

CASE STUDY: Patagonia

Patagonia leans on Kazoo to develop a performance management strategy worthy of its powerful business values and celebrated culture.



Patagonia is a California-based retailer with more than 2,000 employees, committed to providing mainly sustainable outdoor clothing and products. It is one of less than 2,000 companies to have earned a B Corporation certification, for its steadfast focus on environmental issues. The company extends this progressive approach to the way it runs its business, with many charitable opportunities for employees, generous policies for maternity leave and other internal programs.

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BUSINESS CHALLENGE

Patagonia's performance management process didn't reflect who it was as a company and the values most important to its employees. The company had a very traditional, hierarchical approach to performance reviews that was slow, arduous and not aligned with its celebrated culture of being unconventional. Its existing performance management tool simply digitized the paper and file system made popular in the Industrial era. Both the process and the philosophy on which it was based were dated and created little value. The technology for conducting performance reviews was cumbersome and difficult to use without extensive training. In addition, the administrative burden was significant, especially when it came time for the annual goal-setting and review process. Users logged in only twice a year: once to input their goals, often already 4-5 months into the year, and again when it was time to discuss their performance.

SOLUTION

Patagonia's starting point was truly at the very top. The company's CEO agreed with HR leadership that they needed a more relevant, impactful, and agile approach to goal setting and performance management. The new process should reflect who Patagonia is as a company and the values most important to its employees: transparency, collaboration, and improvement.

Whether it's about the type of down used in a jacket or labor working in its factories, the company is committed to being open about its products and services. Likewise, its performance development process needed to be highly transparent around goals. Next, the new approach must enable collaboration, allowing employees to work together toward goals and help each other find new ways to reach them. Lastly, the new system needed to allow employees to grow individually and as a team. Performance development, to Patagonia, is about improving its employees, not checking boxes and assigning scores.

From these values, Patagonia established a new mission for performance development - to improve employee performance through effective goal setting that leveraged the crowd.



To achieve this mission, Patagonia enlisted Kazoo. As the only tool that approached performance management in a proactive, collaborative way, Kazoo embodied many of the same values as Patagonia. The company had four main goals for its new process:

- 1 Realize its data potential.** Patagonia wanted to arm HR with data uncovered from the platform to ask more relevant questions and drill down into performance-related metrics.
- 2 Democratize performance.** Employees needed a real-time view of their performance vs. a long, subjective annual review that looked backward, covering issues out of context and oftentimes beyond repair.
- 3 Incorporate social to leverage the crowd.** With multiple data points from peers, managers, or even customers, leaders would see a more balanced picture of performance.
- 4 Simplify the process.** Kazoo's clean, intuitive design could be used without training. After all, if no one was using it, there would be no activity to manage and measure.

RESULTS

COMPASS, powered by Kazoo, is Patagonia employees' personal device for improved performance every day. The name aligns with its culture and identity as an outdoors brand, calling to mind a tool for finding the right path forward.

"The beauty of Kazoo is that information goes straight to the employee. Once you hear from the crowd, you begin to see trends. Now the conversation employees have with their managers at the end of the month is really different, and the manager's role becomes a true coach versus just rater/evaluator... That's the future of conversations - people are empowered with data they didn't have before."

- Dean Carter, Vice President of Human Resources, Patagonia

COMPASS leverages the science of objectives and key results (OKRs) to help employees set goals, promotes a growth mindset by treating development as a regenerative process, and leverages the power of the crowd through Kazoo's social functionality. The early wins speak for themselves.

- ▶ **The check-in conversation is overwhelmingly preferred by employees to the traditional performance review.** One Patagonia employee shared that the new approach "created an efficient way of creating an agenda and interesting insight into how I judge the work I've done vs. how my manager looks at the input."
- ▶ **Transparency is being embraced**, with 98% of personal goals visible to the organization.
- ▶ **Feedback is being shared openly and frequently**, with an average of four comments per person, with managers leading the way. One employee shared, "I think having an open conversation while reviewing goals and accomplishments is the best feedback."
- ▶ **Employees that received higher bonuses were more likely to have asked for feedback** and completed a check-in.