PERFORMANCE FOR GROWTH

OUR PATH TO EXTRAORDINARY

PERFORMANCE FOR GROWTH: PHASE I – PLAN

Resource Guide for Managers and Associates
Updated November, 2017

Creating a Connection Between Business Priorities and Our Work

Our Associate engagement survey shows that one of the strongest drivers of engagement is our *connection* to the company's purpose, direction and leadership. External research has also found that this connection impacts company performance and Associate retention. By seeing how we contribute to the company's goals, we feel a greater sense of purpose and value in our own work, which goes a long way in building commitment to the company and coworkers.

Making this connection is the fitst step in the conversation when setting performance and development objectives for the year.

Line of Sight

It is important for each of us to understand how our work impacts and benefits our team, OpCo, Platform and even Danaher. In particularly, this connection between the strategic objectives of the OpCo and our contributions (both *What* and *How*), is called "Line of Sight".

Creating a meaningful connection between our individual performance objectives, our behaviors and the OpCo strategic objectives is an important discussion for associates and managers to have.

Ideally, these discussions should take place as a team so that the whole team understands how they support the overall OpCo priorities. These discussions should then be followed up by one-on-one discussions that personalize the link between our individual performance objectives and the team's priorities. Below are suggestions for effectively cascading business objectives.

- If available, share an overview of Danaher's business priorities and focus areas for the year.
- Talk briefly about each of the OpCo strategic objectives, highlighting what each means and why it's important to the business. If possible, discuss which Danaher priorities are most linked to the OpCo strategic objectives.
- Share specific examples and ideas on how some or all of the OpCo strategic objectives impact our team; this helps clarify what success looks like moving forward.
- Ask the team to share ideas on how individuals or the whole team might personally contribute to those goals.

Questions that enable this discussion include:

Connecting Danaher priorities to OpCo priorities:

- What are the top 3-5 priorities of our OpCo?
- Why / how were these priorities selected?
- If the OpCo was able to achieve these priorities, what would that mean for the OpCo?
- How do these priorities support Danaher's priorities?
- How might Danaher's Core Values and CVDs play out in our OpCo priorities?
- What do the Platform initiatives mean to us in our OpCo?

Connecting OpCo priorities to the team's priorities:

- Of the top 3-5 priorities of the OpCo, which one(s) does our function, department or team impact the most?
- What major initiatives or projects within our team, department or function support these?
- How does PD impact the work we do in our team?
- What does success look like for our team, department or function?

Connecting the team's priorities to individual (Associate) objectives:

- In what ways can I contribute to our OpCo strategic objectives?
- In what major initiative(s) or project(s) am I involved?
- How do my skills and knowledge contribute to the success of those initiative(s) or project(s)?
- What does success look like for me?
- How can I demonstrate the core values and Leadership Anchors in my work and interactions with others?

Alignment occurs when these elements (Danaher priorities, Platform priorities, OpCo priorities, Team priorities, Associate objectives) line up and support / reinforce each other.

Appendix A provides managers and associates with a framework and worksheet for having a discussion about Line of Sight and Strategic Alignment. The framework and a worksheet can be downloaded from the Performance for Growth HomePage on Danaher Connect.

Setting Performance Objectives

Performance objectives should be established when:

- the new performance year begins,
- an associate joins the company,
- responsibilities shifts or changes,
- the associate is promoted, or
- the associates moves to a new role.

Once the team has discussed the business priorities for the OpCo, it is time to translate those priorities into individual performance objectives. Managers and associates should work together to establish performance objectives that:

- Identify 3 – 5 *substantial* areas of focus for the coming year and, when possible, each should have have a minimum weight of 20%,
- Cascade from and support the business priorities of the OpCo and Danaher,
- Reflect expectations of what is to be accomplished, to what extent, anticipated impact and how it may be achieved,
- Define what it means to "meet" and "exceed" expectations, and
- Represent significant projects or responsibilities that are above day-to-day, ongoing responsibilities (if day-to-day responsibilities are included, objectives should reflect the overarching goal of the activities, rather than just a list of tasks).

Using the SMART framework can help create performance objectives that provide direction and can be effectively evaluated during and at the end of the year:

Specific
This criterion stresses the need for a *specific* and clear description of what must be achieved rather than a general, ambiguous description. Questions to ask include:

- What needs to be accomplished?
- Why is this objective important?
- Who needs to be involved?
- Where should the goal be accomplished or what areas must it cover?

Measureable
The extent to which an objective was achieved must be *measurable*. Therefore, the output of objectives should be described in terms of quality and/or quantity. Questions to ask include:

- What metrics will tell if the objective has been achieved?
- How much? How many?
- When is a result At, Above, or Below Expectations?
- What is the expected change from the Jump off Point?

Actionable
A performance objective should be within an associate's control and influence. Questions to ask include:

- How can the goal be accomplished?
- How might this goal be achieved based on constraints that may exist? Is this realistic?
- Is this objective within control or influence of the associate?

Relevant
Goals should be instrumental to accomplishing the mission of the OpCo and, ultimately, the Platform and Danaher. Objectives should be aligned to and supportive of these overarching goals. Questions to ask include:

- What impact does meeting (or not meeting) the objective have on the team, department, business?
- How does this objective contribute to the OpCo / DHR business priorities and vision?
- How does this objective support or align with other efforts currently in focus for our team, function, or OpCo?

Time Based

Performance objectives should clearly identify a target date and any significant milestone leading up to the final deliverable. Questions to ask include:

- When does the objective need to be accomplished?
- What are key milestone dates and what should be accomplished by those dates?

Stretch Performance Objectives

A stretch objective is an opportunity to challenge ourselves to accomplish extraordinary results. Stretch objectives can be used to develop skills for the next level, ensure that we have confronted tough issues and push an initiative further along. At the same time, we need to be cautious not to set an objective that is so unattainable that it unduly strains and demotivates the team.

A stretch target has the following features:

- Challenges current assumptions and processes,
- Requires cross-functional collaboration,
- Builds significant sustainable capability within the organization, and
- Requires re-imagining what was previously thought possible.

When setting stretch objectives, consider:

- Expectations have to be challenging *and* motivating, not impossible,
- How to challenge current thinking and assumptions,
- Whether the nature of the goal can be sustained over time,
- Additional support needed to achieve the objective, and
- Individual differences between associates (capacity, capability); what may be a target for one associate, may be a stretch for another.

It is important to find the right balance between "target" and "stretch." Descriptions of what it means to achieve "target" and what it means to achieve "stretch" should be included in the performance objective.

Keep in mind: Not every performance objectives needs to be a stretch objective. Having all stretch objectives may cause strain and demotivation. Carefully consider which objectives should have stretch.

Pitfalls When Setting Objectives

Be mindful of some common mistakes when setting objectives:

- Objectives that are not realistic. Within Danaher we value Stretch Goals, yet it should still be doable.
- Setting too many goals results in a lack of focus. The recommendation is to have 3 to 5 objectives which should have a minimum weight of 20% each..
- Setting objectives and abandoning your associate. Setting a SMART objectives is just the beginning. You need to have regular conversations with your associates to check progress and any needed support.

Examples of SMART Objectives can be found in Appendix B of this document.

Setting Development Objectives

There are five integral steps to creating effective development objectives. Going through these five steps will make your development objectives more impactful and meaningful.

1	**Identify the OPPORTUNITY for personal growth and improvement.**
2	**Prioritize needs and set a DEVELOPMENT OBJECTIVE.**
3	**List the ACTION steps that will address the need.**
4	**Decide on a TIMELINE and MEASUREMENT of success.**
5	**Check PROGRESS against the plan.**

Modified from *Paths to improvement, Korn Ferry International.*

1 - Identify the OPPORTUNITY

Consider your skill level as well as its importance to your role. It is helpful for Managers and Associates to have a conversation to confirm this assessment. Here are some questions to guide the discussion:

- What could you do better or do differently to be more successful in your current or future role?
- What is getting in the way of your full performance?
- Where is the challenge and / or opportunity for you to close any gaps between a current and desired state?
- What verbal or written feedback have I received in the Workday, 360 assessment, and/or self-assessments in the last 12 months that identifies an opportunity for growth or improvement?

On the Development Objective form, the first dropdown field lists the five Leadership Anchors as well as "Other" for any needs identified outside these Anchors (e.g. Functional Competencies). Select the appropriate Anchor (or "Other") in which the competency falls.

2 – Prioritize and set an OBJECTIVE

How many needs do you tackle at once? Consider one for your **current** role, and one for your **future** role.

Here are some questions to guide you:

- What area of focus would yield the best ROI (return on investment)?
- What is considered the most mission critical?
- What gaps could potentially cause derailment?
- What should you stop doing or do less of?
- What should you start doing or do more of?

Refer to the Leadership Anchors and Behaviors in describing what good behavior looks like. Specifically, to complete the "Development Objective Name" box in the Workday, indicate the Leadership Behavior within the Anchor you chose in the "Competency" field, and the specific competency. Be as specific as possible in describing your desired behavior.

3 – List the ACTION steps

Select impactful development actions that close gaps and build desired behavior using the 70/20/10 learning model.

Here are some questions to guide you:

- What on-the-job experiences or assignments will develop the skill? (focus 70% of the plan here)
- What colleagues, experts, or mentors could help you improve in this area?
  (focus 20% of the plan here)
- What courses or resources could support your development? (focus 10% of the plan here)

Review how success & progress will be measured.

Indicate these actions and success measurement in the "Actions to be taken" section of the development objective form.

4 – Decide on a TIMELINE and MEASUREMENT

This Step is intended to help build accountability and verify if development has occurred. Keep in mind:

- Be specific with due dates for actions and when feedback will occur
- Build stretch (not strain) into timelines
- Avoid "12 / 31 / XX"; think going beyond calendar year
- Align measurements to business metrics when appropriate i.e. matches development

Here are some questions to consider:

- How difficult will it be to develop or improve in this area?
- How urgent is the need?
- Is there a viable option for an interim plan?
- When and how will I check progress?
- Are development objectives written in a SMART format?

Complete the "Start Date" and "End Date" of your Development Objective form.

5 – Check PROGRESS

What progress are you making in your development plan? At least quarterly, you are encouraged to complete the "Progress Notes" of your Development Objective Form.

Consider the following questions:

- What progress have I made against my actions?
- What feedback have I received against my development objectives
- Do my actions or measurements need to change or be modified?
- What additional support can I leverage to support my objectives?
- Do my objectives still align with my current role/level?

Development Plan Checklist

To recap, use this checklist in helping ensure an effective development plan:

1 **Identify the OPPORTUNITY**
☐ Have you identified the most critical for meeting immediate needs of current and/or future role/level?

2 **Prioritize and set an OBJECTIVE**
☐ Have you identified specific behaviors that should stop, continue or change?

3 **List the ACTION steps**
☐ Have you identified the best set of learning approaches for each target Leadership Anchor or Behavior?
☐ When creating an on-the-job learning experience, does it include developmental characteristics?

4 **Decide on a TIMELINE and MEASUREMENT**
☐ How will you know when success is achieved?
☐ When will you follow-up on progress?

5 **Check PROGRESS**
☐ Have you evaluated the plan?
☐ Have you asked or provided feedback on the target behaviors?
☐ Have you identified any changes in the plan?

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See Danaher Connect for 20+ Best in Class Development Plan Examples.

Structure Development Objectives in Workday

The below shows the structure of a Development Objective in Workday:

1. Development Objective:	Reflects the OPPORTUNITY for personal growth and improvement.
2. Additional Information:	Sets the DEVELOPMENT OBJECTIVE. Also includes the ACTION steps that will address the need, the TIMELINE and a MEASUREMENT for Success.
3. Relates to:	List the Leadership Anchor or Competency this Development need relates to.
4. Status (Throughout the Year):	In this field you can keep the status updated throughout the year.
5. Status Note (Throughout the Year):	In this field you can keep your progress notes.

Selecting the Appropriate Level of Leadership Anchors

The Leadership Anchors are an important part of how we accomplish our objectives and interact with others. It should be part of the expectations established at the beginning of the year, just as performance objectives are established at the start of the year. Leadership Anchors also serve as the foundation of our development objectives and what we will be evaluated against at the end of the year.

Managers and Associates should take the time to discuss the level (Individual Contributor, Manager/Advanced Professional, Senior Leader/Expert Professional) of the Leadership Anchors that is most appropriate given the Associates' responsibilities.

Consider the three dimensions listed below:

For each dimension, consider:

- Thinking: The time horizon (immediate vs. long term) and breadth of activities, perspectives, connections that must be made

- Scope: The extent of influence, impact and complexity of responsibilities and decisions

- Leadership: The extent to which there is direct or indirect responsibility for (or influence over) other associates' deliverables.

Remember, the level selected should remain the same for each of the five Leadership Anchors.

Once the appropriate level has been established, discuss the behaviors within that level that will be critical for the Associate to focus on and demonstrate. Share responses to the following questions:

- What behaviors are required for success in the current role, regardless of specific performance objectives?
- What behaviors are critical in order to accomplish a specific performance objective, project or priority?
- What behaviors have served as strengths and should continue to be demonstrated?
- What behaviors have hindered effectiveness in the past?
- Are there any Leadership Anchor behaviors that can be "practiced" in preparation for a later or future role / assignment?

Remember, the behaviors identified can serve as the starting point for creating development objectives. They will also help an Associate understand what they will be evaluated on at the end of the year.

Appendix A: Line of Sight Framework and Worksheet (can also be downloaded from Danaher Connect>Life & Career>Careers>Performance for Growth)

DANAHER

- ❖ Core Values
- ❖ Platform Initiatives
- ❖ Core Value Drivers (CVDs)
- ❖ Strategic Planning Process
- ❖ Policy Deployment (PD)
- ❖ Danaher Business System

How do you see yourself demonstrating Danaher's Core Values in your work and interaction with others?

How might you influence the CVDs at a local or OpCo level?

What do the Platform initiatives mean to us in our OpCo and in our individual roles?

How does PD impact the work we do in our team?

OPERATING COMPANY STRATEGIC OBJECTIVES

How do these strategic objectives support the overall direction of our OpCo?

How does our team/function collectively contribute to these strategic objectives?

How will we know if we are successful?

PERFORMANCE FOR GROWTH

My Objectives

- **S** Specific
- **M** Measurable
- **A** Actionable
- **R** Relevant
- **T** Time based

Leadership Anchors

- Charts the course
- Drives innovation and growth
- Leads through DBS
- Builds people, teams, and orgs
- Acts with integrity

Which of these objectives do I feel I impact the most and why?

How will I contribute to our OpCo strategy in my daily work?

How do I see the Anchors guiding the way I think, work and behave?

How do these Anchors help me execute on my objectives?

Appendix B: Examples of SMART Performance Objectives

Growth

Increase revenue by end of Q4 by adding new customers and growing revenue size of existing customers, thereby enabling OpCo to lead the way in this product category compared to competitors.

o   20% increase from USD 5M to USD 6M in product category ABC (target); 40% increase from USD 5M to USD 7M in product category ABC (stretch).
o   Grow customer base by adding 5 new strategic accounts roughly accounting for 10% of target increase. Grow revenue from existing customers base to account for additional 10% of target.
o   Deploy new marketing campaigns with new and existing customers.

Quality

Reduce external PPM defects on Product XYZ to enable us to reduce customer returns and increase satisfaction.

o   Conduct PSP by Q1 with implementation of countermeasures by Q3.
o   25% reduction from average 38,523 PPM to average 28,893 PPM by end Q3 (target); 50% reduction from average of 38,523 PPM to average of 19,262 PPM (stretch).
o   Update SW to reflect countermeasures and new process steps.
o   Develop and deploy updated training to 100% of team by Q3.

Delivery

Improve OTD from last year (December) JOP of 80% to an OTD metric of 90% phased over the coming year to ensure greater customer satisfaction.

o   Conduct Kaizen session by end Q1 with all relevant stakeholders (e.g., sales, marketing, procurement, R&D and operations).
o   Prioritize and try-storm top 3 most impactful solutions by mid Q2 with a final recommendation of enhancements by end Q2.
o   Increase OTD to 87% (target) or 90% (stretch) by end Q3.
o   Increase OTD to 95% (target) or 97% (stretch) by end Q4.

Innovation

Deliver on the release of product XYZ by end Q3 in order to be the first to market with a product of this kind.

o   Complete TG 3 by June 30
o   Collaborate with marketing team to ensure full marketing plan is ready for release including campaigns and product collateral by May 31
o   Complete all scheduleed visits with existing customer base by Oct 31

Safety

Reduce OSHA recordable injuries and illnesses in manufacturing plants ABC and XYZ by end Q4 enabling our plants to rate in the top tier of safe places to work.

o   Conduct PSP in both plants with operators and plant managers; report out on key findings and prioritized countermeasures by end of March
o   Establish visual management board in several key locations throughout both plants
o   Establish training workshop based on key fiindings and updated and adjust SW process documents by end May

o   Reduce rate from monthly average of 4.6 to a monthly average of 2.5 (target) or monthly average of 0 (stretch).

Talent

Improve the health of our talent to ensure we have the talent to execute on the year's priorities.

o   Identify at least 2 successors who are RN or R1 for each of the top L1 roles (CFO, HR, Ops VP, VP Sales) by December.
o   For all open Director+ roles, identify diverse slates of candidates with at least 10% represented by women or 10% represented by People of Color.
o   Reduce turnover from 6.9% annualized last year to 4.5% annualized by the end of Q4.
o   Improve Time To Fill for open positions from an average of 86 days (2014) to an average of 50 days, never exceeding 85 day by end of Q4.