Is your performance management process about personnel administration or business execution?

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Performance management is like dancing: most people do it occasionally, few people do it well, and very few people use it to drive financial revenue. But unlike dancing, it is actually relatively easy for most people to use performance management in a way that is both effective and highly impactful for improving the financial performance of an organization. The problem is many organizations don't approach performance management as a method for executing on business strategies. They simply see it as something they have to do in order to adhere to legal policies. Or as one COO described it to me, "the main purpose of our performance management process is to document ratings that will justify compensation and personnel decisions we have already made".

When done well, performance management creates a shared sense of performance expectations and culture across a company, gives employees meaningful feedback that helps them improve their productivity, and provides the organization with insight into the quality and capabilities of the workforce. When done poorly, performance management typically exhibits the strategic value of completing expense reports. It simply documents what people did in the past (often very poorly), and has very little emphasis on improving what they might do in the future.

Using performance management to drive business execution is largely a matter of focusing on four things:

> **Accuracy:** Have you clearly defined the goals and competencies that people are being evaluated against? Effective performance management starts with accurately defining what you mean by performance.

> **Relevance:** Is performance management data used for anything that is highly important to the managers who are completing the reviews? If managers know their performance ratings are going to be examined by senior leaders in the company and used to make decisions that impact the company, then they will take them more seriously. For example, are performance management ratings used to influence succession and promotion decisions? Are managers expected to discuss their ratings with their peers, or do performance ratings just go into a file cabinet never to be seen again unless the lawyers show up? Pay decisions are certainly one of the things that make performance management ratings relevant. But in terms of impacting the value managers get from performance data, tying performance to the pay of their direct reports is probably relatively low on the list.

> **Accessibility:** Is it easy for managers to provide and use ratings? Do they have access to the tools, skills, and knowledge needed to make effective ratings and to hold productive employee feedback discussions?

> **Accountability:** Do leaders in the company hold managers accountable for making accurate performance ratings? What happens to a manager if they refuse to complete their performance reviews or provide poor quality data?

Focusing on these four areas will go a long way toward making performance management more impactful on business execution. Conversely, a failure to really think through issues of accuracy, relevance, accessibility, and accountability is almost certain to lead to a performance management process that solely focuses on tracking the past as opposed to influencing the future.

Creating, filling and maintaining talent pools, part 1
Steven T. Hunt, Ph.D., SPHR

A colleague recently asked "what are the best practices for using talent pools?" This got me thinking about what it takes to create effective talent pools. Like most strategic HR processes, there isn't one best way to use talent pools, but there are certain common critical questions to think about when building them.

Before discussing how to create talent pools, it is important to define what a talent pool is. I define a talent pool as a "pre-qualified group of people who possess attributes that increase their potential to be effective candidates for certain types of jobs". Talent pools tend to be divided into two groups:

> **External talent pools** consist of people outside of the organization who are considered to be good sources of candidates for staffing certain types of job. For example, a list of students who have graduated from engineering schools with certain degrees might form a "talent pool" for filling engineering positions.

> **Internal talent pools** consist of pre-identified employees within a company who are considered to be potential candidates for future roles in the company. The most common type of internal talent pools are groups of "high potential" leadership candidates identified through succession management programs.
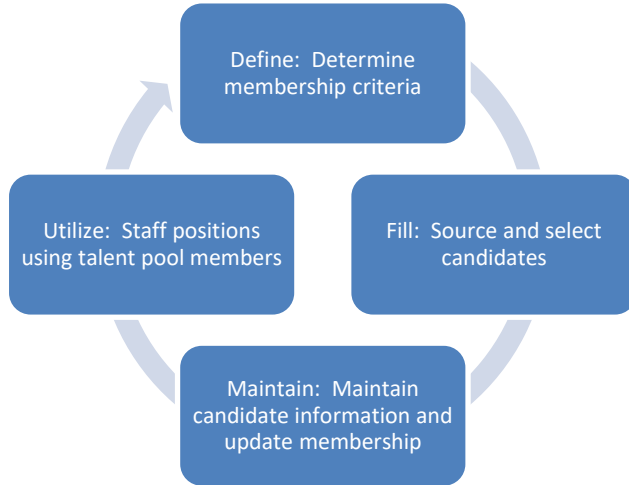
There is often value in blending internal and external talent pools. This lessens the danger of filling jobs with external candidates when highly qualified internal candidates exist among your employees, or promoting an existing employee rather than bringing in a much better qualified external candidate. The degree to which companies blend internal and external talent pools depends on the methods used to fill talent pools and the tools used to search talent pools for job candidates.

There are significant differences between internal and external talent pools in terms of the kinds of information you can collect and the methods you can use to engage with talent pool members. But creating and managing both kinds of talent pools requires thinking through the same four fundamental questions (see figure 1).

1. Define: What criteria will be used to determine talent pool eligibility?
2. Fill: How will you select and place people in the talent pool?
3. Maintain: How will you ensure the quality of the talent pool over time?
4. Utilize: How will you leverage the talent pool to fill positions?

When initially building talent pools you need to address these four questions in order. But over time the questions are better thought of as a cycle where the outcomes associated with one question may inform how to address the other questions. Look for part 2 of this blog where I discuss these questions in more detail.

Figure 1. Steps for Building & Maintaining Talent Pools

Creating, filling and maintaining talent pools, part 2
Steven T. Hunt, Ph.D., SPHR

In the previous blog on this topic, I discussed the definition of talent pools and the value in blending internal and external talent pools. In this second part, I will dive deeper into the four key questions that must be addressed to build high quality talent pools.

1. Define: What criteria will be used to determine talent pool eligibility?
2. Fill: How will you select and place people in the talent pool?
3. Maintain: How will you ensure the quality of the talent pool over time?
4. Utilize: How will you leverage the talent pool to fill positions?

Define: What criteria will be used to determine talent pool eligibility? The purpose of talent pools is to identify, track, and build relationships with individuals who have potential to be successful candidates for certain types of jobs. It is critical to clearly define the criteria that determine whether someone is eligible to be a member of a talent pool. If these criteria are too lenient, then the talent pool is likely to add little value as a source of high potential candidates. But if they are too stringent or too difficult to assess, then you will struggle to fill the talent pool with enough people to be useful.

The first step in defining talent pool criteria is to list the kinds of jobs it is expected to support. Talent pools can be built to support highly specific jobs, or to act as a broad source of talent for a wide range of jobs within an organization. Once you define the jobs, look for criteria that can be used to screen candidates based on their potential to perform these jobs. The ideal screening criteria have the following characteristics:

- *They effectively differentiate interested candidates from qualified candidates*. Interested candidates are people who want to interview for the job, including people who may not have what it takes to be successful. Qualified candidates are the actual people you want to interview. Think about what qualities provide the most value for differentiating between these two types of candidates. Remember, talent pool criteria are not useful if they fail to screen out unqualified people.
- *They are easy to collect*. The ideal criteria can be collected passively without asking people to provide any information. For example, using data that appears on an internal employee profile or an external candidate's LinkedIn account. Some criteria such as legal employment status, educational credentials, or willingness to relocate may be fairly easy to assess either by looking at online records or by asking simple qualification questions. Other criteria like record of high performance or cultural fit are more difficult to evaluate in this manner.

Fill: How will you select and place people in the talent pool? After defining the talent pool criteria, the next step is to assess people against these criteria to determine how to fill the pool. This requires two distinct steps:

a) Sourcing candidates. How will you find potential talent pool members? Where are you going to look for them? Are they from within your company or will they be external? Do they have to ask to join the talent pool, will someone else nominate them, will you find them passively by searching online data sources, or a mixture of these three? Will candidates have to provide information or answer screening questions to be considered? What incentives do candidate have to join the pool?

b) Screening candidates. How will you evaluate candidates against the talent pool criteria? Who will decide whether a candidate is allowed into the talent pool? Will you be expected to explain to candidates why they did or did not make it into the pool? Are there any legal guidelines you have to follow when screening candidates (e.g. avoiding the use of criteria that disproportionately screen out certain groups of candidates)?

Maintain: How will you ensure the quality of the talent pool over time? A common mistake in building talent pools is failing to create methods to ensure the people and information in the pool remain current over time. Talent pools should include means to re-evaluate current members and remove those who no longer meet the screening criteria. An example is annual talent reviews that periodically re-evaluate high potential leadership candidates in succession management talent pools to ensure they maintain their high potential status over time. You may also want to create methods to "nurture" people to ensure they don't leave the pool. This includes measures such as creating outreach communications to candidates in an external staffing talent pool that inform them of career opportunities in the organization, or hosting events where high potential candidates in a succession management talent pool are brought together to discuss career development strategies.

Utilize: How will you leverage the talent pool to fill positions? Make sure your staffing processes incorporate talent pools as part of the sourcing and hiring process, and then track how many positions are filled by candidates from existing talent pools. If you find that very few hires are made using your talent pools, then it may be time to revisit the previous three questions or dismantle the talent pool altogether. It is also amazing how often companies develop talent pools but fail to use them to fill actual positions. This is especially common for succession management talent pools. Companies put significant effort into identifying pools of high potential leaders, but then allow hiring managers to fill leadership positions without considering any of the candidates in the succession talent pool.

Talent pools can be highly valuable methods to increase the speed and quality of hiring decisions. Letting employees know they are in a talent pool can also increase engagement by encouraging them to think more broadly about the career opportunities in the company. But to gain the benefits of talent pools you must design and manage them effectively. Clearly thinking through the previous four questions will provide you with a strong head start toward creating well stocked, high quality talent pools.

Many companies punish people for career development – are you one of them?
Steven T. Hunt, Ph.D.

Virtually every company says it values career development. Yet one of the most common reasons for turnover is a lack of development opportunities. If development is so important, why does it seem to be in such scarce supply? One reason is many companies actually do things that discourage people from engaging in development activities.

You can tell a lot about how much a company values development by looking at the criteria used to guide compensation and promotion decisions. Are managers and employees rewarded for investing time in building long-term talent? Or is it all about last quarter's business results? The following are examples of ways companies actually punish employees, managers, and human resources leaders for investing time toward development.

> **Punishing employees.** The best way for employees to develop is by taking on goals that require performing new job roles, adapting to new work environments, and learning new capabilities. These goals are typically harder to complete than familiar goals because they require learning new things. Many companies do not distinguish between developmentally challenging goals and familiar goals when evaluating employee performance. All that matters is whether employees meet their targets. As a general rule, if an employee hits 100% of their goals year after year, they are not setting challenging goals. Yet, employees who achieve familiar goals with little development value may appear to have stronger performance than employees who set unfamiliar and far more challenging goals.

> **Punishing managers.**   From a short-term operational standpoint, investing in employee development is a lousy managerial strategy. Why should a manager risk short-term targets by giving stretch job assignments to employees who have not done them before? Why take time away from daily operations to invest in employee learning? And moreover, why encourage employees to pursue career opportunities or promotions elsewhere in the company? How does giving away talent help the manager?

> The degree to which a company supports developmentally-minded managers can be assessed by evaluating whether managers who "promote people past them" are rewarded or punished. Are these managers celebrated as talent creators or looked down upon as people who have hit a career plateau and are now being passed by? Similarly, are managers rewarded for hiring and developing less experienced and less costly candidates? Is there any incentive for managers to save on salary costs by developing talent instead of buying it? Are there metrics related to talent development and retention on the scorecards used to evaluate managers?

> I once asked a business leader how his company rewarded managers who developed and promoted people out of their teams. His answer was, "We don't, we punish them by not backfilling their positions". Given this, it is little wonder that a lot of managers express skepticism toward the relative value of development programs.

> **Punishing HR.** The saying "what gets measured gets managed" is as true in HR as anywhere else. Many of the things that are easy to measure in HR do not support investment in development programs. For example, it is far easier to track the cost of training than to track the value created by training. As a result, more emphasis may be placed on using inexpensive

development methods rather than effective ones. HR metrics can also create conflict within the HR organization itself. An example of this occurred in a company I was working with where the Director of Leadership Development was rewarded based on the percentage of positions filled by internal candidates while the Director of Recruiting was rewarded based on the number of external hires. This placed the Recruiting organization in direct competition with the Development organization. Rather than cooperating to see if it made more sense to treat specific positions as opportunities to develop internal talent versus opportunities to bring fresh talent into the company, it was just a race to see who could fill them first.

I doubt any company intentionally creates rules and cultural norms to discourage development. These things result from a failure to think through the implications of organizational policies and leadership decisions. Compare these examples to the methods your company uses to recognize and reward performance. Are you truly supporting people who invest in developing themselves and others, or do you merely give lip service to the value of development without actually rewarding it?

Note: This blog is an excerpt from my book *Common Sense Talent Management: using strategic human resources to improve company performance*.

Finance as a source of poor management practices, part 1:
How short-term financial practices destroy workforce productivity
Steven T. Hunt, Ph.D.

People often complain that HR is the source of many bad management practices. The finger typically points at HR leadership when a company has lousy hiring methods or does a poor job engaging and developing employees. While HR leadership often bears responsibility for inferior workforce management, in many companies the real culprits are the policies and actions of the Finance department. This tends to be especially true in larger organizations.

It is hard to make significant, positive changes to the overall financial results of a large company in a short amount of time. An analogy can be made between running a large company and captaining one of those old clipper ships with five masts and dozens of different types of sails. If you want to change the direction of a clipper ship without losing speed you need to adjust a number of different sails in a careful manner. This requires communicating with multiple teams and giving those teams time to adjust the parts of the ship they control. The only way to significantly change the ship's direction in a very short amount of time is to take extreme actions that kill its momentum such as dropping all the sails at once or throwing an anchor into the water. Yes the ship changes direction, but it is now sitting in the water robbed of its overall speed.

Finance departments in large companies often behave like impatient clipper ship captains. They issue broad sweeping orders that undermine long-term performance to achieve temporary short-term results. Two of the most common examples are company-wide hiring freezes and travel bans.

Hiring freezes – how financial policies encourage managers to hire fast and fire slow. One of the oldest bits of management wisdom is to "hire slow and fire fast". This emphasizes the importance of taking time to hire high quality talent and of swiftly dealing with existing employees who are undermining company performance. Yet many finance departments enact staffing policies that encourage the exact opposite behavior. I know a hiring manager who spent over eight weeks sourcing and interviewing candidates for a critical position. He was about to contact the selected candidate when his company's finance department issued a company-wide hiring freeze to control costs. When he contacted HR they told him: "in this company you need to fill you requisitions the same week you open them – rush to hire people as fast as you can before finance decides to take away your headcount budget". The finance department's history of using hiring freezes to meet short-term financial goals created a culture that punished managers who emphasized quality of hire over speed of hire. Conversely, because empty headcount budgets were regularly slashed by finance to save money, managers were reluctant to fire under-performing employees lest they be unable to backfill the position. In sum, the actions of the finance department encouraged managers to hire fast and fire slow, which is the exact opposite of good management.

Travel bans – how financial policies undermine team performance. The widespread shift to geographically distributed virtual teams is one of the most significant changes in work to occur over the past 20 years. Technology allows companies to employ people based on what they are able to do without placing constraints based on where they happen to live. As teams become more virtual, in-person team meetings are becoming both more infrequent and more critical. Creating occasional direct human contact between virtual team members is important for maximizing team performance, cohesion, and engagement.   Anyone who has managed a virtual team, particularly a global one, can attest to both the value and logistical challenge of bringing team members together for in-person

dialogue. Yet it is common for finance departments to issue company-wide bans on "non-essential travel" as a short-term cost saving measure to meet quarterly or year-end targets. These bans often view team building and training activities as "non-essential". Such bans can significantly disrupt a manager's efforts to build high performing virtual teams. Meetings that have taken months to schedule are suddenly cancelled and are often never re-scheduled.   The result is lowered employee engagement, damaged team performance, and decreased managerial motivation to put effort into building high performing teams.

Finance decisions such as hiring freezes and travel bans are powerful tools for hitting critical short-term financial targets. But I suspect many finance leaders don't fully understand the fundamental damage done to a company's culture when these sorts of draconian cost saving methods are over-used. These methods may allow the company to tell a good quarterly story to Wall Street, but the story they tell to managers and employees is quite different:

- **The company's leaders don't trust you.** We don't believe you are competent enough to know whether the long-term revenue generated by a hire or trip is worth the short-term cost.
- **The company is performing so poorly we need to sacrifice long-term gain for short-term survival.** We have to take these extreme measures because we've lost control of the organization (not the best message for attracting and retaining talent).
- **The needs of managers and employees are less important than the needs of shareholders**. To keep our stock from dropping this quarter we need to hit our short-term financial targets, which is more important than supporting the long-term career goals of our employees and managers.

The most direct way to avoid these problems is to minimize the use of corporate mandated company-wide financial policies around things like hiring and travel. Instead, communicate cost saving requirements to specific departments and let people closer to the frontlines determine whether these savings should come from travel, headcount, or some other source. Companies can also lessen the negative impact of broad financial decisions by helping HR to explain their rationale to employees. Just remember that over time the actions taken by Finance will speak far louder than any words communicated by HR.

Finance as a source of poor management practices, part 2:
Creating reward structures that discourage collaboration and encourage silos
Steven T. Hunt, Ph.D.

This is the second of two blogs discussing how financial practices often found in large companies can significantly damage workforce productivity. The first piece discussed the negative impacts of cost control measures such as hiring freezes and travel bans (article link). This article discusses the negative impacts that financial targets can have on inter-departmental cooperation.

One of the classic articles about workforce managements is entitled, "On the folly of rewarding A while rewarding B"[1]. The author provides multiple examples illustrating how leaders often communicate one thing to employees while rewarding entirely different behaviors. This article was published almost 40 years ago, but its message is just as relevant today. The negative corporate behaviors associated with inter-departmental conflict, administrative bureaucracy, and short-term thinking can be traced directly back to the financial structures used to reward employees.

I doubt financial departments intentionally create reward structures to encourage corporate silos and inefficient administrative bureaucracies. But such outcomes are often the result of building reward structures without fully thinking about how they will play out further down in the organization. Consider the following two relatively common types of sub-optimal financial reward structures.

Rewarding internal compliance over customer service. Financial reward structures are often designed by people who do not actually work with customers to generate revenue for the company. As a result, reward structures often over-emphasize outcomes important to internal support functions and under-emphasize outcomes associated with customer service. For example, a large health care organization recently implemented a record system that made the insurance claims process much easier for the internal accounting department. However, it also significantly increased the time doctors must spend entering data. When the system was rolled out, doctors were told that their bonuses depended on entering data into the system in less than 24 hours. This requirement led to doctors seeing fewer patients each day to ensure they have time to complete the data entry. The reward structure was more focused on increasing internal process compliance than encouraging doctors to provide better quality patient care. I strongly suspect the finance people who created this reward structure spend far more time with the accounting personnel who process claims than with the doctors who actually generate the organization's revenue.

Rewarding cost savings versus revenue generation. Many financial reward structures are set at the business unit level and then cascaded down in functional silos. For example, an Administrative Support department might get a set of financial targets focused on reducing operating costs while the Sales department received targets tied to closing new business. These targets are then cascaded down within each department such that individual administrative support employees are solely rewarded for reducing costs, while individual sales people are solely rewarded for closing new deals. Yet these two employees are expected to collaborate out in the field. I have seen many examples of administrative support functions severely damaging sales force performance as a result of overly restrictive travel and expense policies. And I've seen just as many examples of wastefully extravagant expenses racked up by sales people in the name of "closing deals".

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[1] S. Kerr (1975) Academy of Management Journal.

Rather than encouraging collaboration between sales and support to achieve maximum sales with minimum expense, reward structures often create hostility between these interdependent parts of the organization. Support says "sales doesn't care about costs", and based on how sales is rewarded, they are right. On the other hand, sales people's complaints about support not caring about closing deals are equally valid. One sales person memorably told me that "working with my travel support group is like getting a license from the Department of Motor Vehicles. They aren't measured based on whether they help me be more productive, they just care about complying with their department's internal policies". The lesson to be learned is if you truly want different departments to collaborate with each other, then you must create alignment and interdependencies between the financial reward structures used by each department.

The goal of this paper is not to demean or decrease the critical importance of Finance, but to create awareness to how certain financial practices can significantly damage workforce productivity. For many years HR departments have been justly criticized for not doing enough to understand the financial side of the business. The same can be said for many Finance organizations in their understanding of HR. Decisions that make sense based on financial spreadsheets can seriously undermine business performance when they are rolled out to actual people. The partnership between HR and Finance extends both ways – we should seek to learn more about each other. Or as I like to say, the main reason we employ people is to hit financial targets. But we won't hit financial targets if we don't effectively manage the people we employ.

Talent poaching: a concept that shouldn't exist.
Steven T. Hunt, Ph.D., SPHR

A common complaint made about development programs is the concern that it will create employee turnover. As employees develop new capabilities they will be unsatisfied staying in their current roles and will begin actively seeking opportunities elsewhere. People argue that "if we develop our employees other people will hire them away." Or as some managers put it, "Why should I develop people just so others can poach them from me?"

Concerns about talent poaching are misguided and extremely detrimental to long-term organizational health. First, what company wants to employ people that no one else is interested in hiring? Do you want your organization to be the place that hires people that no one else wants? Second, not developing people for fear they will be hired away is like refusing to maintain your car for fear it will look more attractive to thieves. While there is risk in developing people only to have them leave, it is far worse to not develop them and have them stay. Third, retaining employees by discouraging career advancement is a great way to build teams comprised entirely of employees who lack ambition and energy.

A manager who complains of losing an employee because they were "poached" by someone else is blaming the wrong person. The problem is not with the employee or the "poacher;" it is with the manager who failed to create a more desirable career path for the employee. If a valued employee unexpectedly leaves to pursue opportunities elsewhere, the fault for the turnover falls on the manager for failing to recognize the employee's career ambitions and on the organization for failing to give the employee access to career opportunities that match their long-term interests. The only loyalty companies should ask for and expect from employees is loyalty toward a work environment that provides them with opportunities to fulfill their career goals.

The concept of talent poaching should be stricken from any organization that is committed to development. It may make sense to have guidelines on internal transfers in order to avoid excessive turnover in specific roles, but it never makes sense to punish employees for exploring alternative career options within the company. Nor should managers be discouraged from talking with employees in other groups about internal positions that will help advance their careers. Remember, the question is not whether employees with strong performance and potential are going to seek new job opportunities; the question is whether they will look for these opportunities within their current company.

Note: This blog is an excerpt from my book "Common Sense Talent Management: using strategic human resources to improve company performance."

Multi-tasking or Multi-ignoring?
Steven T. Hunt, Ph.D., SPHR

Someone told me that statistically, the most dangerous group of drivers changed a few years ago. It used to be teenage boys. Putting young men into cars had been the best formula for creating accidents and high insurance premiums. But apparently, another group has become even more frightening behind the wheel than impulsive, testosterone laden, inexperienced young male drivers recreating Grand Theft Auto in their parents' cars. So who is the new "most dangerous driver"? Teenage girls-- teenage girls driving while texting on cell phones, in particular. What this confirms is something most of us have known for a long time: driving while talking or texting on a cell phone is not a good idea. But the larger question is, if we all know how dangerous this is, why do so many people do it? I believe it is due in part to the growing, mythical, and dangerous belief that some people are "good at multi-tasking".

If you remember one thing from this post, remember this:
> When it comes to processing information, whether in the context of listening to someone, driving, reading, or any other task that involves some level of thinking and awareness, WE DO NOT MULTI-TASK, WE DIVIDE OUR ATTENTION!

There is a lot of psychological research that supports this. When people do more than one mental activity at a time, they do not actually pay attention to several things at once. What they actually do is rapidly switch attention between different tasks, doing one task for a short period of time before moving on to the next task. This leads to a lot of wasted mental energy since every time they switch activities they have to re-orient their brain to the new task. What ends up happening is we pay less attention to every task and subsequently complete each task at a much poorer level than if we did each task in order by itself.

Despite popular beliefs, people are not getting better at multi-tasking. Our brains do not evolve at the same speed smart phone apps are released. What people are getting better at is ignoring how poorly they are doing certain tasks while focusing their attention on something else. For example, the teenage girl on the cell phone may think she is driving well while texting her friend, but that is because she didn't even notice running through the red light in the last intersection! If she put down the phone and actually paid attention to her driving then she might notice just how bad a job she is doing.

I frequently see the same thing in meetings. As soon as the meeting starts everyone looks at their phones, tablets, or laptops while supposedly "multi-tasking" to the conversation. People wrongly assume that since they are in the room they are paying attention to what is being said during the meeting. But because they are not paying full attention, they are oblivious to many verbal and non-verbal cues that they would notice if they were fully engaged. They participate in the meeting with a false sense of comfort that they are hearing what is being said when in reality they are missing a lot of the conversation.

Next time you are talking to someone and have the urge to check your e-mail, remember that teenage girl happily texting her friend while driving through a stop light. This could be you. There is no such thing as multi-tasking; there is only choosing not to pay full attention to what you are doing. The problem lies in trying to do several things at once and giving ourselves the illusion that we are performing all of them well. This is because we aren't paying enough attention to realize how poorly we are doing all of them. Now excuse me while I get back to the conference call I've been participating in while writing this blog.

Pay and promotions: the ultimate expression of company values
Steven T. Hunt, Ph.D., SPHR

Nothing says more about what a company truly values than the decisions it makes around who to hire, promote, and financially reward. These represent concrete actions to invest in some people over others based on their perceived value to the company. When a company promotes or compensates an employee it is implicitly saying, "we value this person so much that we have decided to give them more money, responsibility, and power regardless of what shortcomings they may have".

Ideally, promotions and pay are based on a systematic and careful review of what the person has accomplished, how they act within the company, and their progress against business objectives. In these cases, promotions and pay underscore the company's commitment toward its stated values and strategies. But all too often promotion and pay decisions are made hastily, focus on short-term operational needs, or are used to prevent people from quitting rather than rewarding their contributions to the company. Frequently, they over emphasize one aspect of performance while ignoring others. Promotions and pay decisions made in this manner send a message to employees that the company may say it values certain behaviors but what it truly rewards is something else entirely.

Promotion decisions are probably the most impactful because they are highly visible to everyone in the organization. When employees see one of their peers get promoted they immediately draw conclusions about why this person was rewarded. They view it as an implied endorsement that all the things this person did--both good and bad--are valued, accepted, or tolerated by the company. It does not matter if these conclusions are accurate because, as they say, "perception is reality".

Nothing says more about what a company truly cares about than pay and promotion decisions. What systems does your company have in place to ensure these decisions reflect its stated values? Do people understand how pay and promotion decisions are made? Is the process transparent or are employees left to make up their own reasons for why some people were rewarded while others went unrecognized? Are you certain that your company is honestly putting its money where its mouth is?

Note: This blog is an excerpt from my book "Common Sense Talent Management: using strategic human resources to improve company performance."

Hello Steve,

A bit more than a month ago I had a privilege to meet you at the presentation of your book Commonsense Talent Management in Bellevue, WA. We ended our conversation on a note that a blog post on the difference between Russian and US workforce, and making those two workforces work together, might be interesting. Below are some of my thoughts on the subject. Please feel free to use those for any of the posts you are writing. I am not an established blogger myself, so it will be a waste of time to publish any of those thoughts myself.

Before I begin, I'd like to express my admiration with your book Commonsense Talent Management. This is a timely, and successful attempt to formalize recruiting practices, adding quantitative metrics to recruiting activities. So far, HR management and particularly recruiting remain unstructured and 'shady' activities. Under disguise of sensitivity HR managers tend to cover their own inefficient or self-serving activities, creating problems they then solve and get credit for. Your book demonstrates there is no mystery in HR management, that it can be assessed the same way as any other activity, using correctly selected KPI. The book should be read by every general manager, and by people at other management levels, to understand what HR should be really doing.

Difference in perception of the work environment between Russian and US workforce is tremendous. Everyone involved into management of employees coming from these two countries must read a book Dragonfly by Bryan Burrough. The book is about US-Russia cooperation on the Mir orbit station. It describes most common differences in practical setting, providing real life examples of how Russian and US workers perceive identical problems.

One of the key differences is power distance. Russian culture calls for a very long power distance, while US is more tolerant of direct communication between lower and higher ranks. Shorter power distance is characteristic for more productive societies, like the US and Nordic countries. Russian employees, finding themselves in a short power distance environment, often delude themselves that they are highly valued and are given great freedom of action, which triggers sharp formal oppressive response from US managers. Russian employee fail to differentiate between civility in communication and decision making power. On the other hand, US employees attempting to change the way Russian business leader established to operate a business, are perceived as unwise challenging and arrogant, because they do not pay homage to Russian leadership, who expect great deference from people of lower social status. Behavioral scientist A. I. Protopopov introduced a term "primative behavior", coming from the behavior characteristic to higher primates, rather than rationalizing humans. Long power distance stems in

primative behavior, so following certain social customs is due to avoid reflex response of 'alpha' humans in the workplace.

Another difference is ability to acknowledge own mistakes. American commonly never admit they made a mistake. This perhaps roots in the fear of legal responsibility should they themselves admit they were wrong. Russians do not admit a mistake easily too, but more out of pride than anything else. So if a discussion is conducted in a professional, rather than derogatory form, Russian employees admit their decision was wrong and can execute on a better plan proposed by someone else. American employees' stubbornness is perceived as lack of wit and arrogance. To overcome this, company management must develop a no-blame culture of discussions and decision making, allowing employees to make mistakes without punishment to a certain extent. Of course, repeat offences has to be punished without mercy.

The third difference is psychological conditioning to fight for dominance, rather than work together towards the common goal, characteristic to Russian employees. Russian workers (and presidents as well) see the world as a fixed size pie that can be sliced differently, and their primary goal is to grab the largest piece. American workers, and those coming from other 1st world countries, see the world as a field that has to be cultured, expanding markets for their services. The latter is quite more productive, and calls for collaboration rather than competition, at least if it does not take forms described in Catch-22 by Joseph Heller.

Essentially, when managing Russia-based workforce, an American manager ought to think in completely different terms, recalling his knowledge of history of the US. Think as if he is back in the times when Pinkerton guards shot miners, and business widely utilized practices well described in works of Theodore Dreiser. Russia now is the US of the time before Great Depression, and perhaps even feudal in terms of societal relationships.

One of the most efficient ways to make Russian workforce productive is to hire the right people: graduates of the best technical universities, fluently speaking English and/or other foreign languages, having never voluntarily served in Russian armed forces (impresses a person similar to a prison), speaking literate language, and having knowledge besides their immediate profession. Such selection will produce people who likely think in in the terms of post-industrial society, rather than imperialism at its worst. This is how recruiting professionals can contribute to company success: find the right people on the market, screen those who do not meet cultural requirements and educate corporate management on possible differences in perception.

Truly yours,

Vitaly Khozyainov

Shared services, employee engagement and the department of motor vehicles