

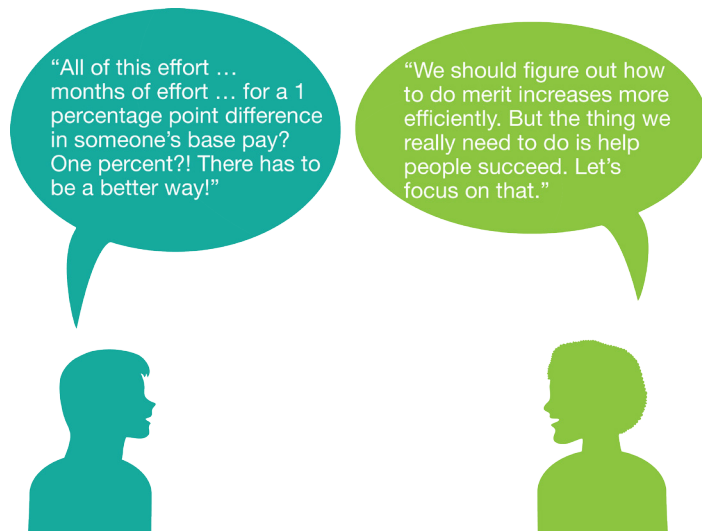
PERFORMANCE MANAGEMENT THAT MATTERS

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A sea change is underway in how companies manage performance. According to a recent Deloitte study, nearly 70 percent of organizations are reassessing and rethinking their performance management processes.¹ Bersin reports that only 8 percent of respondents feel that their company's performance management processes drive value, and a paltry 10 percent think their processes are worth the time invested.² And in the October 2016 issue of *Harvard Business Review*, Cappelli and Tavis report that an estimated one-third of businesses are doing away with traditional performance reviews.³ Even traditionalist General Electric has thrown out the staid appraisal approach.

A conversation that we recently overheard between two managers illustrates the problems organizations are trying to solve:



If companies can implement this transition successfully, there are great advantages to be achieved. Brandon Hall research found that when done well, effective performance management practices yield a full 20 percent increase in retention, engagement, and, by extension, customer satisfaction.⁴ Data from the Corporate Leadership Council shows a 40 percent increase in performance outcomes when direct reports believe that feedback has been fair, accurate, and, critically, immediate.⁵ Many companies are driving a much-needed shift in performance management to achieve the advantages.

Performance management works best when it supports striving rather than keeping score.

What is the New Performance Management?

Coaching and accountability are the new “yin/yang of performance management.”



Excellence in performance management involves such practices as clarifying action plans for new stretch goals, helping people learn how to create plans that can be practically implemented, developing the means of overcoming challenges that stand in the way of objectives, and reinforcing successful progress toward goals. These high-performance management practices are highly correlated with high engagement as well as self-reported effort and excellence.⁶ For performance management to work, we need to build proficiency in these critical managerial skills.

AchieveForum believes that strong coaching skills are key to optimizing the return on the investment that people make in performance management. To make this shift a reality, we need to help people meet the demands of these accountabilities.

A recent 2016 Blessing White study reinforces the point.⁷ This research found that while 73 percent of employees had been coached by their managers, only 23 percent thought the coaching sessions added value. Only one in two survey respondents in North America and Asia get coaching (even fewer in Europe). Two-thirds of employees who receive coaching say it improved their satisfaction and performance.

Managers described coaching as an almost-altruistic behavior to support employee needs or a strategy for building talent pipelines but it is not central to managers' daily work. Managers believe that employees want advice but employees want to be stretched and want help sorting through problems.

10% of employees said that coaching had a negative impact on performance. Enhancing managerial coaching effectiveness is required to do the new performance management.

Personal accountability is the other side of the new performance management coin.

Research highlights a common wish that managers have of their employees: “Why can’t my people act with more personal accountability?” Enhanced proactivity, increased discretionary effort, and seeing one’s performance as a personal responsibility are points of passionate aspiration and frustrated hopes among many leaders.⁸ Helping people learn how to set work goals in collaboration with their managers, set criteria against which success will be determined, and engage their managers in coaching conversations are among the skills we need to enhance on the employee side of the performance management conversation.

Making the Transition From the Current to the Future State

Making changes at three critical points will help us realize the promise of doing performance management in a way that really improves performance. Implementing “from to” shifts in manager skill, individual skill and organizational support will synchronize three powerful influences on performance management effectiveness. In effect, we will create a new ecosystem of performance management that will optimize individual and organizational performance.

We see three critical intervention points:



Increasing Managerial Skill at Coaching

1. FROM looking back to looking ahead:

- A mind-set that sees the managerial role as primarily one of coaching high performance; this reflects the right timing and balance of the following:
 - **Positive:** “Here is what is working well.” “Here is what is succeeding that you could do more of with this outcome.”
 - **Goals focused:** “Here are activities that drive better outcomes.” “How are you performing against these goals that will lead to the best outcomes?”
 - **Partnership focused:** “How can I help you achieve this goal?” “What obstacles do you see and how can they be overcome?”
 - **Feedforward focused:** “Here is what to do differently.”
 - **Linked to outcomes:** “Here is how this advice will improve your success.”

2. FROM one size fits all TO individualized

The work for managers is to link goals with personal engagement drivers. Super-charging performance means:

- Identifying direct reports' core engagement drivers, synchronizing them with personal strengths and areas of growth, and then focusing on how to achieve the business targets to which we are accountable.
 - Achieving this synchronicity also means figuring out how to embrace and leverage generational differences at work.
 - The one-size-fits-all approach limits impact work across cultures. Westernized models to performance discussions that rest on transparency and direct expression don't work in many parts of the world, nor for many personalities.
- Leaders need to broaden their awareness and communication repertoire to be effective in tapping everyone's best performance in today's increasingly flat business environment.
- *We invite readers to stay tuned as we report on findings from research that we are conducting on the development of culturally attuned feedback models for leaders of teams with members from multiple countries.*

Increasing Individual Skills

1. FROM Passive Recipient TO Active Receiver

High performers consult their bosses more often about progress and impact. They own their performance, understand the process of learning from experience, and then use lessons learned to increase the value they create.

In many situations, feedback from peers, direct reports and customers are quite powerful. When people are working across boundaries with colleagues in other departments to accomplish results, the perspective of peers is indispensable. Our research and the research of others tell us that managers often do not have the best vantage point into the performance of their direct reports⁹ in these situations. The new frontier of performance management involves providing tools that give greater weight to the perspectives of the colleagues around us and not only our direct manager.

At AchieveForum we have built team feedback and feedforward tools to help team members help each other succeed and strengthen the performance of the team. Holacracy, a newly conceptualized organizational structure coined by Holacracy, LLC, helps companies make the shift away from hierarchical decisions to one where peers create mutual accountability and transparent decision making by holding multiple roles according to aspirational and established skill set.¹⁰

2. FROM Boss Owns to I Own

When people relate to their performance as a personal accountability and not a boss' responsibility, performance management activities have more impact on performance. Equipping people in an organization with the skills of setting goals and establishing the measures by which success will be measured is an important investment in the new performance management. Orienting people to how direct reports and managers work together to iterate and refine goals and measures that are clear and aligned with team and organizational goals converts knowledge about goals into a powerful collaboration about achieving success.

Increasing Organizational Support

Managers and direct reports can do a lot within their own spheres of accountability to achieve personal and team goals, but for real impact to be realized, better organizational support is needed.

1. FROM Complexity to Simplicity

AchieveForum's research tells us that managers avoid ongoing performance-related feedback and coaching because 1) they see it as too time consuming and not valuable to employees, and 2) they lack coaching skills. When organizations (1) train clear and repeatable skills, (2) include fast skill practice, and (3) support efforts with robust feedback loops and no-nonsense application planning, then business outcomes improve. Providing access to this process and the right development resources is critical to success.

2. FROM Pay Increase Administration to Rewards and Recognition

Studies related to human motivation and sustainable performance outcomes show that linking pay to performance in the ways found in most organizations can be demotivating. In fact, typical ways of connecting performance and pay often make employees less effective. Strategies like career path acceleration, linking stretch objectives to bonuses, and a focus on team performance are powerful tools for driving performance. Implementing these programs requires attention and organization know-how but can be critical to success.

3. FROM managing under performers TO optimizing the fit between the person and the work

One of the best opportunities we have liberating more performance from people is optimizing the fit between the person and the work. Doing a better job of assessing the capabilities and work motivations of people and then matching these assessments with work will make a big contribution to increasing performance. Providing leaders with talent assessments, job design, and analysis support can do much to increase performance.

	From	To
People Manager	Looking Back, Feedback	Looking Ahead, Feedforward
	One Size Fits All	Individualized
	Evaluator	Coach
Direct Report	Passive Receiver	Active Seeker
	Low Accountability	My Performance
Organization	Managing Under Performers	Optimizing Person-Job Fit
	Pay Increase Administration	Rewards and Recognition
	Complex Process and Interface	Simple Interface

Summary

Today, leaders at every level and the HR professionals that serve our organizations have a great opportunity to convert the dissatisfaction with common performance management practices into meaningful shifts in how we link people and business performance. By closing the “from-to gaps” we outlined above, we can take advantage of an opportunity to make a difference that matters.

Endnotes

- ¹ Deloitte University Press, “Global Human Capital Trends 2015: Leading in the new world of work”, 2015.
- ² Josh Bersin, “Becoming irresistible: A new model for employee engagement”, Deloitte Review Issue 16, 2015.
- ³ Peter Cappelli and Anna Tavis, “The Performance Management Revolution,” Harvard Business Review, October 2016.
- ⁴ Laci Loew, “Change the Channel on Performance Management”, Brandon Hall Group Blog, November 3, 2014.
- ⁵ Corporate Leadership Council.
- ⁶ (high-performance management practices).
- ⁷ Blessing White, 2016. Coaching Conundrum Report. Building a coaching culture that drives organizational success. Blessing White.
- ⁸ Tom Rose, “Creating a Culture of Engagement and Accountability” AchieveForum Point of View 2014
- ⁹ Accelerating Leadership Effectiveness, AchieveForum Webinar 2016.
- ¹⁰ Ethan Bernstein et al., “Beyond the Holacracy Hype,” Harvard Business Review, July-August, 2016.
- ¹¹ AchieveForum (performance feedback)
- ¹² (performance and pay less effective)

About AchieveForum:

AchieveForum delivers leadership solutions that are designed for the customer and are built on more than 85 years of global experience. Our tailored learning solutions are created with purpose and driven by innovation to help organizations effectively execute their business strategies. We provide clients with practical and research-based products and programs that mobilize employees, accelerate business initiative implementation, and improve agility.

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