**

- **Legend**
  - US
  - Non-US

**Impact of Work At Home on Support, Alignment and New Behaviors**

"Connect for Growth has increased the time my manager and I get to spend covering my career growth."
**Manager Support Matters**

- Connect for Growth has demonstrated that managers who support their people have:
  - Greater adoption of CFG behaviors
  - More engaged employees
  - Better performing employees
- The Career Development study showed similar findings. Managers who supported their employees’ career development had a nearly 30 percentage point improvement in engagement of their people.

- Improving manager support
  - Develop leaders that can consistently:
  - Connect for results
  - Grow people
  - Energize everyone
  - Implement initiatives to ensure managers understand the impact of their support on driving new behaviors and improving outcomes

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**Connect for Growth: 2017 Priorities**

In addition to the fundamentals, the Connect for Growth team will also be focusing on the following items in 2017:

<table>
<thead>
<tr>
<th>Priority Focus</th>
<th>Key Action Items/Enablers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building a culture of feedback</td>
<td>- Conduct test &amp; learn to explore new surrounding needed to support culture of feedback&lt;br&gt;- Pilot tool (early 2017) to support continuous real-time feedback&lt;br&gt;- Dr. David Rock (NLI) presents Leadership Colloquium on how to Build a Culture of Feedback</td>
</tr>
<tr>
<td>Creating personalized goals</td>
<td>- Introduce short e-learning series on the topic of goal setting throughout the year&lt;br&gt;- Provide regular reminders and communications to employees and managers about the importance of goals, “How’s It going?” and goals&lt;br&gt;- Provide educational, short activities throughout the year in the form of interactive PDQs, quizzes, and tutorials</td>
</tr>
<tr>
<td>Ensuring employee/manager accountability</td>
<td>- Introduce short e-learning series on the topic of accountability throughout the year&lt;br&gt;- H&amp; Leaders model accountability behavior throughout the organization&lt;br&gt;- Changing feedback climate may be the most important thing we can do to create accountability</td>
</tr>
</tbody>
</table>

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**Recommendations**

- Significantly increase communications
  - To ensure that the frequency of check-ins aligns with employee needs, not according to a set schedule.
  - To clarify the role of employees and managers
- Ensure skip level discussions to identify
  - Where a manager needs more coaching
- How to close the gap between manager perceptions of their own performance and the employee perception of the manager’s performance
- Conduct refresher training to make the right behaviors stick
- Review, improve or supplement support materials
- Improve social platforms as vehicles for change
- Closely monitor employee perceptions of fairness in pay for performance (contribution) (Note: approximately 13 respondents comments about pay or their ability to gauge progress with the new approach)
OPPORTUNITIES AND ANNOUNCEMENTS

RESEARCH BRIEFINGS

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Topics

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(EST)

Why Organizational Growth Mindset Matters

Hosted by Dr. Heidi Grant

Thank you.