2011

Performance Management

Behaviors that Matter

Why do most performance management systems fail to actually improve performance? PDRI's research has shown that effective performance management is not about the formal performance management system. It is about developing and fostering three critical day-to-day behaviors among all employees. Building a high-performance culture requires enculturating the principles of vision, action, and growth throughout your organization.

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9/10/2011

Performance Management: Behaviors that Matter

Over 50 years of research has attempted to improve performance management (PM) systems by changing every element of the process: what's rated, who makes ratings, how often feedback is given, what documentation is required, and what rating scale is used. Unfortunately, none of these strategies have been shown to consistently lead to higher performance. The quest to develop the "perfect" performance management system has caused us to lose sight of what effective PM really is all about: building a high performance culture by focusing on the day-to-day actions of all employees and managers that are proven to lead to business outcomes.

How much do these simple, day-to-day behaviors matter? Research suggests that they matter a great deal. For example, a study performed by the Corporate Leadership Council showed that over half of the most important drivers of employee engagement and performance across organizations are precisely the behaviors that define effective performance management – setting clear expectations, helping employees accomplish work, providing regular feedback, and finding opportunities for employees to succeed and develop.[i]

Similarly, a project conducted by Google found a direct and positive link between key performance management behaviors on the part of leaders and bottom line results such as increased productivity and reduced turnover. Being a successful leader at Google did not equate to simply having superior technical skills. Rather, the most successful leaders were good coaches and helped employees with career development, had a clear vision and strategy for the team, made time for one-on-one meetings, helped employees solve problems by asking questions rather than dictating answers, and took an interest their personal success and well-being. When Google focused on improving these behaviors among their leaders, they found that 75% of their least effective managers showed significant performance improvement.[ii]

Based on this research as well as our own experience, we believe that effective performance management is not about developing a formal appraisal system. It's about developing and fostering the critical behaviors that lead to business results. That is, the behaviors that matter.

The Three Behaviors That Matter

In over 35 years of research on performance management and leadership, we've identified three critical behaviors that have the most impact on organizational results. Engaging in these behaviors consistently in the normal course of getting work done is the shared responsibility of all employees and managers. The three critical behaviors are deceptively simple yet they are powerful drivers of performance:

1. **Vision:** Understand where the organization is going and how the work of each person fits in.
2. **Action:** Enable a climate conducive to communicating real-time expectations and goals and seeking and providing regular feedback.
3. **Growth:** Seek and provide challenging developmental experiences along with the freedom to learn and try new approaches.

Vision

A desired outcome of performance management is to align the activities of every employee to supporting the mission and objectives of the organization. A common approach to ensure alignment is to cascade goals from high level strategic goals through every layer of the organization down to individual performance objectives. This process is not only time-consuming and burdensome, but also the resulting individual goals are often poorly stated with only tenuous relationships to higher level goals.

In our work, we have found that alignment between the organization's mission and individual work is essential for a high-performing organization. However, it is not the formal process of cascading goals that leads to this alignment. Rather it is the routine conversations between employees and supervisors in which each seeks to understand the organization's mission,

the environment in which it operates, and how these factors impact day-to-day work. Helping employees understand the big picture benefits managers because it enables employees to make better, more independent decisions and change course, when necessary, in a manner that is aligned with the overall goal and environmental realities. Thus, this understanding actually helps employees perform better and more efficiently, without needing direction from their manager about what to do at each and every turn. Understanding the big picture also helps employees by giving them a clear sense of how they contribute to the larger organization, which is incredibly empowering. People want to feel as if their work has purpose and meaning and contributes to a goal that is greater than them. They will only feel this way if they clearly understand how their work fits in.

A challenge with helping people understand how they contribute is that organizational mission statements are often lofty and hard to translate into everyday behaviors. Therefore, a fundamental role for leaders is to help employees see how the organization's mission relates to their work. Figure 1 offers an example of how a high level mission statement can be translated into everyday language that paints a clear picture of how individuals can contribute.

Figure 1. Translating the Mission

Original Mission Statement

Provide innovative, customized human capital, training and automated solutions to meet customer needs

Translated Mission Statement

Put customer needs first and make sure everything we deliver is high quality so they provide us with repeat business and referrals.

Write articles and give presentations that offer new ideas that customers will see as valuable.

Train and mentor others to help them improve their work and better serve customer needs

Employees and managers have equal responsibility for ensuring everyone understands the mission. Employees must proactively seek to understand the organization's business and how their own work fits in. They should be able to describe in clear, plain language how what they do contributes to the organization's mission and ask questions if they are not clear. They should also be proactive in identifying when their work is not contributing to the mission and work with their leadership to reprioritize as needed.

For their part, managers need to communicate regularly with employees to describe in straightforward terms how the business operates and what keeps the lights on. Often, beyond the basic requirements of producing high quality work, organizations have unique approaches to ensuring the sustainability of their operations. For example, in government organizations success is often not just about accomplishing the stated mission; it is also about having effective relationships with Congress and members of the public.

In addition, managers have a responsibility to keep their staff members informed of what's going on both inside and outside the organization and how that might affect them. And staff members should be expected to keep abreast of changes in the external world that affect the organization and seek clarity on the likely impact of those changes.
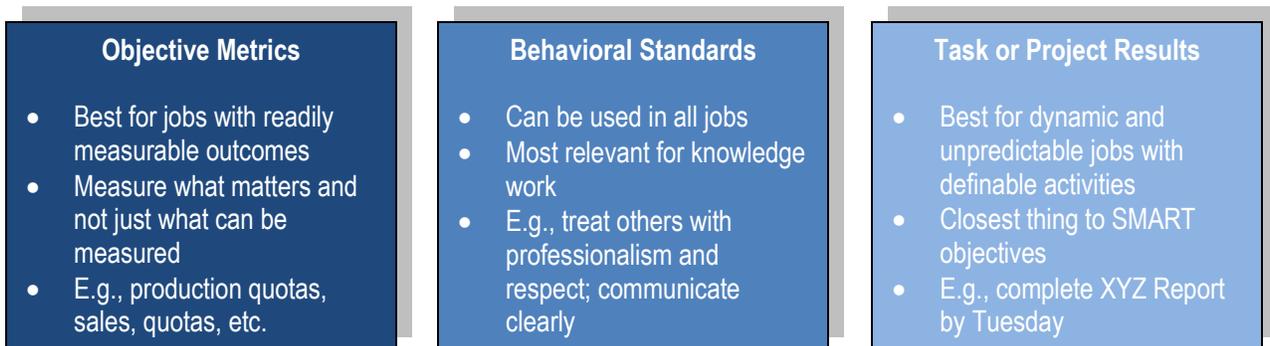
Action

Setting expectations is a core tenet of any performance management system. Unfortunately, many organizations over-engineer this process to the point that it is rendered useless. For example, the focus on setting SMART objectives once a year often ignores the dynamic and ever-changing nature of work.

Rather than setting goals just once a year, our research has shown that it's more effective to set expectations on an ongoing basis and link feedback closely to those expectations. Setting clear expectations benefits managers because it ensures employees know exactly what to do and makes it more likely that the work will be done right the first time and require less rework. It benefits employees because it helps them understand exactly what they need to do and how success will be measured.

There are different types of expectations that may be set; which type(s) to choose for any given job and in what combination will vary by circumstance. Figure 2 illustrates three different types of expectations.

Figure 2: Example Expectations

Objective Metrics	Behavioral Standards	Task or Project Results
• Best for jobs with readily measurable outcomes • Measure what matters and not just what can be measured • E.g., production quotas, sales, quotas, etc.	• Can be used in all jobs • Most relevant for knowledge work • E.g., treat others with professionalism and respect; communicate clearly	• Best for dynamic and unpredictable jobs with definable activities • Closest thing to SMART objectives • E.g., complete XYZ Report by Tuesday

It should also be noted that in addition to individual expectations, team or group level expectations can be important to reinforcing how each unit supports the larger organization. For example, in many jobs, objective metrics are often more meaningful at the unit level than the individual level, such as revenue and profit goals.

Closely aligned to the idea of providing clear expectations is the concept of providing clear and direct feedback. Years of research has shown that feedback is absolutely essential to high performance. It benefits managers by helping employees continually improve their skills and thus produce higher quality work that requires less effort from the manager to correct or redo. It benefits employees by giving them a clear sense of what they are doing that's effective and should be strengthened or retained and what they should do differently. Employees who are more capable can operate with more autonomy, which is a key factor in job satisfaction.

In most performance management systems, feedback is often defined once or twice a year in the context of a formal appraisal of the employee's strengths and weaknesses. These sessions are often characterized by one-sided conversations in which the supervisor renders an overall judgment of the employee's performance. The employee may be given an opportunity to respond or ask questions, but the purpose of the conversation is to evaluate performance and perhaps discuss decisions that have been made about the employee's pay, bonus, or opportunities for promotion. Such feedback can be useful to let the employee know where he or she "stands" in the eyes of the manager but is too infrequent to drive day-to-day behavior.

In contrast, the feedback that actually leads to improved performance happens during the ongoing and regular two-way communications that occur day-to-day as they are needed. The most effective feedback accomplishes three things: 1) it reinforces and strengthens the relationship between the employee and his or her manager, 2) it is focused on maximizing a positive outcome, and 3) it develops the recipient.

A challenge with more informal feedback is that managers and employees alike may fail to recognize when it occurs. Employees and supervisors need to recognize that feedback is often wrapped in the context of discussions about the work. It includes a range of activities, such as edits to written documents, problem solving discussions in which supervisors provide guidance on overcoming barriers, as well as direct comments on the effectiveness of employee actions. Ongoing feedback is often focused on the work as employees and managers meet regularly to discuss project status, barriers, and strategies to overcome them. Essential to fostering open dialog during these conversations is an atmosphere of mutual trust in which the employee and manager each view the other as a partner in getting the work done, and not as a judge to evaluate the person's worthiness.

The most effective feedback is delivered immediately after an event, as specific as possible, focused on behavior and not on personal characteristics, provides an example of what the employee did that was effective or ineffective, describes the impact of the employee's action, and provides suggestions for sustainment or improvement. For example, a comment such as "Great job on that presentation"

may feel good to the employee but does little to improve performance. Rather, that statement should be followed up with specific examples of what was good about it, what the impact was, and how it can be sustained in the future. The same structure works equally well for feedback that is less than positive.

An important opportunity for feedback is the "teachable moment." Teachable moments are those critical incidents when something goes awry or when there is a seemingly insurmountable problem to solve. Supervisors need to capitalize on these opportunities by talking with employees about what happened, why it happened, and what could be done to mitigate similar situations in the future. Building an environment of safety and trust into these conversations is critical. Even if the employee made a serious error, viewing the situation with an eye to learning is a powerful way to help the employee learn from the mistake.

Employees have an equal role in making the feedback successful. First, they must seek it out and not just wait to receive it. The old adage that "no news is good news" is simply not true when it comes to performance. Second, they must be open to it and view it as a gift and not a curse. Feedback is essential to learning, growth, and performance and should be understood as such. Third, they must ask questions and seek to really understand the feedback they are getting and how to take action based on it. Finally, they must give feedback. Specifically, managers benefit when employees are open and honest about how the manager might improve his or her communications with the employee. Moreover, every person is different and a feedback strategy that works with one

person will not work with everyone. Employees can help their managers by giving feedback about feedback: how helpful the feedback was and if anything else is needed (e.g., more specific examples, more suggestions for improvement, etc.).

Growth: Developing Through Experience

One of the core responsibilities of every leader is to develop his or her people. This responsibility goes beyond ensuring that employees have time and access to training. In fact, most development occurs on the job through experiences. Developing people through experience serves managers because it makes their direct reports more capable and allows them to take on more responsibility, thus freeing up the manager's time. Development also serves employees because it strengthens their feeling of mastery and accomplishment and helps them be better positioned for future career opportunities and promotions.

The challenge with developing people through experience is that on-the-job development is often ad hoc and unstructured. Employees may have experiences but fail to learn from them unless there is a deliberate attempt to ensure that individuals get the experiences they need to grow their skills and that they reflect on the experience to identify lessons learned.

As with the other two behaviors that matter, the growth behavior is the shared responsibility of every employee and supervisor. Supervisors must have an understanding of an employee's current capabilities and their career aspirations. Studies have shown that the most effective supervisors take a true interest in their direct reports and seek to help them advance in their careers. Knowing an

employee's current skill set and where he or she wants to go next can help the supervisor identify the right experiences that will fill in any gaps needed to progress. Experiences that build high-performance:

- Stretch one outside his or her comfort zone by providing a challenge that lies just outside of the boundary of one's current capabilities

- Provide an opportunity to make mistakes and learn from them in a safe environment

- Entail deliberate practice and feedback and time for reflection to incorporate lessons learned into future actions

For their part, employees can help this process along by honestly evaluating their own capabilities, initiating conversations with their managers about their career aspirations, and looking for opportunities to have new experiences and take on new responsibilities. The right mindset is critical here. It's difficult to take on a new assignment outside of one's comfort zone. However, stretching this way is critical to growth and learning. Rather than look upon a tough assignment as a burden, employees need to see that it is an opportunity.

Summary

Developing and sustaining the behaviors that matter is the key to building a high performance culture. On the surface, these activities appear to be little more than common sense – Leadership 101. However, in organizational surveys on the extent to which these activities are actually happening on a consistent basis, we have seen widespread perceptions that much improvement is needed. This improvement begins with helping everyone in the organization understand why these behaviors are necessary: how they link to better business results and why they are beneficial to employees and managers alike.

How to perform the behaviors that matter is not always intuitive. Educating the workforce – both employees and supervisors – on how to actually engage in these behaviors with each other on a daily basis is a critical step in transforming the organization. However, training is only the beginning. These behaviors must be reinforced on the job, and supervisors and employees need to be held accountable for performing them. At a fundamental level the behaviors that matter need to be enculturated throughout the organization until they become part of its DNA.

Behaviors that Matter at a Glance

	For Everyone	For Supervisors and Managers
Vision	• Solicits information about the organization and asks questions to increase understanding of the business and how it operates • Identifies how own work supports the organization's mission and talks to manager when unclear about how own work fits in • Offers suggestions about how to better align own work to support the organization's mission	• In plain language, explains the essence of the organization's core business to others • Helps team members understand the big picture and how their work fits in • Gets input from team on how to make meaningful contributions to the organization
Action	• Proactively seeks feedback on expectations and measures for success • Communicates often and trusts that supervisor is seeking to help the employee improve • Tries to solve problems on own before asking for manager's help • Seeks feedback and is open when it is received • Provides feedback to manager about how well communications are working	• Clearly describes what's expected and what success looks like • Communicates often and trusts people to do the right thing • Helps people solve problems, overcome barriers, and succeed – is helpful and doesn't micromanage • Provides immediate and direct feedback focused on helping the employee improve • Celebrates successes and coaches mistakes – provides immediate and direct feedback
Growth	• Takes ownership of career and identifies goals and desired experiences • Is proactive in discussing career goals with manager – states clearly the opportunities that s/he thinks will help with growth • Accepts new assignments and challenges and views them as an opportunity for learning	• Smartly defines work assignments to set team members up for success and grow their skills • Is genuinely interested in people and their career growth – provides real-time opportunities for staff to stretch and grow • Accepts that mistakes and failures are part of learning and helps people grow from them

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[i] Corporate Leadership Council. (2004). Driving employee performance and retention through engagement: A quantitative analysis of the effectiveness of employee engagement strategies. (Catalog No. CLC12PV0PD). Washington, DC: Corporate Executive Board.

[ii] Google's Quest to Build a Better Boss. New York Times, March 12, 2011.