

# The Peloton Model of Social Performance Management



# Table of Contents

- 4 Social Performance Management**
- 6 Increasing Performance at the Top Often Requires Improving Performance at the Bottom**
- 7 Group Dynamics Impact Individual Employee Performance and Retention**
- 8 The Peloton Model for Categorizing Individual Performance within Groups**
- 13 The Reason for Categorizing Employees is to Guide How They are Managed**

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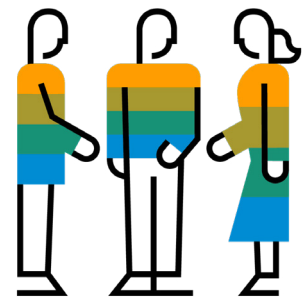
**People work in groups. Who we work with has a major impact on our performance. Yet most traditional performance management systems focus on individuals without considering how their performance is affected by other people. It is time to break with tradition and start managing performance based on how people truly work. This means viewing performance from a broader social perspective.**

# Social Performance Management

The term social performance management (SPM) describes methods that focus on managing individuals as part of a larger work group or organization, as opposed to managing performance of individuals in isolation. The premise of SPM is that the performance of employees should be evaluated in the context of the work groups they belong to. It involves creating performance management methods that account for the degree to which employees' performance is defined, influenced, and determined by the other people they work with. SPM focuses on people as part of a group. It is different from many traditional performance management methods that tend to treat the performance of an individual as though it were unaffected by other group members.

SPM is important for two reasons. First, maximizing the performance of individuals requires creating work group cultures that unlock and inspire people's full potential. To maximize the performance of an individual, you must also address the performance of the people they work with. Second, we cannot accurately assess performance of an individual working in a group without looking at the impact they have on the people they work with. It is not possible to create a high performing work group without addressing how the individual actions of each member affects overall group dynamics.

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# Increasing Performance at the Top often Requires Improving Performance at the Bottom

A few years ago, I interviewed Paul Limbrey, who has spent years studying organizations famous for creating high-performing individuals in different fields.<sup>1</sup> His work involved talking with leaders from places such as Julliard School of Music and the US Navy SEAL Training Camp that are known for producing people who achieve phenomenally high levels of performance. When asked how their organizations enabled people to achieve such amazing results, these leaders emphasized two key principles. First, they put tremendous focus on selecting people with the right skills and aptitude. Second, they stressed the importance of managing group members at the middle and lower end of the performance curve. One might assume these organizations focus most of their energy on their highest performing members. But the leaders stressed that time spent managing low performers was often more important than time spent on high performers. To be successful, these organizations had to create environmental conditions that allowed people to realize their full potential. And one of the most important environmental factors affecting the performance levels achieved by higher performers was the performance levels of lower performers in the group. This is because the effectiveness of low performing group members directly influences the motivation and learning of high performers.

The drive and skills of people is influenced by the drive and skills of the people around them. This is partially a function of comparison. Watching what others achieve influences how people define effective performance. What we believe is impressive, possible, or simply expected at work is defined in part based on what our peers at work are accomplishing. Depending on the individual, this might manifest itself as competition, inspiration, or peer pressure. Regardless of the psychological motive, the reality is that people define “successful performance” largely based on the performance of people around them. To use an analogy, imagine you go out for a friendly, non-competitive stroll with a group of people and start walking at your normal pace. Whether you think your pace is too fast or too slow will depend largely on the pace of the people walking with you. Even if you do not feel any pressure to keep up with the fastest person in the group, you are likely to feel some sense of pressure to not fall too far behind the slowest person.

1. [Interview with Paul Limbrey, 083 – Paul Limbrey – Elkiem: Creating High Performance Environments, Business Execution Radio, 2006.](#)

The actions of lower performers affect learning and engagement across the entire performance curve. Lower performing employees may lack many of the skills and capabilities found in their top performing colleagues, but may still do things that high performers can learn from. People also draw energy and ideas from being around others who share similar passions for their work. And they lose energy and inspiration if they are working with people that do not share their dedication and focus on doing the best job possible. Consider the example of a string quartet with a virtuoso first violin and a competent, but not necessarily world class second violin. The overall skills of the first violin may greatly exceed that of the second violin, but she might still get inspiration from hearing how the second violinist interprets certain parts of the composition. In addition, while the first violinist may accept that the second violinist does not have her level of technical skills, she is unlikely to tolerate working with a second violinist who does not share her dedication to rehearsing to do the best job possible.

If you want to increase the results achieved by top performers then the best place to start may be through increasing the level of results achieved by average and low performers. Granted, places like the Juilliard School of Music and Navy SEAL training camp are highly unique organizations with very specialized missions and cultures. Many management methods that work there may not work in other more “normal” companies. But the principle of increasing individual employee performance through managing total workforce performance is likely to generalize to most other companies because it is rooted in general psychological principles of group behavior and team performance.

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# Group Dynamics Impact Individual Employee Performance and Retention

There is a tendency to talk as though working in teams is always a good thing. In most cases, this is true. People can accomplish far more working together than they can in isolation. On the other hand, group behavior does not always bring out the best in people. Sometimes groups inspire us to perform at higher levels. But working in groups can also result in people doing counterproductive things they would not do if they were working by themselves.

On the positive side, working in groups can create a sense of collective identity and commitment to coworkers. Group members often put in extra effort to support their colleagues, going beyond their formal roles to help their team mates be successful. Group members may also share expertise and ideas with one another, as well as emotional support and encouragement. Being part of a group can also inspire a productive sense of competition among people to do the best job possible. On the negative side, people working in groups may feel a sense of resentment or frustration if they do not believe their coworkers are fulfilling their obligations and responsibilities. Some people use memberships in a group to deflect responsibility for their own actions and behavior, blaming others for “not doing their jobs.” Other people use being part of a group as way to share in the benefits of their coworkers’ accomplishments without doing the work themselves. Groups can also create unhealthy conflict and competition between members vying for status and rewards.

It is important to look at the performance of people relative to how they both impact and are influenced by the people they work with. This requires comparing people’s relative contributions both to

the group overall, and toward their fellow team members. Failing to do this can result in high performing individuals going unrecognized because they are assigned to low performing teams. It can also lead to issues caused when lower performing individuals are not held accountable for their lack of contribution to the group. These individuals may even be given credit for accomplishments of the people they work with. This is particularly problematic in large companies. It is common to hear of high-performing individuals leaving big companies because they felt “lost in a sea of mediocrity.”

Addressing these issues is not about getting rid of low performers. First, most low performance is not a result of performance literally being bad. It just isn’t good enough. Second, most companies have neither the operational nor financial capability to fire employees and quickly replace them with external candidates. Not to mention the negative cultural impacts caused by using these sorts of “rank-and-yank” performance management techniques. Third, most poor performance is not intentional. It is usually a consequence of people not being aware of their level of performance, or not fully appreciating how their actions impact others. It may even be a result of lower performers being overlooked while all the attention is given to their higher performing colleagues. Most of the problems caused by lower performing employees cannot be effectively addressed through hiring and firing. These problems can only be solved by identifying, understanding, and developing these employees in the middle and lower ends of the performance curve – a group of employees who have historically received relatively little attention.

# The Peloton Model for Categorizing Individual Performance within Groups

A core tenant of SPM is that to create a high-performing organization companies must manage employees in the context of their work groups. It is not enough to focus on individual performance in isolation. Performance management methods must take group dynamics into account to be fully effective. On the other hand, we cannot change the behavior of groups without changing the behavior of the individuals in the group. This raises the challenge of how to manage individual employee performance in a group context. This requires doing two things: Effectively categorizing employees based on their level of performance relative to the group, and then managing them appropriately based on their performance category.

I occasionally encounter people who say that we should never categorize employees based on their relative performance in a group because it is “ego threatening.” These people are usually HR consultants who do not have responsibility for ensuring the profitability of large workforces. They are never, at least in my experience, operational business leaders. I agree that comparing employees against each other can be ego-threatening – particularly for low performing employees. When done wrong it can create significant organizational problems related to unhealthy competition and inequity. But some form of comparison is a fact of life in a world where “not everyone gets a trophy.” It may be true that in some

work groups all employees are valuable. But some of these employees are inevitably more valuable than others. Rather than pretend everyone performs at the same level, it is better to openly acknowledge and address the issue of performance differences through carefully designed methods that categorize employees without making them feel unfairly judged or ostracized. Key to this is stressing that the categories an employee is in can and will change over time. In other words, just because you didn’t “get a trophy” this year does not mean you will not get one next year, and vice-verse.

The first step in categorizing employees is deciding how many categories to use. I have seen companies that simply place employees into two categories of effective or ineffective based on whether they fulfilled their core job duties. I have also seen companies that divide employees into over 16 different categories using complex models that rate performance against different job goals and behavioral competencies. Simpler models are easier, but inevitably overlook important performance differences between employees. Complex models look elegant but tend to be confusing to use. They can also create an illusion of false accuracy when managers over-emphasize trivial performance differences between employees simply to justify placing them in different categories.



In my opinion, the optimal number of performance categories to have for most work groups is five, which more-or-less mirrors a natural tendency for any group of people to cluster together in certain patterns when they are working in similar jobs, groups or work environments. This pattern can be seen when you look at the typical distribution of riders in a long bike race. I call this the “peloton” model of SPM. The word “peloton” describes the large group of riders that forms during long bike races such as those in the Tour de France (see Figure 1). A peloton can be divided into five categories of riders.<sup>2</sup>

- **Break-away riders who have sprinted out in front of the larger group.** The speed of these riders is largely driven by internal self-motivation, although they are also influenced by the speed of other break-away riders who are at their level. In a multiday race the break-away riders change constantly. No person can achieve break-away status in every single stage of the race. It is a result of the right person being in the right place at the right time.
- **Leading-edge riders at the front of the peloton.** The speed of these riders is partially influenced by looking at the break-away riders they hope to catch. But in many races the leading-edge riders cannot even see the break-away riders. Consequently, the other big factor that influences their speed is how fast the people are riding in the peloton behind them. Their self-identity is one of “I may not be the fastest in the race, but I’m the fastest in the peloton.”

- **Solid riders in the middle of the peloton.** These riders are not the fastest, but they are not the slowest either. Some of them may be former break-away or leading-edge riders who have dropped back to rest and recover from the previous days’ rides. Their speed is heavily influenced by the riders immediately in-front of them and behind them.
- **Trailers are riding at the back of the peloton.** They are just trying not to lose the group. They may be riding in the back and intentionally going as slow as possible to save their energy. In other cases, they may be struggling to keep up. The speed they ride both depends on and influences the speed of the solid riders in front of them. This in turn influences the speed of the leading-edge riders. In sum, the speed of the entire peloton depends in part on the speed of the trailers riding in the back.
- **Stragglers are riders who have fallen well behind the peloton.** They are often struggling just to finish the ride. In some cases, they may involuntarily or voluntarily choose to leave the race entirely.

2. The purpose of the model is to provide a useful way for leaders and employees to understand the nature of different types of employee performance in a group context. This model does not accurately describe the behaviors and motivations of actual bike racers, particularly in the modern era of radio communication and complicated team-based race strategies. I have been told by a professional bike rider that it does include some “partial truths” when applied to more amateur level racing.

These five categories describe performance differences found in most work groups and how they influence each other. The following discusses what these categories look like in a business setting. Included are estimates of the percentage of employees likely to fall into each category at any given time. It is critical to emphasize that these percentages are not absolutes. In smaller groups, it is possible that the percentages might

be much different. For example, it is realistic for a team of five people to be entirely composed of “solid contributors.” Similarly, a well-managed workforce may not contain any stragglers at all for certain lengths of time. Although even the best run company will occasionally experience performance issues with some employees for one reason or another.

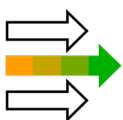
## IGNORING PERFORMANCE DIFFERENCES IS UNPRODUCTIVE AND UNFAIR

Different levels of success require different forms of management



### Break Away Contributors

- Being recognized for the degree of impact they have
- Working with other Break Away Contributors; not having to work with Stragglers



### Leading Edge Contributors

- Being appreciated for their contributions; knowing that they are “better than average”
- The opportunity to work with and become Break Away Performers



### Solid Contributors

- Being appreciated for their contributions and supported for their loyalty
- Being given guidance and opportunity to become Leading Edge Contributors



### Trailing Contributors

- Believing the company truly supports their improvement & recognizes their challenges
- Knowing what they need to change to get back to being a Solid Contributor



### Straggler Contributors

- Being treated with respect, even though they may not be in the right role
- Specific action plans with tangible and immediate consequences

### **Break-away contributors**

These are individuals whose contributions have a major impact on the overall performance of the organization. Their performance is often orders of magnitude higher than average performers. They may have found ways to add value that no one ever considered before. Break-away performers typically do not stay in this category every year given what it takes to maintain this level of performance. But the best predictor of future break-away performance is usually past break-away performance. These employees often have a strong reputation based on the contributions they have made to the company. When a break-away performer quits the organization, it tends to be noticed by senior leaders. One company I worked with referred to this category of employees as “legendary” because they inspired stories about what it was possible to achieve. This category typically encompasses about 5% to 10% of the workforce.

### **Leading-edge contributors**

These are individuals whose performance consistently exceeds expectations, but who are not currently achieving break-away performance levels. Most break-away performers used to be leading-edge performers. And leading-edge performers are often former break-away performers who have dropped back a level. Employees may stay at the leading-edge performer level for years. Even if these employees rarely or never achieve break away performance, they consistently set the pace in terms of defining what good performance looks like in the company. This category tends to be around 25% to 35% of the workforce.

### **Solid contributors**

These employees are the operational core of the organization. They are good employees doing good work. Many employees will move back and forth between this category and leading-edge performers. A few may even reach break-away performer level. Some may have been break-away or leading-edge performers in previous jobs before they were promoted to more challenging positions. This category tends to be around 40% to 50% of the workforce.

### **Trailing contributors**

These are employees who are struggling in their role. Most of them used to be solid performers or better. Their challenges could be a result of being placed in a role that does not play to their strengths. Or a consequence of trying to do the right things the wrong way. It might also be caused by things outside of work that are distracting them from being fully effective. It is important to stress that trailing contributors are not bad employees. They are good employees who are failing to fulfill their role expectations. In many cases these employees possess critical skills that the organization needs. The challenge is how to get these employees back on track. This category is usually around 10% to 15% of any large workforce.

### **Straggler Contributors**

These are employees whose performance has reached a level that is not just below expectations, it is counterproductive. The reasons for their extremely poor performance may be because they are in a job that does not align with their skills or interests. They might be facing issues outside of work that make it impossible for them to be effective at work. Or their beliefs and behaviors may fundamentally conflict with the norms and value of the organization. Whatever the cause, these are employees who must immediately improve their performance or be exited from the company. This category may not exist at all in some work groups. It rarely includes more than 5% of any organization. But it is important to include this category when discussing people's performance as it gives the company a way to identify trailing contributors without making them feel that they are in the worst possible category of performance.

I have found that most experienced business leaders can quickly sort employees into each of these five categories. Although care should be taken to ensure that leaders are using appropriate criteria to categorize employees. At a minimum, leaders should be given a consistent set of performance criteria to assess employee contributions before placing them in performance categories. These criteria should focus on a range of performance dimensions including goal achievement and behavioral competencies. Ideally, leaders should meet with their peers and discuss how they are evaluating employees. This reduces the risk of employees being unfairly categorized based on the subjective opinions of a single individual.

In my experience, these five categories work well for most work groups. But there are times when it might make sense to have fewer categories. For example, in some routine, relatively unskilled jobs there may not be significant differences between leading-edge performers and solid performers. Rather than force distinctions between five categories for these jobs, it may make more sense to just have four categories of exceeds expectations (break-away), meets expectations (leading-edge and solid), struggles to meet expectations (coaster) and fails to meet expectations (straggler).

# The Reason for Categorizing Employees is to Guide How They are Managed

As a rule, never categorize employees unless there is a clear reason for doing so. Nothing good comes from lumping people into different groups just to lump them into different groups. The primary reason for placing employees in different performance categories is to guide how they are managed. Employees' motivational interests and behavioral coaching needs change significantly depending on whether they are in the break-away, leading-edge, solid, trailing, or struggling category. Managerial methods that work for employees in one category could fail if applied to employees in a different category.

Break-away contributors tend to be highly self-driven. This internal drive is necessary to achieve such outstanding performance levels. Many break-away contributors are very competitive, although not necessarily in an "I win/you lose" manner. They are also motivated by being recognized for their contributions. This includes compensation and job perks, but what often matters even more is access to resources that enable them to more effectively perform their jobs, such as technology, training, or staff support. Break-away contributors have a passion for what they do. They hate anything that prevents them from being productive. This includes working with low performing trailing contributors or stragglers who are perceived as getting in the way. They may quit an organization if it forces them to work with people who they feel are undermining their ability to achieve results. Managing break-away contributors is largely about recognizing them for their contributions, giving them resources that help them be more successful, and making sure they do not have to work with low performing people.

Leading-edge contributors are inspired by working with break-away performers. Many of them aspire to reach that level of performance. They also want to be recognized as being above average. They usually know they are not the best, but they want to be noticed and rewarded for being better than most. They value being given job and development opportunities that could enable them to reach the break-away performer level. Managing leading-edge contributors is largely about letting them know they are viewed as being above average and investing to help them reach even higher levels of performance.

Solid contributors want to be appreciated for their contributions. This group often contains some of a company's longest tenured and most loyal employees. They comprise the largest portion of the workforce and frequently contribute the most to its success by supporting day-to-day operations. Yet they often get a fraction of the attention given to break-away and leading-edge contributors. Many solid performers are comfortable being "in the middle," although some aspire to reach higher levels of performance and view themselves as future leading-edge or break-away performers. Managing solid contributors is about showing meaningful appreciation for what they contribute and giving them access to development resources for those interested in getting to higher levels of performance.

Trailing contributors usually fall into two groups. Those in the first group know they are not meeting expectations and are looking for ways to improve their performance. Those in the second group are unaware of the fact they are underperforming. They may have unrealistic perceptions about what their job requires, or may not realize that their current performance is not meeting expectations. In either case, both types largely need the same three things. First, they need constructive, behavior-based feedback that clarifies what they need to change about their current performance. Second, they need access to resources to help them develop the skills and capabilities need to change. Third, and perhaps most important, they need to have confidence that they can change and that the company believes they are able to change. Managing trailing contributors is largely about increasing self-awareness, providing a path for improvement, and giving them confidence in their ability to get back on track. If trailing contributors are unwilling or unable to improve their performance then they should be moved to another role where they can be more successful. Tolerating trailing contributors for too long erodes the commitment and performance of the entire work group. The issue is not just with their performance. It is also about ensuring that high-performing employees do not have to work with low-performing colleagues for an extended length of time. Remember, the speed of the entire peloton is influenced by the speed of the riders at the back as well as the front.

Stragglers contributors have reached a point where their poor performance is undermining the success of their colleagues. It is unproductive and unfair to force other people to rely on them. Managing these employees is relatively straightforward. Be very clear on what they need to improve, provide them with resources to improve, and then hold them accountable for improving within a set amount of time. If they do not improve, move them into another role or even out of the organization entirely. Note that it is very important that stragglers and trailing contributors be treated with dignity, even if they are asked to leave the company. They are usually not bad people, but just good people in the wrong role. While they may not be successful, they may still have good personal relationships with their coworkers. The tolerance and respect an organization shows toward its low performers has a major impact on the behavior, commitment, and risk taking of its high performers.

Of these five categories, trailing contributors are probably the most challenging to manage. These individuals may be demonstrating poor performance, but they are not necessarily poor employees. They may have worked for the company for years and often have strong personal relationships with other employees and customers. They may possess valuable skills and organizational knowledge. Managers may worry about how they might respond when confronted with the need to improve their performance. For this reason, it is critical that managers feel supported by the organization when addressing performance issues associated with trailing contributors.

The skill of managers should not be evaluated based on whether they have under-performers on their team, but rather should be based on how well they deal with under-performance. Terrible managers blame the performance of their team on the performance of their direct reports. Mediocre managers lose high performers and tolerate low performers. Good managers attract and retain high performers. Great managers turn low performers into high performers and promote high performers to even more impactful roles outside of their group.

#### **NATURE DOES NOT CARE ABOUT OUR THEORIES, PREFERENCES OR MODELS**

My father once told me, “the job of a scientist is to describe the world as it is, not as we wish it would be. Only by understanding the true nature of the world are we well equipped to improve it.” This quote applies to SPM. If everyone performed at the same level there would be no reason to categorize employees based on performance. But

people do not all perform at the same level. Treating all employees as though they are identical is neither effective nor fair. Underperforming employees are rarely happy with their situation. They are looking for help but often do not know how to ask for it. Even more important, tolerating poor employee performance hurts the careers of other higher performing employees and damages the organization overall.

This paper has sought to offer a model to help address performance differences in a constructive, fair, effective, and respectful manner. This model is inspired by observations from working with hundreds of organizations combined with my knowledge of psychology. I do not pretend that these models and suggestions perfectly capture something as complex as performance dynamics in group settings. But hopefully they can help organizations better understand the nature of social performance, and by so doing enable them to improve upon it.

The **skill of managers** should not be evaluated based on whether they have under-performers on their team, but rather should be based on how well they deal with under-performance.



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