The Broken Performance Measurement System & New Solutions for the 21st Century

by Dr. Chance T. Eaton

It's getting closer to that time of year again! The time of year when employees start to prepare to negotiate and justify their value during the annual performance review. Every year I hear the same employee critiques: "this is just too subjective...I am being rated on aspects that have nothing to do with my job...feels like a negotiation...this is just such a waste of time...why should I have to defend my value as an employee?" Not only do employees complain, even managers struggle to find the value. In research done by the Corporate Executive Board (2012), they found that 95% of managers are dissatisfied with their performance rating systems, 90% of HR heads believe ratings do not yield accurate information, and 2/3 of paid top performers are not seen as top contributors by their peers.

Organizations measure performance for a variety of reasons. One, pay-for-performance policies needs to anchor to some objective measurement. Two, it helps justify promotion. Three, it helps to document progressive improvement or disciplinary action. And in the end, we are left with each employee with an objective metric, helping the organization to continue its drive towards efficiencies and market share. But I think it is safe to say the performance manage-

ment systems are not providing the value we expect them too. According to Human Capital Institute (HCI) research (2016), only 8% of managers believe that the traditional performance management process drives business value, 10% believe that performance management is a good use of time, and 58% dislike their organization's review system. Accenture, Deloitte, Microsoft, Gap, just to name a few, have dumped their ranking systems or transformed how they look at performance management. HCI (2016) goes on to say that traditional systems are more punitive than productive, impede ongoing feedback and limit honest dialogue, focus on gaps and weaknesses, biased, and provoke the fight-flight response in employees.

So why do we continue to use ineffective performance management systems? For one, parts of us are still stuck in the 19th century industrial paradigm, where a majority of all jobs were highly production oriented, and it was easy to measure. As we continue to move into a more complex business environment, and greater focus on knowledge work, paradigms need to adjust. Two, we just haven't been taught how to look at performance management any differently — so we just do more of the same. As a result of all this, and my own current frustrations working with traditional performance management systems, we have been

working on reviewing, researching, and updating our current performance management systems to see if we can't help humanize the process. Inspired by new idea work from Gallup, Marcus Buckingham Company, and Deloitte, here are some new models and approaches we are starting to implement – with the goal being to drive performance through human potential. Great companies simply need to ask four basic questions and drive performance through understanding and leading-managing through each of the questions; who is on my team, how are they feeling, what are they doing, and how are they doing?

Who is on my team?

This is getting to a very simple understanding of who is on my team. By knowing your team make-up, you are better positioned to identify strength and weakness areas on your team. There are many very inexpensive but powerful ways of developing team grids. Example snapshots that I personally use include Gallup's Clifton Strengthfinder, Caliper Analytics, Thomas-KIlmann Conflict Approaches, DiSC, Strong Interest Inventory Career Typing, and Myers-Briggs Type Indicator. I would never expect someone to use all these because it can become data overload, but if you can find at least one psychological or behavioral instrument that helps describe your team members, and how they look from a team perspective, you will be successful.

rate the Caliper personality assessment to our team, and found out that my administrative assistant scored in the 99% percentile for abstract thinking; which refers to the ability to use cause-effect reasoning, spatial, and pattern recognition. I asked her how long she spent on this 'tested' part of the assessment, because people who really like problem solving may spend hours on this section of the assessment because they enjoy the challenge. She said she spent very little time. What this means is that she has an inborn disposition for abstract thinking. As a result, we are looking for creative ways for her to play to this strength and incorporate her into projects that allow her to express this genetic disposition for abstract thinking.

How are they feeling?

We have to remember that humans are at the center of every company's mission and vision. When we forget the transformational human aspect, we become machines using human capital as a resource like any other resource – and this often is disengaging to say the least. An excellent and very low cost way of gathering such data is to administer the Gallup Q12® engagement survey.

In figure 2 (bottom), you can see different percentile scores for different engagement items (I have cut out Q12 items for copyright reasons). In this example there are areas

Team Members	Achiever	Arranger	Belief	Consistency	Deliberative	Discipline	Focus	Responsibility	Restorative	Activator	Command	Communication	Competition	Maximizer	Self-Assurance	Significance	Woo	Adaptability	Connectedness	Developer	Empathy	Harmony	Includer	Individualization	Positivity	Relator	Analytical	Context	Futuristic	Ideation	Input	Intellection	Learner	Strategic
1																		4	1												3	2		5
2	1							3	4															2										5
3								2	1															4		5	3							
4						5							3									2	1		4									
5								5																3					2				1	4
6				4		5		3																	2	1								
7																			4												5	1	2	3
8																5				1		2		3				4						
8	3																					1	5	2	4									
9				3				1					2											4		5								
10	5	4		1				3																		2								
11			3					1	2				5														4							
12																		4								5						1	2	3
13																																		
Raw Score				20	31%										4	6%								23	35%						18	28%		65
Weighted Score				59	30%										13	8%								72	37%						49	25%		195

In figure 1 (above), you see a simple example of Gallup's Clifton Strengthfinder grid. It quickly highlights strong *relating* talents (seen in blue) and potential weaknesses in *influencing* talents (orange). This starts the conversation of what roles different team members may play unique roles in, what combinations may create even greater value, and strategy development around weakness areas.

I will come back to how to integrate these in a bit, but the point is to identify those unique team strengths and gap areas for development. Recently, I started to incorpo-
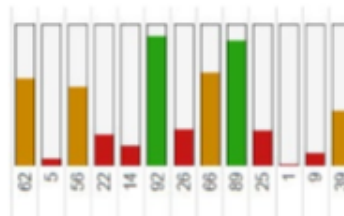
62 5 56 22 14 92 26 66 89 25 1 9 39

Figure 2

in which the team is scoring high in the Gallup database (green areas), moderate (yellow areas), and low (red areas). The red, "actively disengaged" areas should be feedback for teams to show where they are highly dissatisfied and would benefits from development. From Gallup's research (2012) we know that the items in the survey are not only *controllable*, but they are correlated with *profitability, productivity, safety, turnover, retention, and theft*. As a result, companies can see each work group's engagement level to gauge how employees are feeling about their work and make appropriate changes where needed most.

What are they doing?

This is the most complex part of the model as it requires teaching managers and leaders how to effectively coach their employees. One of the traps to supervision is to only perform status updates with their supervisees. This is often a waste of time and doesn't create greater productivity or engagement. As seen in the table on the next page, I have created a sample worksheet to use during 1-on-1 coaching meetings. The first thing you will notice is space to write in the employee's strengths. This will help to incorporate strength-based conversations into the work.

Next, you will see several job function boxes. You can help break every employee's job description into 3-6 job categories. Every employee should be able to clearly describe what they really do in their job. Make sure there are early conversations around what the expectations are for these categories. Next, during one-on-one conversations, continue to have transactional conversations on the work-of-the-work ensuring feedback is given and that everyone is on the same page. This may also contain conversations around goals that fit into the one of the job categories. Second, and most important, make sure to incorporate transformational and qualitative dialogue around competencies; "how" the work gets done. These are rich as they help both people discuss, explore, and build on the work-of-the-work. In this example, I have added seven competencies to the document to elevate importance. I will recommend to managers and employees that as they talk about one certain activity that they circle the competencies that are relevant to that activity, and explore "how" the work is being performed.

I also added some coaching conversations to help the manager in asking meaningful questions. Finally, frequent check-ins, or touch points, are essential to performance. I recommend that formal one-on-ones be held every other week (every week for new employees) because performance peaks when there is feedback given during this interval (Chhokar & Wallin, 1984).

You know you have been successful in your one-on-ones when expectations are clear, feedback is provided, quality of work is discussed, and recognition is given; further, and most important, you visit about how the work is getting done and how you are utilizing your strengths to do the work. I'm a big proponent of using strength-based development coaching, so the more you can structure the conversation around people's inherent talents, the greater productivity, motivation, and commitment you will receive from your team members.

How are they doing?

This really comes down to some type of performance pulse. I'm not a huge advocate of rating and ranking systems, but for *some jobs* it may be helpful. I like to use anchored rating scales for jobs that are routine and the line of sight to the end product/service is close and clear. Anchored rating scales are simply multiple ratings with clear descriptions for each rating. For example, you might have Exceed, Meets, Needs Improvement, and Does Not Meet ratings, and each has a behavioral description as to what each level means. For jobs that are not routine and constantly changing activities from year to year, their line of sight to the end product/service is far, and much of the work activity is knowledge based, I like to lean on *goal work*. The one challenge to any rating system is the bias that comes from the supervisor that derives from personal values and past experience. One way that Deloitte consulting company has gotten around this is to ask four very unique questions (Buckingham & Goodall, 2015):

1. Given what I know of this person's performance, and if it were my money, I would award this person the highest possible compensation increase and bonus (overall performance and unique value).

2. Given what I know of this person's performance, I would always want him or her on my team (ability to work well with others).

3. This person is at risk for low performance (identifies low performance or at-risk employees).

4. This person is ready for promotion today (identifies potential).

These types of questions change the focus from what they would *do* with their team members instead of what they *think* of them. These can be used as standalone questions, or supplement your current rating system for greater perspective.

New Era of Performance Management

I believe it is clear that people are increasingly frustrated with an old model for driving employee performance. When we force any community or work group into a pure metric rating and ranking model, we activate employees' stress response and get average at best. If we don't change, we'll simply get more and more people wasting time and becoming disengaged. In order for us to invest in thriving employees, we need to look at performance from a whole new perspective. When we stop and rethink performance management; and understand group makeup, understand how they are feeling, know what they are doing, and know how they are doing at the work, we set the stage for total human engagement.

Buckingham, M. & Goodall, A. (April, 2015). Reinventing Performance Management Assessing Performance: How One Company is rethinking peer feedback and the annual review, and trying to design a system to fuel improvement. Harvard Business Review, p 40-50.

CEB Corporate Leadership Council. (2012). Driving Breakthrough Performance in the New Work Environment. Arlington, VA: Author.

Chhokar, J. & Wallin J., (1984). Improving safety through applied behavior analysis. Journal of Safety Research, 14, (4).

Gallup Organization (2012). State of the American Workplace: Employee Engagement Insights for U.S. Business Leaders. Washington: Gallup. Retrieved July 15, 2013, from http://www.gallup.com.

Human Capital Institute (2016). Performance Management Innovation. Cincinnati: HCI.

Dr. Chance Eaton has over a decade's worth of experience working in the field of Education & Organizational Development. Due to his unique educational and work experiences in finance, psychology, leadership & management, education, noetic sciences, and agriculture, Dr. Eaton provides his clients with relevant business solutions grounded in theory and research. To learn more about Dr. Eaton's services, please visit www.HRSolutionsInternational.com.

ITEM	JOB FUNCTION Transactional: The What	COMPETENCIES Transformational: The How	NOTES
Job Function 1: Education Management	-Update Year-End Annual Learning Report -Survey Analysis with IT Department	Customer Service, Initiative Accountability, Job Knowledge Communication,Teamwork Leadership	
Job Function 2: Training & Development	--New Course Development for Generational Awareness --Training Schedule for October, November, December	Customer Service, Initiative Accountability, Job Knowledge Communication,Teamwork Leadership	
Job Function 3: Succession Planning & Management	--Begin action learning assignments for leadership development participants --Administer 360 for executive development candidates	Customer Service, Initiative Accountability, Job Knowledge Communication,Teamwork Leadership	
Job Function 4: Employee Engagement	--Administration of Q12 to Operations Support Team in October --Consult with IT Team on Engagement interventions found in last survey	Customer Service, Initiative Accountability, Job Knowledge Communication,Teamwork Leadership	
Job Function 5: Performance Management	--Consult with Safety Team to Write Anchored Ratings Scales --Coach Recruiting Specialist on 2017 Goal Work	Customer Service, Initiative Accountability, Job Knowledge Communication,Teamwork Leadership	