Tea & Toast

A fresh look at perfomance management

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Where it all started

The US military started its merit rating system in the 1st World War. And it took off from there. Some organisations introduced forced ranking. Most had yearly SMART goals and development objectives. It's still a mainstay of how we measure success at work.

So, what's the problem?

1. Most systems are individual, rather than team-based. We promote strong team work and then measure individual performance.

2. Performance management systems are universal: one size fits all. They're in the Cynefin CLEAR domain. But people and what leads them to perform at their best is surely COMPLEX.

3. The annual cycle is too long. Our world is far too VUCA to plan one year ahead in detail. A basic agile principle is responding to change over following a plan. Annual performance management plans can easily become irrelevant.

4. Many systems look backwards, not forwards.

5. A 2019 survery found that 59% of employees thought traditional performance reviews had no impact on their personal performance.

6. A recent Deloitte survey found 58% of executives believed the traditional performance management system doesn't work: it's a last century practice.

7. A survey of ratings found that 62% of ratings variance was accounted for by individual raters. This was about their perculiarities of perception. Ratings reveal more about raters than those being rated. And ratings are crude and disincentivise many people. When did you last give your family members a rating at the end of a review period.?

8. Moderation is a common practice that often compares apples with nails. Ratings are moderated up and down via a horse trading process that becomes far removed from people's actual performance.

9. It's time consuming. Deloite estimated its traditional performance management system (before they dropped it) took up 2 million hours per year.

10. It doesn't address poor performance. It's not designed to. Most systems are one-size-fits all. We have seperate systmes for managing poor performance.

11. Many people don't like performance management systems: managers and receivers. They try, and sometimes succeed, to game them or just go through the motions.

So, what do we need?

Two basic needs

1. People need to know what's expected of them.

2. They need to know how they're doing and what they can develop into.

Understand different elements of performance

The UK-based Chartered Institute of Personnel and Development (CIPD) published an evidence review of performance management in June 2022.

It points to three components of performance:

a) Task performance

This is about specific activities either an individual or team performs. For some this may be easy. Meeting sales targets or answering customer queries are possible examples But for many people at work finding credible and relevant task performance indicators is a real challenge. Many knowlege workers seldom have standard tasks that are easily quantifiable. And many factors may be out of their control.

b) Contextual performance

This is about the extra roles people play at work. It's about the extent people go above and beyond their formal role. They may contribute to a great culture, help out colleagues, coach junior staff, support social and team events and activities.

c) Adaptive performance

How well does the person or team adapt to unexpected changes to their environment and the type of work they need to do? How flexible or agile are they? Do they contribute to innovation? Do they contribute positively in a crisis, learn new tasks and propose new ways of working? Do they participate in change and bring others along?

These three categories are useful. But are they easy to differentiate and measure? Frankly no.

A related point is how to distinguish between task and contextual performance. The same actions or outcomes could be either task or contextual performance, depending on how the role is scoped out.

Simon Sinek's trust/ performance model

Sinek tells an interesting story about working with the US Navy Seals. They operate a simple, but effective way of understanding performance.

Task performance is important – how you perform on the battlefield – but what about off the battlefield? How much do you trust your colleague?

The Seals reckon they'd prefer a high trust person who performs slightly lower than a high performer, who nobody trusts. The latter may be personally effective, but toxic.

So, trust is an important element to add to a performance elements mix.

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Measuring performance

Interestingly the CIPD isn't definitive about how performance should be measured. Their advice is sage but basic:

Choose your performance measures carefully. There are things that are worth measuring . But what can be measured is not always what is worth measuring; what gets measured may have no relationship to what we really want to know. The costs of measuring can be greater than the benefits. The things that get measured may draw away from the things we really care about.

And measurement may provide us with distorted knowledge - knowledge that seems solid but is actually deceptive.

Objective or subjective measures?

Objective are hard countable behaviours. The number of patients a GP sees is a measure of their efficiency.

Subjective measures are ratings or feedback provided by co-workers, managers, customers etc.

Back to our GP. Is the number of patients seen a valid measure? Are patients rushed through and therefore don't get the attention they need? If the GP was slower would that indicate better care? Are all patients equal? Do some GPs in a practice manage more complex health problems than others. So objective measures can be problematic.

CIPD again:

There is a strong body of research to show that objective measures often lack validity.

Are subjective measures any better?

Certiainly there is scientific research to back up the view that there are challenges with subjective measures.

Conscious and unconscious bias certainly play a major role here.

So, what should we do?

Radically frequent check ins

So far we've pointed out problems, but what about a way forward?

Buckingham and Goodall:

Research into the practices of the best team leaders reveal that they conduct regular check ins with each team member abour near-term work. These brief conversations allow leaders to set expectations for the upcoming work, review priorities, comment on recent work and provide course correction, coaching or important new information.

The idea is to bring together:

*   purpose
*   expectations
*   strengths.

And this approach strongly recommends weekly check ins. This radically frequent approach, according to its proponents, results in a direct and measurable correlation between the meeting frequency proposed and engagement.

At the heart of this approach is the need to:

*   recognise
*   see
*   and fuel

performance.

Continuous feedback and a wider context

This was a major area explored by Korn Ferry this year. Its report: *Performance Management: A bold new perspective...* is clear:

Performance management doesn't drive performance, feedback does.

Its research focused on high-performing sports people and performing artists. All seemed baffled when the traditional corporate performance management system was explained to them. It didn't fit, or have any place, in their high performance world. Here's their approach:

Get the environment right

1. Put the scaffolding in place

a. A shared performance purpose around which teams and individuals were galvanised.

b. A strong cultural and values framework to encourage free-flowing feedback across all reationships.

c. An inclusive climate of psychological safety where feedback is positive, safe and sought after.

2. Get the timing right

a. Baked into daily work cycles
b. A soon as possible after events
c. Encourage regular reflection

See the person

1. Each person is different

Korn Ferry again:

To deliver really nuanced feedback, you need to build not just a deep understanding of human behaviour, but a significant level of self-awareness as well. This takes time and experience. After all, what we are talking about here is a highly sophisticated skill.

Leaders need to become *lifelong students of human behaviour, learning what makes people tick, so they can deliver feedback that shifts the dial.*

Understand people as individuals: feedback is personal.

2. Be honest about a person's capacity

a. Ability and strengths + Energy = Capacity.
b. Everyone's different; they have different limits.
c. Honesty is at the heart of effective feedback.

Grow people who are hungry for feedback

1. Make it normal

a. Early, often and day-to-day
b. Collaborative

2. Build feedback resilience

a. Loss is so much more powerful than gain. Negative feedback is often what people focus on, rather than praise.
b. People will react differently.

Here's some stats to back this approach up:
- Companies adopting continuous performance feedback significantly outperformed competition at a 24% higher rate.
- Team members of managers who provide weekly feedback instead of annual are 5.2% tiems more likely to strongly agree that they receive meaningful feedback.
- Organisations with a continuous performance proces are 39% better at attracting top talent, and 44% better at retaining talent.

Skills for giving feedback

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