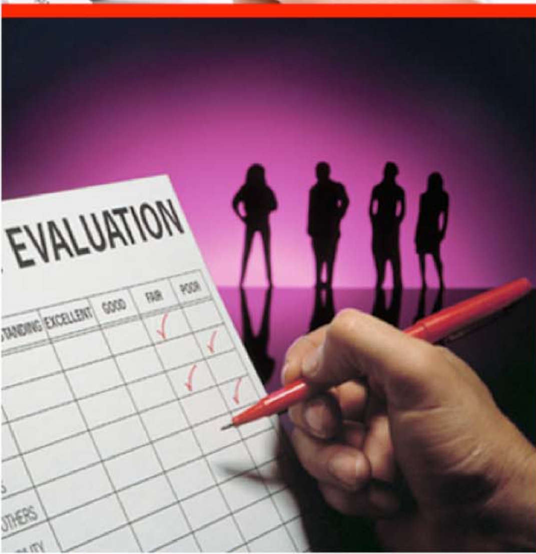
Best Practices for Creating a Performance-Driven Culture

Engagement ● Retention ● Results



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About *Best Practices for Creating a Performance-Driven Culture*

What truly constitutes a performance-driven culture? How does an organization measure—and review—performance in a way that truly benefits the company as well as its employees? The answers to these questions are the difference between an average and an extraordinary business.

Authors and experts Rick Tate and Julie White, Ph.D., senior managing partners at Impact Achievement Group, and Dan Harrison, Ph.D. of Harrison Assessments International, have contributed a series of articles that offer best practices in performance management and leadership development. These articles offer sound advice based on years of on-the-ground experience coupled with current, proprietary research findings.

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Impact Achievement Group is a training and performance management consulting company that provides assessments, coaching, story-based interactive workshops, and simulations for managers at all levels of organizations worldwide. Impact Achievement Group helps companies dramatically improve management and leadership competency for bottom-line results. Company experts Rick Tate and Julie White Ph.D. are internationally recognized authorities in leadership development, human performance, customer-focused business strategies and workplace communications.

To learn more about how Impact Achievement Group can transform your organization's performance results, visit www.impactachievement.com.

The New Supervisor:
A Gamble or a Strategy?

"The transition from individual contributor to manager represents a profound psychological adjustment—a transformation—as managers contend with their new responsibilities. New managers must learn how to lead others, to win trust and respect, to motivate, and to strike the right balance between delegation and control. It is a transition many new managers fail to make."

—Linda Hill, Associate Professor, Harvard Business School

The Gamble

They rise to positions of supervision as a reward for superior functional expertise or star performance as an independent contributor. Unfortunately, they haven't been assessed or trained for the basics of leadership talent. At times good leaders do emerge from this flawed practice, but it is mostly a matter of luck. Sometimes when companies roll the supervisory "promotion dice," they will win. But the odds of the gamble aren't with the house, and these companies eventually pay a heavy price for the failure to recognize leadership attributes or prepare new supervisors for their role.

Companies pay a heavy price for failure to prepare new supervisors or managers for their role.

Two distinct competencies must be developed in each new supervisor or manager to ensure excellence—people acumen (the ability to influence engaged performance) and business acumen (understanding how a business creates value and makes money). Like two strands of a coil, these two competencies are inseparable when it comes to success in a leadership role. Failure to address the development of both strands of the coil in the early stages of the supervisor or manager's tenure significantly lowers the odds of success.

Background

Research and statistics continually confirm that organizations with high rates of employee engagement are more successful than companies where such engagement rates are low. However, *Gallup Management Journal*'s Employee Engagement Index shows that only 29 percent of employees are actively engaged in their jobs, while 54 percent are not engaged, and 17 percent are actively *disengaged*. The result? Seventy-one percent of those polled are lacking loyalty and commitment in their present job, and even may be ready to move on.

Overlooking the impact a new supervisor or manager has on both culture and people will come back to haunt us.

A high-level overview of corporate cultures in the U.S. since WWII offers evidence that they are based primarily on two models. The first is the industrial model that emerged with the advances of mass manufacturing, where people were not expected to think and instead "leave their brains at the door." The other is the military model, where strict adherence to the chain of command regarding input, dialogue, and feedback was required. These two types of culture fostered work environments that were framed as follows: *"You are considered a labor hour. Listen closely, do as you are told, follow orders, and you will have a job."* These cultures held court consistently until the mid-1970s when we began to see some clear challenges to these ways of managing people.

As Baby Boomers began their careers, they were heavily influenced by the long wave effect of the 60's social revolution, which said, "Question Authority." Women became more than unique numbers in the workforce, and with that came the radical idea that relationships were as important as results. Women often used alliances and networks, not hierarchy, to deliver performance results. Globalization was on the rise and, bringing diverse groups with their own perspectives and values into the workplace. Finally, the access to information and communication provided by the Internet changed the concept of empowerment and people began to inquire, *"Why does it have to be done this way?"*

The "values" emphasis began in the late 80s and continues today. Recognizing the value of talented people to the success of the enterprise, leaders attempted to redefine organizations through a process of adherence to a set of values that would capture the spirit of employees and improve the quality of results. This has proven difficult as organizations espouse a new behavior by talking a new talk while clinging to old models of managing and supervising people—walking the old walk, treating people as aberrations.

A new dominant conversation regarding the quality of supervision and management needs to emerge if we want employee engagement to become a pervading theme in the hallways and shop floors of our organizations. Organizational culture is to a significant degree based on decisions regarding who is placed into supervisor and management positions. Often these decisions are based on the employee's previous results while not considering the effect on culture, as if the two were independent variables. This oversight comes back to haunt us.

Luck or Strategy?

As the title of our book, *People Leave Managers … Not Organizations*, suggests, the supervisor or manager sets the tone and is the major influence on the employee in the work environment. As the supervisor pervades every aspect of the employee's work life, the quality of this relationship dictates the level of discretionary effort and the degree of an organization's success. Effective performance management and supervisory skills are the lifeblood of the organization. And yet, it's no secret that many new supervisors and managers fail in their first assignment. Often, organizations approach selecting frontline supervisors, team leads, or first-time managers with less strategy than rolling dice in Las Vegas. Yet the risk is much higher. As reported in *Business Wire* in September of 2007, *"Nearly 60 percent of frontline managers underperform during their first two years in the seat, driving performance gaps and employee turnover across the entire frontline."* The challenges organizations face today are considerable, and new supervisors and managers are thrust onto the playing field to deal with these challenges—from the economy, customer expectations competition, the global marketplace, increasing technology, budget cutbacks, downsizing, deficits of talented employees, and demanding stakeholders. Without adequate preparation, what can we hope for? To counter this risk, strategic selection and proper training and preparation are needed.

"Nearly 60 percent of frontline managers underperform during their first two years in the seat."

Business Wire

The issue is clear: the relationship between an employee and his or her immediate supervisor has significant impact on performance. Supervisors of frontline employees have a much larger influence on employees' day-to-day performance than managers at other levels. A 2004 Corporate Leadership Council study of 50,000 worldwide employees revealed that "... the manager of frontline employees, in particular his or her effectiveness at managing people, is the most important driver of performance and engagement."

This impact is further illustrated, as this same study emphasizing business outcomes indicates:

- If an ineffective manager can shift to an effective people manager, there is the potential to improve employee performance by 25%, employee engagement by 52%, and employee retention by 40%.
- Those employees who are most committed perform 20% better and are 87% less likely to leave the organization—indicating the significance of engagement to organizational performance.
- While commitment to the manager is often pointed out as the key driver of engagement, the manager actually plays a more important role: helping the employee commit to the job and organization.
- A good manager has the potential to increase an employee's commitment to their job by 34%, the power to increase emotional commitment to the organization by 38%, and commitment to the team by an astounding 47%.

Selection

So, how can we get better at this? Assessing people for jobs is the most important task of any organization. The quality of assessment ultimately determines the performance of new hires, as well as the ability of the organization to effectively develop employees. It affects every important aspect of the organization's success.

The first challenge of effective assessment is to fully understand the job and formulate the success factors. It is essential to understand the tasks performed, the responsibilities, the key performance factors, and the requirements that relate to effective performance. And yet, in most cases, the factors used for assessment are merely our best guess at what will enable good performance. These factors should be considered as a hypothesis to be verified by actual performance data that should be collected and used to re-evaluate the accuracy of the job requirements. For more effective selection, two factors must be considered.

Eligibility: Most organizations assess the eligibility requirements desired for new supervisor or manager positions. Years of experience, education, and past performance are examples of eligibility requirements. However, people do not normally fail and are eventually let go due to their eligibility issues. After all, a new supervisor doesn't suddenly have fewer years of experience or less education. It is ***suitability*** factors that determine success or eventual failure, and these factors are rarely assessed.

Suitability: To illustrate, here are some examples of suitability factors that are relevant to supervisor and managerial jobs:

- How effectively do they communicate with others?
- How well will they influence their direct reports?
- What is their philosophy on motivating others?
- What is the process they use to make decisions?
- Can they deal well with conflict?
- What is their tendency to take initiative?
- Will they persist when faced with obstacles?
- How well can they handle responsibility?
- What type of coach will they make?
- Will they be able to teach effectively?

Assessing for job suitability is a foundational skill for increasing the odds of choosing successful supervisors and first-time managers. The importance of assessing for suitability is evidenced by the fact that most organizations choose people for their eligibility and then try to develop their suitability, which leads to the old adage that "we hire for eligibility and fire for suitability." Since behavior (suitability) is fundamentally more

Since suitability is more difficult to change than eligibility, it is better to select people who already have the suitability for the job.

difficult to change than eligibility, it is better to select people who already have the *suitability* for the job.

This article is not intended to be promotional, but we share our experience here as one potential solution. At Impact Achievement Group, we have chosen the Harrison Assessment™ as the process for effective selection. Calibrated to focus on common traits specific to high performers in supervisor and managerial positions, this assessment significantly increases the odds of choosing the right people. The Harrison Assessment is the only assessment method that:

- Uses a full spectrum of behavioral assessments, including personality, interests, work environment preferences, and task preferences.
- Uses a high-tech questionnaire that provides the equivalent of a full day of testing in only 30 minutes.
- Uses a technological consistency detector that provides an extremely reliable validation of the authenticity of the answers.
- Can be effectively applied without professional interpretation.
- Uses the power of paradox to decipher subtleties and complexities of personality related to job performance.
- Offers complete customization to specific job requirements.
- Offers a complete research database of success traits for different position types.
- Delivers cost-effective high correlation with actual job performance.

Training

Marshall Goldsmith, the universally acclaimed executive coach, leadership expert and teacher, had this to say, *“my teacher and mentor Paul Hersey always taught me that leadership is not a popularity contest.”*

Goldsmith further comments by saying that a leader has to be focused on achieving the mission, and that sometimes means disagreeing with your direct reports and taking a tough stand on issues.

On the other hand, Goldsmith offers the following about the author of the *Leadership Challenge*. *“My friend and colleague, Jim Kouzes, points out that leadership is not an unpopularity contest.”* Goldsmith adds that great leaders focus on building positive, lasting relationships with the people they lead—and they should be sensitive to how they are perceived by direct reports.

The route to excellence in any endeavor is through deliberate practice—that is, practice combined with feedback and self-correction, which refine abilities and judgment. Deliberate practice, a term coined by K. Anders Ericsson of Florida State University (and written about extensively in *Influencer: The Power to Change Anything* by Kerry Patterson), works

> *"You could fill a book—in fact you could probably fill dozens— with all the ways to get off to a good start as a leader. But the one thing you have to do as a new leader, and from then on, is define yourself."*
>
> —Jack Welch,
> Former CEO, General Electric

because it actually changes the way the brain accesses and processes information. Initial supervisory or management training must provide a framework to prepare new supervisors and managers so they can successfully practice the conversations and situations they will routinely face in their new role.

Many elements of a manager's development will be learned through experience on the job. However, without a clear understanding of what is expected of them in their new role, along with a baseline set of skills that will enable them to interact and supervise with a degree of effectiveness from the start, we leave much to trial and error. It is the people management skills such as communicating, influencing, coaching, providing feedback and conflict resolution that will allow them to take on the challenges of their routine daily activities.

Supervisors are literally caught in the middle between the demands being placed on them by their leaders and the responsibility of managing a team or workgroup. It is not fiscally prudent or respectful to employees to leave the success and effectiveness of supervisors and first-time managers to chance. The cost, as stated previously, is clear. Thus, two questions must be answered as we prepare new supervisors and managers for their position:

1. What types of skill sets are needed to make the critical transition from individual contributor to successful supervisor or manager?
2. What means will be used to deliver these skill sets?

Skill Sets

There are seven critical themes that are foundational for the effective preparation of new supervisors and managers.

1. The Initial Impact: Transitioning from individual contributor to supervisor/manager is one of the most difficult and critical transitions. Getting off on the right footing regarding setting expectations, getting to know direct reports, setting the tone, and defining a supervisory/manager approach are essential elements for both short-term and long-term success. Without effective guidance in the tactics and methods to be used in the first six months, new supervisors and managers are left to sink or swim.

2. Customer Focus—Creating Value: At a basic level, Sam Walton's words should be carved into the new supervisor or manager's handbook: *"There is only one boss—the customer—and he or she can fire everyone in the company from the chairman on down simply by spending their money elsewhere."* Understanding how to create value worthy of customer's money and gaining a clear idea of how the supervisor or manager's workgroup contributes to the financial success of the organization is necessary as a basic framework for managing or supervising the performance of others.

3. The Boss: The new supervisor or manager enters uncharted waters regarding the relationship with his or her boss. Unlike the relationship the independent contributor has with the boss, this new relationship requires a significantly higher degree of alignment, support, communication, and collaboration. Developing a professional and personal relationship with the boss, and using the boss effectively, can eliminate many obstacles in the path to success for a new supervisor or manager. The boss is the person with the greatest control over the future of a supervisor or manager.

4. The Law: Perhaps nothing can cause a supervisor or the organization as much difficulty as ignorance of applicable labor laws. A clear understanding of the rights of employees is not just important, it is essential knowledge. Putting the organization at risk legally due to lack of basic knowledge of the "do's and don'ts" of workplace issues is common. While legal concerns can and will vary by organization, location, and state or province, there are some fundamental principles that will make both the new supervisor/manager and the organization operate on solid ground.

5. Performance Management: A significant responsibility for new supervisors and managers is direct or indirect input into the organization's formal performance review process. Due to the personal and impactful nature of performance review processes on employees, a lack of basic skills for executing this process can hinder, and in many cases rupture the relationship with direct reports. It is essential that new supervisors and managers learn key skills and concepts up front that will allow them to add value to the performance review process.

6. Dealing with Difficulties: The success of new supervisors and managers is tested in situations when they must deal with difficulty. This includes handling difficult situations such as workplace complaints and employee conflicts, handling performance problems and handling difficult people, such as those who are routinely absent or routine troublemakers. These issues do not stay on "pause" to allow new supervisors and managers to enjoy a learning period. Gaining basic skills to address these situations immediately is a prerequisite for becoming an effective supervisor.

7. Coaching: Day in and day out, routine performance management requires the supervisor or manager to be an effective coach and teacher. The two resources available to invest with others are the supervisor's

Only 37% said they have a clear understanding of what their organization is trying to achieve.

time and influence. Like any resource investment, a good return is a necessity. To ensure the influence potential is effective during the time available, the new supervisor or manager must acquire effective coaching skills—coaching skills that will have a positive and developmental impact on the variety of direct reports that are being supervised.

A thorough knowledge of these seven key topics adds up to new managers and supervisors who know what they are supposed to do, how to do it, and why it is important that they do so, enabling them to take the right action at the right time. Without this knowledge, both the supervisor and the direct reports lose their effectiveness. Stephen Covey, author of *The 7 Habits of Highly Successful People,* gives us a good example of what happens when new supervisors or managers are left to "sink or swim." These statistics, quoted in his book, *The 8th Habit*, are taken from a poll of 23,000 employees:

- Only 37% said they have a clear understanding of what their organization is trying to achieve and why.
- Only 20% were enthusiastic about their teams and their organization's goals, said they have a clear link between their tasks and their team's organizational goals, and fully trusted the organization they worked for.
- Only 15% felt that their organization fully enables them to execute key goals. Covey illustrates the impact of these statistics by using this soccer analogy:

"If a soccer team had these same scores, only 4 of the 11 players on the field would know which goal is theirs. Only 2 of the 11 would care. Only 2 of the 11 would know what position they play and know exactly what they are supposed to do. And all but 2 players would, in some way, be competing against their own team members rather than the opponent."

Delivery

A variety of means to deliver new supervisory training are available for organizations. The type of training delivery is dependent on time, financial, and facilitator considerations.

Classroom training that allows for face-to-face interaction with a trained facilitator is an option that ensures that key concerns and issues from participants are surfaced and dealt with. This type of training can be done in different time frames, ranging from full-day sessions to two-hour modular sessions. The time frame of the training is dictated by issues such as time off the job, travel costs, and availability of trained facilitators.

The availability of technology allows for new supervisory training to be delivered as e-learning. The trade-off is the lack of dialogue and the quality of facilitator responses to questions that a live seminar provides. That said, new advances in technology have made the quality, cost, and timeliness of new supervisory training more attractive to organizations than ever before. Timeliness is the most critical driver, as immediate mastery of the fundamentals is critical to early success and accelerated growth.

Whatever the chosen delivery process, there are some fundamental principles and skill sets that the method should include. Consider the following:

Boss doesn't equal "buddy"—but it doesn't mean enemy either.

Explain "management hazards" very early into the position: There's a specific kind of never-ending hazard that predictably goes hand-in-hand with supervising human beings. Humans do not produce results through consistent, never-changing behaviors and attitudes like a well-built and well-oiled machine. Humans tinker, complain, mess up, don't show up and, at times, defy. Dealing with all this takes specific skills, and past performance as an independent contributor will not make up for the lack of these skills. That said, engaged humans can put to shame the latest technology and achieve breakthrough performance through intensity, initiative, teamwork, and creativity. And, as we've seen, that engagement comes only from the interaction between direct reports and their manager or supervisor.

Boss doesn't equal "buddy"—but it doesn't mean enemy either: Preparation for new supervisors and managers must equip them to find the necessary professional and personal balance with their direct reports. Issues regarding tardiness, absenteeism, offending comments and jokes, and employee conflicts—issues they could ignore, laugh at, or even condone in the past—must now be handled as a representative of the organization. Simultaneously, the supervisor and manager must effectively direct and coach the talent of direct reports, taking into consideration their career aspirations, developmental needs, and personal issues. The challenge is great enough without training.

Perceptions are as important as reality: Effective supervisors and managers give their best efforts to ensure direct reports don't have the perception that they enjoy:

- Perks and/or power trappings of the job.
- Holding position power over others—disciplining.
- Micro-managing direct reports.
- Being right by virtue of their new position.
- Access to information and issues that are not offered to others.
- Using aspects of fear and intimidation to achieve results.

As senior leadership attempts to drive their values deep into their organization and proclaim the importance of employees, they cannot afford to overlook the importance of initial supervisory and management training.

Summary

The cynicism created by placing people into manager and supervisor positions whose behavior is not aligned with espoused organizational values, and who do not skillfully supervise people, is a significant cause of the "values gap" in any organization. Nothing communicates genuine concern for people as much as the appointment of the person an employee reports directly to. Creating a values-driven organization, attractive to talent, is difficult enough without lowering the odds by poor selection and training of new supervisors and managers.

Carefully selecting and appropriately training people chosen for their first manager or supervisor responsibilities has a much greater impact than just increasing productivity: it honors and demonstrates genuine respect for all employees. As senior leadership attempts to drive their values deep into their organization and proclaim the importance of employees, they cannot afford to put people into positions that impact the performance and work/life quality of their employees, unless they ensure that the people chosen are skilled at supervision and are examples of the espoused values.

Clearly, the unintended consequences of poor or neglected training of new managers and supervisors are detrimental to all three entities—the organization, the employees, and the new supervisor/manager.

Using Best Practices Assessment Criteria for Driving Performance and Retention in the Organization

Note: While this article is not intended to be promotional, Impact Achievement Group has found that the Harrison Assessment™ best meets all of the standards discussed within, providing a highly predictive and validated job-specific assessment tool for selection, succession planning, coaching, and team development. Hence, Impact Achievement Group uses the Harrison Assessment as a best practices example of the key elements for considering a viable assessment instrument.

Assessing people for jobs is the most important task of any organization. The quality of assessment ultimately determines the performance of new hires as well as the ability of the organization to effectively develop employees. It affects every important aspect of the organization's success including management effectiveness, sales volume, customer retention, and productivity. Assessment is not merely one of the functions of the Human Resources Department. It is the essential foundation for talent acquisition and talent management.

High-quality assessment used at the point of hire enables you to have the greatest impact on performance and productivity in your organization. High-quality assessment of applicants during the recruitment process results in less time and money spent on training and developing employees. This enables management to focus on important strategic issues. Good assessment minimizes training costs, minimizes losses due to poor decisions, minimizes the high cost of employee turnover, and minimizes losses due to poor teamwork.

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Effective assessment also provides significant benefits for employee development. Assessing existing employees makes employee development much more efficient and effective. Good assessment can enable employees to clearly understand their performance in relationship to the job requirements. This can be a great boost to employee motivation. It can also provide managers with a means of pinpointing the development areas that will provide the greatest impact on performance. The Harrison Assessment™ even goes a step further by providing managers and coaches with effective tools for encouraging and enlisting top performance as well as providing guidelines for developing specific job success behaviors. In addition, reports also help employees to better understand how to apply their strength for their career development. These are key areas that promote talent retention and motivation.

Formulating the Success Factors for the Specific Job

The first challenge of effective assessment is to fully understand the job and formulate the success factors. Without a clear understanding of the job and the job success factors, behavioral assessment cannot be effective. It is essential to understand the tasks performed, the responsibilities, the key performance factors, and the requirements you think relate to effective performance. The factors to be used for assessment in most cases are merely our best guess at what will enable good performance. These factors should be considered as a hypothesis to be verified by actual performance data that should be collected and used to re-evaluate the job requirements. More detail will be provided on this later.

Assessing a person against job factors is much more challenging and much more complex than merely assessing a person. It is essential to determine the key success factors for the specific job, including how important each of those factors are in relationship to each other. In addition, it is essential to determine how having different levels of a job success factor affects the overall performance. This is a complex process requiring sophisticated calculations, which can best be achieved through computer technology.

There are two basic categories of job requirements: Eligibility and Suitability. Eligibility factors include previous experience, education, certifications, skills or abilities. Suitability factors include attitude, motivation, integrity, interests, work preferences, fit with the company culture, and fit with the manager.

Assessing *Levels* of Eligibility

Many organizations assess eligibility factors by setting minimum requirements. However, few organizations actually formulate eligibility factors in order to systematically score each applicant's levels of eligibility. It is not enough to ascertain that the person meets the minimum requirements; it is essential to quantify each candidate's **level of eligibility**. This is the only way in which you can effectively compare candidates to each other and to integrate the eligibility score with the behavioral score.

First, you need to determine what the eligibility factors are. For example, you may require previous experience in the same job, previous experience doing similar tasks that the job requires, certain educational levels, or skills such as typing speed or the ability to use software packages. List all the factors and then weight them according to how important they are.

Then score different levels of each factor. Don't just list your minimum level required—score each level. For example, if you are looking for previous experience in the same job, and you set your minimum requirement for two years' experience, you may want to score that factor in the following manner:

- Less than 2 years—reject this candidate
- 2 years—give 50% for this factor
- 3 years—give 70% for this factor
- 4 years—give 85% for this factor
- 5+ years—give 100% for this factor

By using gradient scoring, you are able to quantify the person's experience and obtain a score. You can then calculate the total eligibility score by weighting the factors and multiplying the person's score by the weighting. For example, if the person had 4 years of experience and you weighted this factor as 20 percent of the overall score, you would multiply 20 (the weighting) by .85. This would give the candidate 17 points out of 20 for this factor. After calculating the score for each factor, you would then add up the points for all of the factors to obtain a score out of 100 possible points.

Assessing Levels of Suitability

...most organizations hire people for their eligibility and then try to develop their suitability, and in many cases fire them for their lack of suitability.

Suitability factors are much more difficult to assess. It is difficult to determine which suitability factors relate to job success and even more difficult to determine the impact of different levels of suitability for each factor on job success. However, doing so is an essential part of job assessment. For most jobs, suitability factors account for about 50 percent of the job success factors. Therefore, effectively measuring suitability is an essential part of assessment. It is best to rely on a system that contains significant previous research regarding suitability factors and their impact on performance for different job types and for different jobs.

Suitability factors are behavioral and are much more difficult for people to change. This makes it even more important to accurately assess behavior during the recruitment process. The importance of assessing behavior during recruitment is evidenced by the fact that most organizations hire people for their eligibility and then try to develop their suitability. And in many cases, they fire them for their lack of suitability. Since behavior is fundamentally more difficult to change than eligibility, it is better to hire people who already have the suitability for the job.

To illustrate, here are some examples of job behavior factors that could be relevant to a specific job. This is just a small sample of more than one hundred important behaviors that could relate to job success.

- What types of things will an applicant or employee accomplish or put off?

- What motivates them?
- How will they communicate, influence, and lead?
- How well they can handle autonomy, freedom, and responsibility?
- How much initiative will they take?
- How much will they persist when faced with obstacles?
- How innovative will they be?
- How much will they accept and respond appropriately to feedback?
- To what degree will they become autocratic, dogmatic, dictatorial, or controlling?
- How much will they resist change and/or be rigid?
- What behaviors will they exhibit under stress?
- How much will they be blunt or harsh in their communications?
- How much will they tend to be blindly optimistic, impulsive, illogical, or easily influenced?
- To what degree will they avoid difficult decisions?
- How well will they organize and handle details?
- How much will they be scattered or chaotic in their approach to projects or planning?
- How much will they seek to learn, grow, and excel?
- What kind of recognition do they need?
- As a leader, how well will they provide direction?
- How well will they enforce policy and standards?
- How likely are they to steal?
- How well do they handle conflicts?
- How reasonable will they be when assessing the value of their contributions to the company?

Using Interviews to Assess Job Behavior

In the past, interviews have been used as the primary means during recruitment to determine job behavior. However, even if interviewers are extremely intuitive, there are many reasons why accurately assessing job behavior at an interview is nearly impossible.

1. Interviewers do not have access to a real behavioral success formula. There are dozens of behavioral factors that either promote success or inhibit success for any one job. Interviewers rarely have access to a job formula that identifies the behavioral success factors, formulates how different levels of these success factors impact job performance, weights the success factors against each other and calculates an overall behavioral score based on the formula.

2. Even if the interviewer did have access to such a formula, the interviewer would need to accurately assess specific levels of each applicant's behavior for each of the job success factors.

3. Some people are very skillful at being interviewed. However, this skillfulness usually does not relate to job success. Therefore, skillfulness of the interviewee usually confuses the assessment rather than supporting it.

4. The interviewee aims to tell the interviewer what he/she thinks will be viewed as the best response. The interviewer aims to determine how much of what the person is saying reflects real behavior and how much is related to just trying to get the job. This in itself is extremely difficult to resolve in the short period of the interview.

5. Interviewers are biased. Research clearly shows that interviewers routinely give favorable responses to people who are similar to themselves, and less favorable responses to people who are different from themselves. This problem is compounded by the fact that most interviewers are interviewing people for jobs that they would not be doing themselves. In the end, the result is very likely to come down to how well the interviewer likes the candidate rather than how well the candidate fits the behavioral requirements of the job.

Many interviewers profess insights into a person's personality, and certainly some of them are quite perceptive. However, predicting job success is an entirely different matter. It is not sufficient to identify a particular quality of a person. Rather, the interviewer must be able to accurately assess the magnitude of each of dozens of qualities in relationship to a complex formula of behavioral requirements for a particular job. This is nearly an impossible task without the aid of significant research and tools.

The moderate ability to predict job success comes as a result of exploring the candidate's previous experience and job knowledge.

Assessment research shows that interviewing has a very moderate ability to predict job success. However, this doesn't mean that interviewers can predict job behavior. The moderate ability to predict job success comes as a result of exploring the candidate's previous experience and job knowledge. Remember, the interviewer is normally discussing the resume in relationship to the eligibility requirements. This is very useful and does provide some ability to predict job success. However, the moderate ability to predict job success is a result of assessing job eligibility rather than an indication that the interviewer is predicting job behavior. If you doubt this assertion, we suggest you try the following experiment. Have your interviewers conduct the interview without ever seeing the resume and without discussing past experience, education, or skills. Then have them write down their job success prediction. Later, you can compare this prediction to the actual job success. In fact, conducting interviews in this way would be so difficult that we doubt anyone would even attempt it.

In comparison, an effective job behavior assessment can obtain a moderate level of predictive accuracy for job performance on its own, without any knowledge of eligibility or any interview. This is a significant achievement because the eligibility has not been factored into the prediction. However, the value of job behavior assessment is much greater than simply its ability to predict job success on its own. By using an effective job behavior assessment at the interview, the interviewer obtains the tools to transform the interview into a genuine discussion about the person's real fit for the job as well as the person's likely level of job satisfaction. This process further increases the ability to predict job behavior. By combining this with a systematic assessment of eligibility, the ability to predict job performance is increased even further.

Job Behavior Assessments As Compared to Personality Assessments

It makes no sense to use an assessment for job selection that was never designed for the workplace and has no ability to predict job performance.

Personality Assessments have been available for about 60 years. Some of them have obtained a great deal of validation research. However, it is important to understand that they are not actually job behavior assessments and such validation is not relevant to job performance. In most cases, the validation simply means that the assessment favorably compares with other means of assessing personality. Many people are fooled into thinking that this large amount of research indicates that they are useful tools for job assessment. In fact, many of those assessments specifically state that the instrument does not predict job performance. It makes no sense to use an assessment for job selection that was never designed for the workplace and has no ability to predict job performance. Some people say that they can effectively use personality assessments for employee development. However, this also makes no sense. The main point of employee development is to improve performance and if an assessment does not measure the things that relate to performance, how can it significantly help to develop employees?

What Are the Key Factors of an Effective Job Behavior Assessment?

Based on over 20 years' research in job behavior assessment, there emerges several key factors that enable a behavioral assessment to effectively predict performance. These include:

- The ability of the assessment to measure more than 100 traits.
- A questionnaire that is work-focused.
- The ability to detect false answers and to pierce self-deception.
- Performance research that is used to create a job success formula for specific jobs.

- Reports that are job specific, numerically quantified, and easy to understand.
- The ability to weight and integrate eligibility and job behavior assessment scores.

Measuring a Sufficient Number of Traits

It is not practical to develop a separate behavioral assessment for each job or even each job type. Therefore, nearly all job behavior assessments assess people using one questionnaire and then try to evaluate the answers for different jobs. However, our research has shown that less than 25 percent of the traits measured in a behavioral questionnaire relate to job success for any one job. Therefore, to be effective, a job behavior assessment needs to measure many different traits in order to have a sufficient number of traits that relate to job success for any one given job. Most behavioral assessments measure only 10 to 30 traits. They try to overcome this problem by measuring norms of different types of jobs. For example, they do research that identifies managers as having certain traits. This is merely a distraction from the real purpose, which is to identify the traits that relate to performance. There is no benefit to hiring people who fit the profile of an average manager, especially when more than 75 percent of the traits are completely irrelevant to job performance. We have helped thousands of companies assess employees, and we have never had a single customer who aims to hire average employees. They would be very unhappy if they knew that three quarters of the assessment criteria in most “behavioral” assessments was completely unrelated to job success.

In order to effectively measure job success, job behavior assessments must measure at least 100 different traits, and each job needs to have a formula or template of at least 20 traits that relate to performance. In addition, each trait must have its own formula regarding how different degrees of that trait impact performance. Finally, each trait must be weighed against the other traits according to its impact on performance. That is why the Harrison Assessment system measures 156 traits and is built on a body of research that relates to job performance.

The need to measure more than 100 traits creates a great challenge for job behavior assessments. Measuring more than 100 traits would normally require more than a full day of testing—an impractical solution. The Harrison Assessment has overcome this problem by creating a high-tech questionnaire with 16 groups of eight statements. In each group, the eight statements are ranked against each other. In addition, each statement appears in two different groups, enabling the computer to cross-reference all of the answers against each other. By comparing each statement to every other statement on the questionnaire, a total of 8,103

Generalized personality questions nearly always have culturally influenced significance that makes answers to such questions quite different across cultures.

comparisons are obtained. This is equivalent to 2,701 multiple-choice questions and more than a full day of multiple-choice testing! Yet, the assessment only requires 30 minutes to complete.

Work-Focused Questionnaire

One of the most obvious but often-overlooked issues about job behavior assessment is having a questionnaire that focuses on work-related issues. Job-related questions are much more effective because they focus on the goal of job assessment rather than requiring the step of personality measurement that then has to be interpreted in terms of job behavior. Consequently, they are much more likely to predict job success. Having the questions more focused on job-related issues also provides the benefit of enabling the assessment to more easily transfer across cultures. Generalized personality questions nearly always have culturally influenced significance that makes answers to such questions quite different across cultures. If that is the case, any research related to job performance based on personality questions is not likely to be transferable across cultures.

Overcoming Self-Deception and/or Intended Deception

One of the biggest challenges of any behavioral assessment is to determine how truthfully the person has answered the questions. How can an assessment determine if the person has given truthful answers? Many personality assessments attempt to determine this by offering to answer seemingly opposite options along with an additional answer option called “in between.” If there are too many answers of “in between,” the results are considered invalid. While this may provide a slight indication of answer reliability, it is an extremely weak method. In many cases the most truthful answer may in fact be “in between.” Therefore, this method is not reliable. There are several important, interconnected ways to overcome the problem of untruthful answers. First, it is best to provide answer options that need to be ranked rather than rated or scored. Forced ranking requires the person to designate their priorities.

Do you remember in the previous section about the Harrison Assessment using computer cross-referencing to reduce the time required to complete the assessment? HA uses the same cross-referencing to determine if the person’s answers are consistent with themselves. If a person answers untruthfully when ranking a large number of statements, it is extremely difficult to maintain a high level of consistency. Even if the person were to remember all the rankings exactly, it would still be difficult to meet or exceed the consistency score because the statements are ranked against different statements each time. To maintain consistency the person would have to mentally perform thousands of cross-references. If the answers are more than 10 percent inconsistent, the Harrison Assessment considers that either the person has not paid sufficient attention to the answers or has deliberately attempted to deceive the assessment. In either case, the results are not considered valid.

The Harrison Assessment has further mechanisms that prevent and detect deception. The questionnaire only includes statements relating to positive behaviors. Therefore, all of the statements are generally perceived as desirable. In addition, even if the person attempts to give the desirable answer, their own behavior patterns dictate which answers they consider desirable. For example, if a person tends to be very frank and direct, they will consider this tendency to be their virtue as well as a desirable answer.

The Harrison Assessment system includes a further layer of lie detection by analyzing the paradoxical relationships between the behavioral tendencies. Through such analysis, negative behavior patterns can be determined without asking any negative questions and without the person having the slightest awareness that they have revealed their negative behavior. If the person attempts to deceive the assessment, the negative behavioral patterns will become more exaggerated, making them appear as poor candidates.

Job-Specific, Numerically Quantified, and Easy-to-Understand Reports

If a behavioral report simply describes the person's behavior or personality, each interviewer or interpreter will ascribe their own meaning to the behavior or personality trait, usually based on their own bias rather than a formula of job success factors. This seriously detracts from the benefits of job assessment. The report must be focused on the specific job requirements and provide an overall score related to the suitability of the person's overall behavioral patterns in relationship to the specific job. This information must be rendered in a way that is easy to understand and is not left to the interpretation of the person reading the report.

Performance Research

A job behavior assessment must be based on performance research. Since the assessment is applied to many different jobs, there needs to be research that reveals which behaviors relate to job success. Without such research, how can anyone know how to interpret the results in relationship to a particular job? As stated previously, more than 100 factors must be measured in order to find a couple of dozen factors that relate to job success for a specific job. Without research, there is no good way to find those factors and it is virtually impossible to determine how different levels of each related factor will impact job success. In addition, only performance research enables you to accurately weigh the success factors against each other according to their level of impact on job success. The Harrison Assessment has a large and ever-expanding body of research related to success factors for a wide variety of jobs.

The research must include a sample of good performers as well as poor performers. If the sample only includes good performers, there is no way to determine which factors differentiate good performance from poor performance, how to formulate different levels of each success factor, and how to weight the success factors in relationship to each other.

Integrating Eligibility and Job Behavior Assessment Scores

Using assessments in a serial manner rather than an integrated manner is a frequent mistake. For example, many people first eliminate the candidates who don't meet the minimum requirements and then assess the remaining candidates for job behavior. Then they select the candidates with the highest job behavioral score. However, this is not effective because it does not help you to see the overall picture, relating the person's combined levels of eligibility and suitability. By scoring eligibility as recommended above, you can then combine the eligibility and behavioral scores. The Harrison Assessment provides a facility for weighting each of the assessment types and then calculating an overall score.

Summarizing the Value and Challenges of Assessment

Assessment needs to quantify levels of eligibility as well as job behavior.

Effectively assessing both job behavior and job eligibility is the essential foundation necessary to hire, retain, and develop top talent. Assessment needs to quantify levels of eligibility as well as job behavior. To do so requires a job success formula for each component. Interviewing does not effectively assess job behavior unless it is conducted using a job behavior assessment.

Effective job behavior assessment requires the ability to measure more than 100 traits, a questionnaire that is work-focused, the ability to detect false answers and/or self-deception, a specific job success formula derived from performance research, and clear reports that do not require interpretation.

While this paper is not intended to be promotional, note that we have found that the Harrison Assessment best meets all of the standards mentioned above, providing a highly predictive and validated job specific assessment tool for selection, succession planning, and coaching.

It's Not About the Form!
Performance Alignment and Accountability

One of the acknowledged critical responsibilities of managers and supervisors is the process of managing the performance of both individuals and groups. Within that process, managers are asked to conduct performance reviews (a.k.a. performance appraisal or performance evaluation) on a predetermined basis. Unfortunately, many performance review or appraisal systems are fraught with difficulties. Among the many unintended consequences of poorly designed performance review systems are:

Performance:

- Performance driven by forms rather than by the job requirements.
- Job descriptions that are too elaborate, too lengthy, and unfocused.
- Too many performance elements to keep track of and measure.
- No distinguishing differentiation between performance issues and professional conduct issues.

Expectations:

- Flawed interpretation of the "expectations" issue regarding performance (confusion between manager and employee regarding what "expectations" are based on).

Standards and measurement:

- Standards that are difficult to describe and articulate.
- Measuring process behaviors rather than results.
- Ambiguous adjectives, personal characteristics, and traits used to describe and measure performance.
- Overly broad metric scales which make it difficult to evaluate performance fairly.
- All employees subjected to "one-size-fits-all" performance elements and metrics that do little to describe the individual job results or outputs.
- Subjective measurement that is vague and misunderstood between manager and employee.

Organizational:

- A cumbersome and time-consuming process.

What this all leads to is difficulties in setting effective performance goals and objectives, difficulties in conducting performance discussions, difficulties in performance review conversations, and difficulties in

An effective review process focuses on the unique critical contributions of each job, not a generic review of all jobs.

assigning fair and justified performance marks. Over the years, most everyone we have interviewed, both managers and employees alike, concur that the performance review process is littered with these problematic concerns.

The challenge for your organization is clear: *Why take on any more liability in performance management than is necessary?*

Improvement lies in a performance review process that drastically reduces the difficulties and flaws in the traditional review or appraisal process. An effective review process focuses on the unique critical contributions of each job, not a generic review of all jobs. What is needed is a performance review process that is user-friendly, focuses on key performance outcomes and standards for each job, contains simplified metrics, and results in more concrete performance discussions between managers and employees.

Is there a place for subjective performance criteria? While objectivity in standards and measurement is continually pushed for, the reality is that with any organization, management subjectivity plays an essential part with any performance management process. The key is to get managers to clearly articulate the meaning of any subjective standards or measurements, first to themselves, and secondly to their direct reports.

Any effective process requires managers to identify and articulate what performance results are pertinent for success in a job and what specifically will be measured—no matter what form they were required to use. Managers must put performance objectives and priorities on the table and allow employees to know and understand what they are really being evaluated on. This eliminates the game of attempting to transfer what the manager actually evaluates to a form with performance descriptors that are generic and unrelated to what the manager deems important.

The Process

There are seven critical steps of the Impact Achievement Group best practices review process that address these identified problems.

Step One: Job requirements must drive the performance review process and become the specifics of the review form—not pre-established performance characteristics

The performance requirements of a specific job should drive both *what* the critical performance expectations are and *how* performance will be measured. A pre-printed form that all employees are subjected to is never sufficient for fair and accurate performance review and measurement. "One-size-fits-all" performance review forms are like "one-size-fits-all" anything—they fit no one well and everyone poorly.

In our discussions with many organization managers, it's clear that they evaluate the specific performance areas they think are pertinent and then try using that evaluation to conform their opinion to the pre-designated characteristics of last year's appraisal form. Managers evaluate what they believe is important and set their own standards of what meets acceptable job requirements. This is captured, documented, and communicated to employees and developed as elements of the performance review process. It's going to be put in play anyway—so the goal is to make it well thought-out and legitimate. Is it any wonder research continues to show that over 85 percent of both managers and employees dislike their performance review process?

The goal is to keep people's performance focused on meeting company objectives routinely.

A well-known sales organization changed their generic performance form to include a quarterly objective for all jobs. These objectives are created exclusively from the executive team business goals that are updated each quarter. The goal is to keep people's performance focused on meeting company objectives routinely.

To ensure that valid performance issues (and not the form) drive the process, two things need to happen:

1. Develop job descriptions that are focused on contributions, not job tasks. Narrowing down job descriptions so each one identifies the key reason the job exists keeps both manager and employee focused on the essential contributions of each job. The critical question to ask to clarify the job description is, *"Why do we have this job?"*

2. Identify the Key Performance Expectations (KPE) for the job. Depending on the nature of the job, identify 3 to 8 performance expectations that, when done well, will contribute to the business goals of the organization. Setting and measuring too many performance expectations can easily take the focus off the critical contributions of any job. We have seen on many occasions employees measured and evaluated on over 20 performance expectations. This leads to a lack of performance focus and an overly cumbersome review process.

Step Two: Ensure performance expectations are result/outcome-oriented

Within our example sales organization, their old system had a performance evaluation rating based on the number of cold calls that were made. Based on the assumption that number of cold calls determined sales numbers, this approach seemed reasonable. The unintended consequence was that sales people exceeding their quota without making the minimum number of cold calls did not receive a top performance ranking. Worse, salespeople making the required number of cold calls yet not meeting their quotas were taking hits on specific elements of their overall performance review.

Cold calls should be measured—but as a developmental measure and something to monitor. Treating them as a "result" measurement that affects performance review marks leads to the following problems:

- Employees are not measured on their true contribution to company goals.
- Top performers become de-motivated as they are restricted on "how" they go about achieving success and take hits on their performance marks when they don't follow the pre-determined process.
- Managers don't attend to the specific talents that employees bring to the job.

An effort should be made to make performance expectations output- or result-oriented to the extent possible. While some performance elements do not lend themselves to clear result or outcome standards and cannot be measured as objectively as others, performance review is more effective when standards are outcome- and/or result-based.

Example: the expectation for a file clerk is not an amount of files filed within specific time limits; it is the accurate and timely retrieval of information. This pushes the performance management in the direction of an outcome (retrieval) not a process (filing). Note: accuracy and timeliness will require an efficient filing process.

One of the major reasons performance review forms are so over-loaded with performance expectations is that too many "input" expectations are included. Most of the performance expectations we come across are inputs or process behaviors that lead to ultimate contribution or results. Many key results or contributions cannot be achieved without performing the inputs—so why bother to evaluate the input when the result measurement will suffice?

For example, let's take a common performance expectation seen on many forms: Initiative. It certainly is a personal characteristic that is desired from most any employee. However, the real question is, *"Why is this characteristic desired?"* The ultimate answer: "Because it leads to outcomes, results, and contributions that are desired." If outcomes, results, or contributions could be achieved without Initiative, then we wouldn't desire it. So, why waste time measuring this characteristic and attempting to clarify to the employee the manager's interpretation of this characteristic? Identify the key performance results and then measure the performance against desired results. Initiative will be present if the expectation is met.

Similarly, our example sales organization measured teamwork as a performance characteristic. The intent was to encourage cooperation, an admirable characteristic. But teamwork was not really the goal. Upon questioning, they realized that they wanted something specific to happen. That specific outcome, a smooth handoff of customer leads for qualified sales, became the focus for performance. Teamwork and cooperation were just the personal characteristics to get to this outcome. So when the lead generation, marketing, and coaching teams realized an improved process and better quality customer leads, by definition cooperation and teamwork were happening.

Step Three: Create performance standards for each Key Performance Expectation (KPE)

A standard of performance should reflect the acceptable level of performance required to hold the job. By clearly articulating an acceptable performance standard for each performance element, a pass/fail measurement is automatically created.

Performance standards are the foundation of accurate and fair performance evaluations.

Performance standards are the foundation of accurate and fair performance evaluations. There are two things that must occur to ensure performance evaluation is accurate and fair:

1. **Create a valid, reliable "standards" scale for each Key Performance Expectation**

After identifying the standard of "acceptable" performance for each expectation, develop an evaluation scale that describes differentiated performance ratings. Each deviation on the scale must contain a description of performance that would earn that particular rating. We recommend a scale of no more than four deviations.

Performance Expectation	2 Below Acceptable Job Requirement	3 Meets Acceptable Job Requirement	4 Occasionally Exceeds Job Requirement	5 Consistently Exceeds Job Requirements
Description	*Description*	*Description*	*Description*	*Description*
Description	*Description*	*Description*	*Description*	*Description*
Description	*Description*	*Description*	*Description*	*Description*
Description	*Description*	*Description*	*Description*	*Description*
Description	*Description*	*Description*	*Description*	*Description*
Description	*Description*	*Description*	*Description*	*Description*

There is no need to have two deviations on the scale below the "meets" performance level. An employee's performance is either below what is minimally accepted for a performance element or it isn't. Performance that tracks continually below the "meets" level shouldn't be tolerated or paid for.

Depending on the type of performance element, one or two deviations from the "meets" performance level might be called for. The manager and the characteristics of the performance expectation determine this. It is not necessary to have every performance element have the same numerical rating scale—some may be suited for a 2 to 4 rating scale and others may even require a 2 to 3 scale.

Usually, the more objective and quantifiable the standard and measure, the more a manager can utilize a 2 to 5 scale.

The more subjective the standard and the measure, the more a 2 to 4 scale is appropriate (the 4 box is considered N/A in these cases).

Our example sales organization moved away from the 5-scale, but interestingly, found some resistance among employees who objected to being a 2 on a 1 to 4 scale. So the company was innovative and created the scale to reflect 2 to 5, where a 3 indicated a solid performer, and a 2 indicated that the employee was not meeting expectations. They simplified their job metrics by utilizing a 4-point scale, and through the slight modification to 2 to 5 from 1 to 4 increased employee acceptance of the scale.

2. **Performance expectations must be evaluated against valid performance standards—not against the "expectations" of the employee**

To avoid punishing high performers in a performance review process, performance standards should address the level of performance that is reflected in the performance standard scale. Developing performance standards and evaluating performance based on what is "expected" from the individual performer (based on past performance) leads to many undesirable, unintended consequences.

When managers have high expectations of an individual because of past performance, many times that high performer receives an "average" performance mark when they meet the manager's very high expectations. Having high expectations regarding the performance of an employee should not result in that employee being punished for meeting the high expectations with exceptional performance.

Example: If I have an IT specialist who has demonstrated remarkable expertise in fixing system problems in an incredibly short time period, I might develop very high expectations for this individual. If this employee continues to meet these high expectations (they continue to pull off miracles), does this employee really deserve a performance mark indicating average performance—which is performance that meets merely the acceptable level for holding the job?

Different perceptions and practices around the term "expectations" create unfair performance evaluations and influences high performers to look for greener pastures.

Step Four: Clarify subjective standards and measurements with the employee

In a perfect world, all performance elements would lend themselves to objective, quantifiable measurements. However, in the area of human performance, many performance elements remain subjective relative to what differentiates poor performance from good performance and good performance from excellent performance.

This managerial discretion in performance review is necessary and practical. However, what makes subjective performance standards effective is the manager's ability to clearly articulate to the employee:

- What makes up the subjective performance standard.
- Performance facts and specific situations that provide feedback to the employee regarding performance that doesn't meet, meets, or exceeds the standard.

Example: One of the performance elements of an accounting job might be to maintain the general ledger. In balancing the ledger, it would be difficult to put a quantifiable standard on this element, as the person in the job is not in control of many of the numbers that get entered into the ledger and imbalances will occur.

The "meets" standard might read something like, "*assures the timely balance of the ledger with infrequent management intervention*."

The manager must decide what is acceptable regarding "timely balance" and "infrequent management intervention." This must then be described to the employee in clear terms at the beginning of the performance period. The employee's performance must then be discussed at routine intervals during the performance period and examples used to support any performance feedback. In doing so, performance management can be applied effectively to areas where there is no clear objective performance standard.

For example, one major seafood distributor did an excellent job in customizing their performance form to clarify what measurements would be subjective. For instance, the marketing department managed a company test kitchen to entice potential customers with tasty seafood

While all performance elements in all jobs are necessary and important, some do stand out as "below the waterline" performance.

dishes. The test kitchen employee was required to write the recipes, prepare the meals, and then serve them to potential customers. The standards for the employee could not only be something as arbitrary as "use easy-to-obtain ingredients" or "create a simple recipe to fit on the back of a card."

To be successful and pull in new customers, the meal had to *taste good.* That subjective measurement was the responsibility of the vice president of marketing, who was hired because she was experienced and knew what sold.

In this instance, the clarity puts more demand on the employee and the vice president to make sure they're on the same page. The kitchen employees can on a regular basis confer with the vice president and adjust their activities and recipes to make sure it will meet the vice president's expectation. The knowledge that the measurement is subjective actually led to more communication and feedback throughout the entire process.

Step Five: Identify critical elements and weight factors

In some jobs, there are performance elements that are of critical importance to the success of the organization. While all performance elements in all jobs are necessary and important, some do stand out as "below the waterline" performance. That is performance where poor performance causes significant harm and superior performance makes a substantial contribution to the organization as a whole.

The use of these critical performance elements should be recommended by the manager and decided upon by the executive team. Depending on the element, a weight factor is given to that standard which would give the employee a higher mark when their performance is at the level 3 or higher. This allows the organization to recognize performance in critical contribution areas while using the same performance rating scale.

Note: No weight factor should ever be given to performance that is below the acceptable job requirements.

Step Six: Create a 2-point scale for the evaluation of core values of the organization

A performance review system should support any established business principles or core values. The professional conduct of all employees plays a critical role in the attraction and retention of talented people as well as the company's reputation in the marketplace. Ensuring that the performance review process addresses professional conduct lets everyone know those behaviors are important.

In most cases, the scale that works effectively for professional conduct is a 2-level scale, with the rating point value being a 0 or a 2.

Core Value	0 Behavior Not Aligned With Core Values	2 Behavior Aligned With Core Values
Integrity		
Respect for Others		

Regarding professional behavior, employees either behave accordingly or they don't. Issues like "respectful treatment of others" don't lend themselves to deviations above the 2 level. Very respectful? Outlandish respect? Deviations above a 2 scale only create confusion at review time.

Managers either behave in accordance with the professional behavior standards and hold others accountable or they don't. The behavior and tolerance regarding professional conduct is best suited to be evaluated on a 2-point scale—pass/fail. When anyone doesn't meet acceptable standards for professional behavior, no performance review points should be earned. This is the reason for the 0 to 2 scale. Done this way, the business principles or core values take on significance without complicating the review process and creating difficulties in the manager/employee relationship.

Step Seven: Create an Overall Performance Index™ (OPI) for overall performance ratings

To create an equitable overall performance rating for all employees, the prescribed approach allows for the creation of an Overall Performance Index™ (OPI) for each position. This is accomplished by adding up the total number of rating points earned by the employee and dividing that number by the total number of rating points possible in that position. This process makes it unnecessary to have everyone rated on the same number of performance characteristics and/or using the exact same rating scale for each performance expectation.

For example: An employee may hold a position that has 6 Key Performance Expectations:

- Two of the KPEs are rated on a 2 to 5 scale (10 rating points available).
- Three of the KPEs are rated on a 2 to 4 scale (12 rating points available).
- One KPE, the professional conduct element, is a 0 or 2 scale (2 points available).
- The total performance points available for this position are 24.

If this employee earns 20 points, then his or her Overall Performance Index for the rating period would be 83.3 percent.

Note: When any Key Performance Element contains a critical weight factor, the performance points available don't change. This allows the employee to earn more performance points in critical job areas and improve their Overall Performance Index as a reward for good performance in a critical area.

Summary

This approach requires managers to:

- Identify the important aspects of a position,
- Designate what acceptable performance looks like,
- Communicate clearly to the employee what performance is expected and how performance will be rated,
- Provide performance feedback and performance discussions during the rating period, and
- Evaluate performance based on the agreed upon performance targets.

These managerial steps, when carried out, will make performance management at your organization effective, consistent, fair, and focused on business results.

The Dark Side of Performance Reviews: Why People Hate Them and Why They Fail

While performance review is conducted with a variety of good intentions, the reality of the review experience—for both managers and employees—delivers disappointing results. An abundance of research over the last several years indicates a seriously high level of dissatisfaction with performance review across all organizations. Yet, despite routinely putting up with the very negative impact of the unintended consequences of the performance review process, we march on seeking to arrive at a destination that for most organizations remains elusive.

Those who remain blind to the systemic problems inherent with performance reviews state that the problem isn't the review process itself, but the ineffective skills of the managers who are responsible for the reviews. While it is very clear that performance review skills are lacking, this doesn't fly as an excuse for the poor results most review systems deliver. The other stake in the ground for continuing an ineffective process is the idea that you need performance reviews to protect against lawsuits by terminated employees. This argument also doesn't hold water. It is a well-known fact that most performance reviews hurt a company's case because they aren't accurate assessments of a worker's performance.

An abundance of research over the last several years indicates a serious dissatisfaction with the performance review process.

We believe the essential purpose of a performance review process is to clearly differentiate top performers. While there are other valid reasons, if the process doesn't deliver on this ultimate purpose, the downside to the organization can be devastating. Talent management is about the ability to retain those employees who perform at a level that significantly contributes to an organization's competitive advantage. Unfortunately, the majority of performance review systems we have seen and experienced do a pitiful job of achieving this critical purpose.

Secondarily, we believe the review process should provide valid justification for personnel decisions—such as promotion, succession planning, and termination when necessary. Once again, this is in line with the goal of effective talent management in two important ways. We need to ensure that the top performers—those who truly make significant contributions to the success of the organization—are given the opportunities for upward mobility. We also need to separate out employees who routinely do not perform their jobs at an acceptable level. Talented employees get very de-motivated when they must continue to work side by side with employees who put out little effort. They get disillusioned when under-performing employees receive performance marks—much less merit increases—that communicate that they are performing satisfactorily. When our talented employees quit and leave, and when our underperforming people stay, we corrupt a performance culture.

Important Considerations

We offer six considerations regarding performance review. Failing to critically examine the performance review process leads to the continuation of the negative, unintended consequences that befall organizations. We hope these considerations will help avert the "instant headaches" that materialize during performance review time. We hope to help others create performance review systems that move away from the charade of pretending to be perfect, which traditional systems promote, and toward a realistic assessment of contribution that lays the foundation for continual improvement.

Does the performance review process clearly differentiate top performers?

Top performers need to believe that performance evaluation marks truly identify them as "better performers" than others. The actual mark and the "merit" dollars that they receive must be statistically different from the rank and file. It's usually no secret to anyone who these top performers are. Yet, we find often that these high performers are moved into the normative trend of performance marks as a result of the performance review process and, as a result, their "merit" dollars are not significantly greater than average performers.

The "instant headaches" produced by performance review and the "charade of pretending" influenced by most practices are profound.

A recent study we conducted with our partner, HRmarketer, indicated this issue is a problem in many organizations. Thirty-eight percent of the responders in our survey believed that outstanding performers were satisfied with their performance ratings. Significantly, while senior leaders believed their system did a good job of differentiating their top performers, the employees themselves believed this was not the case. Predictably, there will be significant ramifications because when the best performers feel undervalued or underappreciated, they look for other opportunities.

Does the performance review system provide valid justification for personnel decisions?

Performance marks—reflecting the quality of an employee's contribution to the success of the organization—should serve as the basis for decisions on succession planning, promotions, and termination. For a variety of reasons, valid criteria for these decisions influence employee motivation issues, creates a sense of fairness and consistency, and makes these decisions defensible. When employee performance isn't clearly differentiated relative to a person's results and specific behavior, the reliability of personnel decisions is eroded. In our study with HRmarketer, we found problems in this area. In response to the question of "performance" marks making it easy and justifiable to take appropriate action with poor performers, over 50 percent of the respondents believed that the statement was just sometimes true or never true. There is a clear implication that performance marks allow poor performers to linger in their jobs—continuing to hurt the organization's performance.

Does the performance review system evaluate results or activity and effort?

"Never confuse accomplishment with activity."

—John Wooden
UCLA

The renowned basketball coach John Wooden often advised, *"Never confuse accomplishment with activity."* We believe this is a critical element for performance review. Simply put, manage tasks and activities—but evaluate results. More often than not, we find performance evaluations that evaluate activity or effort instead of results. Employees get evaluated on vague attributes and a wide variety of tasks without anyone ever identifying the quality of the "results" or outcomes that were achieved through the employee's attributes or effort. The organization delivers results—to customers and to stakeholders—and this should be the focus of the evaluation process and what employees should be graded on. Contribution is critical—effort, not necessarily so.

Our study with HRmarketer indicated that the focus of the performance review process is often NOT on results. In response to the question "Performance goals and expectations reflect the delivery of results and not activity, effort, and input," we found a significant disparity between how senior executives and other employee levels saw this issue. Only 43 percent of non-executives—compared with 63 percent of executives—responded that this statement was often or always true. Even more unsettling was the over 50 percent who responded that this statement was sometimes or never true. The indications are clear that performance review is not doing an even adequate job of evaluating contribution.

Do performance marks group towards the middle?

A majority of complaints we have heard over the years—and verified—is that the end-of-year performance marks tend to aggregate to the middle ("meets expectations"). Rating almost everyone as "satisfactory" or "meets expectations" reflects a performance review system that doesn't differentiate employee performance, truncating the critical purpose of the system. This tendency to group marks toward the middle happens for a variety of reasons—avoiding difficult conversations, poorly set

Only 7% of respondents in our study believed that the tendency for marks to be grouped toward the middle rating was "never true."

expectations and standards, managers' and supervisors' poor performance management skills, difficult and time-consuming forms that focus on vague generalities rather than results—just to mention a few.

Again, our study indicated a less than optimum response on this issue. In response to the question "Performance marks are grouped toward the middle of the rating scale," only seven percent of respondents believed that this was never true. Our survey results indicated that while executives didn't believe their system trends toward the middle, a significant portion of the non-executive respondents believed the trend toward the middle is occurring. This illustrates another critical downside to performance review systems—the assumption by senior leaders that their system is functioning in the most optimum way. Perhaps this is why these systems are so slow to evolve?

Does the system evaluate employees against performance standards or against each other?

Performance standards are the foundation of accurate and fair performance evaluations. Therefore, performance expectations must be evaluated against valid performance standards for the job—not against the "expectations" for that particular femployee. Developing performance standards and evaluating performance based on what is "expected" from the individual performer (based on past performance) leads to many undesirable unintended consequences. When managers have high expectations of an individual because of past performance, many times that high performer receives an "average" performance mark when they meet the manager's very high expectations. Having high expectations regarding the performance of an employee should not result in that employee being punished for meeting the high expectations with exceptional performance.

Again, our study indicated a less-than-optimum response on this issue. In response to the statement, "Employees are rated against job standards and do not rate employees against each other," our study found that the majority of respondents believed the statement to be true. This indicates that this issue isn't perceived as problematic. That said, our last question indicates that this perception may be more myth than truth.

Does your system have "forced rankings" or forced distribution?

By its nature, when forced rankings or forced distribution occurs in a performance review process, the actual reflection of an employee's contribution and performance is diluted. This dilution occurs as the organization reacts to ensure employee marks fit some pre-determined formula. No matter how you cut it, pre-determination of performance will result in people management difficulties. Usually, some version of forced distribution is done to reduce the escalation of performance marks and the resultant distribution of “merit” dollars. Instead of addressing the root cause of the problem of escalation (usually poorly defined standards of excellence and poorly defined standards of acceptable performance), a forced distribution band-aid is put on the system that normally results in a different problem of a more significant magnitude.

The responses we received to the statement, “Our performance rating system requires, or creates a perception, that managers and supervisors must use a forced ranking approach when evaluating employee performance” raises an interesting question. Significant differences exist between the perception of executives and the perceptions of non-executives. The executives trend toward seeing their system as not influencing forced distribution, while the tendency of non-executives was to see an influence toward forced distribution. Additionally, it’s worthy of note that over 37 percent of all respondents said the statement was often or always true. The reality, or even the perception, of forced ranking creates significant dissatisfaction as people perform under the illusion of achieving a specific standard of performance and then experience their marks being altered from on high to meet a forced ranking approach or some pre-determined formula.

Prescriptions

In lieu of what might be best—a total overhaul of the traditional performance review systems—we offer the following short-term solutions:

1. Ensure that managers have the required skill set for establishing goals and objectives that are result- or output-oriented and ensure that the forms evaluate results and not activity—that the process evaluates specific behaviors and not vague, general labels.
2. Ensure that managers have the required skill set for establishing standards of performance (what “good work” looks like) so that at the very least employees understand clearly how they earn marks of “acceptable performance” and “significant contribution.”
3. Ensure that employees are given performance evaluation marks or ratings that describe performance against established standards.
    a. Refrain from evaluating employees against each other (especially for the same job/same pay).
    b. Avoid forced ranking or forced distribution. Acceptable performance should be indicative of solid performance for what is

being paid for the job. The bottom performers in a company should be designated as such as a result of their performance against this solid performance rating. This will raise the bar of performance over time without creating poor teamwork and internal competition.

4. Ensure the system does not reward all employees who deliver acceptable, solid performance with "merit" dollars. Let COLAs and market study determine pay increases as necessary. Use "merit" dollars for those individuals who routinely perform at the highest levels to ensure their contribution is recognized and valued and to influence the retention of your best talent.

Summary

Performance review should communicate the clear truth regarding how well people contribute to the organization's success.

Effective performance review should communicate the clear truth of how well people perform on the job and what level of contribution each person delivers. Pre-determination of ratings using types of forced distribution; focus on activity, tasks, and effort in lieu of results and specific behaviors; and poorly developed performance standards result in skewed realities, candy-coated feedback for many, and ratings that group towards the middle—hindering the differentiation that is at the heart of an effective performance review system.

Performance Coaching: The One-Size-Fits-All Dilemma

Contingency Theory:

Suggests that there is no universal "should"—no one best coaching style.

In any organization, managers and supervisors are expected to coach their employees. While this is a critical component of managing performance, we all know there are successful and unsuccessful coaches. In the absence of specific training, many people assume that good coaching equates to good communication skills. However, good coaching begins with accurately diagnosing the employee's specific performance levels and then choosing an appropriate coaching style for that situation. Only then do good communication skills come into play. Few managers are inherently excellent, adaptable coaches; coaching is a learned, and teachable, set of skills.

The absence of effective coaching—whether it stems from lack of training or a reliance on personal coaching preferences—results in under-management. Thus, a large body of research has been dedicated to developing theories of effective coaching. One of these theories—perhaps the one that has the most efficacy and is most pragmatic—is known as "contingency theory."

Contingency theory, as it relates to performance coaching, best addresses the age-old management paradox of balancing a manager's concern for task—getting results—and people—leading people respectfully and effectively. Contingency theory advocates that there is no universal "should"—that is, there is no one best coaching style. Fritz Perls, the father of Gestalt Therapy, articulated contingency theory best when he stated that there is only one "should" that matters—*context*. He writes,

*"There is only one thing that should control: **the situation**. If you understand the situation you are in and let the situation you are in control your actions, then you learn to cope with life."*

Contingency theory is the basis of Performance Based Coaching™—a contingency coaching model created by Rick Tate and Dr. Julie White, senior managing partners at Impact Achievement Group, Inc. The foundation of this coaching approach is an effective method for diagnosing the performance "vital signs" of employees. This model suggests "diagnosis"—assessing the "task-specific" current performance of an employee—prior to "prescription"—the choice of a coaching style by the manager or supervisor. Based on the diagnosis of the task-specific performance level of the employee, the manager then chooses a coaching style that provides the amounts of structure, direction, teaching, involvement, joint problem solving, or autonomy that the diagnosed performance level requires.

A recent study conducted by Impact Achievement Group, Inc. in partnership with HRmarketer shows evidence that many managers and supervisors:

- Lack effective diagnostic skills for determining the coaching needs of employees;
- Lack flexibility in their choice of coaching style with employees; and
- Fail to provide the appropriate amount of direction, clarity, and structure for employees.

Over 60% of managers and supervisors receive failing grades for effective performance diagnosis and coaching style adaptability.

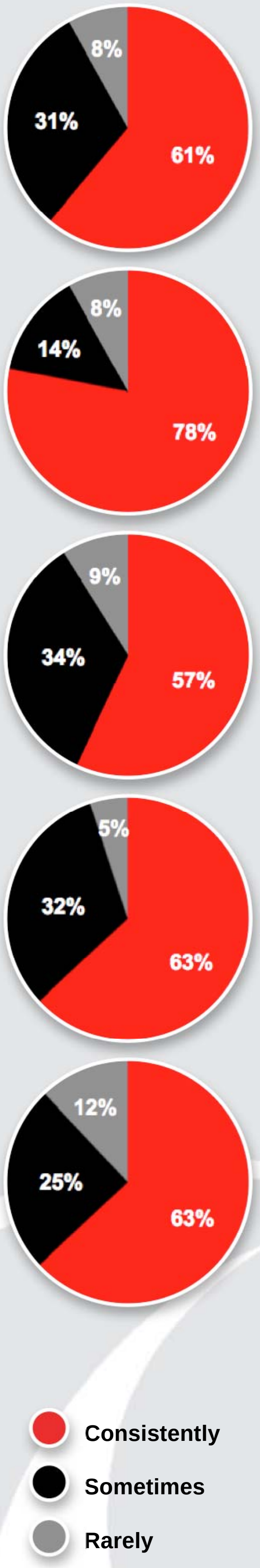
The study took place in Q1 2011 and used a 10-point scale designed to measure the impact of managers and supervisors in terms of capturing the engagement and discretionary effort of employees. Specifically, the survey questions examined to what extent supervisors and managers are effective at performance diagnosis, able to adapt their coaching style, and able to provide sufficient structure, direction, and teaching when necessary. Those surveyed included human resource and training professionals, managers and chief executive officers.

For the purposes of this survey, a score of 1 to 5.9 or “No impact” means there is no evidence that managers and supervisors are being effective. A score of 6.0 to 7.9 represents “Inconsistent impact”—that the predictable effectiveness is moderate at best. And a score of 8 to 10 represents “Consistent impact”—it is highly predictable that the managers or supervisors are consistently effective in their coaching practices.

These scores will correlate in the pie charts to follow with “Rarely,” “Sometimes,” and “Consistently,” respectively.

The ultimate purpose of coaching in an organization is to engage employees and capture their engagement as it relates to their job—that is, to gain their discretionary performance. Engaged, talented employees are prime drivers of overall productivity.

Where under-management exists, these drivers suffer—and so do desired retention rates. Consistently effective coaching is vital to an organization’s bottom line. As this study’s results will demonstrate, that means many companies are in real trouble.



When asked *how well managers and supervisors accurately assess employee performance issues to determine the right type of corrective action and/or coaching that is necessary*, we find that **61percent** of managers and supervisors fail to receive a passing grade and that only **eight percent** are considered excellent.

When asked *how effective managers and supervisors are at adapting their coaching style to meet the variety of performance situations they must deal with*, we find that **78 percent** of managers and supervisors fail to receive a passing grade and that only **eight percent** are excellent at adapting their coaching style.

When asked *how effective managers and supervisors are at providing the necessary direction, guidance, teaching, and structure for their direct reports who are new to the job or who take on new responsibilities*, we find that **57 percent** of managers and supervisors fail to receive a passing grade and that only **nine percent** are excellent at ensuring necessary direction.

When asked *whether managers and supervisors, when providing autonomy and delegating decision-making authority to employees, ensure this is done with clear expectations, clear parameters of authority, and necessary guidance*, we find that **63 percent** of managers and supervisors fail to receive a passing grade and that only **five percent** are excellent at managing delegation and autonomy effectively.

When asked *how well managers and supervisors intervene in a timely and effective manner when a direct report's performance is not meeting acceptable standards or an individual's performance has dropped below past levels*, we find that **63 percent** of managers and supervisors fail to receive a passing grade and that only **12 percent** are excellent at effectively correcting performance in a timely manner.

These numbers should cause great concern. The evidence is clear that to a large degree, under-management is present in the workplace. This leads to less than desirable employee performance, wasted time using inappropriate coaching styles, "Groundhog Day" coaching (the same discussions conducted over and over again), tolerance for poor and marginal performance, ineffective use of the best employees, and poor manager/employee relationships. These all contribute to less-than-optimal business results—results that could be much better with effective coaching on the part of managers and supervisors.

More often than not, managers and supervisors rely on their comfort zone—their individually preferred style—when coaching and addressing employee performance. This reliance results in the data we found in our survey—which to a large degree matches the anecdotal evidence we have gathered over the last several years. To counteract this trend toward under-management, managers and supervisors need to develop effective performance diagnostic skills, choose a wider variety of possible coaching interventions, and ensure there is appropriate structure, direction, and clarity provided in an effective cadence of performance management.

One-size-fits-all solutions—like one-size-fits-all hats and t-shirts—fit no one well, and most people poorly. This axiom applies to coaching as well. The manager or supervisor's preferred (comfort zone) coaching style will not meet the needs of the wide variety of performance situations he or she will face. Performance situational adaptability, which depends on the context of the situation, is a key factor for driving excellent business results.

The Morale and Motivation Myth ...
No Strings Attached!

Imagine the excitement of observing a successful, high-achieving workplace. The employees clearly have high morale and engagement, and that gives you confidence in your theories about the relationship between employee productivity and morale. If you can boost morale, then employees will become more productive. That reasoning results in heavy investments of time and money to build morale and employee recognition programs aimed at creating happy employees.

A recent Google search of articles related to employee motivation revealed that the majority of content in this area is directed at creating "happy employees" or "happy work environments" for the purpose of improving business results and productivity. In our recent research with our partner, HRmarketer, 85 percent of responders believed that increasing employee morale and happiness is the critical path to higher employee productivity. For over 40 years the tenet that "happy employees are productive employees" has been the driving force and underlying mental model for employee motivation practices and management training.

"Productive people are happy people: learning, development, achievement, and success pave the path to high morale."

—Rick Tate,
Senior Managing Partner
Impact Achievement Group

We recognize that for many, this is a very touchy subject. We also recognize that to deal with this subject in any reasonable fashion takes more than a short article on the subject. Our aim is to tweak your curiosity and, hopefully, to influence a more thorough examination of how employee motivation is addressed in the workplace. We hope to challenge some existing assumptions and provide an impetus to further exploration. And we don't mind being provocative while doing it, if necessary.

Motivation Isn't a Bribe

Morale isn't something that can be bought. The work environment has to provide people with opportunities to succeed, to do their best, to be trusted, to be valued, and to be respected. As the research below will demonstrate, reaching potential, success on the job, achieving business results, personal productivity and achievement, and meaningful inclusion and participation are the essential elements that foster personal motivation. Then productivity has the required foundation so that morale and employee happiness becomes the "by-product." "Productive people are happy people" comes closer to the truth than conventional wisdom has led us to believe.

...motivation to perform comes from within, and that motivation won't be successful with an emphasis on extrinsic lures.

The research, both empirical and face-valid, has long supported the notion that intrinsic elements are far more genuine and sustaining than the reliance on extrinsic methods of motivation. Look at the seminal work of pioneering psychologist Fredric Herzberg from years past. He illustrated the difference between dissatisfiers and satisfiers—noting that the absence of dissatisfiers did not lead to satisfaction and motivation. His research indicated that people would be dissatisfied (unmotivated) when issues such as pay, status, policies, working conditions, and interpersonal relations were in question. However, he noted that performance motivation comes only with the presence of the ability to achieve, challenging work, increased responsibility, opportunities for growth and development, and earned recognition for accomplishment. This well-documented research supports our observation that happy people are not necessarily productive—but productive people are happy people.

Ongoing work by the Gallup organization on employee engagement supports the work of Herzberg and others. Gallup created the Q12, a set of 12 questions to determine employee engagement, based on thousands of interviews and focus groups. Employees with high Q12 scores exhibit lower turnover, higher sales growth, better productivity, better customer loyalty, and other manifestations of superior performance. The bulk of these questions focus on such factors as development opportunities, understanding of expectations, opportunities to do great work, and having one's work acknowledged and validated. The latest Gallup survey shows that only 29 percent of employees are engaged—leaving 71 percent of workers either non-engaged or actively disengaged. And the 2011 SHRM/Globoforce Employee Recognition Survey revealed that although 80 percent of organizations have a recognition program, less than a third of HR professionals (31 percent) believe that employees are satisfied with the level of recognition they receive for doing a good job. Clearly, "recognition" programs are missing the mark.

The reliance of external morale improvement activities and unearned recognition popularity contests for the purpose of improving business results and employee productivity has seen its day. They have never delivered the hoped-for results and merely allow managers to shift the responsibility for employee motivation. If morale doesn't improve, resulting in employee productivity remaining flat, it is then a problem with the "program," not the quality of performance management practices in the workplace.

The challenge is clear: motivation to perform comes from within, and that motivation won't be successful with an emphasis on extrinsic lures. And if there is a bribe involved, the unintended consequences are profound. With strings attached, the "if—then" approach to motivation erases any connection to truly earned rewards and recognition. Alfie Kohn, noted author and expert on rewards and recognition, refers to the bribery technique for motivation as “wreck-ignition.” We concur!

Turning Morale on Its Head

… employee happiness and morale is NOT the critical path to employee productivity.

Thus we come to a bold but empirically defensible statement: employee happiness and morale is NOT the critical path to employee productivity. Much of what we believe about human motivation just isn’t so. Too often organizations are operating on assumptions about human productivity and performance that are essentially unexamined with any rigor and rooted in folklore more than science. This is evidenced by the continual rollouts of employee recognition programs directed at stimulating employee motivation—hoping for improved productivity. These programs come and go, soon dying on the vine as a result of not capturing the “hearts” of employees, and often creating more employee cynicism than motivation.

Management then becomes shocked at this employee reaction to their genuine attempts to create workplace “happiness.” But why the shock? One can only wonder what other reaction humans would have to being the victim of practices used with livestock, rats, and pigeons.

Stop the Insanity

We continue to attempt to capture the hearts and minds of employees by dangling tastier carrots or wielding sharper sticks. Should we continue to deal with employees in the same manner we use with rats? Who wouldn’t consider this treatment offensive? When we look at the traditional carrot and stick theory of motivation (and at the actual research), we must admit that it does not work well, if at all, once people have reached an adequate, subsistence level. Beyond health, food, clothing, and shelter, people tend to be motivated by higher-level needs. Abraham Maslow’s hierarchy of needs shows us that people who have their basic needs met direct their attention toward belonging, responsibility, respect, and achievement. Management cannot provide people with the respect of others, with self-respect, with a sense of achievement, or with pride. It can only create working conditions that provide opportunities for people to seek these things out for themselves. Why then do we continue to try to bribe or punish our way to superior performance? There is a certain level of insanity present when we attempt to implement a practice that has worked so poorly.

To truly understand what motivates individuals to do their best, to give their discretionary effort, we must acknowledge that many of the past accepted motivational practices are in direct conflict with human nature.

In many cases, the application of these practices is akin to digging channels *uphill* to increase the water flow! An organization, for example, identifies performance difficulties with employees. Recognizing that the employees know how to perform the tasks in question, the immediate assumption is that there is a "motivation" problem, and typical motivation and morale improvement programs are applied in order to improve performance.

- Donuts in the morning?
- A Friday pizza party?
- An employee of the month program?
- Letters of recognition?
- Monetary awards?

Most of these types of motivational techniques assume that employees need to be fixed, that there is something wrong with them. Where is the evidence? Where is the test of that theory? There is no evidence or test, only managerial knee-jerk reactions. These techniques don't create sustained, improved performance—although employees will accept the "goodies." None of the above changes any elements of the actual performance environment.

Is the lack of "goodies" the reason people don't give their best effort at work? Will recognition and praise for performance instill pride when people don't own the work they do, aren't involved in a meaningful way, don't feel respected and trusted, and don't feel they personally influence the outcomes of their tasks or assignments? Again, let's stop this insanity and acknowledge the true nature of people's motivation in the workplace.

The Critical Path

The real critical path to high performance requires more effectiveness from managers and supervisors.

The real critical path to high performance requires more effectiveness from managers and supervisors. Rather than rely on poorly performing "extrinsic" motivation programs, the development of their performance management skills is the dependent variable for creating productivity and morale in the workplace. An interesting aspect of our latest research with HRmarketer supports this premise. While it can't be disputed that retention is affected the most by compensation and benefits, the responders stated that the top three elements that were the pathway to high performance were (1) effective coaching skills, (2) employee growth and development, and (3) performance accountability. These three elements cannot be delivered through extrinsic motivation and morale-boosting programs.

Intrinsic motivation is of essential importance for all business activities. We cannot continue on the "morale hamster wheel," mainly relying on external incentives to stimulate employee discretionary effort. When people learn, grow, achieve, and contribute—when they are part of a successful, winning organization—we capture the genuine morale and happiness that we observe in high-performing organizations.

Summary

As long as we hang on to the long-held myth that morale leads to productivity, then managers can rely on the organization and “motivation and morale programs” to be responsible for morale and motivation. They can essentially ignore their responsibility for acquiring management competencies that foster excellent coaching and performance management practices. They can avoid the accountability of being effective leaders and managers. And they can expect the continued downward trend of employee engagement and morale.

Morale and employee happiness aren’t the means to the end—they are the end itself.

The belief that productive people are happy people will lead to the type of management training that will foster high performance. Employee morale and happiness are not the critical path to employee productivity—but productivity and employee achievement are the critical path to high morale and a happy work environment. Morale and employee happiness aren’t the means to the end—they are the end itself.

The Performance and Retention Challenge

Perhaps the most critical competitive arena for organizations as we work our way back to a more robust economy will be the *attraction* and *retention* of high-performing, quality people. As we look to the future, we must cast aside past notions of what attracts people to an organization and what influences them to stay. The models of the past economy are outdated.

How do companies keep talented employees and inspire their best efforts? To answer this question, the issue of what talented employees need from the workplace must be answered. The traditional answer, and the one that relieves any burden of managerial or leadership skill, is to provide attractive pay, benefits, and amenities. While these offerings do attract employees, they do not provide the answer regarding keeping talent and benefiting from employee best efforts.

Much like the value proposition organizations create for customers, we must think of the ***value proposition*** for employees. Competitive wages, salaries, and benefits are a given. Like price to the customer, if not in the ballpark of value, then nothing else matters. But this issue is not where most organizations fall short. For the employee today, like today's customer, the prevailing value is in the experience!

Recent studies by Gallup and others indicate pay, benefits, and amenities are equally important to every employee—the superior, mediocre, and poor performer.

Pay, benefits, and amenities are equally important to every employee—the superior, mediocre, and poor performer.

They are the marketplace ante in the competition for talented employees. If a company is paying 15 to 30 percent below the market average and/or the benefit package is sub-par, there will be difficulty attracting and keeping employees—any employees. However, retention of the good employees and quality of performance on a daily basis are not altered very much by pay and benefits. And while talented employees may join a company because of its widely recognized name, well-known leaders, or generous pay and benefits, how long that employee stays and how productive he or she is while there is determined by his or her personal and professional relationship with the immediate supervisor/manager.

The following represent some of the key elements the best employees desire from the workplace:

- Clear performance expectations.
- Coaching that develops employee skills and potential.
- Resources that enable employees to do their job right.

- Opportunities to do their best work.
- Sincere and genuine recognition and appreciation for efforts.
- Meaningful participation in matters that affect them.
- Encouragement and support for development.
- Fair, equitable, and respectful treatment.
- Genuine concern as a person.

It is clear from this list that the manager’s role is the most impactful for employees. When these attributes are lacking, the money and benefits don’t make up for the deficit. The temptation to leave for any greater or similar monetary gain will be great; if the experience is not of value, why not make more money or the same money elsewhere?

Managers *impact* and *define* the employee’s work environment to a much greater degree than any other factor. If a manager sets clear performance expectations, provides opportunities where your talent can surface, ensures that your contributions and achievements are worthy, and trusts and knows you, you can forgive many of the system’s problems and deficiencies in pay and bonus structures. However, if the relationship with the manager is dysfunctional or fractured, then no amount of on-site daycare, massage therapy, or other amenities will influence you to stay and perform at your best. And for those who do stay, because they must (for the money or amenities), they emotionally leave.

Tenure in any human situation is most affected by personal relationships. Customers are more loyal when the *emotional connection* created by the performance of employees is added to the rational connection of satisfaction with price and product. Friendships resulting from trust, dependability, and caring are much more enduring than those that hinge on what each person can do for the other. Marriages are torn apart or strengthened by how well each party treats the other and meets emotional needs, not by the money or talent the parties bring. And this principle applies to employee tenure: people leave managers, not organizations. No amount of money and benefits makes up for poor management. Productivity, absenteeism, abuse of sick leave, stress-related issues, and turnover are all affected more by the relationship employees have with their direct manager than by any other element.

It is also important to note that none of the things on this list are part of the normal “explicit” employment contract. That usually consists of the exchange of work for monetary remuneration, benefits, and access to company amenities. Perhaps this is why when employees leave, we look first to the “extrinsic” factors as the solution and miss the managerial cause-and-effect relationship of employee retention.

We must first face the fact that we've been better at gaining the compliance of the workforce than at building their commitment. We have, in fact, been extremely good at getting people to comply. By adapting many of the management techniques popular in the early twentieth century, we have built an economy that is, by far, the most productive in the world. The memory of these successes may, however, be the biggest obstacle to creating the kind of changes that will be required to implement and sustain future improvement. Our organizations are full of leaders who gained their positions by applying methods that will not be effective in the very different marketplace of tomorrow. We must not, therefore, let our past successes at gaining employee compliance lead us to underestimate the magnitude of the challenge of capturing the full-scale commitment from the workforce that we'll need to succeed in the future.

Primary Role of the Manager

The primary role of managers is to reach inside each employee and release internal talents into performance.

So the answer to the first question resides in the people management skills of the manager. The primary role of managers is to reach inside each employee and release internal talents into performance. This role requires one-on-one people and performance management skills. This role, ignored or rejected by a manager, puts performance and retention at risk. When this role is engaged in with commitment, managers contribute to the health and vitality of the organization. Managers who fail in that role fail employees and fail the company by not producing the performance results that keep the company competitive and by not maximizing the investment made in the employee.

Certainly, there are other roles that managers must play, but in the final analysis, the role of a *"catalyst for exceptional employee performance"* is the one that is the foundation for leveraging all the other roles. When an individual manager is successful with the work they independently produce but that manager's employees are not producing at a successful level, when there is high turnover, when compliant behaviors rule over commitment behaviors … well, you do the math!

To facilitate this role of catalyst, managers must move way beyond knee-jerk reactions to performance situations and "catch as catch can" performance interventions. What is required is a method that can be replicated and learned from. To be successful in any discipline, one must rely on a method of some sort. A solid method allows a person to give due diligence to any process, use the discipline necessary to ensure better results, and engage in self-reflection and improve. To be effective in the performance management role, adoption of a *method* is a necessary pre-requisite.

Keeping talent performing successfully and from being vulnerable to the competition requires the acquisition of method(s) that will improve the manager's ability to:

- Select for talent, not simply resume criteria but selecting for job *suitability*.
- Set clear expectations: defining the right *outcomes*, not the right steps.
- Motivate: focusing on *strengths*, not on weaknesses, avoiding the bribery trap.
- Develop talent: helping employees find the right fit, where they can really contribute.

Retention and tenure are strengthened and nurtured by the quality of the relationship between a manager and an employee. When this relationship breaks down, the employee takes a view of the organization as merely a means to money and is vulnerable to any other company that will provide:

1. Any increase in money or benefits, or

2. A higher-quality work environment where the managerial relationship will meet the intrinsic needs of the employee.

It is the quality of the relationship and the focus on excellence that retains the talented employee

In either case, it is the quality of the relationship and the focus on excellence that retains the talented employee, making them less vulnerable to extrinsic lures from the competition by fulfilling their intrinsic work-related needs.

Over the last 40 years the case is clear: employees *do* leave managers, not organizations. Depending on the quality of the work environment, impacted mostly by the direct manager, employees choose to *quit and leave or quit and stay*! Either way, the development of sound people management and leadership skill is a distinct competitive advantage for organizations in today's work world.

A Final Point

In looking at performance and retention, we must look beyond the rational connection that is made with employees through pay, benefits, and amenities. We must look at the *emotional connection* and thus consider the total employee experience when determining the value employees get from an employer. And in that experience the "intangible" elements will play a particularly strong role in determining the employee's loyalty to a company.

- Is this a great and fun place to work?
- Would I want my children to work here?

- Would I recommend this workplace to my close friends?
- Do I learn?
- Do I contribute/make a difference?
- Do I have the opportunity to do my best?
- Am I respected?

Ask these questions and answer critically. How would your employees answer? The answers you get reflect the people and performance management of the organization.

The development and retention of quality people should be a high priority for any organization in today's marketplace. The issues require diligence and persistence as the attempt to get people's best efforts and retain the people we desire is not easy. If it were easy, then the issue would not be one of such critical need.

The Hypocrisy of Employee Surveys:
A Closer Look at the True Impact

Organizations of all sizes use employee attitude surveys to gauge employee satisfaction, engagement, or work-life happiness in some way. Administering employee attitude surveys requires a significant investment of time and money, but organizations hope that the return on this investment will be a clearer understanding of how employees feel about the organization and what changes are required to make meaningful improvements.

However, is this hoped-for return a myth or reality? Working with organizations over the years, we have noticed a predictable and routine disconnect between (1) senior-level managers and human resource personnel, and (2) the rank and file manager/supervisor/employee base regarding the worthiness and utility of employee attitude surveys. On one hand, most everyone agrees that the data in general is *good to know*. Beyond that, a significant disparity exists in regards to the accuracy and utility of the results. Considering such a heavy investment of money and time, we need to take a closer look at the reality of employee attitude surveys.

Perceptions of Value: Out of Touch?

In the recent survey conducted with our partner, HRmarketer, 45 percent of respondents felt the survey their organization was using had *little or no value* for managers or employees while only 24.5 percent felt there was value in the surveys. Even more significant was the perception of the executive and vice president-level respondents. Of the senior management group, 48 percent reported the surveys they used were *highly valuable* while only 19 percent of all other responders felt the same. This disparity can have negative implications as the rank and file may come to perceive that the senior people are out of touch with reality. This may result in disillusionment with senior management and hinder commitment and engagement in the workplace.

Honest and Accurate Data: Not Really

In regards to our questions about whether employee attitude surveys provide an honest and accurate employee assessment of the organization, about 48 percent of all respondents felt the surveys did *not* provide an honest and accurate employee assessment, compared to only

31 percent who did. When research uncovers a 48 percent belief that an instrument is not honest or accurate, some critical attention is required.

Again we find a similar disparity between the perceptions of the senior-level respondents and all others. We noted that 52 percent of senior-level respondents felt the surveys provided a *very accurate* employee assessment, yet 52 percent of all other respondeents said the survey data they received was *absolutely not* or *only somewhat accurate*. We can certainly predict that it is highly unlikely managers will take the survey results seriously, or take action for improvement, when the rank and file believes the data is dishonest or inaccurate. This issue further leads to conflict between senior levels and the rank and file—senior levels push for improvement in the scores while managers and supervisors covertly resist acting on data they believe is inaccurate or even untrue.

Who Responds?

We find these surveys are typically administrated either to everyone in the organization collectively, or to a random sampling of employees with no specific target in mind. There is sufficient data regarding attitude surveys to predict that most employees who take the time to respond fall into two categories—*very displeased* or *very satisfied*—with the *very displeased* group far more likely to respond than any other. This has the effect of distorting reality for those receiving the data and, unfortunately, does not uncover important information that could make an improved difference in management practices. It would seem prudent to be more tactical when administering attitude surveys by considering questions like:

1. Who do we really want to hear from regarding what it takes to create a satisfied workplace? Everyone? If so, why everyone?
2. Shouldn’t employees have some degree of care and concern for the organization and other co-workers to provide meaningful and realistic assessments?
3. To whom are we targeting our management practices? Poor performers? Good performers? The “average” performer, whoever that is?

Using the Data

Perhaps the most alarming feedback from our survey was that most managers and supervisors did not have any idea how to use the data to improve future performance. The results confirmed what we have heard and known anecdotally for years—58 percent of all respondents stated that the employee attitude survey data *does not* or *only slightly helps* managers know what behaviors or practices to change in order to positively influence future survey results. Once again, the senior-level respondents see this same issue in a more favorable light than other respondents—30 percent of them reporting the survey data *consistently* helped managers, while only 17 percent of all other respondents felt the same.

When receivers of the data are required to improve their scores and yet, at the same time, can't determine the specific behaviors and management practices that influence the score, we can predict that they will feel frustrated and cynical. This, in turn, leads to a further disconnect between the reality of the manager/supervisor world and the perceived reality at the senior level.

Moving the Needle

"Never confuse activity with accomplishment."

—John Wooden

Let's go back to the beginning. The overarching purpose of employee attitude surveys is to uncover important issues that, if addressed effectively, will improve the culture of the organization, the quality of work-life for employees, and overall business results. With that goal in mind, our survey results report that approximately 47 percent of all respondents agree that survey metrics remain flat over time and another 30 percent report that the results only *somewhat* change. This begs the question of why an organization would continue to use an engagement, satisfaction, or attitude survey with no clear-cut strategy for effecting positive change.

We clearly see a connection between the perceived lack of survey effectiveness and the lack of score improvement over time. We also see a correlation between the perception of the value and accuracy of the survey data and future scores remaining flat. When people (1) don't value the process, (2) don't believe in the honesty and accuracy of the data provided, and (3) can't identify the critical influencers that are driving the scores, little if any action—except what is mandated from above—will take place. And even that action will be carried out with compliance—not commitment—guaranteeing a less-than-desirable result.

Metric Scales

Our report revealed that the 5-point scale was the most predominately used scale for employee attitude surveys. The 7- and 3-point scales were also used, albeit not as widely. The 10-point scale was the least-used scale to represent the survey results.

Recommendations

1. Senior managers should take a long, hard look at their engagement surveys and consider whether they are truly accomplishing their purpose. What is the return on investment for the current approach? Is it just a “tick the box” event to satisfy the needs of HR or senior management? Or is the information being received seriously by the rank and file and providing useful information for improvement?

2. Specifically define what you want to learn from the data. Narrow the focus to ensure the questions are designed to articulate the behaviors and practices that influence the organization’s desired outcomes. This means giving specific definitions to terms like *engagement, satisfaction, happy employee*, and the like.

3. Put rigor into the design of the questions. This requires knowing the difference between “lagging indicators” (Lags) and “leading indicators” (Leads). Lags are the resultant opinions/judgments of an event or situation that have taken place. All too often survey questions are asking employees lag questions. A typical question we often see is:

   “Would you recommend this organization to friends and family members as a good place to work?”

   This is a lag question. It prompts an opinion or judgment from the respondent, but reasons or causes that influenced the answer are not provided. This leaves the manager or supervisor guessing how to address the problem.

   The result of lag questions is a quantified score of another’s opinion or judgment with no information regarding the event or situation that created the opinion or level of satisfaction. Providing a manager or supervisor with employee opinions/judgments without providing the underlying “why” sends the manager or supervisor on a scavenger hunt, searching for solutions to the lag measure. Trying to solve a problem without knowing what caused it in the first place, can lead to wrong issues being addressed and perhaps even worsen the situation. This is a primary reason why survey results remain flat over time.

4. Design effective lead questions. Leads are the situations, events, or practices that significantly influence the lags (opinions/judgments regarding satisfaction). Obviously, to develop effective lead questions, we need to be clear on what lags you are attempting to measure. For example:

   “My manager takes timely corrective action with employees who are not performing well.”

Effective lead questions tell you if the goal or objective is being influenced in a positive or negative manner. Lag questions only tell you how well the goal or objective was achieved. This is a critical distinction. Obviously, if an employee feels that their manager "takes timely corrective action with employees who are not performing well" they are more likely to feel better about "recommending this organization to friends and family members as a good place to work." The first is within the manager's control, the second is not.

A lead question tells the manager what they need to work on to influence the ultimate, positive lag. It is difficult to do anything about lag scores without understanding the leads that influence them. Lead measures are easier to influence, and provide managers and supervisors with definable actions to improve the issues the survey is addressing.

"It's not enough to do your best; you must know what to do, and THEN do your best."

—Edward Deming

5. What creates improvement? This question has been thoroughly researched by Dr. Anders Ericsson of Florida State University. The ultimate answer is "deliberate practice." In order to engage in deliberate practice, people must be able to identify the vital behaviors that influence desirable outcomes. Without such identification, there is a lot of activity with very little improvement or accomplishment.

   Determine vital behaviors to design lead questions. The breakthrough research from influence experts such as Dr. Ethna Reid is that improvement and change come from focusing on just a few vital behaviors.

   Survey results usually do a very poor job of identifying the vital behaviors managers need to change to improve quality of work-life and overall business results. Without such information, management often runs off in search of answers to solve employee satisfaction issues, implementing any tactic that comes to mind.

   a. Determine what behaviors and practices will drive your desired outcomes—quality of work-life, engagement, satisfaction, productivity, overall business results, etc.

   b. Use those behaviors and practices to design "leading indicator" questions that give managers and supervisors specific feedback on what they can do to effect relevant and appropriate improvement in the organization.

6. Consider using a 10-point scale for attitude surveys. While other scales can and will work, research by the Bain Company, and others, have shown clear and practical advantages to the 10-point scale.

a. It is more intuitive for the respondent. People can easily relate to what value the 10-point scale is providing—think of 90% as an A and 80% to 90% as a B, and so on.

b. Most people already think in units of 10; for example, consider scores in gymnastics (“a perfect 10”). The 10-point scale can provide a more accurate and specific assessment of an issue.

c. This scale format decreases perfection bias. A predictable number of people never give the top score for a variety of reasons. With the 10-point scale, the score of nine is weighted as equally as a 10, allowing for recognition of top performance.

d. The 10-point scale provides an early warning when a past score of 10 drops to a nine. Action can be taken with minimal impact.

e. This scale decreases transposition difficulties. A predictable number of people will provide a score of one when they intend to provide a five or a seven—think of 1 as being the best or number1.

f. The 10-point scale has been proven to be less susceptible to score inflation.

Summary

Our findings tell us that much more rigor and attention are required. The search for valid information for organizational improvement requires a significant investment. Conducting employee attitude surveys solely for the sake of having one creates unintended consequences that make conducting them more harmful than helpful. Our research indicates a less-than-effective use of these surveys aligning with our anecdotal evidence from the past several years.

The rank and file often feel these surveys are inaccurate or untrue. They are provided with information that does not tell them what to change—only that people are dissatisfied—and they wind up “chasing the score.”

Finally, it seems that senior-level management live in a “happier world” relative to the rank and file when it comes to the value and usefulness of employee attitude surveys.

Leadership Action and Culture

Consider a situation where a company is in the midst of an organizational change process. Two of the major "values" the company was attempting to cultivate throughout the organization were "honesty and integrity," as well as "respect for all people." These "cultural" values were posted in the hallways and plants throughout the company.

At the company's regional sales meeting, a marginally performing employee was greeted at the gate as he deplaned in the city where the meeting was to take place. The greeters were both the Division and General Manager of the region in which he worked.

The salesperson was invited into the airline "club room" where he was informed he was being terminated. He was handed his severance package and a one-way ticket home. This was not a spur-of-the-moment incident. The severance package was prepared in advance, and the decision to terminate was made well before he was invited to the sales meeting.

"All culture is created through the telling of stories. We tell each other stories, and then later forget that they were stories, they then become our realities."

—Peter Senge

The performance of the salesperson actually warranted the termination. The issue is the way in which it was handled and the resultant stories that were told company-wide. Why let a let a person get on an airplane and travel to a city where he had no social support to receive news of termination? Why let a person travel under the pretense of attending a meeting when the leadership knew that was not going to happen? Why leave a person alone in an airport with a ticket home to deal with the emotional effects of termination?

The short-term problem of a poor performer was solved. However, the story of how the problem was handled will pose significant barriers to developing a culture that embraces "honesty and integrity" and "respect for all people" as values. This was handled in an underhanded manner, and honesty or respect would be the most *remote* adjectives one could use to describe the event! How *would* one describe the culture of this company when they hear of leaders who have acted in this manner?

The Stories Are the Culture

Corporate culture is not a set of words printed in fancy font on placards that adorn the hallways or desktops of an organization. Nor is culture a wished-for state of affairs inside an organization.

Consider how the culture of a nation, a society, of any group of people evolves. The culture is a result of the actions taken by prominent, respected people (the elders) in the group. However, the actions alone do not translate into the group culture. Members of the group will talk about what they witnessed in terms of the behaviors displayed, the assumed motives for the behavior, or the action taken, and stories are the result.

People not personally involved in the actual event or experience then hear the stories. Because stories communicate *context and meaning* regarding what has taken place, people learn memorable lessons from hearing the stories. These lessons learned become maps, blueprints for action so to speak, of how group members should act when facing similar situations in the future.

New members who join a group, or young members aspiring to adulthood, are taught the “ways” of the group through the telling of stories. The elders or prominent members pass along the culture, not by handing out placards, and not by making monthly or annual presentations to the group. They pass it along by taking the time to tell in detail the stories of their decisions and actions and of the mythical “heroes” of the organization, which teaches lessons to all who hear them. As such, the teaching of culture must be a priority obligation of leadership.

The culture of a group is what it is—words will not change anything. Only different stories that teach different lessons will bring about culture change.

The culture of a group is what it is—words will not change anything. Only different stories that teach different lessons will bring about culture change. This concept cannot be lost on today’s leaders, who face the challenge of changing old corporate cultures that inhibit response to the demands of the new marketplace.

Organizational culture has little to do, then, with carefully articulated “values” and “mission” statements. Again, those are only words. They are either representative of an existing culture or hopes of a future culture. They are not, however, the culture! The true culture lies in the stories people tell. This holds true, for example, for a company’s service culture or reputation; it has nothing to do with internal claims and marketing strategies. It is the culmination of customer stories about their experiences with a company. The nature of these stories is the litmus test of service quality.

What is it Really Like Around Here?

Let’s take a look at how culture is really passed along in organizations. In most new employee orientation sessions, the new members are presented with mission and value statements. They are made aware of the corporate culture through the use of videos or personal presentations of published characteristics that are to be taken as representative of the organization.

To believe that culture has been communicated or introduced through this process is an illusion. Employees are truly introduced to the culture of the company by listening to the stories told informally by those who have been around the organization longer or the informal leaders who reside in the guts of the company. New hires hear the stories because they spend their first few months on the job asking others what the company is like and how to behave properly. The questions they ask are common to all companies: "What's it really like around here?" "How is so-and-so to work for?" "Do we really (fill in the blank) here?"

The answers they receive to those questions are not delivered in the form of regurgitated words or bullet points from a values or mission statement. The veteran employees answer with definitive opinions supported by personal stories. The stories contain detail about "real" events. The detail and reality then convey the context of the situations and provide meaning for those who listen.

In telling the stories, lessons are taught to new employees and reinforced in the minds of the ones who have been around longer. The stories new people hear have much more influence over their perceptions of the organization they work in, and how to behave there, than any orientation session or company speech can ever have.

The Culture Creators

Leaders, then, must consider themselves story creators or "authors through actions." They must learn to consider the story they want told as a result of their behaviors, actions, and initiatives. It is the context of the story that results from leadership actions in which *leverage* over future behavior is grounded.

More often, however, a leader's focus is on solving present situations, as efficiently and effectively as possible. They do not often take the time to *strategically* consider how the solution or action will be represented as a story that others will learn from. They rarely take the time to consider whether the resultant story will be aligned with or out of sync with the espoused corporate values.

The long-term impact of leadership lies in the stories that are generated as a result of their actions. What message the stories will convey should be a primary concern of all leaders. Leaders should ask whether they would want their own children or loved ones to be privy to the thinking, assumptions, and motives behind their decisions, actions, and interventions. They should be aware that the type of organizational structure they create, the policies they implement, and the rules they promulgate create stories from the employee's assumption of the leadership motives behind such actions.

With this type of personal reflection on, and scrutiny of, their actions, leaders can gain control of the type of culture being created or sustained within their organization. This is far better than unintentionally creating a culture as they inspire story after story that broadcasts unintended lessons.

In fact, the recent increase in corporate efforts to "create culture" is somewhat pathetic. This is not some new or breakthrough management insight. It is not a question of whether we will or will not create culture. The only question is *what type* of culture is present … and will it be perpetuated or altered by management action? What is the lesson? Leaders create culture. Without a proactive focus on how leadership actions result in stories that compliment or reinforce the espoused organizational values, they risk perpetuating a culture that is in opposition to those values. This results in mixed messages to company members who look to the values as a direction for the future. This breeds skepticism and cynicism among members towards both the leadership of the organization and the espoused values system.

Influencers or Victims?

When adaptation does not take place, and people can't control the environment, survival is at stake. However, when we allow ourselves to adapt to an environment in which we do have control, and that environment is not conducive to success, survival is also at stake!

People must adapt to things they have no control over. When adaptation does not take place, and people cannot control the environment, survival is at stake. However, when we allow ourselves to adapt to an environment in which we do have control, and that particular environment is not conducive to achieving the needed results, survival is also at stake. Being victimized and influenced by our environment, when we have the *capacity and responsibility* to exercise control, is neglecting our leadership responsibilities.

It is always amusing to observe how individuals readily take credit for successes but easily blame others, the environment, or extenuating circumstances for mistakes or failure. This happens even when our successes or failures are all due in some large amount to luck, caused by something other than the individuals application of personal effort. This approach to personal accountability for success or failure inhibits the process of learning, as people rarely understand exactly why their successes happened, and see the problems leading to failures as issues outside themselves. Examination and scrutiny of both success and failure fails to take place. Little learning or insight is gained, and we go on to the next situation no better off than we were before.

In situations such as these, a culture develops in which people accept being mastered by external events when things don't go as desired or planned. Thus, an ironic circle is created whereby we use culture as the reason why things happen the way they do. The result? Managers and employees being governed and victimized by the culture rather than vice versa.

One of the most fascinating characteristics of humans is that we possess the mental capacities to think, reason, and anticipate. This allows us to change the nature of our environment in many situations. We don't always have to accept the influence of external sources. When the external source is the culture we have created, we can change the culture if we have the courage and conviction to begin taking action in ways that will create different types of stories than the ones currently being told.

We Have Met the Enemy…and it is Not the Culture!

In many organizations, it is typical for employees to be alerted when there is an expected visit by senior managers. When leaders are asked why they alert people to these events, the typical response is about being prepared, having things "ship shape," or wanting to impress the boss. This game of "boss watching 101" (America's favorite, at work, sporting event) creates a story that creates a piece of culture.

An ironic circle is created whereby we use culture as the reason why things happen the way they do. That very act then allows the culture to be the crutch, the excuse for why things happen the way they do.

The message sent is, "There's a different standard of performance for the boss/senior person than there is for the daily routine." A culture wherein senior people are seen as "special" is created as stories are spread about the dramatic change in focus managers have when they know the boss is coming. Yet, when asked, everyone admits to the chaos, lack of productivity, resource strain, and leadership integrity issues this situation causes.

Even the senior people recognize the stupidity of the situation. They rarely get an understanding of reality from their visits. They don't get to sense the urgency and importance of many issues and thus lack the knowledge of what must be done to improve things at basic operational levels. They see the world through rose-colored glasses that are created for them by the very culture they inspire through their actions. Imagine all this in the name of organizational culture. Wow!

Or, consider customer issues that must be escalated all the way to senior levels to get resolution. When customers don't receive effective assistance at the point of inquiry and are forced to go up the ladder, they are being taught that frontline assistance is useless. The effort required to help these customers in the future increases dramatically. We waste customer's time—and company time—when the culture is not focused on quickly handling customer issues at the original point of contact.

Normally, when the issue reaches senior levels, someone in a senior management position calls for action to take care of the customer. "Do whatever it takes" becomes the mantra from above. We then see heaven and earth moved to satisfy the customer. When finished, everyone is elated that they have been so "customer-driven." All we have really accomplished in this case is to give ourselves the illusion of being customer-driven.

To truly be customer-driven would mean taking care of the customer without customer issues having to be escalated up the hierarchy before anyone takes significant interest. When we choose actions that put off the customer and only react when someone from up the organizational ladder gets energized, we are acting only for the sake of the boss. "Boss-driven" is the real culture, not customer-driven. Such stories are centered around the boss's energy for the customer and people's responses to the boss. Taking care of the customer quickly and effectively at the initial moment of contact would create a very different story: the way we do things here is to take care of the customer in real time without anyone dictating it; the customer is truly at the center of our business. That story, heard over and over again, would create a culture that influences fundamentally different behaviors in the people who make up the organization.

Our Own Doing

There are always intended and unintended consequences to any action. Many times when leaders focus on the short-term solutions to issues they confront, they neglect the possibility of longer-term, unintended consequences that might take place as a result of those very same short-term solutions. They pay little attention to the "stories" that result.

The culture we have in our organizations is of our own making. We have either inherited it and are perpetuating it through our daily actions and decisions, or we've created it ourselves. In any case, we are the cause and not the victims. The true leadership challenge is in developing managerial ability to control the causes and not falling prey to a culture that is an obstacle to creating a more successful company.

Leading by Values

This chapter provides an overview of the dynamics of creating a set of values by which an organization measures itself. For a number of years, business leaders and academics have observed the positive effects of companies espousing and adhering to certain values. Many of the stories about values-driven organizations are legendary. From Tom Watson's set of three values that governed the action of IBM's personnel for many years to the handling of the Tylenol incident by Johnson & Johnson, the use of values as a guiding force for a company has been visited and revisited.

However, creating a set of values and applying them to life in a company can be complex. Without a thorough understanding of exactly what a set of values are intended to do in a company, many unintended consequences may occur. Without a periodic revisit of the values and how they are working inside a company, values can be misrepresented and become counterproductive.

Whether initially creating a set of values or revisiting an existing set of values due to dysfunctional behavior within a company, the process of ensuring that company values are effective and relevant for driving business goals is critical to company leaders. It is critical to understand and evaluate how values are being defined, understood, and used by members of the organization. To fully appreciate how values can effectively shape behavior in an organization, it is important to provide a clear understanding of exactly...

1. What are company values?
2. What does not constitute a set of values?
3. How are values used to further the success of the business?
4. How are company values kept fresh and operationally relevant?

What Are Company Values?

Lack of clarity concerning this primary issue by company members translates into confusion and cynicism when people judge an organization with regard to its use of values. It must be clear to every member of an organization what the definition of the words "company values" is.

Values do not pertain to a mission statement. Many people have looked at examples of company values, such as General Electric and its stated business goal to be number one or two in every market. Certainly GE does *value* this market position, but that proclamation is not a values statement. It is a business goal or mission statement, and a good one, as it serves as a standard for GE's business leaders. However, when people use GE's statement under the context of a values statement, as many have, it confuses the issue.

The dictionary contains in excess of a half dozen different definitions of the word *value*. While most of the definitions are similar in nature, there is a significant distinction in one of the definitions. Most of the definitions describe value as something to do with the worth of something. This is apparent when we use the word in the following manner. "I value my friends." "I value money." "I value a Lexus." "I value my freedom." Used in this form, the word *value* describes *what* someone values having.

A distinctly different definition of the word *value* is "beliefs or standards." To make this distinction clear, we need to further define beliefs and standards. We must understand the specific definition that fits with the root word—in this case, value.

Company values are a creed of behavior or some context of comparison or example for people to follow.

The definitional fit for the word *beliefs* as it pertains to the word *value* is "a creed or doctrine." The definition that follows for the word *standard* is "a basis of comparison or an example." At this stage of understanding, we can see that company values are a creed of behavior or some context of comparison or example for people to follow.

But further explanation is needed to fully appreciate the use of values in an organization. As such, we now need a definition for the word *creed*: "a statement of principles." A closer look at the word principle yields "a rule of conduct." Now it is possible to define company values as they apply to managing an organization.

A company's values are a set of guiding principles that provide an example of behavior to members and to which they can routinely compare their own behavior.

In short, company values are a code of conduct. This distinction of definitions is critical in the application of values in an organization. While one definition describes *what* people desire and want, the other describes *how* people should behave while attempting to attain what they want. Thus, it is imperative that when a company uses "what's" such as customers, employees, revenue, and so on as values, the company also highlights the guiding principles/code of conduct that governs how members go about "valuing" those "what's." When the things we value become the focal point of a company's values statement, then multiple interpretations of what we actually value about those "things" occurs.

There is no context for what is meant by, for example, "We value employees."

The underlying point is that business leaders need to first understand for themselves, then be able to articulate to others, the difference between things they value having and the values they hold as a code of conduct.

How Do Values Further the Success of the Enterprise?

When a company oversimplifies its values such as "We value employees," members have no context for the meaning of the value as a way of doing business. Employees are left with their own interpretation and many times interpret it thus: "Take care of me; I come first; I'm more important than anything else." When they feel mistreated, they point to the values and question leaders' integrity. They are saying, "This company doesn't value me like they said they did." When used in this manner, a company value is merely a statement of outcome and not process; it is divorced from meaning because there is no code of conduct applied.

A good contrast is to look at a component of the Johnson & Johnson credo. Their second component is their code of conduct with regard to employees. It reads:

Our second responsibility is to those who work with us—-the men and women in our plants and offices. They must have a sense of security in their jobs. Wages must be fair and adequate, management just, hours reasonable, and working conditions clean and orderly. Employees should have an organized system for suggestions and complaints. Supervisors and department heads must be qualified and fair-minded. There must be opportunity for advancement—for those qualified. And each person must be considered an individual standing on his own dignity and merit.

To ensure a sense of security, an organization must remain state-of-the-art, it must continually improve the value proposition for its customers, and it must remain profitable!

It is important to understand how this activates a value of commitment to employees. It provides no guarantee of any outcome! It provides a way of dealing with employees to ensure respect and dignity. A sense of security does not guarantee full employment. To ensure a sense of security, an organization must remain state-of-the-art, it must continually improve the value proposition for its customers, and it must remain profitable! To honor the employees, Johnson & Johnson must also honor the other components of the business.

The credo also speaks to fairness and equity and reasonableness. It doesn't say the company won't change if the employees don't want to. It does, however, provide for a process of communication so people can be heard. Again, it is a code of conduct, not a promised outcome.

Take another look: “there must be opportunity for advancement.” Not “there must be advancement.” There must be opportunity! An organization provides those opportunities by growing and by offering training to keep people’s skills relevant to the changing marketplace. And note the condition: “for those qualified.” This illustrates the relational factor of values.

Practically speaking, the credo says, “The company owes you the opportunity of advancement, and at the same time you owe the customers and owners the development of your skills in relation to the marketplace.” Yes, this component of their credo states that the organization *cares* about its employees. However, it provides context and meaning to that caring so that a code of conduct with regard to employees is created. It does not deliver a blank check to employees that they are valued above anything else and that their needs come first.

Referring back to General Electric’s business goal, it is important to note that the driver of that goal is their core values that guide their employees’ actions in achieving that goal. The values read as follows:

- Improving the quality of life through technology and innovation.
- Interdependent balance between responsibility to customers, employees, society, and shareholders (no clear hierarchy).
- Individual responsibility and opportunity.
- Honesty and integrity.

Note the focus on the “interdependent balance” between the stakeholders of the business: the customers, the employees, the community, and the owners! Their value statement speaks of a responsibility to those entities. And what is that responsibility? Clearly stated in their business goal—to be number one or two in every market. And that responsibility is developed further in the other values. GE will innovate. They will require individual responsibility and provide individual opportunity. They will be honest and will require integrity in their dealings internally and externally. The context allows leaders to teach the values and demonstrate how these values apply to employees’ everyday life in the company.

The bottom line is that a company’s values statement must provide context to give it life as a code of conduct. This is supported by research. A review of many of the great names* in American business that have been associated with values-driven leadership reveals two elements with regard to their values.

1. An emphasis on principles and conduct.

2. No descriptor words standing alone for self-interpretation.

**The list includes: 3M, American Express, Boeing, Citicorp, Ford, General Electric, Hewlett-Packard, IBM, Johnson & Johnson, Marriott, Merck, Motorola, Nordstrom, Proctor & Gamble, Sony, Wal-Mart, The Walt Disney Company*

Keeping the Values Fresh and Relevant

A company must revisit and examine their values periodically if those values are to remain relevant to the company.

There is a shared axiom about values that many support. It says, "products, technology, skills, and markets can change, but the one remaining constant is the company's values." This axiom has powerful application. The values of a company describe the company's character. The values tell the world "how" a company will conduct itself. And these things need not change if they are rooted in morality, ethics, legality, respect, and sound business principles. However, a company must revisit and examine their values periodically if those values are to remain relevant to the company.

The leadership of a company must take the lead role in revisiting and renewing company values when:

- The values have been encrusted with hypocrisy, corroded by cynicism, or simply abandoned.
- There is a need to liberate the thinking about the values that has been imprisoned or diluted by outmoded procedures and habits of thought.
- When the values have lost their vitality or get out of step with the company's goals and efforts.

The process of revisiting and examining values must be an ongoing process in the development of leaders in a company. Leaders must keep a running dialogue within the company with all employees as to a clear sense of why these business values are important and how they are applied.

A process for this revisit and examination is provided later in this article. The values are the SOFTWARE of the enterprise and, as such, upgrades are essential!

Energizing the Values

As a result of employee interviews and observations over the past years, it is evident that the way leaders and employees perceive and interpret company values is dysfunctional. Employees are given to self-interpretation of their meaning and priority, and leaders are not adequately confronting issues in "values" discussions.

In simple terms, from our research we offer a look at the typical interpretation of company values from the employee's point of view.

Q. What are the company values?

A. The employee, the customer, the community, and the shareholders.

Q. Which of those values is the most important?

A. The employee.

Q. Why do you think that is most important?

A. That's the way they are listed. And other employees have told me that.

Q. What does the value of employees mean?

A. That the company takes care of its employees first.

Q. What about the customer coming first?

A. Well they are important too.

Q. What do the values say with regard to taking care of the employee?

A. What? Q. (question repeated)

A. Uh...that we're valued?

While this dialogue is an abstraction, it sums up typical understandings of many values statements that we have heard in interviews, conversations, and focus group discussions when discussing this particular company value. With other "values" specifics, the discourse is much the same. Values can lose their vitality. The values can lose the impetus as a force in a company's success. They can become a shield that people hide behind when they don't like or are uncomfortable with what is going on in the organization. They can become nothing more than adjectives with no context to support them. When this happens, it can be worse having the values statement than not having one at all.

Where to Begin? A Business Focus!

When revisiting and re-examining values, we must ensure that we focus on clarity of business purpose. Clarity for leadership on exactly "why" specific values are important and worthy is critical, because the "why" carries the emotion. This fact cannot be lost in the process.

Personal values are fine and assist individuals in how they conduct their lives. Company values provide a method of conduct but add one additional element—a method for achieving company goals. Company values must have an explicit link to the business goals. This link must be clear to every member. If personal values and company values are

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aligned, the result is very positive. But make no mistake: the company values are in place to assist with the accomplishment of company goals. Thus, there must always be a business context to each value. Without this context, values get used for personal comfort and as an excuse for non-action.

Any company that has a value centered on employees—using the previous example—must see that value as it pertains to making the employee and enterprise more successful. For instance, belief in the dignity of every individual means giving people the opportunity to grow and allowing them to maximize their potential within the company. Respecting people does not mean that everyone can do whatever they want and use the “employee value card” as a crutch whenever convenient. A company value centered on employees must speak to the way employees will be treated (in any circumstance: promotions, raises, downsizing, firings, compensation, etc.) by other company members.

The company values can never be separate and distinct. They must have interdependency, a relationship to each other. As an example:

“We choose to treat employees within a defined code of conduct because we believe it is the right thing to do and by doing the right thing we will elicit the passion and commitment of our people, and that will translate into higher corporate earnings, improved customer treatment, and better citizens in our communities. We choose to deliver an ever-increasing level of value to our customers, as that will provide more growth opportunities for our employees, increased earnings, and a stable enterprise in our community. We choose to ensure that our shareholders receive a fair and equitable return on their investment, as that will ensure the investment activity necessary to provide more job opportunities for people in our communities, increased resources for serving our customers better, a stable company our communities can count on, and more growth opportunities and rewards for our existing employees. We choose to be contributing members to our communities, as the good will earned will result in cooperative working relationships within our communities and a higher quality of life for our employees.”

The goals of the business, the employees, the customers, the shareholders, and the community are part of a system of enterprise and the organizational values need to address this relationship. Merely having separate descriptors of what and who is valued does little to serve as a blueprint for individual behavior within organizations. When there is no relational understanding to the values, the action blueprint will be flawed. Leaders who can carry the torch and talk about the values as they pertain to both the business and the people are needed in every part of an organization.

Revisiting or Creating the Values

To be important in a business environment, values must first be clearly understood by everyone in management.

To be important in a business environment, values must first be clearly understood by everyone in management. Second, they must be articulated to every employee and repeated so often that everyone understands just how seriously they are to be taken.

We have found a practical and sound method for developing leaders to *Lead by Values.* A discussion with the leadership team that deals with the following issues:

- Clear articulation of the stakeholders and values.
- Why are these stakeholders the ones we chose to focus on?
- Why are the values important?
- Allow people to wrestle with the details of exactly what these values (will) mean in our company.
- Provide examples of behaviors that support the values (and why).
- Provide examples of behaviors that go against the values (and why).
- How do the values overlap and conflict with each other (and why)?

Case study analysis of company situations to understand the importance of accountability to the values.

- An essay by each leader that describes in the leader's own words.
- Why the company's values are what they are.
- How the values will help build the success of the business.
- How the values relate to each other (interdependency).
- The balance in the application of the values in certain situations.

The Presentation of Values

Once organizational values have been decided upon, it is important to present them in a manner that provides clarity for employees. If the values contain "things" that are valued—like return to shareholders, customer care, or business results—they should be listed separately under the heading *"Aspirations."* This provides context to what these values really are: outcomes you aspire to achieve. By presenting these values in this way, two purposes are served: (1) employees are kept focused on the critical business outcomes, and (2) the code of conduct is not diluted.

For those values characteristics that determine "how" to behave when working with others, with customers, and in the community, they should be listed under the heading *"Beliefs."* These beliefs represent the code of conduct you obligate yourselves to in the pursuit of your aspirations. By defining the values you "aspire" to achieve and simultaneously defining your "beliefs," you give employees a goal focus and the behavior conduct to achieve the goals.

A generic set of organizational values might look like this:

Core Values

Aspirations

- Shareholders: to grow the business and constantly deliver a fair and equitable return on investment.
- Customers: to deliver outstanding customer value and experience.
- Business Partners: to build cooperative and value-added business relationships.
- Employees: to allow opportunities for each person to fulfill their potential and provide a place where people are proud to work.
- Community: to make a positive difference in the communities where we do business.

Beliefs

- Integrity: we never compromise ethical and honest relationships.
- Respect: we treat everyone with dignity and value each person's contribution.
- Cooperation: we will put the goals of the organization ahead of any individual or functional goals.
- Stewardship: we take personal responsibility to utilize the assets of the company in the best interests of the business.

These are our guiding principles that govern our daily actions.

Summary

This generic presentation is offered as a guide to illustrate the separation of those things or outcomes and those behavior conduct issues that are needed to guide employee action. The key in this approach is the context provided in putting core values into practice. The leverage for core values happens when the values are "in action."

What to Expect from Leadership Management Training

Where is the return on investment for training? That is an ongoing question. Unfortunately, the answer is very difficult to find when the training in question is in the business skills/human skills area. Attempting to apply productivity measures in the same manner applied to technical training is faulty. However, the seduction to do so is quite strong.

In technical training, the variables of productivity are relatively controlled. Learning a new software program or how to use a new piece of machinery lends itself to productivity comparisons with regard to old and new work practices. There is no variance in the software program workers use or in a specific model of machinery. Using these items the correct way will produce results that can be compared with validity to the use of the old items being used the correct way. The results will speak for themselves, and conclusions about the better items or effect on productivity for the organization can be drawn.

In soft skills (customer relationships, leadership competence, communications skills, etc.), we lose control over the variables of the process. In losing this control, we lose the cause-and-effect relationship of training and the results of training. It is this loss of the cause-and-effect relationship that makes the measurement of this type of training so difficult. Too many other variables affect the positive or negative outcomes of human interaction to make any definitive conclusions about the effect of training itself.

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After technical training, the transference of the “learned” skills and knowledge from the training program to the job is not optional. The person trained will work with the new “whatever” (budget process, software, hardware, machine). After soft skills training, there is no “object” to work on. The trainee works “with” others in the context of relationships (many times very complex relationships). Also, the follow-through of leadership on soft skill training is very much neglected. The lack of attention by leadership to the use of what is learned sends a message to the trainee that the application of what is learned is optional. Does this mean the training was poor? Hardly. It is easy to ascribe accountability to technical training application and very difficult to ascribe that same level of accountability to soft skill training. This accountability issue has much more impact on the use of what is trained than how good the training program might have been.

In soft skills, training is simply a "piece of the productivity puzzle." It is not the whole puzzle! Recruiting, policies, rules, procedures, compensation, upward mobility, respect, integrity, and teamwork are just some of many variables that affect the way people interact at work. Add to these variables different personalities, mood swings, emotional status, language barriers, and group dynamics that fluctuate daily and you lose predictability in human situations. Can training be held solely responsible for the outcomes in human interactions when many other variables are affecting those very outcomes? Why do we even try?

The answer is clear: to justify the expenditure of money and the use of time. We have been taught that with everything we do, we must be able to see the "value." Yet we know from experience that the most valued things in our lives cannot be measured in quantitative terms or because of simple cause-and-effect stimuli. Is the love of a child increased by learning to be a better listener? If so, how much of an increase should result in return for the "listening" training? Certainly, being a good listener is a good thing. It will have a positive effect on most any relationship. But, it is only one of many pieces that culminate in making a relationship strong or weak. We need to listen because it is the right, polite, and respectful thing to do—not because we can calculate the return we get from others for the effort.

However, even if the aforementioned argument doesn't dissuade you from traditional productivity measures for soft skills training, there are other issues which prove the difficulty, if not the impossibility, of applying ROI measures here. We tend to think in terms of "functionality" with regard to how we get results in organizations. The "functionality" mindset believes that results are garnered from the "sum of the parts" of the organizations. In theory, the results of each department when totaled equal the results of the whole organization. We apply this "mental model" to training when we see training as a part that we can give value to in isolation and then just add that value to the "whole." Yet we know again that this "sum of the parts" thinking is faulty. Again and again we see evidence of how adding up the productivity of the parts doesn't comprise the results of the whole. This is because very few parts can create a value total without reliance on other parts. How much does it cost one department in terms of its results when it expends resources to create productivity that is calculated in another department? It's not, in fact, the "sum of the parts" that really creates value for the organization.

It is the "relationship of the parts." We have learned from quantum physics and chaos theory that a systems approach to understanding how things happen in a complex system is a much more valid model than the "functionality approach." Organizations made up of people are very complex systems! In the systems model, determining cause and effect for

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results is not a simple or easy matter. With so much of any outcome relying on how the different relationships in the organization work well together, drawing conclusions on who or what did the “most” is foolhardy.

The truth is that we already understand that soft skill training is not a cause-and-effect situation. That is why organizations can cancel training as a first resort when faced with cost issues. When soft skill training is cut, do we notice a difference in recruiting results, in customer losses, in revenue, in profits? Not necessarily! And not because it doesn’t matter, but because it is just a piece of the productivity issue. But does it have an effect? What about the long term? How much do we cut before the relationship that soft skill training has with other issues has a negative effect? Do we really want people untrained as leaders, people untrained in customer relations, people untrained in communication skills, untrained in cooperation and teamwork competencies? How long can we get away with it? When will the lack of training affect our ability to attract good people to the organization? The questions are endless, but we don’t need to go crazy trying to determine definitive answers. They don’t exist. You can’t draw cause-and-effect answers to those questions. But we know we have a better-quality person in the organization as a result of soft skill training. We know it helps us grow our organization over time. And we know it is the right thing to do.

We see further evidence in organizations that we truly understand the measurement dilemma in “soft skill” issues. There are hundreds of thousands of dollars spent on meetings of various types in organization life. There is a lot of money spent on company newsletters. There is much money spent on various recruiting processes. Tons of money is spent on perks for employees and management. Why don’t we have an outcry for seeing the ROI on these issues? What is the specific ROI for a meeting held in a city with requisite travel costs? These things are pieces of the productivity puzzle—again, not the whole puzzle. Measuring the impact of any one part in isolation and drawing cause-and-effect conclusions is not only difficult but inappropriate. So what can we measure?

You can have cognitive measures. You can measure each individual on whether they understand the issues being trained. You can test whether they would make the proper choices when faced with a particular situation. You can measure their decision-making skills in specific situations that they have been trained in. But drawing ROI conclusions from what you measure is faulty. The employee’s soft skills lack the requisite leverage with regard to cause and effect.

With regard to soft skill training, the highest leverage the organization realizes is with *expectations* and *accountability*. Putting people through the training gives leadership a great opportunity to set clear expectations for employees on whatever subject matter is being trained. Leadership can utilize the training experience to bring the relevant business, leadership, and performance management issues to the experience and leave no doubt as to what is expected from employees when encountering these various issues in the future. When the ball is dropped on issues after the training, the conversation between leader and employee takes on a much different tone and context as a result of the employee going through the training and hearing what the business expects of them.

Regarding accountability, once an employee has been through soft skill training, failure to demonstrate an acceptable level of subject knowledge, failure to make proper choices in business, leadership, or performance management situations, and/or failure to use sound judgment based on the training is a much different issue than if the person hadn't been through the training. Prior to training, the issue of failure could range from attitudinal neglect to lack of knowledge or awareness. After the training, the failure issue is narrowed to neglect or job fit (inability to learn the material). This makes the accountability for performance easier to manage.

Thus, we recommend the following steps for optimizing a soft-skill training experience:

- Measure the knowledge and concepts the learner acquires from the training (this can be done through tests or scenario analysis).
- Measure the quality of decision-making skills with regard to the subject trained (this can be done through scenario analysis and evaluation of on-the-job decisions the employee makes in situations relevant to the subject trained).
- Use the training experience to set "clear" expectations for employees regarding the subject being trained (this will change the tone and context of conversations regarding employee performance in the areas trained in the future).
- Make the major issues of the training consistent areas of employee accountability after the training (leadership follow-through is the best tool for ensuring the transference of what is learned in training to application on the job).