



## ALZA

### SUMTOTAL® CUSTOMER SUCCESS

#### ▶ THE COMPANY

ALZA Corporation is the leading provider of drug delivery solutions with the world's broadest array of technology platforms, including oral, transdermal, implantable and liposomal technologies. ALZA partners with pharmaceutical and biotechnology companies to develop and manufacture pharmaceutical products that enhance healthcare for millions of patients worldwide.

Founded in 1968 by Dr. Alejandro Zaffaroni, ALZA has over 35 years of experience in scientific innovation. ALZA technology has been incorporated in 30 commercialized products marketed in more than 80 countries. More than 3,000 US and foreign patents are active or pending.

ALZA is a member of the Johnson & Johnson Family of Companies.

SumTotal<sup>®</sup>

STRONG TEAM, STRONG BUSINESS.

## CASE STUDY

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To create the industry's first easy-to-use automated performance management solution to replace an effective but time and labor intensive 360 review process, which had been designed in-house.

## OVERVIEW

ALZA Corporation had long been committed to tying reward structures—bonuses, salary increases and promotions—to employee performance ratings. In the early 1990s, the company had a numerical ranking system that provided senior level executives with an easy-to-understand process and results they could use to make intelligent decisions about rewards and promotions. However, there was a flaw in the system in that manager subjectivity tended to taint results. To address this problem, ALZA created a pen-and-paper multi-rater assessment

*“ I think I get a much better idea now about how I can improve my job performance than the written reviews that just told me what I did well. I think it's a great system. ”*

tool that not only provided the rankings the company desired but also gave objective and statistically reliable results. This system worked well for a number of years but as the company grew in size, so did the complexity of manually gathering information along with time demands on raters involved in the appraisal process.

The method of multi-rater assessment differs from traditional performance evaluation methods. Because most jobs require accountability to people other than a single supervisor, the multi-rater process involves feedback from many observers. Internal customers, people who share workloads and coordinate efforts and people whose work is upstream or downstream of others' work processes have valuable observations about individual employee performance. Supervisors rely on this information to make decisions about rewarding employee performance. In mid-to-large corporations the complexity of managing all of this data is enormous.

As ALZA grew, so did its group of high-intersection raters—people with key roles who were sought as raters by a large number of co-workers. Some raters were evaluating as many as 25 co-workers at a time. A task of this magnitude caused significant fatigue and diminished motivation to participate in the process.

After investigating what was available commercially, ALZA was unable to find a solution that met its criteria. Consulting with a leading-edge software

*“ As a person who has been in on this system since the pilot program many years ago, I would highly recommend this... ”*

development company which had a track record of marrying graphic interfaces to databases, the company was encouraged to learn there was a strong possibility that it could create an on-screen ranking system and capture quality data

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from it. The consultants took ALZA's idea of a nonlinear, drag-and-drop visual interface and produced a prototype that convinced ALZA they could turn the company's vision into reality. ALZA worked with the consultants to create a solid, powerful tool for multi-rater assessments. They designed a system with easy-to-use instructions that simplified the rating process by letting computer users move names onto a visual rating screen using a mouse to click on the name, drag the name into the rating area, and drop it along a rating scale. The result of this collaboration was Visual 360, the first version of the software suite that is now TotalPerformance.

After the initial pilot, ALZA rolled TotalPerformance out to its entire workforce during its annual fall performance appraisal cycle. Since that initial roll-out, TotalPerformance has allowed ALZA with only a few modifications to streamline its appraisal process and take assessments to a whole new level.

Today, ALZA performs a company-wide performance appraisal cycle in about nine days, compared with a previous time frame of six to eight weeks. In this nine-day cycle, more than 1,000 employees rate one another, with four to twelve raters per ratee providing more than 40,000 individual ratings. These individual ratings originate from employees at more than 20 office sites spread

*“ The process, and especially training about the process, encouraged me to view my contribution to ALZA as a perception held by others. ”*

across several states and two continents. Remarkably, during the review cycle all participants are able to perform their normal job functions with little to no interruption from the performance appraisal process.

## THE RESULTS

### Employee Time Savings

ALZA's studies show that with TotalPerformance it takes approximately one hour to rate 10 employees on eight rating factors. With the previous method, employees spent, on average, five hours completing reviews for 10 employees. Managers spend 15 minutes to half an hour preparing summary evaluations,

*“ From a rater's perspective, the system seems to follow the thought process I go through in evaluating someone--first in isolation, then against specific goals/skills, then in context of other employees. ”*

using feedback from direct reports, compared with about four hours per direct report previously.

### Lower Administrative Requirements

With the automation provided by TotalPerformance, one person in HR can manage the company-wide process. This administrator can set

up the system (specifying participants, grouping ratees and assigning competencies) in two to three hours. Once the process goes online for

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employees, it takes approximately 20 hours per week to manage the process for 1,000 people. This task entails handling policy questions and issues as well as special concerns of individual employees. By comparison, the previous

“ I think the progress of this rating system over the years is remarkable and I do look forward each year to the performance review process, and that is a marked reversal of my previous thoughts on the old [system]. ”

paper-based system required a full-time administrator, starting weeks in advance, to handle paperwork and brokering of decisions that are now automated and made directly online by supervisors. ALZA estimates that HR employees now spend 80 percent less time administering and managing a similar cycle than they did under the earlier system.

## ROI

ALZA estimates that the four hours per rater it now saves translates into savings of about \$80,000 per appraisal cycle. An unexpected value is that managers and administrators can optimize the data collected through TotalPerformance by producing organizational reports that were previously impossible to generate. This contributes to the overall effectiveness of the ALZA organization by giving an extremely clear and precise picture of talent and goal attainment at any given point in time.

## CONCLUSION

ALZA was an early champion of implementing online performance management and has been a long-term success story. SumTotal provided the client with a system that is reliable, easy to use and fully meets the company's appraisal needs. Equally important, TotalPerformance is also accurate and statistically reliable, giving managers objective data on which to base decisions and providing them with much more certainty than can be achieved with any paper-based system.

## TIPS AND TRAPS

ALZA suggests that other companies that are considering an automated multi-rater 360 feedback system should do the following:

- Give careful consideration to rater selections, number of raters, and composition of raters.
- Have sufficient training programs in place that communicate to employees that the feedback is not just about data, but about professional development and contribution to the organization.

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- Communicate. Communication is the key to acceptance, especially during the first year. The more clear information the employees have on the process and what it is being used for, the more trust can be established.
- Don't allow managers to change raters arbitrarily without justification and notification to employees affected by changes.

For more information, please contact us at +1 650 934 9500, or toll-free at +1 866 768 6825, or via email at [sales@sumtotalsystems.com](mailto:sales@sumtotalsystems.com).

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