

INTRODUCTION

“At Solectron, we are undergoing a major transformation designed to help us better serve our customers, simplify how we do business and improve our financial performance. Instituting new standards for aligning and measuring individual performance is a key part of the larger transformation underway.”

*Mike Cannon
President, Chief Executive Officer*

“Ultimately, our success can be traced back to how we answer two fundamental questions: Do we as a company have the right goals and vision to move forward? And, just as importantly, do each of us—personally and through our teams—understand what we must accomplish and which behaviors we must model to make Solectron’s vision a reality. It is about individual performance and collective progress. It is about building a One Solectron culture that simply outperforms the competition.”

*Kevin O’Connor
Sr. Vice President, WW Human Resources*

PERFORMANCE ALIGNMENT REVIEW PROCESS

DESCRIPTION AND CONCEPTS

This section offers a definition of performance management, describes its importance, and outlines the key behaviors that Solectron desires for all employees to demonstrate in their daily performance.

What Is Performance Management?

Performance management is an ongoing communication process between two people that involves working with others to help every employee become more productive. Effective performance management becomes an investment of time and effort that brings a significant return to individuals and the business.

Performance management is an important investment of a manager's time and energy to create a partnership with employees. Solectron is better poised to achieve strategic results when managers embrace and use performance management to support employees by:

- ◆ Increasing employee understanding of the manager's expectations
- ◆ Defining the criteria by which employees are expected to perform in their jobs
- ◆ Identifying the way in which employees fit into the bigger picture and how their actions contribute to organizational success
- ◆ Knowing when employees need the manager to become more involved in coaching to improve their work

Many managers have misconceptions regarding performance management. Managers need to understand that performance management is not:

- ◆ Something a manager does to an employee
- ◆ An act to force more or harder work
- ◆ A process used only for poor performance
- ◆ An effort to complete forms once a year

Why is Performance Management Important?

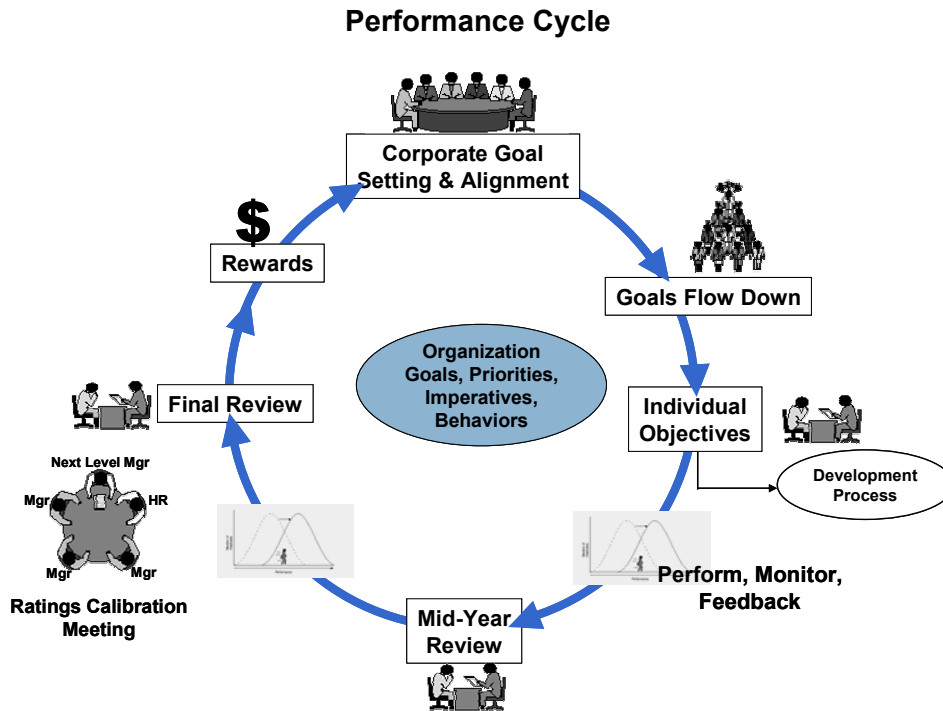
Solectron is implementing a consistent performance management process to:

- ◆ Help establish a common performance culture
- ◆ Enhance individual, team and organizational effectiveness
- ◆ Align individual and team performance with business goals
- ◆ Create a culture of ongoing feedback and development
- ◆ Create a consistent methodology to assess employee contributions

- ◆ Provide consistent information to help determine compensation, promotion, rewards and recognition, and development opportunities.

What are the Key Process Actions and Timeline?

The following diagram illustrates the actions based on specific events that are critical to Solectron's successful implementation of a comprehensive performance management process.



One key point to emphasize:

Although this diagram displays the performance management process as cyclical and sequential, the actual day-to-day employee involvement is more iterative than sequential, and oriented more toward making progress than completing events. The "Perform, Monitor, Feedback" section of this guidebook discusses in detail the importance of a manager providing immediate, real-time performance feedback to direct reports.

Each step of the process is described below.

1. Corporate Goal Setting and Alignment

At the beginning of each fiscal year, Solectron's senior leadership team will set goals for the coming year as part of the annual operating plan.

2. **Goals Flow Down**

The leadership team will then translate these goals into actionable targets for each organization, partnering with mid-level managers to ensure these organizational targets cascade through mid-level management to each individual employee.

3. **Individual Objectives**

All Solectron employees will establish individual objectives that connect to their functional organizations and ultimately flow directly back to Solectron's corporate goals.

4. **Development Process**

Managers will meet with employees to concur with individual objectives and discuss each employee's personal development process.

5. **Perform, Monitor, Feedback**

Managers will implement an ongoing cycle of performance, monitoring and feedback throughout the year to ensure that objectives and goals are aligned and progress is on track.

6. **Mid-Year Review**

Managers will conduct a mid-year review to provide interim feedback to employees and make any adjustments.

7. **Ratings Calibration**

Before mid-year and final performance reviews with employees, managers will participate in a ratings calibration meeting with peers and HR representatives to discuss the assessment criteria and rating scale. This peer-level calibration meeting ensures that every manager is interpreting and applying the performance criteria consistently. These meetings may vary across geographic locations to be sensitive to cultural differences, and they may be managed differently to adhere to varying global legal requirements.

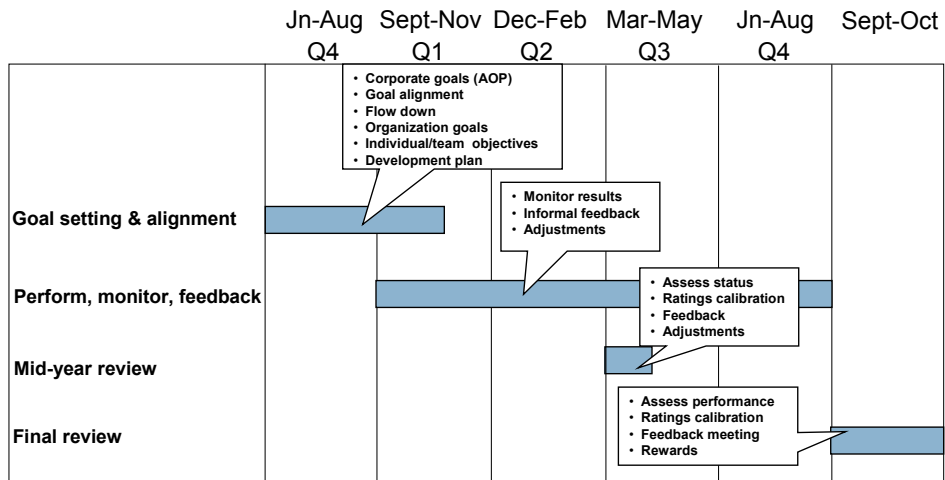
8. **Final Review**

At the end of the year, managers will hold a final review with each employee to highlight the year's performance, provide feedback, and plan for the following year.

9. **Rewards**

Managers will determine the level of compensation provided for each employee and will then communicate compensation decisions to employees.

The timeline for the performance management cycle is shown in the chart below.

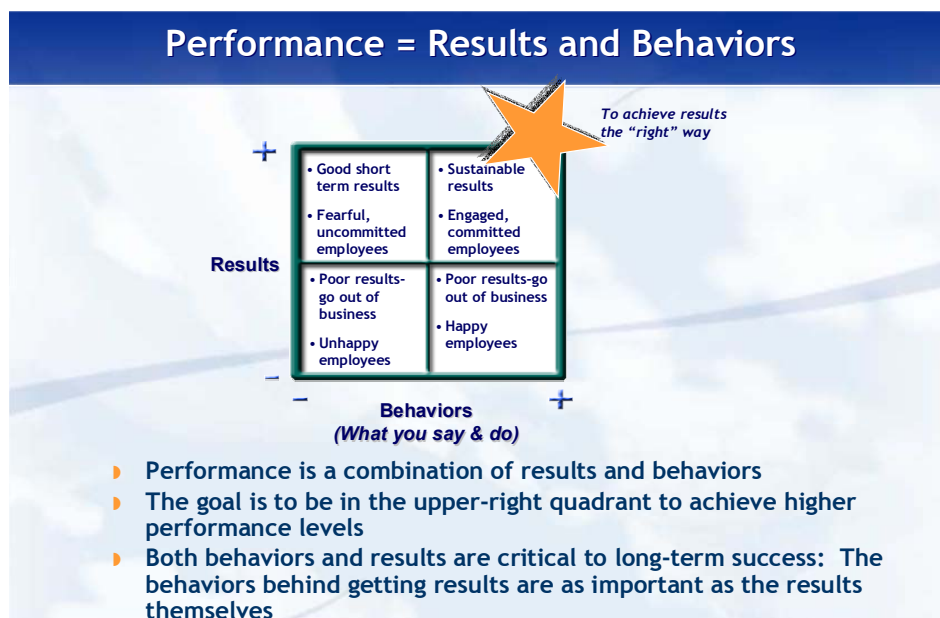


What Are Solectron's Behaviors?

Performance is a combination of results and behaviors. Solectron's emphasis in building the performance culture for One Solectron requires that employees place equal emphasis on the importance of getting results and getting results in the right way.

Get Results AND Get Them the Right Way

This concept is displayed in the 2x2 model shown below, which indicates that high-performing employees get results and get them by managing behavior the right way—specifically, by emphasizing positive consequences and creating high levels of commitment.



The most effective employees are at the positive end on both dimensions. The upper right quadrant represents both successful business results and effective behaviors, which lead to high employee satisfaction, commitment and performance.

One Solectron Behaviors

Solectron's behaviors describe the core behaviors expected of all employees regardless of job level. To create a truly high performing organization, all employees must demonstrate a balance between "what" results are achieved and "how" those results are achieved. Each employee's ability to demonstrate this balance influences the overall performance evaluation.

The critical behaviors are:

- ◆ Integrity
- ◆ Team Player
- ◆ Champion Change
- ◆ Coach Others
- ◆ Continuously Learn

The following profile includes a general description of the characteristics of each critical behavior for three different job levels:

Job Level	Description
Individual Contributors	Exempt employees who do not manage others in a direct reporting relationship. They may serve as team leaders, coaches, or program managers. These individuals may also work in a matrix reporting relationship but not have direct supervisory responsibilities.
Managers of Others	Exempt employees who have at least one direct report and have performance appraisal responsibility. Typically, these individuals are entry-level supervisors through senior managers.
Executives	Exempt employees who have at least one direct report and have performance appraisal responsibility. Typically, these individuals hold higher-level management positions (director or above).

Integrity

Interact with others in a way that gives them confidence in one's intentions and those of the organization; establish open, candid, trusting relationships; behave in accordance with expressed beliefs and commitments.

Individual Contributors	Managers of Others	Executives
<p>Show consistency between words and actions</p> <p>Live up to commitments</p> <p>Interact with others openly and directly</p> <p>Provide transparent and open access to data within Solectron</p> <p>Willingly share information and data with others</p>	<p>Show consistency between words and actions</p> <p>Live up to commitments</p> <p>Manage for ethical work practices among associates, customers and/or suppliers</p> <p>Create an environment for honest and open discussion of all issues</p> <p>Encourage employees to share information</p> <p>Provide transparent and open access to data within Solectron</p>	<p>Show consistency between words and actions</p> <p>Live up to commitments</p> <p>Regularly review, maintain, and improve upon ethical work practices with associates, customers, suppliers, financial institutions, and government agencies</p> <p>Create an environment for honest and open discussion of all issues</p> <p>Encourage employees to share information</p> <p>Provide transparent and open access to data within Solectron</p>

Team Player

Work effectively and cooperatively with others; establish and maintain good working relationships; cultivate an active network of relationships; identify opportunities and take action to build strategic relationships.

Individual Contributors	Managers of Others	Executives
<p>Coordinate planning efforts with other work groups as needed</p> <p>Offer assistance outside of own area of responsibility when needed</p> <p>Place higher priority on team or organization goals than on own goals</p> <p>Share best practices across organizational boundaries</p> <p>Treat others with dignity and respect</p>	<p>Set expectations for cross functional; cross business cooperation</p> <p>Promote the use of own and others' capabilities to other functions</p> <p>Proactively share information across organizational boundaries</p> <p>Promote a team culture, recognizing the contributions of all team members</p> <p>Share best practices across organizational boundaries</p> <p>Treat others with dignity and respect</p>	<p>Address behavior in others that may damage constructive relationships</p> <p>Remove organizational barriers to collaboration and teamwork</p> <p>Share best practices across organizational boundaries</p> <p>Achieve business results through collaboration with others; place higher priority on Solectron goals than own personal goals.</p> <p>Offer resources, even when it hurts, when it will help others achieve company goals</p> <p>Treat others with dignity and respect</p> <p>Actively engage with community and/or charitable organizations</p>

Champion Change

Challenge the status quo and champion new initiatives; support change opportunities and stimulate others to change; support change implementation plans.

Individual Contributors	Managers of Others	Executives
<p>Recommend alternative solutions for process improvements</p> <p>Be open to ideas offered by others; use ideas from others to solve problems</p> <p>Encourage others to question established work processes</p> <p>Respond positively to new demands, priorities and challenges or obstacles</p>	<p>Create an environment that encourages risk-taking and innovation</p> <p>Support new ideas and initiatives offered by others</p> <p>Drive key change initiatives to completion</p> <p>Demonstrate confidence in ambiguous and changing situations</p>	<p>Challenge the status quo and encourage new ideas</p> <p>Create an environment that encourages risk-taking and innovation</p> <p>Support new ideas and initiatives</p> <p>Eliminate barriers to change initiatives</p> <p>Demonstrate confidence in ambiguous and changing situations</p> <p>Adapt to the political realities and constraints of the organization</p>

Coach Others

Provide timely guidance and feedback to help others strengthen specific knowledge/skill areas needed to accomplish a task or solve a problem.

Individual Contributors	Managers of Others	Executives
<p>Provide instruction and positive models to help others develop skills</p> <p>Provide constructive, actionable feedback to others</p> <p>Establish relationships by helping others feel valued and appreciated</p>	<p>Set clear and challenging performance expectations</p> <p>Provide constructive, actionable feedback and guidance</p> <p>Design work assignments to promote the development of others</p> <p>Attract and hire people with the skills needed by the organization</p> <p>Develop talent for key positions</p>	<p>Set clear and challenging performance expectations</p> <p>Lead open discussions about talent strengths and development needs</p> <p>Provide constructive, actionable feedback and guidance</p> <p>Attract and hire people with the skills needed by the organization</p> <p>Develop talent for key positions</p>

Continuously Learn

Demonstrate and encourage new knowledge, experiences, and challenges; create and capitalize on learning opportunities; demonstrate an awareness of own strengths and development needs, as well as impact of own behavior on others.

Individual Contributors	Managers of Others	Executives
Pursue challenging assignments that stretch and build capabilities	Allow others to learn from success and failures	Allow others to learn from success and failures
Set realistic goals based on one's values, interests and capabilities	Pursue challenging assignments that stretch and build capabilities	Pursue challenging assignments that stretch and build capabilities
Seek feedback from others on how to be more effective	Set realistic career goals based on one's values, interests and capabilities	Set realistic career goals based on one's values, interests and capabilities
Recover quickly from personal or professional failures	Seek feedback from others on how to be more effective	Seek feedback from others on how to be more effective
Model the Solectron behaviors	Recover quickly from personal or professional failures	Recover quickly from personal or professional failures
	Demonstrate ability and willingness to teach others	Demonstrate ability and willingness to teach others
	Model the Solectron behaviors	Model the Solectron behaviors

ROLES AND RESPONSIBILITIES: GAIN COMMITMENT

In order to gain employee commitment to the performance management process, your primary responsibility as a manager is to do two things:

1. Create and communicate messages to motivate and involve employees in the performance management process
2. Sponsor the process by implementing performance management, monitoring progress, and providing feedback

TOOLS AND GUIDELINES FOR MANAGERS

This guidebook presents three guidelines to support managers in gaining employee commitment to the process.

Guideline 1: Creating Motivating Messages

The essential element for the successful deployment of performance management is the visible, personal commitment to the process of every manager. The creation of messages and the use of the process steps as designed are essential sponsoring behaviors that show your commitment to the process.

Tips for Communicating Motivating Messages

Use simple, clear messages to employees. The following tips will help you maximize the effectiveness of your message:

- ◆ Communicate personal conviction to the end state or goals by using “I” statements (e.g., “I want our function to complete all the steps as outlined in the performance alignment review process.”)
- ◆ Describe the end state or goal of the change and why it is important to both managers and employees (e.g., “This change helps us better compete in the marketplace by ensuring we are doing everything for our employees to be able to perform at consistently high levels.”)
- ◆ Explain the risks of not reaching the end state or the goal (e.g., “The ultimate risk of not reaching our corporate goals is going out of business. Our functional risk is to not contribute to the success of the organization. In addition our compensation is a direct link to our performance, so personally it means bonus pay outs and merit compensation will be low or nothing if we are not successful.”)
- ◆ Keep your initial message short (3–5 minutes)
- ◆ Encourage questions and ask for employees’ commitment and any barriers they can foresee
- ◆ Write the motivating message and create a plan of when and where you will communicate it to employees

Signs and Symptoms of Good Communication

The greatest motivational message will be short lived unless managers begin to demonstrate the message through actions. After communicating the message, you need to ask employees during all of your visits and meetings what they are doing to support the process. Organizational systems will need to be aligned to reinforce day-to-day behaviors contributing to the desired performance. The following are signs that your message is getting through:

- ◆ Others repeat key parts of the message in meetings, discussions, and emails
- ◆ Employees ask questions regarding support and involvement, rather than ask, “Are we really going to do this?”
- ◆ Employees engage in the process and ask for feedback and specifics

Guideline 2: Sponsorship Checklist

Check	Sponsorship Actions To Perform
<input type="checkbox"/>	Communicate motivational messages to employees to keep them informed of what is coming and what to do
<input type="checkbox"/>	Encourage or require all managers who have direct reports to take the online training courses in performance management
<input type="checkbox"/>	Encourage discussions regarding performance management skill building
<input type="checkbox"/>	Take the on-line training courses in Performance Based Leadership (PBL) and Goal Setting
<input type="checkbox"/>	Provide resources and remove barriers to completing the performance management process

Check	Sponsorship Actions To Perform
<input type="checkbox"/>	Monitor implementation progress and quality
<input type="checkbox"/>	Review progress with direct reports of the implementation of the performance management steps
<input type="checkbox"/>	Recognize contributions
<input type="checkbox"/>	Provide ongoing feedback and coaching

Guideline 3: Employee Accountability

Managers need to set accountability and provide encouragement for employees to participate actively in the performance management process. The following table describes how and at what stage to offer encouragement.

During These Process Steps . . .	Encourage Employees To:
Goals Flow Down	<ul style="list-style-type: none"> ◆ Know the corporate, business unit, department or area goals
Individual Objectives and Development Process	<ul style="list-style-type: none"> ◆ Support development of individual objectives ◆ Support creation and follow-through on development plans
Mid-Year Review	<ul style="list-style-type: none"> ◆ Prepare a self assessment at mid-year to support the mid-year review session ◆ Participate in the mid-year review and seek feedback on progress
Final Review	<ul style="list-style-type: none"> ◆ Prepare a self assessment at end of the year to support the final review session ◆ Participate in the final review and seek feedback on progress ◆ Evaluate and recalibrate the progress and goals in the development plan
Ongoing behaviors—all year	<ul style="list-style-type: none"> ◆ Solicit feedback and coaching from managers to support higher performance ◆ Report on progress at agreed upon milestones ◆ Establish metrics and measurement tools to monitor progress

MANAGER'S CHECKLIST

The checklist below is designed to help managers check actions against expectations.

Check	Did I Meet All Expectations?
Step 1: Communicate Motivating Messages	
<input type="checkbox"/>	Have I created motivating messages?
<input type="checkbox"/>	Do I know when I will communicate the messages?
<input type="checkbox"/>	Have I communicated the messages per the plan?
Step 2: Build Commitment to the Performance Management Process	
<input type="checkbox"/>	Have I reviewed my expectations of direct reports' participation in the process?
<input type="checkbox"/>	Do I understand my own personal engagement in the process?
<input type="checkbox"/>	Do I review the next steps of performance management at staff meetings?
<input type="checkbox"/>	Do I have a plan to measure organizational progress in implementing the process steps?
<input type="checkbox"/>	Have I communicated the plan for monitoring progress to direct reports and set expectations for them?