Solving the People Puzzle

Practical Stategies for Optimizing Workforce Performance

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Introduction

This book is about power and control: how to get it, how to use it, and how to keep it. It is not about arbitrary, indulgent control, however, but about management control of an organization and its people. In an earlier work, I offered this definition:

> *In a rational organization,* ***control*** *is the ability to ensure outcomes, and* ***power*** *is the ability to drive the behavior of others in a goal-achieving way.*

Managing an organization and its people can sometimes feel like trying to move a balloon full of water. When you pull it, it stretches but hardly moves. When you push it, it just bulges out somewhere else and then returns to where it was. There often seems no way to control an organization—to make it responsive to management's efforts to create a highly responsive, productive, efficient, and quality-assured instrument of business accomplishment.

Humanistic management approaches—premised on the belief that if everyone would just get along and respect our differences, things would work out—have not brought the organization to heel. Other approaches, such as reengineering, seem more like hacking away at an organization than practicing good surgery. The team approach and others like it have been put in the same category as bringing a lion into your house to control the mice. Many good initiatives embraced by good people have crashed on the rocks of workforce immutability.

Management is often stymied by the notion that people don't like change (and there is some truth to that), yet people do like change and will change, *provided* there are management systems and practices in place to elicit the necessary and appropriate performance from the workforce. Unless the workforce makes it happen, very little good is going to happen.

This book is an attempt to do two things:

a. Provide you with specific ways to establish and manage a high-performance workforce that will optimize an operation.

b. Explore and explain the underlying factors that guide system design and management.

Having some ideas about what to do is a help; *knowing why you should do them* provides guidelines, rules, and standards for experimentation and innovation on your own.

Some of what you will find is new. Much of it you are already doing—but not as this book recommends and describes. Even small differences, however, can be substantial. The difference between competing in the Olympics and staying home is only a fraction of a second. The difference between a pay-for-performance scheme that fails and one that works may not be much, but it is the difference between getting what you want and paying for what you don't want.

These ideas have been developed over a period of years consulting, managing, and studying organizations and human behavior. This book is an opportunity for me to share my experience. I hope it will make *yours* more successful and rewarding.

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Chapter 1: Every Manager's Hope and Heartburn

The competitive difference is not in deciding what to do, but how to do it. Execution becomes paramount. If you don't have the right people, values, and motivation, it can't happen.

—Larry Bossidy, CEO, Allied Signal

It has been said so many times by so many organizations, it is almost a truism: "People are our most important asset." Yet such apparent enthusiasm for the workforce is not unqualified: People might be valuable assets, but they are also the primary cause of many a manager's heartburn. The gap between what we would like people to do and what they actually do can be quite frustrating. Nevertheless, getting people to do what the organization needs is the essence of a manager's job. It is a perplexing and difficult challenge every manager faces on a daily basis.

Many managers believe that their problems will be solved if they can only find a few superstars—people whose abilities are truly outstanding, compared to everyone else. Superstars aren't the answer! Outstanding performance is more closely related to a team environment than it is to individual talent. Talent, in fact, can flourish in one environment and fail in another: The Tampa Bay Buccaneers had losing seasons with two quarterbacks, but these same quarterbacks moved on and helped their new teams win Super Bowl championships.*

Outstanding people, by definition, are hard to come by. Most organizations will succeed or fail on the "average" talent they have, and this is not altogether bad news, because most organizations have somewhere within them the necessary knowledge and skills to succeed. That is how they got where they are! But what worked in one situation might not be enough when the situation changes. When the going gets tough, the smart organizations find ways to use what resources they do have to the fullest—they make the most of what they have.

Optimizing Your Assets

Having resources is not the same thing as *using them well*. When an organization puts its resources of knowledge and skill to work at the right place, in the right way, and at the right time, the organization is, by definition, optimized. Failures in quality and efficiency occur because resources are not applied in the right way at the right time.

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* Doug Williams of the Washington Redskins and Steve Young of the San Francisco Forty-Niners.

No organization has the best in talent across the board. Some have a strength advantage here, and some have it there, but no one has it everywhere. The truth is that *people* are *not* anyone's most important asset. What people *do* and *how they work together* is what adds value and gains competitive advantage. It is certainly true that some organizations have a richer pool of talent than their competitors, but that itself is the product of an organization's ability to optimize its selection, performance management, and reward systems in order to acquire, utilize, and retain good talent. It is **the way an organization is managed** that creates an environment where innovative, quality, productive, and efficient performers can flourish. That is why one coach always seems to win while others never quite get there, even with essentially the same players.

Today's management challenge, as summarized by Larry Bossidy in the chapter quote, is to optimize the performance of the workforce. The strategic instrument that management uses to marshal its human assets in the accomplishment of its business goals is *organization:* at its simplest, people working together in some predictable way to accomplish a common purpose. The typical or expected ways of working together are called *systems,* and these are what management actually manages.

Critical Performance Systems

Most everything in a work environment—from ambient temperature and noise to the commute to work—has an effect on performance, but the most important factors in workforce performance are management systems that:

1. S*elect suitable performers* for the job and organization.
2. Establish appropriate *performance expectations.*
3. Provide corrective and developmental *performance feedback.*
4. *Reward* desired performance.

Most every problem in human performance can be traced back, in one way or another, to failures in these systems. How many people are hired or promoted who don't work out? How many people have looked at their job description in the last month? Last year? Since initial employment? Ever? How many people find out about a performance deficiency months after the fact? How many performance problems are ignored, unless and until the problem becomes major? How many people are given across-the-board raises just for being there, and how many managers, who are awful, still get good bonuses? How many people who are fired have files full of laudatory comments and a history of normal raises? In other words: How many performance systems flunk every test you give them?

Every organization has policies and procedures for rewarding good performance, correcting poor performance, or hiring good performers. These things look good on paper, but the reality of "how things are really done around here" is usually quite different. How many times has a person been trained on ways to improve, and returned to the job only to be told, in one way or another, "Forget that stuff; you're back in the real world now!"?

This is the crux of the problem: What one is *formally told* to do is not what one is *informally expected* to do. Purpose, process, and effort are out of whack! Think of sports teams suffering from that condition: chances are, they're not at the top of the stack.

Margin of Excellence

The good news is that it won't take radical surgery to take most organizations from "okay" to "very good" (as many gurus would have us believe). What most organizations need to do, is to get themselves into peak condition, like good athletes. They are, after all, already operating with some level of success, or there would be little to discuss. Even major shake ups are usually little more than going back and getting the basics right. But fair warning: While a great leap forward can be enticing, it can also be disastrous. When you bet all your chips on one hand, it better be the winner. For most organizations, the wiser course is to build from the strengths they already have, the strengths that have made them successful.

The difference between the not-so-good or simply adequate companies and the truly great ones is often a small margin, but that little bit can make a critical difference. Human beings and chimpanzees share more than 98% of the same DNA, a difference of only 1.6%, and the difference between Tiger Woods and the professional golfers who don't make enough to pay their motel bills is less than a stroke. If you look at most companies, they all claim to be doing the same thing—and, at least formally, that might be so. When you examine almost anything in depth, however, you discover small but critical and telling differences between outstanding organizations and those that wish they were.

Vince Lombardi offered other football teams his playbook. The great coach said that the secret is not in the play, but in the *execution* of the plays. Pete Sampras and I both know *how* to play tennis and we basically use the same equipment. The difference is *how well* we play. Likewise, the secret of management success is not so much what to do as how to do it well. That is one reason why copying "best practices" is often disappointing. One can copy their "plays" but not their execution.

Sampras, Lombardi, and others who excel have optimized their assets. Until they did this, they had no idea how good they could really be. Similarly, *unless a company has optimized the performance of its workforce, it has no idea just how good it can be*. If things seem to be going okay, that is good enough. But when competition raises the bar, people must look to themselves to see what they are truly capable of doing. One thing is for sure: Any one of us can pretty well count on the fact that, if we really want to do so, we can make significant improvements in just about any area of our life.

Management always holds the option to improve and even optimize. Change will occur whether management guides it or not. But while change is not an option, the manner of change *always* is. Management can, at any time, begin to fully utilize the assets it already has and become more profitable and competitive by optimizing the value of its assets, particularly the workforce. The company that can do this best has the advantage.

Management Madness versus Rationality

The fantasy world of work captured in Dilbert cartoons resonates in workplaces across the country because, for all the bitter absurdity of the characters' situations, there rings a telling truth of people caught in a workplace where very little makes sense, where the rational order of things has gone awry. It is delightful humor, but if it reflects what it is like in *your* organization, you've got problems. Bear in mind that most cartoon ideas come from the experiences of readers.

How surreal can it get? Consider the situation of a major mining and chemical operation employing more than 6,000 people. The director of safety and training was concerned about how he could motivate the front-line supervisors to go to training. He was right to anticipate reluctance; pragmatic blue collar supervisors as a rule see little benefit in most "canned" training. Moreover, they believe that training sessions pull them away from the work for which they will be held responsible, which will only pile up while they are gone.

Knowing this, I suggested that the training director tailor the training programs to the supervisors' performance appraisals, so they would have some relevant goals and a payoff. "The trouble with that," he replied, "is that their performance appraisals have nothing to do with their actual jobs." Clearly, he did not have a *training* problem at all. His company had a *management* problem: what the company said and what it did were quite different things. If you paid attention to the official/formal management communications, you would be in trouble.

Memos are part of the formal network; Dilbert cartoons are part of the informal. In an organization of any size, management must act through formal organizational systems to provide people with what they are officially supposed to know and do. Yet what people respond to and remember is what management does. Their actions and what people say about management's actions make up the informal message system that tells people what they should really believe, and determines what is actually done. We are always suspicious when people say one thing and do another.

Management creates a kind of organizational schizophrenia when its pronouncements do not match workplace realities. It is like trying to work a puzzle when you are told the pieces are shaped one way and your experience tells you they are shaped another. An organization might stipulate that its workday must begin at 8:30 A.M., but this can mean being busy at one's work station or simply being somewhere on the premises, such as in the building or at the coffee machine. It might even mean being there at 7:30 A.M. if one really wants to get ahead. In other words, the official word of the formal organization is not the same as the informal "reality" of the organization. This is one reason why many people believe production goals are set in the break room rather than in the board room.

Full commitment to organizational goals can happen if people understand what they are doing and why, because there is a rational, unifying quality to their world. If the messages are conflicting and contradictory, people try to stay out of trouble and tend to do only what they *have* to do. When management's messages do not reflect workplace reality, *management is not really in control*. But what's worse, the organization is not functioning well.

Signs of Irrationality

Employees usually know when management's actions are not consistent with the official goals of the organization. Here is a partial checklist that a consultant might use to do a "reality check" on an organization:

- ☐ Do managers expect others to abide by the system but exempt themselves, thereby modeling the separation of formal/official from informal/actual?
- ☐ Are actions taken to only ostensibly comply with government, union, ISO, or other requirements—actions not expected to be used in the "real world"?
- ☐ Do people do things just because they are "supposed to"?
- ☐ Do workers have to ignore or change policies and procedures just to do their jobs?

Management often relies on "on-the-job training" (OJT) to prepare a newly hired or promoted staff person, but many OJT programs are ineffective or exist in name only. Mentors often fail to provide proper training, as well.

- ☐ Mentors who were inducted through the same ineffective system have not been trained well themselves.
- ☐ Poorly qualified people are approved for hire because of flaws in the skills-testing system.
- ☐ There is no incentive for the "mentor" to really train the novice. In fact, there often are disincentives: People are asked to take on or give up the work they most enjoy to train somebody else. Perhaps they are not even rewarded or recognized for their sacrifices.
- ☐ The standard procedures are not really standard. ("No one pays attention to that manual any more.")

Managers need to establish systems and practices that really do what they are supposed to do. They need to hire good people and tell them what is expected, how they are doing, and what the payoff is. Virtually every organization has *some* formal mechanism for doing this. The secret is not whether one does something, but whether one does it *well.* Establishing effective performance-management systems is not difficult, but you must know what you are about, and you must have the discipline to see it through.

Taking Control

Management sometimes seeks to control through performance demands and restrictive rules. People, however, seem to be infinitely inventive in finding ways to beat the system. Management's response is often to make more efforts toward direct, formal control (i.e., more policies and procedures, memos, and budget restrictions). Pretty soon, you end up with a knot of rules and regulations that are largely unworkable, and thus ignored or used selectively. The formal system breaks down further and people begin to improvise. After all, it is much easier to beg forgiveness than to ask permission.

One of the first principles that managers must learn is that people do not do what they are told, at least not exactly. What people do is *decide* what they will do—they translate official management information such as policies, procedures, and directives into the requirements of actuality. Then they "know" what, when, and how well they should do.

The entire work environment is a blizzard of competing messages about quality, management intentions toward customers, use of company resources, etc. The bulletin board, for example, is itself as much a message as the notices on it. Is it treated as an important source of information? Is it orderly? Are things kept current and displayed by priority? The neatness of the workplace, the look of the equipment, and the way people dress speak volumes about organizational expectations. As you read this book, look around you and observe what your environment says to you about your organization.

Formal systems are maps to guide our efforts, with the "effort" being the result of how one uses the map. If the map is a good one and people are properly oriented, the map will be followed rather closely. If not, people will look out for themselves. When the formal messages fit with workplace realities, employees will become less guarded and skeptical. They will believe in and rely on what management says, and will be more responsive. Management will then be able to exercise positive, effective control of the organization. (By "control" I mean the ability to ensure desired outcomes.)

The idea is to control complex behaviors by guiding the way people think about what they do. The first principle of control, then, is to make sure that everything from hiring and promotion to performance expectations, feedback, and rewards "make sense" to people when they attempt to accomplish the strategic organizational goals. This book attempts to show how to establish such formal management systems in the critical areas of selecting performers, managing them, and providing motivating rewards in ways that will "make sense" and be congruous with workplace realities. In other words, supervisors would really supervise, and pay would really be for performance.

A critical first step in developing a rational system is to establish a clear link between the business processes of the organization and expected performance. Only then can selection, management, and reward be rational.

Chapter 2: Human Performance and Business Process

Pit a good worker against a bad system and the system will win most every time.

—Geary Rummler

Annual performance evaluations are sometimes thought of as "performance management." That, of course, is the *opposite* of real performance management. Management is the *art of ensuring outcomes,* not a question of waiting to find out what happened and then trying to fault someone. If you address performance issues only infrequently, such as during the annual review, you are not managing, you are reacting. Weeks or months after the fact is too late for successful action to deal with either good or poor performance!

Human performance management includes a total array of systems and actions that serve to elicit the best the workforce has to offer. These systems include employee selection, orientation, coaching, training, and rewards. These, in turn are tied to the organizational processes of job structuring, job information, and decision-making. It is not easy deciding which of these areas to focus on—it's a little like choosing the most important part of a yo-yo (this side, that side, or the string). When any part is not properly designed or managed, there will be some undesirable surprises.

Avoiding the "Oh Hell" Factor

Anyone who has played chess or checkers knows how thrilling it is to have an opportunity to take an opponent's piece, and how painful it is to realize that you have put yourself in great jeopardy. In chess, both the master and novice are equal: both have the same basic knowledge of all the possible moves of the pieces. The essential difference between the winners and losers is not a basic knowledge (which everyone who plays shares), but that the better player looks past the immediate advantage of, say, taking the opponent's knight, and appreciates the change in the relationships a move makes among other pieces. The master truly understands what he or she is doing *before* making the unwise move.

Like chess moves, most ideas for improving workforce performance look good. Any manager who has tried a promising improvement effort only to find it blowing up in his face can appreciate the point. Management actions must be based on an understanding of the entire chess board—an ability to mentally identify what else is going to be affected from a single action. Blindly focusing on a single action will lose you the game.

In the workplace, the "chessboard" is the organization and the systems it has in place that tell people what they should do, how well they are doing it, and what the payoff is. A formal move that does not make sense on the informal chessboard can result in an unpleasant surprise. An organizational chessboard is a busy place; a storm of messages flow constantly in every direction, often in conflict with the official, formal management directives. If you fail to understand this organizational chessboard, good ideas such as teams and Christmas bonuses are doomed to fail, or else you'll create more problems for yourself than such good ideas can possibly solve.

Performance and Purpose

Managers want clear definitions. If performance expectations are not articulated well, nothing else is going to work very well either. *Performance* is best understood as engaging in activities intended to accomplish some purpose. This generally involves three critical dimensions:

1. the technical work for which a person is primarily hired
2. working with other people to accomplish one's own work
3. performing under the conditions of the job (tight schedules, upset customers, etc.)

Job activities do not make sense unless they are devoted to accomplishing some purpose. In an irrational work environment, this strategic purpose is often lost. Activity becomes a purpose in itself. Rather than a smooth-flowing river of work, the organization becomes full of self-serving eddies and whirls that consume resources but do not add value. The only way to break out of George Odiorne's "activity trap" is to make certain that performance requirements are cast in performance terms.

My own enlightenment about this did not come from the ideas of management gurus, but rather from a young Mexican worker whose work was impressive enough to promote him to supervisor of the loading dock at a large tree nursery. As a part of an initial assessment for the new corporate client, I interviewed people about their jobs. I found that most everyone described their jobs in terms of title, position in the hierarchy, and typical daily activities. Their jobs consisted of "answering the telephone, typing letters, and filling in for Gladys during lunch time." People "dealt with customers" or "processed sales orders." Eventually, I interviewed this young loading dock supervisor, who described his job in near poetic terms:

My job is to make sure that the trees get to the customer in good condition.

Here was a person who knew what he was about. He knew the purpose of his work and had a rational standard for marking and measuring his performance. He knew the value and meaning of his work. His job was to accomplish something important for the business purposes of his company, not simply to be busy at some tasks until the boss told him to do something else or until the whistle blew. The profound differences in performance expectations cast in *activity* terms and performance expectations put in *accomplishment* terms can be seen in this chart:

Performance Standards of Activity and Accomplishment Focus

Job Aspect	Activity	Accomplishment
Quantity	time required to load a truck	trees arrive at customer in good condition
Economy	trucks loaded full as possible	customer satisfaction, new business, minimal returns
Reward basis	minimum loading time, staff	customer satisfaction
Required qualifications	fast worker	careful, skilled worker

Cost and Cost-Benefit

It is easy to see the difference that a management approach to "performance" can make in a company's quality program or customer-service efforts. While it is important that employees understand what they are supposed to accomplish by their work, management must also understand it. For example, the loading dock supervisor actually knew more about his job than his boss, who saw the supervisor's job as "making sure the trucks got loaded." Only when a set of activities have a clear place in the value-added process of an organization can management make any rational decisions about cost, suitable support activities, or compensation.

If the management focus is on accomplishment standards, then the cost of loading trucks is only part of the cost calculations. The cost of returned trees or lost customers must factor in as well. In many companies, management does not pay much attention to these costs. Training is a "cost," but it can be a rational investment. Quality failures are costs, but they are not rational costs because they are not an investment toward the desired profit goals. Nor are the costs of turnover, customer loss, and workers' compensation claims. Management tends to have these kinds of problems because it focuses on *activities* without factoring in the *purpose* of the activity.

Cost-benefit decisions are rational because they consider both investment and return; it is an assessment of probabilities and respective values. A cost decision without reference to its operating effects or, for that matter, a benefit without a price tag can rarely be rational. A common problem in many organizations (perhaps the most fundamental flaw in performance-improvement efforts of any kind) is that cost decisions are isolated from their effect, and they thus undermine the performance structure of the organization.

It is the chess error of the novice again: capture a few dollars and lose your queen. It's the thinking of accounting, not the thinking of management. Good management involves efficiency *and* accomplishment. It is impossible, therefore, to manage well without a clear idea of what everyone is trying to do and, consequently, what that activity is worth.

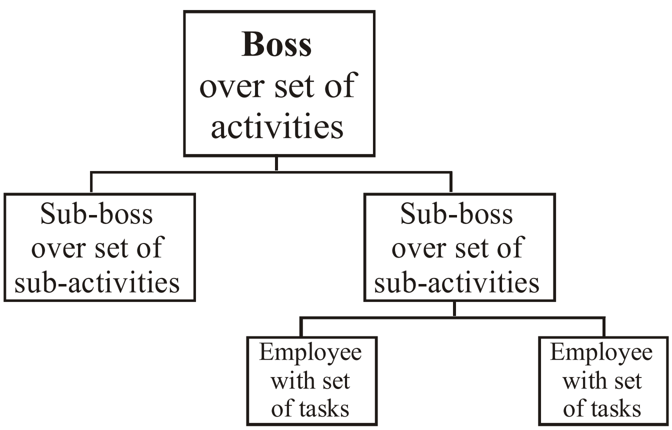
"It is easier to beg forgiveness than to ask for permission," a popular catch phrase, has negative implications when it is made about your organization: people *must conspire against their own management* just to do their jobs! The organization that should be guiding, supporting, and facilitating their work should never be an obstacle to be overcome by stealth and trickery—where official policies, procedures, and prescriptions are things to be ignored, subverted, gotten around. Formal structure and informal realities in such a place are in a high state of disconnect, and irrationality will surely prevail.

Why don't more companies manage more rationally? How do activities become a focus of work, while the reason for the work gets lost? Why do organizations so often not only fail to support good employee performance, but actually frustrate it? In a suboptimized operation, customer-service delivery is impaired and customers get unhappy. Unhappy employees do not make for happy customers, but unhappy customers do not make for happy employees, either. It can become a vicious cycle.

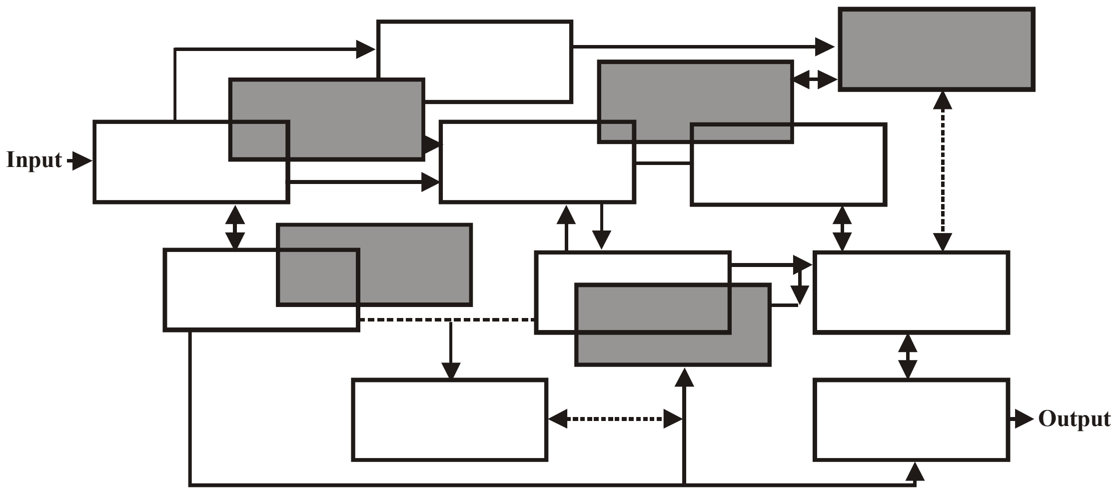
Performance and Process Management

Hierarchical structures are part of the problem. When employees are asked to draw a picture of their organization, they invariably sketch out a hierarchy of boxes and lines going from the big box at the top to a number of little boxes at the bottom. Of course, some people will draw things that look like pizzas, a growing set of concentric circles, or an upside-down hierarchy, but in one way or another, most organizations are drawn as layers of privilege and authority. While that is great for egos and position-based reward systems, it does little to represent the organization in action, or the way it will most effectively operate.

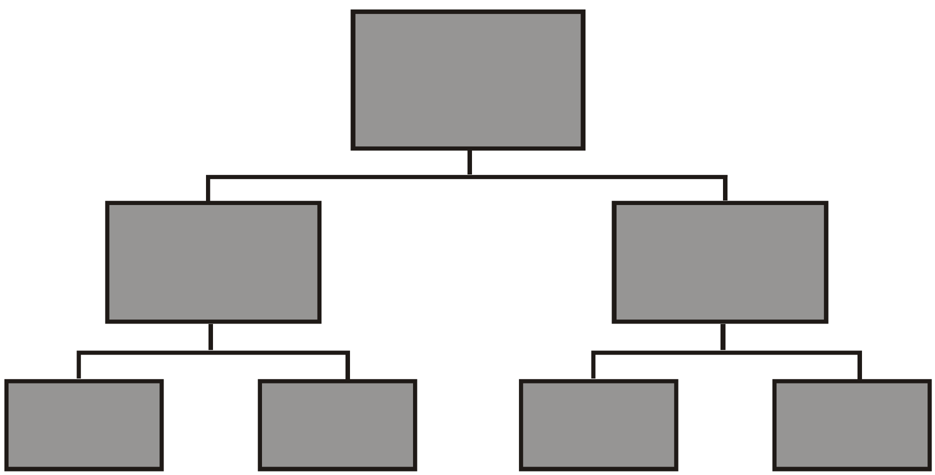
Traditional Concept of Organization



Most organizations of any complexity are, in actuality, a network of work processes. Information comes in from customers or suppliers and gets processed as the organization responds. This can be done by one person or 20, depending on the size and scope of the operation. Hopefully, these processes have sufficient efficiency and quality to create economic health for the organization, because they add value.* It is very difficult to manage this:



when thinking like this:



* The issues surrounding authority-hierarchical management thinking are more fully discussed in *Phoenix Without the Ashes: Achieving Organizational Excellence through Common Sense Management,* by Gary English. Boca Raton: St. Lucie Press, 1998.

A traditional organization chart sparks a certain kind of thinking: control, direct, coordinate, budget, report, etc.—traditional concepts from old management textbooks. When looking at a *process* chart, a different kind of management thinking comes to mind: modern management ideas such as cycle-time, customer chain, vendor management, teamwork, activity-based budgeting, etc. In a hierarchy, the boss is the customer; in a process, the person who is relying on the other's performance is the customer.

Here are some examples of the differences in management-think when one shifts from hierarchical to process management:

Process and Hierarchical Thinking

Factor	Traditional Hierarchy	Business Process
Driving force	Authority	Value-added
Cost minimization	Cut costs, often arbitrary or political	Eliminate waste (non-value-adding use of resources)
Decision-making	Delayed, based on position	Real time, based on knowledge
Work coordination	Delayed, partial, rule-based	Timely, interactive
Staff training	Restricted, based on "cost," often seen as "perk" for employees	Related to work-process needs, seen as priority because value is clear
Staffing	Seen as cost to be minimized	Seen as investment in organization
Teamwork	Formal structure, plagued by "authority" issues	Natural part of process-focused activities
Improvement	No change without approval of authority	Inherent in process dialogues
Output measures	ROI, cost per, productivity, customer *complaints* (passively received)	ROI, cost per, productivity, customer satisfaction (actively assessed)
Internal measures	Quarterly costs and revenues, labor costs, tasks completed	Cycle-time, process performance, activities costs, internal-customer satisfaction

No wonder organizations that try to implement quality programs and customer-service improvement programs so often find their efforts thwarted! *Who is the customer* in process-oriented management? Whoever receives and relies on the work of another. This allows management to establish the requirements for winning and keeping the paying customers, and then working back through the organization to establish what is required for each "internal" customer in order to achieve the desired outcomes.

Who Is the Customer?

The customer in a traditional, authority-based organization is *always* the boss. Regardless of management proclamations, exhortations, or slogans to the contrary, everyone knows that the *real* customer, for them, is still the boss. I once trained an entire bank staff in customer relations—everyone from the president of the bank to the custodian. In each session, I gave them this problem: "A teller is waiting on a customer and the supervisor comes to the back of the work area and tells the teller she needs to see her for a moment. What should the teller do?"

With a rare exception, the bank staff answered that the teller should tell the customer "excuse me" and then see what the supervisor wants. In an authority-based culture, this is indeed the best answer. In a customer-driven culture, however, this is the *second* best answer. The best answer is to tell the supervisor: "I'll be right there as soon as I have finished helping Mrs. Jones."

If the matter were an emergency, the supervisor could press. Otherwise, she could wait a minute or two while the paying customer was being satisfied. Bank staff perceived the problem as a test of their knowledge about the rules of common courtesy, because most customer-relations training seems to be based on the "be nice" principle. If the company has been hiring people who are not "nice," then it should evaluate its selection processes. Customer service is the result of organizational processes, not individual niceness, even though it is provided by an individual. When a culture's performance standards are essentially "pleasing the boss," the tendency is to think of the boss as the "real" customer. This notion that the boss is the customer is, in one way or another, the primary cause of most customer-relations problems.

You Can't Manage People

When managers think hierarchy rather than process, they try to manage individuals rather than the work group that is formed around some work process. We work *with* individuals and should treat them with courtesy and respect. We cannot "manage" a person, however, and they will resent it if we try. One certainly cannot manage an *organization* of people as individuals; people must be managed through the systems that form their environmental conditions. People make their own decisions about what they will do from these conditions, and *a manager can only try to create an environment in which people do the appropriate thing.*

Another example: A chemical plant that processed dangerous materials set up a safety orientation for its workers. No one could enter the plant without going through a safety orientation. The safety orientation involved a review of the plant layout, a discussion of plant dangers, instructions for putting on a respirator, and instructions about what to do when the alarm whistle blew (essentially to run upwind). Employees were given the emergency telephone number and a sticker for their hard hat indicating that they had been trained in safety procedures.

If you remembered the emergency number, it would be of no use, since there were no telephones generally available. The windsock was not visible from most areas of the plant, so you would not know in what direction to run. Nor were there maps to tell people where they were. The sticker on the hard hat, which only signified that an orientation had taken place, is an excellent example of the "empty compliance" that characterizes organizations with authority cultures, and explains why they have such difficulty meeting high standards for quality, customer satisfaction, and, of course, safety.

Lighting the Fire Within

Authority-based decisions carry with them the threat of penalty. Threats like "We need to put a fire under him" will usually generate compliance on the part of those subject to the authority, but it is likely to be *minimal.* People will do only what is necessary to stay out of trouble. If management lights a fire under someone, that person will move until the temperature is more comfortable, and then stop. The lesson is illustrated by the ancient parable of the farmer who lit a fire under his donkey, only to see the animal move out of the way of the fire and end up putting the cart right over it.

Threats or even the application of penalties, however, will not get people to work to their potential. Only a *commitment* on their part will do that. If a job requires at least two people—one person to do the work and one to make them do it—then performance becomes obedience, not a creative investment of one's true and total ability. The goal is to stay out of trouble.

The object of good management, then, is not to light a fire *under* someone, but *in* someone: to create in people a desire to perform to their best, even under difficult circumstances. If people work *for* you, then it is you that is the focus. If people work *with* you, then the work becomes the focus. When the boss is the focus, we do what we must in order to stay out of trouble or to gain favor. When the work is the focus, we do what is required for success in the work.

When a manager is performance-focused rather than authority-focused, workers are empowered to share their collective strength. The manager then defines performance as *helping the team succeed,* a plus for the company that pays them. When management is authority-focused rather than process-focused, managers do not know how to get a team to perform.

A Tale of Two Coaches

A once-great university basketball coach who spent too much time under the influence of mellow spirits for which his state was famous was having a bad season. After one particularly poor Saturday showing, the coach was being interviewed by sports writers during a Sunday morning television show. The moderator asked the coach what went wrong the previous night.

> "Well," allowed the coach, "those boys just didn' do what I tol' em."
>
> "What did you tell them, coach?" inquired the moderator, as everyone leaned forward to hear the great man's words.
>
> "I tol' 'em to go out there an' win!" the coach declared.

That doesn't seem too different from a manager's instructions to employees to "go out there an' improve quality" (or productivity, safety, customer relations, and so forth). The employees are "empowered" all right, but not really enabled. The coach's *goal* might be better customer relations, but the coach's *work* is to accomplish this goal by optimizing the abilities and opportunities workers have to perform by serving the customers. In a world where "chance favors the prepared," the role of the coach is to help put the odds in the work team's favor, to make sure that what is done is rational pursuit of the desired outcome.

John Wooden, UCLA basketball coach and eight-time winner of the NCAA national championship, is a good example of a rational, performance-focused manager. Coach Wooden was asked once if he emphasized winning. The coach replied:

> No, I never mention winning to my players. You have no control over whether you win or lose. The teams we play are all good and any one could win any game. The only thing I can do is to help the players do the best of which they are capable, individually and as a team.

You will not optimize worker performance in an irrational environment when management does not make sure that its operating systems and standards are "rational." If people have to work around management to do their jobs, it will result in lost efficiency at best and poor productivity, customer service, safety, and so on at worst. The test of organizational performance is how well its value-adding processes accomplish organizational goals. Optimizing workforce performance, therefore, must be based on how well the organization does in adding value for the customer. Any successful approach to performance management, therefore, must be based on improving the work processes that contribute to value.

"Process" thinking sounds harder than it really is. The case study in the following chapter is an illustration of how a group of ordinary managers in a public agency made significant improvements in their operations with little cost or disruption. The study illustrates the value of process-oriented management and employee involvement, not only in improving process and employee productivity, but in achieving real dollar savings and increased customer service.

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Chapter 3: Determining Performance Needs through Process Management: A Case Study*

You can see a lot just by looking.

—Yogi Berra

Each person's individual performance in an organization should be logically related to the performance required to accomplish that organization's mission, whether it is to manufacture, sell, educate, or serve. And the individual *must* understand how his work relates to that mission if he is to improve his performance.

Deliberate and rational improvement can only occur when an individual has a clear and specific understanding of what he is doing and what he should be doing—what improvements are to be made. The first step in performance optimization for the workforce, then, is to get a clear picture of present work processes in order to determine which ones can be optimized. The next step is to establish performance expectations for the processes that are necessary to accomplish the business of the organization.

Surgery versus Butchery

In Chapter 2 we explained why cutting costs is sometimes an irrational management strategy. A better goal would be to "eliminate waste." While the effort to eliminate waste and cut costs both might involve, say, workforce reduction, the solution might be arrived at from different paths of reasoning. Actually, cutting costs and eliminating waste look like the same thing, but the similarity is only superficial, because they are not *doing* the same thing. With the focus on eliminating waste, staff reductions are the result of improved productivity, rather than an attempt to reduce costs. Deferred training and maintenance are looked at in terms of costs, and not as savings.

Eliminating waste should be a cost-benefit judgment—to look for efficiencies without being blinded by the importance of the cost to the organization's purposes. Management must be knowledgeable, smart, and often courageous. Cutting costs is a simple-minded action that requires only cutting expenditures, but it is more often a political decision than sound

* This case study was originally published in "The Pursuit of Efficiency: Untying the Knot of Bureaucracy," by Gary English. *Public Management* (May 1994), 16–19.

management. With its narrow focus on the short term, cutting costs is a little like playing chess by focusing on one piece at a time: you fail to consider all the other pieces and the cause and effect of your actions on them. This can come back to haunt you.

The following case study relates how one government agency achieved more than $175,000 in cost savings in just four months, just by shifting its focus from hierarchy management to process management. While the case study is of a local government agency, the model is useful for any operation that consists of moving information around. As a result of its self-review, this particular agency eliminated work it did not need to do or was doing poorly, or work that could be done through a better method, such as computerization. These savings were calculated by multiplying the number of staff hours of work no longer performed by the dollar cost of a typical staff member at the appropriate level(s).

Doing More with Less

For years, the Clerk of Courts in one Florida county managed to operate the offices with only a modest increase in funds each year to meet the gradual increase of business or to adjust for inflation. Then, in 1988, the office experienced a deluge in demand for services due to the county's rapid growth and increased litigation. The workload went from a being comfortable stream to a roaring river. When the county's largest city hired a new police chief, traffic citations increased fourfold in one year.

The Clerk's office added staff and computers and moved into a spacious new county courthouse. The work continued to overwhelm the staff, and other problems began to surface, such as staff turnover (which made the situation even worse). It became clear that the answer had to involve doing some things differently and finding a better way to operate.

The Growth of "Ad Hocracy"

The basic problem is shared by most organizations that have grown piecemeal over the years: As each new operation or service was added, it was put where the organization could best accommodate it at the time, with the intentions of reviewing and evaluating whether or not it was working well. The daily demands of work, however, always seemed to interfere with such assessments, and so the ad hoc solutions became established and institutionalized routine.

This process, over time, moves an organization away from neat rationality toward a hodge-podge of make do's, where decisions are made on the spot in response to immediate demands. Sooner or later this tends to become routine: Urgent issues are dealt with expediently, leaving the underlying system problems undisturbed.

Routine procedures and activities are less likely to be scrutinized (unless there is a major problem). People will generally work around problems. Eventually, the organization becomes a host of countless unseen, routine inefficiencies that are part of someone's turf and that eventually become the only way of doing things. As managers seek to keep their operations from getting out of hand, they add regulators and checks to this grossly inefficient "adhocracy" and turn the organization into a "bureaucracy" by mandating that these ad hoc procedures be strictly followed.

Any effort to cut people and programs does not by itself improve an operation. Reducing staff, training, and technical support rarely improves customer service. The only way to improve things is to untie the binding knot of bureaucracy and free people to do their best work.

Untying Bureaucratic Knots

Discussions with the internal staff auditor in the office of the Clerk of Courts revealed that the performance-auditing process could be an effective tool in cleaning up operational inefficiencies, inadequacies, and errors. The challenge was how to apply a performance-auditing strategy to an entire organization.

The answer was for the managers and employees to audit themselves. There are, of course, occasions where self-auditing is not appropriate, but in this case it had two advantages: First, the staff had many ideas about how to improve work. People were not encouraged to make suggestions, so they stopped looking for ways to improve operations. A self-audit would surface them. Second, the only place to achieve efficiencies was where the actual work was done, not in management retreats.

Organizational Process Tracking and Improvement Method (OPTIM)

OPTIM is a self-auditing and work-process assessment that examines and scrutinizes routine work, looking for ways to improve it. It merges the techniques of process management and performance auditing. Performance auditing consists essentially of asking questions about what a person or office is supposed to be doing, and comparing that to what it *is* doing. The intent is to make sure that departmental responsibilities are being met properly and efficiently, and that resources are available and used commensurate with the need. Process management means fashioning and supporting individual and collective work activities in order to optimize both their efficiency and quality.

Work-performance reviews involve identifying problems in order to make improvements, so they can be threatening. It is important that the staff be mentally prepared to ferret out and acknowledge problems in its operations. Training and orientation should:

- Encourage people to change their environments for the better if they so choose.
- Set the expectation that everyone should be alert to ways to make improvements.
- Show everyone how to use team processes and problem-solving methods.
- Establish improvement as a "no-fault" effort where those with problems are not blamed, but instead praised for improving some things.

- Establish improvement as a "no-fault" effort where those who acknowledge problems are not penalized or blamed.
- Honor improvement, and the more the better!

A no-fault attitude is critical: People must not be taken to task for existing problems, but rather recognized and praised for any improvements they can make. Candid discussions about problems must be held if there is to be any improvement. A person who finds ways to improve should be viewed as an alert and innovative manager or staff member, and *not* as a sinner!

Organizing and Setting Standards

The first step in OPTIM is for managers and supervisors, working in departmental groups, to identify and inventory all typical activities for which they are responsible, and organize these activities into related areas. This is not a needless exercise; the task is to identify *hidden* problems, and you will find a few! The Activity Areas and Performance Criteria Worksheet in Example 1 suggests a form for this initial organizing.

As the managers and supervisors discuss the question of work organization, they will see that there are differences in work expectations. Sometimes these differences are so profound that a separate process must be set up to resolve them. Once departments agree to the general organization of work responsibilities for each manager and supervisor, they will need to determine the criteria or standards by which such work should be judged. They will also be asked to rank the importance of these criteria. For example, is accuracy important? If so, is it more important than speed?

This is the time to resolve critical questions of performance expectations for the group, its manager, and each employee. If performance expectations are not clear to everyone, then nothing else will work very well. When you reach this phase, you will see ways that the organization has already benefited.

The staff has:

- inventoried its work activities
- organized and agreed on its general work
- established performance criteria
- negotiated these criteria with their input and output sides
- measured the level of performance of the department
- greatly improved communications and morale

The staff will be focused and prepared psychologically to analyze and assess its own work processes.

Example 1: Establishing Performance Criteria

Activity Areas and Performance Criteria Worksheet

Instructions:

1. List below the *categories* of activities for which you are responsible.
2. Identify the critical criteria or standards by which these activities must be judged, and write them in the vertical boxes by *criteria*.
3. Using the five-point scale, assess how well you think these activities are being performed by your department for each criterion: 5 means *darn near perfect*, 3 means *about average or okay*, and 1 means *awful*.

Performance Criteria
Assess each activity by criteria 1–5.

Department/office: Misdemeanors and warrants **Date:** November 25, 1993 **Participants:** Gwen Morton Suzanne Perot Angie English Ralph Baskerville	Teamwork	Reliability	Accuracy	Timeliness		
Activity	3	3	3	4		
1. Misdemeanor intake	4	3	2	4		
2. Traffic intake	4	2	3	4		
3. Calendar/docket processing	3	3	3	3		
4. First appearance	2	3	3	3		

The process is simple, but is not always easy. One introduces work into the "system" and verbally tracks it through, step by step, until it is delivered to the "customer." It must be a "no-poof" process with the steps given in the "active" mode rather than the "passive" mode. The idea is to get all the magic or "poof" out of the process so that nothing ever happens until someone does it. For example, "Counter clerk takes the completed form from the box labeled 'Misdemeanors'" is better than "Misdemeanor department gets the completed form." This approach leaves no responsibility gaps in the performance track. Example 2 shows initial work steps and the work process redesign.

Example 2: OPTIM Report for Public Defender Liens Process

<table>
<tr><td colspan="2">PUBLIC DEFENDER LIENS PROCESS
A lien originates when the court imposes a lien for court-appointed counsel. The lien is for attorney fees and is instituted in favor of the County.

The Lien Collections Department receives the recorded lien from the public defender.</td></tr>
<tr><td>Before
1. Log the lien in the “New Liens” log by amount.
2. File the liens alphabetically.
3. Enter the lien on CJIS system by case number. Using code 1450, enter the date lien is recorded.
4. Check the case history on CJIS to make sure personal data (address, sex, etc.) is consistent with information on the lien in the bottom left-hand corner.
5. Type a new green ledger card for the lien. A new card is prepared for each lien.
6. File ledger card alphabetically.
7. Prepare and send a first notice informing the defendant that a lien has been recorded. If the notice is undelivered, the notice and envelope will be attached to the file copy of the lien.
(Note: There are 28 steps.)</td><td>After
1. Log the lien in the “New Liens” log by amount.
2. File the liens alphabetically.
3. Send a first notice informing the defendant that a lien has been recorded. If the notice is undelivered, attach the notice and the envelope to the file copy of the lien.
(Note: There are a total of 13 steps.)</td></tr>
</table>

CJIS stands for the Criminal Justice Information System.

The Payoff

Just within this small part of the overall operation, the Clerk of Court's department in our case study was able to reduce 28 separate process steps to 13. In doing this, the department realized that it had been doing work that had been made unnecessary by another information system. It had also been doing some work that was not legally within its charge! In just a few months, one department alone eliminated 2.5 staff years of departmental work, $2,000 in sheriffs' fees, two activities that were beyond its legal authority, and six filing cabinets of unnecessary material, and greatly reduced errors and process time.

In another area, the agency found that it could computerize tax deed applications and reduce that process from about one hour for each application to about fifteen minutes. Considering that the agency processed thousands of applications a year, there were significant savings. In another office, the counter clerk, her supervisor, and the department head found that they had different versions of certain procedures. Resolving them eliminated confusion, error, and hard feelings.

The accounting department established a procedure for an annual review that made it possible for even a new staff person to do the job without supervision. Departments began to write job descriptions with work priorities, percentages of time on tasks, and criteria for performance. This clarification alone would provide significant performance improvements in any organization, ranging from the big to the detailed—each contributing to overall improvement. Indeed, one can make a good case that every improvement depends on the details. Here is a copy from one part of the organization: the actual benefit summary report.

Example 3: Analysis Benefit Summary Sheet

Analysis Benefit Summary Sheet

Instructions: In the left column, list the improvements you have made as a result of your Work Flow Analysis. Examples: eliminated work activities, reorganizations, job restructuring, communications improvements, etc. In the right column, indicate the benefits gained by these improvements (e.g., fewer filing cabinets needed, reduced positions, overtime, etc.).

Improvements	***Benefit***
1. Combined and condensed four separate instruction forms into one multiple-choice form, on which Sharon only has to check appropriate box.	1. This one form covers all option situations. Sharon will not have to search for proper instruction form or highlight pertinent information, as this information is now in bold type. All Sharon will have to do is check appropriate box. With an estimate of approximately 15 files per day, Sharon will save 1–2 minutes per file, or about ½ hour per day for this segment of her job responsibility.
2. We supplied Sharon with a new terminal, which is equipped with record memory. We programmed it so that each segment of posting will automatically tab to appropriate position and print information.	2. With an estimated 100 files per day, this procedure will save approximately 1½ hours per day. The old procedure took 40 key strokes, from beginning to end. The new procedure will take 13 key strokes, from beginning to end, saving 2,700 key strokes per file.

Saving 2,700 key strokes per file, 100 files per day, might not seem like much until you calculate the staff time saved by eliminating more than 250,000 key strokes a day for 220 days. Not only was this a direct savings, but there were a number of related savings as well, such as required training, reduced opportunity for error, and staff availability for more productive work. A few million key strokes here, a few million there—it all adds up to costs and inefficiencies and a wasteful burden on employees.

This case study is a classic example of good employee effort, but also poor organizational performance caused by system flaws. Because of the changes made through the OPTIM audit, however, employees set to work helping improve organizational performance. This improvement was not likely to have occurred without such employee involvement.

Areas that were reviewed through this relatively simple process review:

- clarification of job and work priorities
- clear and rational performance standards
- assessment of skill needs and skill level gap (i.e., a realistic training needs assessment)
- information and coordination needs
- creation of de facto work teams
- proper responsibilities and accountability
- equipment and material needs
- organizational design requirements
- staffing needs
- risk-free empowerment and delegation
- cost reduction through waste elimination

The Clerk's office made changes in organizational structure, delegation, and empowerment, and completed a staffing, training, and equipment needs assessment. One department determined that with another computer system and two part-time people, enough overtime could be eliminated to provide a one-year payback on the equipment when the review process was completed. A comprehensive manual for the entire operation was written.

The organizational development program in the Clerk's office brought about many positive changes: It improved efficiencies by remarkable degrees, stopped hurtful turnover, improved morale, saved thousands of dollars in work hours, and, in general, upgraded the entire operation. Because the costs were so low and services were strengthened rather than curtailed, there were no political considerations involved.

Finally, public management invariably takes place in a political arena; because of this, many of the problems in governmental operations exist or persist because of political sensitivities. The OPTIM assessment program deals only with work flow and performance. It does not generally trigger political interest (except, perhaps, the favorable kind). The empirical and analytical nature of the evidence supporting the improvement strengthens the hand of the agency: Following such a complete internal review and refurbishment, managers are solidly prepared to respond to any questions or suggestions about their agency's operations. Imagine the comfort in that.

The OPTIM process is much like a trip to the dentist. People look at the discomfort involved and are a bit reluctant to undertake the effort. Once the process is underway and employees see that it is leading to better opportunities for accomplishment and work satisfaction, the enthusiasm is pervasive. Supervisors are pleased to have a way to address specific work process-related performance issues through the use of tools like this Coaching Worksheet:

Example 4: Coaching Worksheet

Coaching Worksheet		
Date _____/______/_______ **Team member** ________________________ **Position** ____________________________		
Process responsibilities	**Performance issue**	**Coaching action**

A program like this that sets up a system for improving the entire operation removes a lot of frustration associated with inertia. Suggestions for improvement are not generally ignored because people do not want to make improvements, but because changing the bureaucracy usually requires such enormous effort and risks that people don't see it as worth the trouble. The OPTIM process puts the entire operation in improvement "mode" where ideas can usually be readily assessed and absorbed. The only new problem is how to keep track of the improvements!

Once you clarify and optimize the business processes of the organization, individual and group performance become more valuable, more rational, and more satisfying. That is the chief benefit of this program. It is a win-win way to manage.

Chapter 4: Selecting Good Performers

If a person is not performing as expected, it is probably because they are miscast for the job.

—W. Edwards Deming

"You just can't get good people anymore." Managers, especially those who tend to turn over their workforce on a regular basis, often express this frustration. True, today's labor market is tight, but many organizations are quite successful at attracting and retaining good people, even at mid-range salary levels.

One of the key characteristics of high performance organizations like the Navy SEALS and Southwest Airlines is that it is not easy to become part of the organization. The better companies are very particular about who they hire; they develop effective processes that weed out the ones they don't want. The more poorly managed organizations find themselves having to hire anyone who can fog up a mirror. Outstanding people, by definition, *are indeed* hard to find, but there is no reason why any organization has to ever make a bad hire or promotion. The first step in improvement is to stop blaming the labor pool and start looking for ways to improve one's own hiring and management practices.

Effective selection is still critical to getting and keeping good personnel, regardless of the size of the applicant pool. One recent study found that 40% of new managers resigned or were terminated within the first 18 months for "performing significantly below expectations." Another study of the supermarket industry found that employee turnover costs the industry approximately \$5.8 billion a year—with only an industry net profit of \$4.1 billion a year, such high turnover costs cannot be ignored.[1] This kind of turnover represents a serious loss to an organization in terms of direct costs, disruption of the operation, and opportunity costs. The sad truth is that many managers today still try to build a workforce by hiring and firing. This "detect and correct," is unfair, irresponsible, dangerous, and costly.

[1] *Retention Study: Trends and Analysis 1998* (Bala Cynwyd, Penn.: Manchester, Inc., 1998).

High Cost of Poor Hires

One manager of an annuities company started to complain about the cost of the high turnover in the firm's first-year sales staff. She calculated that the turnover was costing the company about $40,000–$75,000 in direct costs, lost sales, etc. When I suggested that she begin using psychological tests, which would have cost about $150 per serious candidate, she said that the company would not do that because it "was trying to cut costs."

This is being penny-wise and pound-foolish. Turnover takes a heavy toll on an organization: It takes about a year, on average, to get rid of poor hires. The higher in the organization they are, the more damage they do. Between hiring and firing (if, indeed, the employee is ever let go), that person is on the payroll and in the organization. But you can bet that a lot of management time is being taken up with problems associated with that person. Equally detrimental is the disruption, as well as the problems co-workers have to deal with as a result.

But wait—there's more. When one thinks of the resources diverted just to achieve mediocrity, the signals it sends out to employees about management competence, and the generally impaired ability of the organization to perform, a poor hiring decision might well be the most extravagant and harmful waste of money and people, and it is management that must bear the responsibility.

Selection Is Critical

Most every performance-management decision regarding an employee is an effort to deal with the selection decision. If that decision has been a good one, then performance management is easier and generally more rewarding. If that decision has been a poor one (if, say, the person is unsuitable for the job or organization), then managing that person's performance will likely be extremely frustrating and lead to a variety of other problems in the workplace.

The selection process must predict performance by being able to answer three questions:

1. *Can* the person do the job? (Do they have the basic capabilities, aptitude, etc.?)
2. *Will* the person do the job? (How do they feel about such work? Do they like it?)
3. *How* will the person do the job? (How will the person handle stress, work pace, working with people, etc.?)

Once a person is on the payroll, it will be difficult and expensive to control this performance. Building a good workforce through terminations in today's litigious environment is crazy. The less suitable an employee is for a job or an organization, the more difficult it will be to get them to make the kind of sustained and focused effort required to do a good job. If you are considering ways to eliminate waste, perhaps a good area to look at is the money spent on the training, incentives, and supervision required to get an unsuitable employee to make a suitable effort. A good rule of thumb for management: "Don't hire your problems."

Forget the Peter Principle

Once an individual joins the organization, he or she becomes a part of its culture and systems. That is what is wrong with the Peter Principle, which holds that people will "rise to their level of their incompetence." It blames the worker. Who determines the job, the qualifications of candidates, the scope and depth of the search, and the pay grades and perks? Who handles the interview, the review, and the selection processes? Who provides the orientation, training, and support of new hires or promoted employees? If the control of all of those things is with management, then whose fault is it if an unsuitable person is hired or allowed to fail? And if one keeps making the same mistake again and again, whose fault is that?

If a worker throws away a piece of equipment that represents the same investment and potential value to the company as an employee, he might be fired on the spot. The worker should be considered one of the organization's "products." Turnover tends to degrade, not upgrade, workforce quality. And, like equipment, it is costly to replace.

If the termination is justified, chances are that everyone is aware that the person should have been fired long ago. (They might even feel relieved that the person is gone.) What does that say about management and its attention to performance? Management in many instances fails to act on a problem until things get so bad something *must* be done. Often the trigger is a major operations problem, such as loss of a customer, a waste of company resources, equipment damage, or injury on the job. Then, in an effort to take quick action, decisions are made that are often ill-considered, short-sighted, rash, and potentially harmful. The hasty response then sparks union interest, litigation, and even sabotage.

There are several reasons why people do not work out in an organization. The person might be:

- unsuitable for the job
- unsuitable for the organization
- poorly managed
- poorly treated

These, of course, all fall within the responsibility of management, so it can be reasonably argued that the reason why such people do not work out is management failure. Poor selection is one of the most significant causes of problems with employees. Fortunately, it is also one of the most easily corrected, requiring little money or effort.

Guarding the Gate

The easiest, quickest, least expensive, most effective, and safest way to control employee performance is to hire or promote a suitable person. The other two points of control, on-the-job management and termination, are more costly in terms of dollars and organizational impact. They're also more difficult to accomplish and represent more risk to the company.

Companies usually look for two things in a potential employee: (a) useful skills and (b) fit. Getting along with others and fitting in are important, but they are only part of what is needed. The essential question, which often gets lost in the selection process, is this:

How will the person perform on the job?

Ask a group of managers if they've ever hired anyone who did not work out as expected, and you will see every hand go up. Ask them if they've ever hired anyone who turned out great, and some hands (although not as many) will go up. Then ask the managers if they used the same process to select the good performers as they did the poor ones. They will soon realize that their selection process does not help them distinguish between good and poor performers. The process fails to accomplish its basic mission, because it is not *performance-predictive.*

The decision to select is a prediction of performance based on information about a person's suitability to do that job. *Suitability* embraces technical knowledge and skills, personality, interests, and maturity. These have been called "competencies"—a cluster of abilities and characteristics that make an individual suitable for a given job in a given organizational culture.

To make an effective performance-predictive selection, you must follow these steps:

1. Understand the *value-added work processes* to which the person is expected to contribute.
2. Determine the *performance expectations* required for that position in work processes.
3. Identify the *competencies necessary* to satisfy these performance requirements.
4. Determine through observations *whether or not a person satisfies these competency requirements,* or if they can be acquired through training, experience, etc.
5. *Select the most promising* candidate.

When you are considering performance expectations, bear in mind that formal job descriptions are likely to differ from and even conflict with the realities of the job. Moreover, it is not unusual to see the formal job description/performance expectations themselves differ in various formal documents, such as in official job descriptions and in performance-reviews.

Management must do a great deal of work in Steps 1–3 before it begins any selection process. It must have a clear understanding of its own work processes, usually through process analysis techniques, and it must have established clear job-performance expectations in terms of *work process,* as discussed in previous chapters. These cannot be assumed. Moreover, good management requires that they be kept current. Once the position expectations and requirements are clear, management must next decide how it will identify and verify a given candidate's qualifications. Once this is done, the actual selection of a candidate becomes relatively simple and easy. It is the failure to do the preparatory work that leads to most instances of poor selection.

Every human endeavor has its risks. You can minimize the risks by controlling the variables: Good understanding, good planning, well-designed systems used with integrity—these are what puts the odds in your favor. Taking short cuts, reducing costs in the wrong departments, and negligence have no place in rational management.

Tools of Observation

A standard set of tools is available to help organizations make good hiring decisions. Like all tools, some versions are better than others, and not all are appropriate for your specific situation. A one-page application might be right for a small retailer, whereas an inch-thick stack of materials might be required by the U.S. Central Intelligence Agency. Reference checks vary from none at all to a full-field background investigation by the FBI. Psychological testing ranges from none to several days of clinical testing and psychological interviews.

While all of these are used with the good *intention* of selecting a good performer, many fail to provide the necessary and appropriate information. Perhaps worse, some tools provide misleading information that can cause problems later. For example, psychological assessments can be based on a national database, which sounds reassuring, but if it is a database of *applicants* and not a database of top performers, you still won't know how the prospective employee measures up to industry or organization standards.

The usual information-gathering methods for selection are:

- résumés
- applications
- background checks
- interviews
- auditions
- competency testing
- psychological testing
- probation

Probation[2]

Probationary periods allow managers to catch mistakes made in the selection process. They range from three months to a year—time enough to correct any work-related problems. A short probationary period is not advisable; you need enough time for the "real person" to reveal himself. (Most people can sustain a short period of "good behavior.")

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[2] Interviewing and testing will be covered in depth later.

The most common reason for failure of probation? When management fails to use the probationary time to really assess the new employee and take appropriate actions. If the appropriate performance-management elements are not in place (i.e., orientation, good supervision, training, and performance review) during the probationary period, you might as well have *no* probationary period.

Of course, you will be stuck with an unsuitable employee that you will be reluctant to terminate out of fear of litigation. The problem is often compounded because organizations with poor selection systems rarely have good management processes inside the organization to correct the errors.

Applications, References, Background Checks

A *résumé* is little more than a knock on the door. The hiring organization peeps through the hole and decides whether or not the person is worth bothering with. If so, the person, now a candidate, will likely be asked to fill out an *application.*

Employers often rely heavily on the information put on applications. This is not a good thing to do, for two reasons. An estimated two-thirds of completed applications contain information that is deliberately untrue or misleading—everything from fudging about one's reason for leaving a job to outright fabrication, such as making false claims about positions held or about educational credentials.

The other reason why employers should not place too much reliance on information from applications is that sometimes relevant information isn't on the application, usually because it is not asked for. Sometimes too little space is allowed for the information that is requested, leading the applicant to wonder if the employer is really serious about needing the information. For these reasons alone, an application should be viewed only as a guide to further observations, not a significant source of information in itself. References used to be valuable sources of information, but are now used mostly to verify application information.

The threat of litigation has made everyone skittish about providing information in references—even when it is positive. Many companies make it a policy to just give basic information, such as job title and period of employment.

Failing to disclose is not necessarily a safe course. One insurance company in Tampa, Florida failed to warn another company about an ex-employee who was being considered for a job with the second company. When the person was told things weren't working out, he brought a gun to the office and killed several people. His employer successfully sued his previous employer for failing to give a good-faith reference that would have warned them about the person's instability. This case and others like it prompted several states to pass laws protecting former employers from libel when they give a "good-faith" reference, and holding them liable for negligent referrals.

Reference checks should be done from a "performance" perspective rather than just to get personal information. The previous employer's human resources department is not likely to provide that kind of information, however; before you hire, have a professional or a technician in the hiring company talk with their counterpart at the other company and ask probing and performance-related questions. A note of caution: Everyone who is involved in the selection process should be *thoroughly trained* in not only what to avoid, but in what to look for and how to get it.[3]

Background checks are essential if your organization wants to protect itself from "negligent hiring" suits. Companies have paid millions in damages because employees have committed crimes while on duty. (A pizza deliverer, in one case, raped a customer.) Still, people fail to do background checks—mostly because of the cost and because they don't want to bother. Millions of dollars spent on lawyers but next-to-nothing spent on prevention seems foolhardy, but it is a common strategy.

You can prepare yourself by learning what to expect from background checks. You will run into federal rules and regulations, such as the disclosure requirements for credit checks and the restrictions on criminal background checks. Background checks have nothing to do with job performance, but theft, rape, and other such actions can cause serious problems for a company. Given the rate of inventory shrinkage and its substantial impact on many companies, the costs of damages for employee actions, and the growing need for employees to be away from a central work location or even in people's homes, you should at least perform background checks during the selection process.

There are a number of firms that can check into a person's credit or criminal history, worker compensation filings, and driving record. They can verify past employment and education credentials, and undertake special investigations. A good firm will provide you with instructions and forms that protect you from any liability associated with an effort to gather such information. The cost of such services varies, but about $20 per report obtained through the mail, fax, or email seems to be average. A full background check on a person, consisting of several reports, might fall within the $100–150 range.

Making the Cut

How you define what you do determines, well, what you do. For example, if the goal is just to fill a slot, the selection becomes an essentially low-level administrative process, rather than a critical managerial one. Resources and attention will be minimal. If you are truly trying to get the best person for the job, you will have to compare one candidate with another. While such comparisons will need to be done at some point, it is not a good basis for selection. Hiring and promoting people *should not be a contest among candidates,* but rather a process to find the *person most suitable for a given job.*

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[3] A handy resource for checking references is Edward C. Andler's *The Complete Reference-Checking Handbook* (New York: AMACOM, 1998).

The second fundamental flaw in the find-the-best-person approach is that it focuses on the person instead of on the job itself. The selection process becomes a series of hoops for the person to jump through, or cookie cutter standards when there are a number of applications for a given job. Tests are used to eliminate people and get the pile down to a manageable size. Applicants sometimes figure this out, and decide that the trick is to avoid doing those things that will get them eliminated from any serious consideration by the personnel department (such as failing to provide income history). If the candidate is successful at this, he or she might become a serious candidate. In times when the labor market is tight, these ways of eliminating applicants might be abandoned in order to have as many applicants for consideration as possible. In any case, it all becomes a game, instead of a proper selection process.

One of the problems some organizations experience is that critical decisions are made by the least-qualified people. For example, winnowing the initial stack of job applications generally goes to the most junior person in the personnel department—perhaps even a clerk, or a student intern who does not understand the candidate's qualifications or the responsibilities of the position to be filled. If the search is for a CFO, for example, the checklist for qualifications might read "MBA, CPA, or equivalent." A résumé that indicates a master's degree in accounting might not even make the cut!

One strategy used by many firms is to gather applications and make the initial selection based on their hoops and cutouts, and then present several candidates to operating managers for "chemistry." Selection on the basis of chemistry becomes something of a personality contest, a search for "the person I can work with best." That's fine if you are looking for a golf partner, but when candidates are ordinarily, decent people with acceptable levels of affability and congeniality, "chemistry" is a poor standard for selecting good performers. Many an employer has learned the hard way: "Chemistry" can change dramatically on the job, after a probation period is over.

One way to get a look "inside" a job candidate is through psychological assessments, the subject of Chapter 5.

Chapter 5: Choosing Staff-Selection Assessments

Nothing is so difficult but that it may be found out by seeking

—Terentius

A recent survey of member-companies in the American Management Association found that half of the respondents were using some form of psychological testing of potential job candidates, an increase of about one-third from 1997.[1] Nevertheless, many organizations deny themselves the use of this highly beneficial technology. This is the human-resource equivalent of dentistry with a slow drill.

One of the benefits of modern technology is that it helps us avoid needless pain, and an appropriate assessment, properly used, can be an effective bulwark against labor problems as well as an invaluable part of the information-discovery process necessary for effective selection. We will explore this critical issue in this chapter.

Should You, or Should You Not?

There are three main reasons why employers don't use psychological assessments to assist in selection:

1. They are unfamiliar with them.
2. They don't want to spend the money because they don't understand the value.
3. They are afraid that using tests will trigger litigation.

The remainder of this chapter addresses the issues of knowledge and value, but first we must offer some reassurances to those concerned about risk:

The primary purpose of many workshops offered by labor attorneys or human resource consultants seems to be to scare the dickens out of employers. While there are certainly things that have to be done correctly, employers must keep in mind that the objective of hiring is not just to stay out of trouble, but to get good performers! Psychological assessments can help employers stay out of trouble in several ways:

1. A properly validated psychological assessment provides the *only* documented, objective evidence one can get of a person's suitability for a position. In a lawsuit, it is good evidence to have.

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[1] Reported in Linda Micco's article, "Personality Tests on the Rise for Job Candidates," *SHRM News Online* (July 7, 1998).

2. Perhaps 90% of the lawsuits against employers are brought by *present* or *former employees,* not by rejected job applicants.
3. *The government has approved the use of selection assessments* if they are:
   valid and reliable
   job-related
   used consistently
4. People from different cultures do indeed vary in work ethic, honesty values, and sense of obligation or commitment to a job. This does not mean you can deny employers the right to obtain critical *job-related* information from psychological assessments. There is a possibility of lawsuits and related legal costs, but the direct and indirect costs of bad hires are certain. If a company has gotten itself in a position where it is being scrutinized for its hiring practices, discriminatory practices should be addressed and remedied in some way other than through blind hiring. (If you know who you are hiring, you are in a much better position to act than if you are ignorant.)
5. *Failing* to use assessments that would have helped prevent hiring, say, the pizza delivery man who raped a customer in her home, can constitute "negligent hiring" and subject the employer to punitive and actual damages.

It is difficult to get good advice concerning psychological assessments. Human resource professionals are often threatened by them or want to avoid the extra work, so they find reasons not to use them. Attorneys who are ignorant of relevant case law simply advise against them to be on the safe side. Industrial psychologists might not be familiar with all the assessments available, or might be looking for opportunities for continuing revenue. The better assessments today are so sophisticated—much of what an industrial psychologist offers an employer is unnecessary.

Good Tests, Bad Tests

The Equal Educational Opportunity Commission questioned the validity of all testing in the late 1980s. There were a number of cases about some testing instruments, such as those for IQ. Even objective information such as an individual's criminal history has been found to have an "adverse impact" on some people, and cannot be considered *before* making an offer of employment.

There are a number of unreliable and poorly validated assessments on the market today, and you take a risk if you use them. None of them provides 100% reliability, but a reliability of 0.75 or better is best. Imperfect reliability is why background checking and interviewing are also critical to effective selection.

Be skeptical about any selection instrument that claims to show those areas in which a candidate can improve with training (conveniently supplied by the testing vendor). A good selection instrument tells you about the aspects of a candidate that are *unlikely to be changed* by training and incentives. There are a variety of instruments that can tell the manager those areas in which a person *can* improve once they're on the payroll, but those things that management cannot fix will be a constant source of problems.

Testing is one of the fastest-growing industries in the country, and most Fortune 500 companies, in fact, use some form of psychological assessment. The fundamental point to remember is that validated assessments for the work to be done are appropriate for selection purposes, and the law provides for their legality.[2]

Skills Testing

An employer should test at least for the skills a person claims to possess. It is amazing how many employers take the word of job candidates that they can use, say, Excel™ or fix engines or even manage people, without first doing some testing of their actual abilities. People are often hired on the basis of their skills, but when they're put to work, the weakness or lack of skills becomes apparent.

Technical skills can be tested rather quickly and easily. Your technical staff should be part of the selection process. Simulators, practice under controlled circumstances, or just a "walk through–talk through" can reveal a person's range and depth of knowledge and skill. Wonderlic, Harcourt Brace, and other publishers put out a variety of tests for clerical ability, dexterity, and basic educational skills. It's a good idea to try several *that are valid for the work expected* to see which ones you prefer. One option is to have your own good employees devise and assess any skill test.

Psychological Assessments

The organization that wants to use *psychological* assessments will face a more challenging task: selecting one that is appropriate. While there are a number of good assessment instruments on the market, there are also a number that should be avoided because they are (a) not validated for selection purposes and can get you in trouble if you use them, or (b) do not provide you with the kind of information you need. *Validation* concerns whether an instrument measures what it claims to measure; *reliability* concerns how well it measures.

Some instruments are quite effective, but they can be used only in a *clinical* setting and by licensed psychologists. One such instrument is the Minnesota Multiphasic Personality Inventory (MMPI), which can detect pathologies such as pedophilia or kleptomania. If an employer has this information, however, it is likely to constitute an invasion of privacy. Other employers, such as those in child care, might find the MMPI of value, but clinical assessments are unnecessary for most employers. Proper *occupational* assessments are what is needed.

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[2] Section 703(h) of the Civil Rights Act of 1964, Title VII, provides that: "Notwithstanding any other provision of this subchapter, it *shall not be an unlawful practice* for an employer . . . to give and to act upon the results of any professionally developed ability test provided that such test, in administration or action upon the results, is not designed, intended, or used to discriminate because of race, color, religion, sex, or national origin." Those who want to read further on the government and occupational assessments can refer to the U.S. Department of Labor, *Testing and Assessment: An Employer's Guide to Good Practices,* 1999.

A great many people use the Myers-Briggs Type Indicator (MBTI), so a special note is required: The MBTI is an inappropriate assessment for selection purposes (and the company makes that clear). Still, the MBTI holds such sway within some circles that the belief in its efficacy for all things human seems almost cultish. One large human resource consulting firm uses the MBTI and a 360-degree *behavioral style* assessment in its hiring process, no doubt not realizing that this use is illegal. Nor can any of the DISC instruments be legally used this way, such as those offered by Carlson Learning, Performax, or HRD Press. One DISC instrument is being offered for selection purposes, but that is because of a fluke in the language of the law. These kinds of assessments are discussed more fully in Chapter 11 as tools for coaching.

Legal jeopardy is only one problem with using such tests. Another is that people can fudge. For example, if an applicant knows that the organization is committed to team processes and the question concerns a preference for working alone or working with a team, it does not take a rocket scientist to figure out which answer is best. The good assessment includes a distortion scale that reflects any inconsistencies or lack of candor—in other words, a "lie detector."

There are a number of validated instruments on the market, such as 16PF, Caliper, Predictive Index, and TotalView Assessment, that can be used with confidence.[3] If you have a question about the validity of any test, the company's industrial psychologist can review the test's validation study and make recommendations.

Character Assessments

One particular type of assessment focuses on theft and a tendency toward substance abuse: what is commonly called an "honesty" or "integrity" test. Some of these tests, however, cover wider aspects of character, attitude, or values: The Wonderlic Employee Reliability Inventory, for example, claims to be able to detect potential problems in job commitment, conscientiousness, safety, integrity, substance abuse, and rudeness. Bigby offers the SELECT Survey to assess a person's attitude about honesty, reliability, and work ethic. Example 1 provides a sample summary report.

When considering such assessments, bear in mind that some are more reliable than others, some provide more useful information, and some are more user-friendly. Also, while all might be valid, some were validated with data from polygraph tests, which are of questionable reliability.

The strategies for such assessments are to (a) get the subject to admit or make statements about past behavior and (b) ask probing questions that reveal improper or undesirable attitudes. Admissions questions need to have the nod from the EEOC, and the attitudinal part must be validated. An admission question might ask: "Have you ever been convicted of a felony?" An attitudinal question, for example, might ask for a response to such statements as: "There are some things I don't like about myself."

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[3] A good review of available occupational selection assessments can be found in R. B. Morgan and J. E. Smith, *Staffing the Workplace* (ASQC Quality Press, 1996, Chapter 8).

People who look at these integrity assessments for the first time are often dubious because they can't believe that anyone would actually answer them honestly. Some of them do seem a little obvious, but keep these three things in mind:

1. The tests are validated, so they do work.
2. The assessments have distortion scales, so attempts to fool the test can be detected.
3. The people who steal, use drugs, and goof off tend to hang around with likeminded others that do likewise. They are more apt to believe, for example, that "everyone steals."

Example 1: Character-Assessment Report Summary

SELECT for Call Centers-Inbound Service

Survey Results for: Suzanne Sample
Test Date: 3/17/00 1:30:22 PM
Region: North

ID: Z1376000
Organization: Utilities, Inc.
Area: NY

Random Response: —

A check for random responding. If Invalid, the candidate could not or did not read the test well enough to avoid responding randomly, and these results should not be used.

Random Response	Valid	Invalid
—	X	—

Integrity Index: —

A measure of the candidate's attitudes about personal integrity and work ethic.

Score: 11	Avoid	Okay	Better
	—	X	—
	0–8	9–11	12–13

Performance Index: —

A measure of the traits associated with successful performance in this job.

Score: 17	Avoid	Okay	Better
	—	X	—
	0–15	16–22	23–34

Who's Handling the Money?

Some employees can be trusted with your life, while others should not be given any opportunity to steal. I once talked with a client who owned several Burger King franchises. The client said that testing would not help because he had to hire just about everyone who walked in the door. I suggested that this was even more reason to give people an honesty test. For one thing, it would help reduce his turnover. More importantly, it would let him know which people to put on the cash register and which ones to have picking up trash in the parking lot.

Each test costs only about \$15–\$35, well within the reach of just about every employer. An honesty test would save them a great deal of money: If a worker looks unsuitable at the outset, you will save considerably in staff time and money. If a person scores low on the substance-abuse portion, you will save on drug screening, which can only detect what a person has used recently, rather than their basic tendencies. Add to these things the savings in shrinkage, turnover, safety problems, customer loss, product defects, and wear and tear on supervisors, and these tests are a bargain.[4]

Much of the interviewing and reference checking is designed to provide *clues* about the qualities of a person. It is much more effective and practical to test directly for those things we want to know.

Performance Potential

Every employer wants to hire people who are honest and who possess a strong work ethic, but another critical area needs to be assessed: competency. A person must have certain aptitudes, be diligent, work well with others, be able to plan, be calm under pressure, and so forth. In other words, the *whole person* must be able to perform the work, and fit into the organization. He or she must also be able to *grow* in the job because performance expectations today are always changing, and successful operations always need people who can be promoted.

When I was in school studying communications, a famous director visited and shared his wisdom of the trade. When asked what the single most important part of his job was, he answered:

> Casting. If you get that right, everything else is fairly easy. It just flows from the natural qualities of the characters. When you cast someone who is not right for the role, everything is a struggle—for the actor, for all the other actors, and for the director. The audience will know, as well. You have to get the right person for the role.

One could make the same case for hiring and promoting. If a person is naturally suitable for the job, things seem to flow naturally. When a person is not suited by talent or temperament, it can be

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[4] Honesty and integrity assessments are restricted, to the best of my knowledge, to *applicants* for employment, and cannot be used on present employees.

a struggle to get ordinary things done. If you are looking for a CFO, you must be able to differentiate between a glorified bean counter (who might make life miserable for operating managers) and a true financial manager, who can wisely employ assets for optimum value-creation.

Several years ago, it was reported in the news that a moving company required all its moving-van driver applicants to take an IQ test. Those who scored above 100 were not hired. The thinking was that if a person is too smart, he or she will get bored and distracted on long, monotonous trips. This was the right idea, although it was the wrong test. It is absolutely critical that a person be suited for a job by aptitude, interest, and personality if you want them to do a good job *and* stay with the company.

Fortunately, basic psychological characteristics (which do not ordinarily change much after one's later teen years) can be largely determined through testing. This means that once a person is assessed, that information *can be used to consider future decisions* in promotions and job transfers: The cost of the assessment can be amortized, thus saving company dollars throughout the tenure of the employee.

What critical information areas should an assessment provide? Basic abilities, motivational interest, and personality.

1. *Basic abilities* refers to a person's capacity for solving some kinds of problems, and potential for learning. It is generally measured in three areas: ability to think numerically, linguistically, and spatially/mechanically. If the problems presented in a given assessment are timed, then you can assess how quickly they are likely to solve problems dealing with numbers, language, and spaces and shapes. Sales people generally do not have a high need for spatial thinking unless they work in, say, an office-furniture department. Pilots, mechanics, and firefighters, on the other hand, need good spatial abilities.

   Most instruments test only personality—an important area, but by itself, an inadequate indicator of performance potential. Basic abilities and motivational interest are equally important. One study found "no significant or consistent patterns" among executives assessed through the use of several personality assessments. The significant common element among executives seemed to be that "they thought much faster than anyone else" (basic ability).[5]

2. *Motivational or occupational interest* has to do with a person's satisfaction in working with people, data, or things. One of the most common mistakes people make in their careers, according to an article in *Fortune,* is basing their career choices "on their aptitudes rather than their interest."[6]

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[5] Lewis R. Stern, Ph.D., "Five Types of Executives in Search of Coaching," *The Manchester Review* (1998, Vol. 3, No. 2).

[6] James Waldroop and Timothy Butler, "Finding the Job You *Should* Want," *Fortune* (March 2, 1990), 211–213.

If you are not aware of a person's basic motivational interest, get ready for problems. A leasing company hired an accountant who came with glowing recommendations from former employers, a pleasing personality, and demonstrated technical skills. She seemed like a perfect hire; the company gave her her own office, which allowed her to work undisturbed by the noise and bustle of the rest of the office operation. Within weeks there were problems in her performance. She seemed to spend too little time at her desk and too much time visiting others in the office or in the break room.

When tested, the newly hired accountant was found to have a very strong interest in working with people. In her old job, she was busy greeting customers and interacting with other employees. The problem was solved by changing her work space so that she could have more interaction with people, and she became the fine employee the company hoped she was when it hired her.

3. *Personality* refers to how we behave in various situations. It is typically measured in five dimensions: emotional stability, extraversion, openness to new experiences, agreeableness, and conscientiousness. These, in turn, are often broken down into subcategories like restlessness, assertiveness, and self-sufficiency. Personality testing is a well-established area and the tests are usually quite effective. People can "fudge" on some instruments, however—exaggerating their assertiveness if they think that the employer favors that quality, for example.

   Again, deceitful or noncommittal answers should be detected by "distortion scales," which will tell you if the test for that person is valid. Interviews and background checks should reveal where an individual was less-than-candid, whereas personality assessments identify personality *traits* and basic tendencies —not *states* or conditions exhibited at any particular time.

Basic abilities testing suggests *if* a person can perform on the job; *motivational interests* testing suggests if they *will* perform; and personality testing suggests *how* they will perform within a given work situation. Psychological testing provides only partial information that assists and augments interviews; it does not replace interviews. The question of what to do with the assessment information once it is gathered is the subject of the next chapter.

Chapter 6: Using Selection Assessments

And diff'ring judgments serve but to declare
That truth lies somewhere, if we knew but where.

—William Cowper

Information-gathering is only the first step in making an assessment of a candidate's performance potential and likelihood. Next, you must compare the candidate to the standards you have set up for the position. This is frequently the weakest part of the assessment process. Four strategies emerge:

1. a review by a psychologist
2. a review by someone other than a consultant
3. a comparison of the candidate to people in a database
4. a job/performance profile comparison

Psychologist review. A number of companies use assessments that must be sent off to a psychologist for review. Ordinarily, this is not necessary because much available software is quite sophisticated. Also, there is often little psychologist-review anyway, and the reports an employer receives from the "psychologist" are software-generated as well. While a psychologist can be helpful if you are looking for pathologies (critical in law enforcement and some social agencies), do question their value for identifying good employees from among ordinary and seemingly qualified people. Some psychologists have absolutely no experience in the real world; their understanding of the workplace is about as thorough as mine is about the Australian outback—I saw Crocodile Dundee and a show about kangaroos on PBS.

Lay review. Another strategy is to provide the report to the employers and let them figure out what it all means. One is then faced with such information as: "Joan likes to work alone but can work well as a team member." Now, what? You are describing 80% of the population! Sometimes the truly egregious report, such as: "Joan is a loner and hates being with other people" makes a decision easy, but most people are pretty ordinary, and that information is not especially useful.

Database comparison. There are a number of national databases for comparing an applicant to others in the field. This seems like a good idea at first (and it is certainly better than no comparative information at all), but it might be a database only of people who have been *tested*, such as applicants. You want to be able to compare the individual to those who have demonstrated high performance. If that is not what is in the database, it is not likely to be of any help.

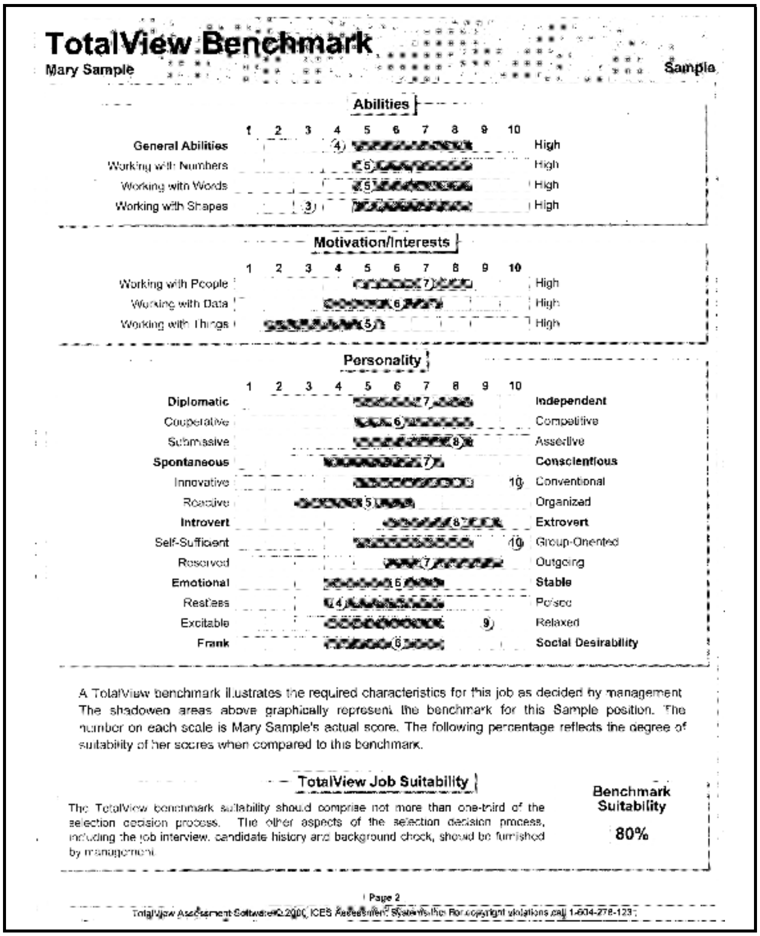
Also, a national database obscures important differences among geographic regions, products, and corporate cultures. The database for nurses, for example, might not show the great differences between nurses who do well in emergency rooms, or in intensive care units, or in home healthcare, or in administration. Still, a well-researched and validated national database can be a useful gauge.

Job Matching

The only real purpose of a psychological assessment is to help the employer predict a person's performance in a specific job in a specific organization. Therefore, the only really useful measure of an assessment is how well it matches a person to the job and organization. By this standard, there are few assessments that provide highly useful information. Some assessments, such as the OmniaProfile™, allow the employer to describe the kind of person they think is most suitable for the job, using a selection of adjectives. The instrument then asks applicants to describe themselves using the same words. These two sets of answers are then compared.

The best approach, in my opinion, is to establish a benchmark by assessing the top performers in the position you are filling, to use these scores to establish a high-performance benchmark, and then to compare the candidate with that. Of all comparisons, this seems to provide the most useful, valid, clear, and direct job matching potential. Example 1 shows the summary page of a TotalView Assessment, with the benchmark represented by the bars and the candidate's score represented by the numbers. Note the job suitability indication at the bottom.

Example 1: TotalView™ Sten Graph



How will a person perform in a team environment? In a traditional environment? How well does a person work on his own? Can she close as well as generate leads? Those questions are critical, but if you take the top performers in your job and work environment as the standard, you'll have the answers.

One of the benefits of a good assessment is that it goes beyond providing good information for selection. It can be an invaluable asset for managing in general. The president of one construction company who was assessing his managers in order to establish a "performance profile" took a look at the scores of one of his project superintendents.

> "This explains it," he said.
>
> "Explains what?" I asked.
>
> "It explains why this guy is working 80 hours a week and can't get the job done. His wife says she is going to leave him if he doesn't start coming home."

The scores of a TotalView Assessment told the rest of the story. The superintendent scored a "3" in numerical aptitude (out of a possible 10) and a "3" in motivational interest in working with data. Here was a person who did not like working with numbers and probably procrastinates until the last minute, and takes a long time to finish this kind of work. A person with a high aptitude does that kind of work quickly, and a person who enjoys it does not have to be pressured to do it. It is no wonder that this project superintendent worked long hours on construction projects.

The company president immediately began searching for someone with appropriate scores in these critical areas, and sent the right person to assist the superintendent, thereby solving the problem. Without that kind of information, however, the company would have had to deal with training, enticements, threats, etc., to no avail. Still (and this should be emphasized), had that information about aptitude and motivational interest been available when the person was being considered for a project-superintendent job, the decision to hire might have been different.

The information gathered by the instrument you have chosen must then be compared to some performance-related standard if it is to have any assessment value. The best standard, in my judgment, is that derived from one's best performers. One long-distance service corporation found that candidates for sales positions with a 75% or less job-match usually did not do well, while those with an 80% match typically did 200% of their first-year quota. Sales people who had an 85% match, according to one company's data, outsold those with a 75% match by 500%!* When you match candidates against top performers, issues of management style, organizational culture, etc. become less important; it is the top-performer types who are, in most cases, the kind of people that you need and want for the future.

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* From proprietary corporate reports.

Other Assessments

There are other ways of getting information about a person. Some employers use handwriting analysis, one of several *projective analysis techniques* that also include well-known (although not so well understood) methods as the Rorschach test. It is not difficult to forge a signature; it is mostly drawing. It is much harder to change your handwriting. You would have to (a) know what to change it to, (b) have tremendous control for an extended writing sample, and (c) think about your handwriting and what you are writing about at the same time, which is nearly impossible.

In other words, it is very difficult to manipulate one's handwriting. Handwriting analysis is controversial, but my experience is that each time other observations suggest a conclusion different from the handwriting analysis, the handwriting analysis is always correct. Keep in mind, however, that handwriting analysis is difficult to defend in court, and there are a number of better alternatives.

Assessment Centers

Organizations with enough resources can establish what is called an *assessment center*. This is not so much a place as a set of established methods and processes to assess candidates. These can include fire-fighting skills for firefighters, "in-box" problems for prospective managers, and even psychological assessments as described above. The various tests used in assessment centers must prove their validity, as any other. Consider also the critical question of whether or not they will help you select the best candidate: The more technical the test, the more clearly applicable an assessment tends to be.

There are firms that can help organizations set up assessment centers, although these services can cost hundreds of thousands of dollars. Any organization can develop its own assessment center by simply taking a systematic, rational, and competency-based approach to its selection assessments. While the burden and cost of a comprehensive assessment center can be high if done all at once, it can be created in stages quite reasonably. This requires strategic focus, good planning, professional expertise, and commitment by management. The payoff, however, can be great.

Making an Assessment Decision

All this might be new material for most managers, and not easily grasped at first reading. Here are some critical summary points:

Psychological instruments should provide good information and be legally safe. Look for these critical factors:

1. *Validation*. Does the instrument measure what it purports to? Are the validation reports and technical manuals full and complete, or are you given a one page photocopy with little information? Validation is probably the easiest to demonstrate because many tests measure

those same characteristics. For example, DISC, Myers-Briggs, and other "quadrant" assessments will always find that people fit within the four factors that the assessment purports to measure.

2. *Reliability.* How well does the test measure these factors? If a person takes the assessment twice, is he or she likely to have the same result? Some instruments have a high validity, such as the TotalView Assessment, while others have low or even no reliability, not withstanding their popularity.

3. *Job-relatedness.* Is the instrument valid for the position being addressed? Does the instrument provide inherent validity for the position, or do you have to support it with a validation study of your own? If so, this will cost you in time and effort, and it will be risky. Job-profile comparisons using good performers already doing the work minimizes the interpretation required between the kind of person you want and the person you are considering.

Once you have identified some effective and safe instruments, there are a number of other considerations:

1. *Coverage*—Does the instrument cover aptitude, basic interests, personality, values, and other things about a person that you need to know?

2. *Informational value*—Is the report useful, containing comparative or expert information that helps the interviewer or assessment team?

3. *Job matching*—Does the information relate directly to the job competencies, as manifested by good performers?

4. *Timeliness*—Is the information immediately available in minutes, or does it take days?

5. *Administrative ease*—Can the test be self-administered? Can it be scored by a clerical person? Or does it require a high-priced manager or psychologist? Can the information be sent to or retrieved from remote sites easily?

6. *Costs*—Are the costs high (more than $150), moderate ($75–$125), or cheap (be suspicious of this one)?

7. "*Fakebility*"—Can a person fudge the answers? Does the instrument have built-in "lie detectors"?

All psychological assessments take a snapshot of essentially the same thing—a person's behavior, for example. Some assessments (DISC, Myers-Briggs, Insight) are "self-reporting" assessments in which the person expresses a preference. That preference can be situational, or simply false. If done in good faith, however, the assessment will reveal something about a person's behavioral traits. Because they are self-reports and thus manipulable, their trustworthiness is questionable.

The more comprehensive and sophisticated assessments, such as the TotalView, look at the same person but in a more valid, reliable, and informative way. It is like moving from an X-ray to a CAT scan to an MRI. At each level, the newer, more sophisticated technology provides more and better information. The employer must decide the relative cost of an assessment versus having an unsuitable employee, but in most cases, even a relatively high investment costs only a fraction of the cost of hiring an unsuitable employee.

Objective information about assessments is hard to find. Industrial psychologists and other providers argue that their assessment is the one you should use. Human resource professionals and labor attorneys typically lack good knowledge in this area, although they can provide some information. Perhaps the best approach is to develop a list of potential suppliers from the Association of Test Publishers or the International Personnel Management Association Assessment Council** and then invite potential suppliers to make a presentation on their instruments and provide a proposal detailing estimated costs and the support services they provide. Service should be a key consideration.

What assessment do you need? The answer lies in what you need to know about a particular candidate in order to make your best prediction. Don't just throw assessments at a candidate: Have an assessment strategy that fits with the overall selection process. For example, if an initial candidate applies for a position and looks promising on the application, conduct a brief initial interview and do a character assessment. If all goes well, the candidate can then be given a more comprehensive job-suitability assessment and a more in-depth interview. That way, the information is always there for the interviewer, and the company can consider the candidate at the most cost-beneficial level.

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Chapter 7: Using Interviews to Predict Performance

Character is what a person is in the dark.

—Dwight Moody

Résumés, applications, and background checks are all geared toward one thing: preparation for the interview. This is the time for managers and human resource staff members to match wits with the candidate, and the time when the selection decision is typically made. The number of unsatisfactory hires is reflective of the quality of the selection interviews, and far too many are poorly handled. The odds of selecting a good performer in a typical job interview are as good as flipping a coin.

People tend to deliberately beef up or misrepresent the facts on an application or a résumé, and during interviews. Background information and even the best psychological assessments, reliable 75%–83% of the time, require a more complete and accurate picture that has to come chiefly through focused, probative interviewing. These are what an employer must use to obtain information; the trick is to optimize the chances of a suitable hiring or promoting decision by using them well.

Judging People

The owner of seven wine stores and a restaurant was bemoaning the quality of his store managers. It seems that they were drinking up his inventory, failing to sell the wine energetically, and letting the stores get dirty and littered. They often came in late or failed to show up. The job application he used was basic and he was not inclined to do any reference checks because "people never tell you anything anyway." He hired his store managers based on interviews alone because, as he assured me, "I'm a good judge of people."

Who *doesn't* think they're a good judge of people? The object of the selection process, however, is judicious prediction. Managers tend to select a person by "judging" all the others as somehow unfit. If for some reason the person selected does not take the job, the organization has to start the search all over again. If your hiring is based on personal attributes rather than performance competence, you're going to have problems.

An interview is often nothing more than getting acquainted with the interviewee and telling the candidate about the job, the company, or yourself. I estimate that in a typical interview, the interviewer does 80% of the talking. That, of course, is not much of an interview at all. An alert candidate need only listen for clues as to what the interviewer wants, act like he or she is listening, and laugh or nod in solemn agreement at the right times.

One reason interviewers talk so much is that they ask closed-ended questions, such as “Have you ever had to deal with a difficult customer?” After the yes or no response, nothing else is required of the candidate, so the interviewer starts to talk because he is nervous or does not know what else to do. An open-ended question, such as “Tell me about a time that you satisfactorily dealt with a difficult customer” gets the candidate talking and revealing his or her personal history and perceptions. You are able to assess his or her ability to think and articulate.

Getting Fooled

Companies end up with sociopaths because someone relies too much on “chemistry.” These people are experts at manipulating those they choose to charm. By looking intensely into the interviewer’s eyes and saying what they sense will please the interviewer—in general, looking like the kind of person who can get along with everyone—the destructive and self-serving parasite introduces himself into your organization.

Once in, sociopaths are hard to spot, unless you work for one. They continue to charm those they need to (such as superiors) and batter those they do not (such as subordinates). When they sense the existence of a competitor or other kind of threat, they can be particularly vicious because, by definition, a sociopath has no sense of remorse. When problems come up, it is never their fault and, in fact, many others will take the fall before management finally wakes up and begins to deal with the sociopath. Many times such people are never really identified, and management realizes the true nature of the problem only after major harm is done. The organization might be saved if the sociopath leaves for a job elsewhere, but it will certainly be damaged to some degree.

Any candidate can go to an interview more prepared than the interviewer. Aside from the obvious things (such as asking for reading material about the company), a candidate has access to shelves of advice from books, magazines, and professional training sessions. Information is readily available about how to act, dress, and respond to questions. Some magazine articles share the most commonly asked interview questions (“Tell me about yourself”) as well as the answers. Unprepared interviewers can find themselves at a serious disadvantage.

Sometimes organizations are handicapped by their fear of violating the rules of the EEOC and the ADA, and other federal laws and regulations. Interviewers don’t ask all the questions they need to ask to get the kind of information they need to make a good decision. When a “protected” person is selected and later found unsuitable, however, it only gets worse. Certainly, an organization has no business getting into aspects of a person’s life that have nothing to do with job performance, but there are legitimate areas relating to job performance where you must be diligent and thorough.

Predictive Interviewing

Performance Predictive Interviewing makes use of a set of questions that seek information indicative of a person's suitability for the expected performance. These questions emanate from and are integral to the entire selection process, which, as we have discussed, has the following elements:

Performance Predictive Process

Once you have identified the expected performance and the required competencies, the next step is to assess a person's competence in the desired areas. For example, if one of the requisite competencies is to deal with difficult customers, find out whether the person listens and articulates well, is alert to the needs of others and is able to control their emotions, and so forth. Open-ended questions about a person's experience and observations can be quite informative. Properly done, Performance Predictive Interviewing is the next-best thing to observing a person on the job.

Competency indicators such as clarity of expression can be listed on an interview checklist and noted with a numbered rating scale for "very good," "acceptable," or "unacceptable." Using numbers allows you to do totals and averages—useful when there are multiple interviews, or when you need to compare candidates and build a database. *Very good* tells you the person is a strong candidate, at least in that area, but *acceptable* tells you they can do what is required. Keep your ratings simple. The scores are only indicators, not conclusions. They are to guide, not determine. In some cases, "acceptable" can be a better indicator of a person's performance on the job than "outstanding."

Interview Form

The interview form should also have some *attached* explanatory notes indicating what the interviewer observed that caused that rating. A note of caution: Evaluative notes must be kept separate from the interview form since these are speculative, have the greatest danger of being prejudicial, and, therefore, can get you into trouble if there is a lawsuit.

An interview form might look like this:

Example 1: Sample Interview Checklist

Performance	Refer customers to appropriate service representative.		
Competency	**Question**	**Score**	**Notes**
1. Poise under stress	Tell me about the worst customer you ever had, and how you handled the situation.		
2. Able to respond positively	Suppose the customer service representative tells you that she is busy and that the customer should call back later. How would you handle that?		
3. etc.			

An interview checklist makes it easier to conduct multiple interviews because you can use notes to compare applicants. When people discuss a candidate, they will be talking about the same performance expectations and competencies that they agreed on. The organization is actually developing itself when the staff collaborates on what various competencies mean in practice, and in fact, competency clarification is good practice even outside of the selection process.

The interviewer must insist on specific descriptions. “She was pretty upset” is not as good as “She stormed into my office with the pink slip in her hand, leaned over my desk, and called me a . . .” While no one speaks quite that precisely, you get the idea. Candidate answers should be specific and complete enough that hearing it described is tantamount to being there. If necessary, ask for details, such as “Were there other people in the room?” “Were you both standing?” This will give you a better feel for the event and help the candidate recall what actually transpired. It will also help you recognize when someone is lying.

Non-Verbal Messages

People repeat more than information—they also convey messages that reflect their inner psychological states. While we might pay attention to a sincere behavior, there are always inadvertent and subconscious actions that take place outside the conscious control of a person. A good interviewer knows how to read these messages. Understand, of course, that the candidate being interviewed might be doing the same thing.

Ask any person who has been sitting for a while if he feels his feet. He’ll invariably say “yes.” The real answer is “yes, now” because he is now paying attention to the nerve impulses; before, he was oblivious to them. The subconscious has now become the conscious. A person can only attend to so much of his behavior. In doing so, he hands over control of other aspects of his behavior to the subconscious. That is why non-verbal messages are so revealing to the alert and knowledgeable observer—they are messages that a person is not presently controlling. Conversely, the observer who focuses on one aspect of a person's behavior, say speech or dress, tunes out the others.

In a way, "nonverbal" doesn't do justice to this great symphony of messages that provides volumes of information about what a person is thinking, feeling, or subconsciously experiencing. Most of us gather such messages automatically, subconsciously making assessments of a person's handshake, tone of voice, dress, automobile, eating habits, line of work, and so on. From these messages, we subconsciously develop a "feeling" and consciously size-up the person regarding such things as intentions or social status.

Every intended, deliberately provided piece of information is embedded in a matrix of behavioral information: an application comes with a certain way of writing or printing, a degree of neatness, and a level of completeness, as well as data on age, race, or gender. Thus, a simple application contains far more information than the specific application data contained within it.

Message Sources

The interviewer, however, must approach such observations on a more deliberate and focused basis in order to gather the most important information in a limited amount of time. That requires some understanding of the kind of information available to the observer and where to look for it. Three kinds of nonverbal behaviors are of particular interest to interviewers:

1. *Physical behaviors*
   a. Eye movements or gazing behavior
   b. Facial movements or expressions
   c. Hand gestures
   d. Body movements
   e. Use of space

2. *Co-verbal behaviors,* such as clearing the throat, rate of speech, emphasis, laughing
3. *Artifactual evidence,* such as body adornments, grooming, style of dress, or handwriting

You can observe nonverbal behaviors and assess whether or not the candidate is likely to be suitable. A person with a tongue ring might be quite suitable in one environment but not in another. On the other hand, a person who seems too fastidious or fashionable might not fit into a casual work environment. What you are looking for is "normal" behavior for your work situation, so be alert for whatever appears to be outside those bounds.

Spotting Deception

You can also pick up clues regarding possible deception, such as whether the person stares intensely at you or avoids making eye contact. A person who tends to avoid your gaze is probably a basically honest person simply anxious about the interviews; a person who looks at you too steadily could well be a sociopath who is trying to look honest. A person generally becomes more manipulative and less informative when trying to deceive.

The polygraph test is based on physiological reactions. If a person is “anxious” about a question, there will be slight but detectable changes in heart rate, respiration, and galvanic skin responses. Anxiety can cause “dry mouth,” a clue that led to an unusual form of lie detection in Africa during the 1950s. Government agents would visit a village in search of Mau-Mau guerrillas and their sympathizers, line up suspects, and then ask them if they were Mau-Mau. The blade of a white hot knife would be placed on the suspect’s tongue and if the person was lying, the anxiety would make his mouth dry, and the knife would burn his tongue.

Gazing behaviors like gaze avoidance can indicate anxiety, but do not necessarily mean that the individual is lying. The anxiety can come from a number of problems, such as combat trauma or physical conditions such as light sensitivity, or can perhaps even be a sign that the person is in desperate need of a job.

Subconscious behaviors reflect that something is going on inside; they provide clues to areas you would like more information about. Changes in handwriting on an application, for example, can tell you that a person might have moved from providing facts to fabricating lies about themselves. A messy area might mean that the applicant changed his or her mind about telling you something.

The mind and body are in reality an orchestra. Understanding the music requires us not just to hear the various instruments, but to understand how each part contributes to the whole. The object of the interviewer is not to make simple-minded observations, but to use each piece of information as a piece of the puzzle. Subconscious non-verbal messages and other body language help the interviewer make determinations that simply cannot be made any other way—they help us assess such things as humor, mental toughness, and candor.[1]

Team Interviewing

You will make a better candidate selection if you involve the people who are impacted by the eventual hire’s performance. These are the people who are most likely to know what kind of person the job needs and, therefore, they are most likely to focus on the things that are important. Interview teams are not common practice primarily because it seems a needless expense and bother. It would, however, be a smart investment. The best organizations have them.

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[1] A very readable resource for picking up on nonverbal cues is Joseph Allan Dimitrius’s *Reading People* (New York: Random House, 1998).

Many times the interviewer will not be the candidate's supervisor. Indeed, frontline supervisors are often introduced to new employees only when they show up for work. Human resource people should require certain information from their internal clients, and the clients should approve what human resources is looking for and how they go about it. If, say, operations and human resources are at odds about issues such as the ADA, then management needs to get such issues resolved in a way that respects the law and serves the needs of the organization.

Peers are often harder to fool and are usually more concerned about co-workers than managers are.[2] Having other people involved in the hiring process is not likely to be burdensome unless there is a significant turnover in staff, which would probably reflect a *lack* of employee involvement. Remember: bad hiring and promotion decisions cost more than good prevention.

To be successful, team interviewing requires two things that a single interviewer might (but shouldn't) neglect:

1. *Agreement on what you are looking for.* The process of agreeing on performance expectations and requisite qualifications, and how you will determine a person's potential is, in itself, a highly beneficial process for an organization. If there is disagreement on any of these, it must be identified and resolved: otherwise, it will eventually surface in the form of other work problems.
2. *Clarity about work expectations.* Interviewers *must* have all the pertinent information in order to know where to focus the questions. All of the background information, assessment results, and other information should be available *before* the interview, in order to plan and control the process. No one is ever good enough to make it up as they go along.
3. *Structure in the interview.* While every interview should be somewhat flexible so you can follow promising trails as they appear, some areas are germane to the job and company performance needs. These factors must be addressed: ability to handle stress, quickness in grasping ideas, recollection of related experiences, ability to articulate instructions, etc. Ask probing questions that prompt related responses. If these are critical areas to job performance, they are more important than any other questions.

   A structured interview form should contain a list of critical questions along with the kind of information they should elicit. Categorize the questions (leadership, communications, etc.), and have a standard rating scale for the answers (e.g., 1 = poor, 2 = good, 3 = outstanding). Various interviewers can use the same scale and set of factors to compare notes and impressions.

[2] For those *Leave It To Beaver* fans, think Eddie Haskell.

Integrated Predictive Process

A good interview process is not enough. It must be combined with psychological assessments and performance-focused reference checks to provide a fairly complete and accurate picture of a person's typical and likely performance. Here is an example of how the information from the three sources fit together to form an assessment of a candidate's customer-relations abilities:

Performance Suitability Assessment

Psychological assessment results	Candidate interview questions	Background/reference questions
Able to handle most setbacks with calmness and ease Able to remain objective in all but the most difficult work-related situations Relaxed and easy-going, while coping well with most work-related pressures.	Tell me about the worst kind of situation you faced when working with customers. *or* What was the worst kind of customer you had to deal with at Ajax? How did you handle that? *Honesty test:* Who might I call at Ajax to verify that?	Did Ms. Jones work with customers frequently? Were there times of considerable stress in this work, such as a large number of customers waiting for service? How did she deal with irate customers?

While psychological assessments can provide critical information about a person's abilities, interests, and personality, most workers are hired only through interviews and background checks. A lousy interview process is no better than flipping a coin, and most background checks only serve to verify information that a person has supplied. When all of these are done properly and combined, however, an employer can acquire the best available picture of a person's suitability for a particular job in a specific organization. Given the many ways a poor selection can hurt an organization, why would anyone do less?

Chapter 8: Establishing Performance Expectations

The first responsibility of a leader is to define reality.

—Max De Pree, CEO, Herman Miller

The selection process helps managers hire or promote, but it does something else as well: It provides the applicant with an experience that suggests the kind of culture they are dealing with. The first real chance to begin molding a new employee, however, is the initial orientation to the organization and the establishment of performance expectations. These should be formal processes that fit closely with the informal processes that will subsequently surround them.

Orientation

The orientation of new employees ranges from thorough and sophisticated to virtually none at all. Top companies realize that this is the first opportunity to impress corporate ways and values on a new person, and make certain that the orientation is done well. Some companies require several weeks or even months of intensive familiarization with all aspects of an organization, which can mean that the new hire works in each of several areas for a brief time. Others simply assign someone to show the person to the work station with the words "Let me know if you have any questions." I have personally seen managers of multi-million-dollar facilities introduced to their jobs in much the same way.

Good orientations are investments in time, people, and financial resources, but they are important in that they protect the investment that the organization is getting ready to make in salary and benefits, staff time, customer care, and so forth during the coming year. Orientation seems to be strongly correlated with turnover: Poor orientation programs lead to high turnover, which puts pressure on managers to put people to work with little or no orientation, high turnover, etc.

Whatever the reason, if you fail to institute an effective orientation program for permanent or temporary employees, part-time or minimum-wage, you give up the most important opportunity you have to indoctrinate new employees.

Management must take what it really wants people to know, value, avoid, understand, etc., and explicitly discuss it early on. Messages should be repeated often and everyone must understand that this learning period is a productive time—an investment that will pay off in what it subsequently produces and what it prevents. Failing to do this will cost you a lot more.

Here are some suggestions for effective orientations:

1. *Recognize that orientation starts with recruitment.* The way management advertises positions, conducts assessments and interviews, and makes offers serves as a set of messages to a new hire about an organization's standards of thoroughness, courtesy, professionalism, etc. We teach by example: If your strategy is to hire people at the lowest possible salary you can negotiate, think about how that new employee will feel after learning about that practice. How will they be able to trust management to appreciate their worth and care about their interest?

2. *Have a designated mentor from the person's new department or the CEO's office.* It should not be HR's job to handle everything that has to do with people. A senior manager who shows concern about how a new person is fitting in speaks loudly about how people are valued, and top management who drop by to meet a new employee will do wonders for both the new employee and the manager.

3. *Have the person's office or work station set up and ready.* A small gesture such as having the person's business cards ready is a great way to make them feel a part of the team, and speaks volumes about the organization. Having to scrounge for paper clips and letterhead gives an altogether different message.

4. *Stage the orientation in digestible bites.* No one can remember everything they get in a "data dump." The process of learning typically involves new information and some confusion while that new learning is being assimilated. People should be taught the way they learn—in stages. There should be an initial orientation and several subsequent sessions (with debriefing) to see how the orientation is going as well as how it needs to be improved.

5. *Let new people orient themselves.* Encourage and provide opportunities for the new person to roam through the organization, meet people, and ask questions. Make sure they have materials to read, and provide them with a list of questions that can be answered by various parts of the organization. A culture that encourages such learning is ahead of the game.

6. *Don't forget the social aspects.* We look for skills and abilities, but we hire the whole person. This person needs to feel that they are a part of the organizational community's heart and soul, not that they are just a hired hand.

Competition for Communication

No matter how good the orientation of new employees is, every new employee drowns in a moving sea of informal information that tells her what to do and how she is doing. Feedback should come from the supervisor, but a lot comes from peers, paychecks, and the plethora of other things that tell a person what the company thinks of her, its products and services, its customers, and so on. Much is unclear, contradictory, or inappropriate, and each person must eventually determine what he or she will believe are the realities of the organization.

Everyone involved in the organization has a different perspective about how it is doing—the work group, the union, the community, the family, and the personal social group. The important thing to remember is that the company's goals must be clear to everyone, and the messages about the processes and the achievement have to be consistent.

You will not be able to control the informal communications, but you can make sure that behaviors are reinforced, adjusted, or discouraged fairly and consistently with these goals.

Reality and Irrelevance

We previously discussed how an organization can exist in two forms: the formal intentional one of policies and procedures, organizational charts, and statements of purpose, and the informal behavioral one that manifests itself through what people actually do. We know the speed limit by reading the sign, but the reality is that people are driving ten miles faster.

But formal statements and actions are the only way management can exercise control. Align your *formal management with workplace realities.* Formal messages must make sense to everyone. Employees must (1) understand what a message means in terms of their particular role and (2) be motivated by them. This book offers ways that management can use its formal tools to encourage desired behavior.

We are talking about four kinds of performance information. While they can be considered separately, they are closely intertwined:

1. *Expectations* of what one should do, when, in what way, with whom, how well, how fast, etc.
2. *Feedback* that tells how a worker is doing at any given time
3. *Corrective information* that tells how to improve
4. *Payoff,* which tells what the company *really* values

The single biggest problem in employee performance is that performance *expectations* are unclear, wrong, or even conflicting. While it is impossible to eliminate these problems completely, management must make sure that formal and informal messages about performance are as alike as possible. Good formal communication is the essence of effective management.

Manuals, policies, and pronouncements, if they are relevant and up-to-date, can provide a fixed set of references when things are unclear, but you must maintain an open dialogue with all employees so that people understand what you mean. Feedback is necessary if others are to learn.[1]

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[1] The process of translating strategic business purpose into practical applications (performance) is one of the major topics addressed in depth in Gary English's *Phoenix Without the Ashes* (St. Lucie Press, 1998). See especially chapters 2, 4, 7, and 12.

Corrective information might be needed because of a person's failure to perform according to established expectations, but the changing performance needs of every organization today makes this even more important. Even when things are supposedly not officially changing, the constant swirl of give and take within an organization provides a constant need to assess and adjust what one is doing. On the other hand, living in uncertain circumstances with an inattentive or neglectful management can cause a person to cling tenaciously to past tasks that have allowed them to, if not thrive, at least survive.

Establishing Effective Expectations

No one can control all the things that people say in an organization, but managers can and should control what they say about what they expect from others. The difficulty is in determining what you want others to do over a long period of time. Job descriptions and performance reviews very often have nothing to do with a person's actual work. The single biggest cause of dissatisfaction with performance reviews expressed by employees is that the reviews don't really deal "with what I do."

If it is the informal system that governs people's performance and they think the formal system is essentially irrelevant, it is obvious that management has forfeited its primary means of controlling the performance of its people. This is when things start to spin out of control.

When job descriptions and performance reviews are, in reality, irrelevant, the organization has made itself vulnerable to litigation. Remember: America has two-thirds of the world's lawyers. A study of discrimination cases shows that most cases are the result of flawed management systems, in which everyone feels that they have been treated badly. The company morale deteriorates and productivity takes a dive.

The Missed Connection

A woman responsible for the quality program in a medium-sized county government once lamented that none of the managers were pursuing official quality goals, despite the fact that all managers and supervisors were well trained in the philosophy and rationale, quality tools, team processes, and the like. The department heads no longer attempted to use the quality approach, although it was mentioned in every manager's job description.

"In their performance reviews, are they assessed on their quality efforts?" I asked.

"I don't think so, at least not as such," the quality director replied.

"Are they rewarded for quality achievements?" I asked.

"Not now," she replied, "but Human Resources is putting together an incentive program for quality."

"Are you involved in that?" I asked.

"No, I'm not," she responded.

"How," I asked, "will they know what to pay off on?"

"Maybe I need to go to HR and find out what they are doing."

One of the reasons that job descriptions and performance-review criteria are so often irrelevant is that they are determined on the basis of static job concepts based on the traditional organizational chart. A person's job is the total of performance expectations extracted from all the work process streams in which a person is engaged. *A job is what people do or should do, not where they sit in the organization.*

If an organization has gone through a process review (discussed in Chapter 3), it will have the raw material to fashion meaningful job descriptions that relate to the value-added processes of the organization. If not, there are other ways to help focus the job expectations properly. Job descriptions and performance-review criteria must include expectations, if they are to have any value at all.

Setting Formal Expectations

Some people want to judge performance by the results. This is foolish. Waiting until the end to make an assessment of performance is hoping, not managing! The whole thrust of modern management is to go beyond "detect and correct" to make sure you get the outcomes you want by *managing your business processes.*

Performance is purposeful behavior—actions that seek some accomplishment. Performance expectations, then, should be set for these accomplishments. They are not supposed to be merely an inventory of job-related activities; attempting to control people by describing all possible behaviors under all conditions is unrealistic. The only result of that approach, as the government bureaucracies exemplify, is a morass of rules that no one can follow (and, consequently, people don't). The rules lose their legitimacy and become something to get around, instead of used as a guide for action. "Not in my job description" reflects a culture of compliance, not commitment.

Technical and Behavioral Expectations

Every job has two essential aspects: *technical* and *organizational.* The *technical* aspect is the part that involves some specialized work—usually the reason for the job to exist. This specialty is what you should search for: investment or acquisition of corporate capital and capital assets, an ability to add to customer growth and retention in a geographic area, or even being able to type letters and make coffee. These are the things that one's performance is typically assessed on.

The second aspect is *organizational*—and working with other people is part of this realm. The organizational element is usually secondary, but it is often the most important. Most people leave an organization because of the culture, not because of technical issues. A company would have to be remarkably inept to hire someone who is not technically competent or who has no potential, but fitting in is critical.

Social or psychological deficiencies are what usually slip by the scrutiny of the hiring process, but these deficiencies are most likely to cause problems for the organization. Behavioral problems are difficult to detect because people are ordinarily on their best behavior during the search process. Also, because of the highly judgmental and potentially slanderous nature of personality assessments, people are reluctant to be truthful when they must provide references. Finally, because of the nature of applications, résumés, and other data-gathering tools, work history is the least revealing of personal qualities.

All performance expectations should have some official, formal basis; the two most basic are the written job description and the written performance review. These two documents contain the same information, and should be similar. The following format suggests an approach for outlining formal performance expectations. In later chapters, we will use this same format as a tool for performance feedback and review and pay-for-performance determinations.

Because of the space limits of a form, expectations are provided in summary form. The performance details of the expectation would be provided in the job description, thus making them complementary documents. For example, "making coffee" could be: "Make sure there is always fresh coffee available in the break room, and that the coffee area is neat and clean."

Technical Expectation	Importance
1. Greet visitors to office.	3
2. Operate telephone switchboard.	3
3. Fill in for other clerical positions as requested.	2
4. Make coffee.	1
5. etc.	

Setting Performance Priorities

The *importance* of a given expectation is critical. Most jobs involve a variety of situational activities that must be prioritized for time or significance. It is also important that a person's supervisor share that same sense of importance in order to avoid misunderstanding and needless conflict. As in most things, it is best to keep it simple: 3 = essential to job, 2 = useful but not essential, 1 = marginal to job.

Organizational or "general" performance expectations should also be cast in performance rather than activity expectations. For example, "nonsupervisory leadership" refers to a person's willingness to assume responsibility for helping others improve or even accomplish their performance. Below is a list of expectations that seem to be typical among those who have tried this approach:

Performance Categories or Organizational Expectations	Importance
1. Communication	3
2. Teamwork/Cooperation	3
3. Attitude	3
4. Ability to handle stress	2
5. Accepts direction/criticism	2
6. Adaptability	2
7. Observes rules/regulations	1
8. Appearance	3
9. Initiative	2
10. Dependability	3
11. Nonsupervisory Leadership	2
12. Self-improvement	1
13. Creativity/problem-solving	1
14. Absenteeism/lateness	3
15. Safety	1

Some of these criteria make human resource people nervous, but most operating managers think they are important. Among these are "appearance" and "attitude." The problem seems to be that these things are judgmental and not "objectively" measurable. The truth is that few performance expectations lend themselves to clean and crisp quantitative measures. "Safety" and "initiative" are not always measurable, but they can be critical. They can, moreover, be assessed.

No sensible person would argue that the appearance of a receptionist or even a diesel mechanic is unimportant. Nor would they are argue that the appearance of the receptionist is more important to the purpose of the job than it is for the mechanic. That gets into the realm of "reasonableness" or common sense. Rules can serve as a reference or basis for legally safe action, but the way people dress will probably be influenced by their personal preferences or peer pressure than by the manual.

The key is to **cast all expectations in terms of observable behavior with reasonable work-related results,** such as appearance that is "suitable for the work environment and situation, and reflects the image that the company would like to project to its customers, the community, and the employees." This, of course, assumes that such a goal is stated somewhere by the company and consistently reflected in, for example, office decor and company vehicles. For the mechanic, it could "reflect a clean and safe workplace."

For supervisors and managers, there is a third set of expectations—those that deal with the stuff of managing and supervising people. They must involve such competencies as planning, coaching, acquiring of resources, etc., common to all managers and supervisors. (It is amazing how many organizations have *not* established clear expectations for supervisors.)

Supervisory Expectations

The following are some performance categories for supervisors. As noted above, these could constitute competencies that are a combination of skills, knowledge, and behavior. Viewed in this way, management now has a performance-focused basis for a professional development and improvement program, and won't have to search for some generalized "supervisory training" that might not be appropriate to its needs.

Performance Categories for Supervisory/Management Expectations	Importance[2]
1. Management	3
2. Leadership	3
3. Problem-solving	3
4. Staff development	3
5. Interdepartmental cooperation	3
6. Quality and safety	3

Customer service can also be made part of supervisory responsibilities, depending on the organization's needs and purposes. "Interdepartmental cooperation," for example, could be "Customer service" for, say, a maintenance department if it refers to the service for its "internal customers." For those areas dealing with external customers, the reference would be more obvious.

Translating the Expectation

The difference between the expectations specified on a job description and those listed on the performance review form should be essentially the amount of detail. The job description should be easily referenced in any discussion of performance and, indeed, could be attached to the review form. The job description, moreover, should contain some overall statement of the purpose of the job. For example, the head of maintenance should be responsible for "ensuring optimum operating time" or "minimal unplanned downtime" for equipment rather than "repair all broken equipment" or even "provide preventative maintenance."

[2] Companies generally assign a top importance to all of these factors for supervisors, although in actuality they vary. The advantage of assigning an "importance" value will become evident in later chapters dealing with overall performance indicators for use in pay-for-performance.

It is important to identify who will set the importance of a particular job aspect or, for that matter, the contours of the job itself. One county government organization used a committee representing all the agencies to set a standardized importance weighting for, say, Clerk-Typist I throughout the county. The problem with this approach is that the weightings will become irrelevant if they are unlikely to apply to all the Clerk-Typist I jobs. For example, some of them work mostly with customers and some do nothing but data-entry. Anything that is irrelevant only serves to separate formal management from the real workplace, and is best left undone. The formal system was far from the realities of actual workplace performance expectations.

I recommend that the parties to the job, such as the employee and supervisor, negotiate an understanding of what is important in a job. If they cannot agree to that, then there will probably be other problems in job definition as well. To resolve this, you can determine importance from process needs, have team discussions, and, as a last resort, bring the question to a higher authority.

These are only suggestions. You must still establish a set of performance expectations. There are several ways to establish these expectations, such as:

1. Hand them down from on high.
2. Let them emerge from discussions and negotiations between supervisor and subordinate, team members, etc.
3. Use third-party analysis.
4. Conduct a process review.

Simply handing down expectations without having a person's honest agreement is like doing tricks with half a yo-yo: in spite of your best effort, you won't be able to walk the dog. Formal management communications provide a matrix for discussions that translate formal expectations into informal, real-world terms. There *must* be dialogue and negotiation among the parties, so that everyone understands what a directive means and what it will look like when actually accomplished, even the authoring manager.

The third approach is to bring in internal or external consultants. It is a promising but expensive approach, but it is probably the most cost-beneficial if you are establishing a new position or dealing with new circumstances. Many companies today are trying to determine how to manage people working at home or on the road in "virtual offices," and a consultant who knows how other organizations handle it can be invaluable.

A good example of third-party analysis is Hewlett-Packard's America's Education group. This group studied its own managers (the ones who seemed to be most successful working remotely), and then analyzed what their common skills were. These skills were put together as a competency training program package to provide other remote managers with both the expectations and skills.[3]

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[3] For more on virtual office management, see Thomas H. Davenport and Keri Pearlson, "Two Cheers for the Virtual Office," *Sloan Management Review* (Summer 1998), 51–64.

The fourth approach, process review, was discussed in Chapter 3. It inherently involves a review of all the activities of all positions along the business work flow. While a process review will cost you, there is no better way to determine individual value-adding performance expectations, and it is a great way to get the organizational body into Olympic shape.

Whatever one's approach, you must establish clear, honest, viable, and agreed-upon performance expectations for all other aspects of effective performance management. Performance expectations rationally connect goals and practical application of effort, and connect effort and reward. Until these are established, people will just figure out performance expectations on their own, in which case the manager's best hope is occasional serendipity.

Chapter 9: Managing the Performance-Review Process

As a manager, filling out performance evaluations made me feel like a member of the parole board. When I was an underling, getting a performance evaluation made me feel like I was in the sixth grade again and this was report card day.

—Dan Danbom

The second most important (sometimes the *most* important) formal document in performance management is the performance review. The value of performance review is so self-evident that just about everyone likes the *idea.* It is the *process* they dread, and supervisors hate it more than subordinates. It often involves negative evaluations, confrontation, and unpleasantness.

What remains after most performance-review sessions is not an improved worker and satisfied supervisor, but rather a bitter worker and a stressed supervisor. The team relationship has been strained and battered, and personal relations have probably soured. Thus, companies face a critical paradox: Performance appraisals as they are usually done are an agonizing and even harmful process, yet no other single management measure is more critical to productivity than staff performance.

The performance-review system tends to be largely ignored by just about everyone until HR "makes them" get their forms in. Most of the performance problems and disciplinary processes are not part of the review. It is not surprising, therefore, that the review process is often seen as a bother rather than an opportunity. The disparity between the formal and informal systems is rarely lost on people, either: During one woman's annual review, her boss took a telephone call. He said to the caller: "Oh, nothing much. What's up?"

One frequently hears supervisors complain that it is hard to do all the supervisory stuff and do their own work, too. But what is a supervisor's work, if it is not to be engaged with the performance of employees? Even when there is formal review, it is often a sham.

Consider the case of a manufacturing client who terminated three male employees for poor performance. According to the client, these men had been marginal performers for years. When we reviewed the files of these employees, we saw that each person had been sent a letter from the company CEO, announcing their raise for the coming year and thanking them for their "outstanding performance" during the previous year. The letter was dated less than four months before their termination! Had these men been members of a protected category or been more savvy about the law, the company might have found itself facing costly litigation. Unfortunately, it is not at all unusual for a poor performer, brought to the edge of termination, to have received glowing reviews.

The problem is not willful neglect, but the realization by everyone that the formal system is simply not suitable to the real needs of the workplace. The grief and hard feelings are not because of the performance review, but rather in how it is done. The two major problems in most reviews:

1. The system is not set up to review performance at all.
2. The review process is often an effort to do a year's worth of supervising in a few minutes.

This chapter looks at how the system can be set up for effective performance review. Importantly, this approach puts responsibility for workforce performance and performance reviews squarely on supervisors and managers, where it belongs. Chapter 10 suggests ways that the formal and informal systems can be coordinated and ideally synthesized for better performance and more effective supervision.

The Need for a Better System

Many companies have indeed tried to come up with an effective performance-appraisal system. Such efforts, even those costing thousands of dollars in consultant's fees, have often not been satisfactory. Most people who say their system is "good" really mean that it is not as awful as the one they had before.

New ideas are being tried everyday—"positive discipline" at Florida Power, project team reviews at Publix Super Markets, and upward evaluations at General Motors Powertrain. They are being discarded just as frequently, but it is important that management continually seeks better ways to review performance: like the weather, they will always be there in some form. Given American management culture, any significant divergence from a process where managers rate subordinates is unlikely to endure. The answer seems to be to maintain the supervisor/subordinate system, if that is the way the company is run, but to do it in such a way as to *strengthen supervisory responsibilities* of team-building, employee motivation, and productivity optimization.

Set up a system that will fairly and objectively evaluate performance, and fit it to people's jobs. It should motivate employees toward constant improvement, and do all of this within the context of overall organizational goals. It *has* to be done regularly throughout the year; it is impossible to squeeze into a brief event a whole year's worth of supervision. The annual review should be just that: a *review of what has transpired during the previous period.* It should not be the "annual ambush" or the "annual attaboy" or, as it often becomes, the "annual agony."

Performance review is essentially feedback, a critical necessity for good performance no matter what the job. "Feedback" is job-related information that allows people to improve their performance to meet changing circumstances. It should be constant and ongoing dialogue between the person and his or her customers, supervisors, colleagues, etc. It is asking too much of a supervisor to be the sole source of all the information a person needs, because feedback information should be immediate and appropriate if an individual is to improve their performance.

And one more thing: Every performance review is as much a review of the supervisor's efforts as of the subordinate's. Supervisors are given the authority to manage employees, and their effectiveness must be evaluated, as well.

Performance Review Problems

In my work with organizations, I have noticed several concerns expressed over and over again by both employees and managers (who, after all, are mostly high-end employees). The most frequently mentioned are:

1. My supervisors do not know what I do and, therefore, have no basis to evaluate me.
2. If there was a problem, why was I not told about it earlier?
3. The assessment used does not fit my job.
4. The ratings are not applicable, clear, or objective.
5. My performance problems are often beyond my control.
6. My supervisor needs to be evaluated.
7. Performance has nothing to do with pay or pay increases.

Employee deficiencies cause inefficiency and tend to demoralize the rest of the staff. Management must do all it can to minimize them through a good performance-review system, but must also facilitate successful performance. Here are some suggested "Do's" and "Don'ts." We will explore how these can be implemented in this and subsequent chapters.

Some Do's

- *Review, don't evaluate.* "Evaluation" and "appraisal" are other terms used to refer to performance review. The term "review" refers to a review of what has transpired during the previous year. It is an occasion to document and reaffirm the performance situation and history as it has been established throughout the year through frequent discussions. No new action or information is appropriate at this time.

  The supervisor is responsible for the annual formal review. Anything particularly significant should have been attended to at the time of occurrence; no performance review can bear the burden of a whole year's worth of poor supervision.

  Note: *The only reason a person should receive a poor rating is because they have not responded to their supervisor's efforts to coach them into improving some deficiency throughout the year.* The supervisor's job, after all, is *not to umpire but to coach* his charges to perform to the best of their abilities, not to tolerate poor performance until it can no longer be ignored.

- *Review job performance, not the person.* This seems obvious, but many evaluations are based on the person rather than the work. When you hear such things as "no one is perfect" and "everyone needs to improve," you know your system is working against you. Any "evaluation" should focus on the work to be done. Personality issues such as moodiness should be dealt with only if they affect a person's ability to do the work or if they interfere with the work of others.
- *Review according to specific, agreed-upon items.* Do not ask supervisors to summarize an employee's "strengths and weaknesses" or "promotability." Such a judgment would daunt most psychiatrists, much less ordinary supervisors. Worse, this highly subjective personality summary tends to overshadow all of the other parts of the evaluation. Address work performance only.
- *Set "good" as the default rating.* If your employees believe that you value their work, the process will take on a positive tone. Try to avoid finding at least one fault per review and giving people the idea that they are going to be found guilty of something going into the process. If you do not believe that most people are doing a good job most of the time, you have big problems, and the performance review won't solve them.
- *Use ratings you can support.* Some managers prefer a lot of rating possibilities, such as 1–10, so that they can make distinctions between the performance of two or more employees. They have a hard time explaining these subtle differences when an employee questions the rating, however. Do not evaluate beyond what can be justified.
- *Gauge performance by job expectations, not by other people.* The tendency to compare employees to each other—evaluating them *personally,* rather than by their *performance*—is even worse. A person's performance should be gauged by the performance expectations, not other employees. Management makes employee comparisons when it has not done the front-end work of determining what a person's proper performance should be (discussed in Chapters 2 and 3). This is one of the chief reasons why people lose confidence in new performance review systems.
- *Use quantified measures.* It is always risky when you reduce value statements to numerical form, but you need some objective, standard measure of performance. If the criteria are incremental, specific, and appropriate enough, you can do it. It is difficult to derive a summarizing assessment point, such as a raise rate, from a narrative.

  Another advantage to numerical ratings is that it is hard writing something different year after year about any one individual, not to mention all of one's subordinates. You want the review to be *credible*—it might, after all, be a factor in a person's salary increase.

  Fit the review to the job. A standardized review system that seems fair is a critical element in the effectiveness of any formal system. Be sure it meets each person's particular set of expectations, whether the position is department head or mailroom clerk.

Two helpful techniques are to use performance-oriented job descriptions or factor weightings, as discussed in the previous chapter. Weightings are especially useful where two people with similar jobs actually have different sets of typical tasks (e.g., a secretary who does mostly word processing who works alongside someone who primarily greets visitors and answers the telephone).

- *Measure those things you want to see.* We discussed a few critical performance qualities that every organization needs, such as "attitude" and "nonsupervisory leadership." These are also important for professional development and making good promotions. For example, you can explain to employees that when you go to promote people, you look for attitude, communication, nonsupervisory leadership, etc. These are much better indicators of a person's likely performance as a supervisor than are technical skills.
- *Recognize the value of deliberate improvement.* We all believe that we have learned much during our time on the job, yet we often view a suggestion for improvement as an insult. Corporate culture as modeled by top management should reflect that deliberate improvement is a virtue in any responsible staff member. Supervisors should be expected to help subordinates develop to their full potential or productivity, and to use the performance review in this continuing self-improvement process.
- *Recognize the importance of the review process.* Some supervisors try to ingratiate themselves with subordinates by deprecating the evaluation process. Few people take kindly to this suggestion that their performance is not very important. It is much better for supervisors to take the position that the work being done is important and so, therefore, is the review of the work. Performance review has to take place throughout the year!
- *Establish a specific remedy plan for improvement.* A specific plan is likely to be much more successful than a nonspecific one. A plan based on an employee's conscious and deliberate commitment to improving, developed with the participation of the employee, will be more likely to achieve the desired results. (The supervisor is also responsible for the plan's success, and he/she should also explore what he or she needs to do differently to get different results from others.)
- *Keep it simple.* No performance review system should require more than four pages of instructions. Some organizations have a manual that is as thick as a book! The smart money is on good training, not printers and complex, bulky manuals. Because performance is judgmental, it is important that the basis for those judgments be articulated and shared in order to keep them standard and vital. Training and review sessions are absolutely necessary for this. Moreover, a focus on performance review and improvement is an excellent approach for training supervisors and managers.
- *Test your new system.* Large companies are at a great advantage in developing a new performance-review system. They can do what good marketers do—test their ideas on small parts of the population before they commit big bucks and pride to a company-wide program. Introduce it as a test year to work the kinks out; this will establish a proper benchmark, and give everyone a year to correct any deficiencies that are determined during an initial review. Everyone will win.

Some Don'ts

- *Don't penalize for the use of benefits.* Some managers take the position that a person on sick leave is less productive than those who are at work. People should not be penalized for legitimate sick or vacation time, but health problems that impair work should be dealt with in some other manner.

  Do, however, penalize for *abuse* of benefits. A company that condones sick leave abuse will find resentment among good employees and contempt among the poor ones. Every supervisor faces these abuses, but a good review system provides a tool to deal with them. It can specify the number of incidents of lateness or sickness that might constitute abuse and contain a clear policy for dealing with abuses.
- *Don't treat people as perks.* A common mind-set among supervisors is that their subordinates are like the office, company car, and salary—indicators of success. One system assigns pay rates based on the numbers of employees and amount of the budget. Imagine the kind of motivation that generates! Thinking of people as perks comes from organizational "chart-think," where people are rewarded according to their place among the boxes and lines. (The more boxes under you, the more you should get paid and the more important you are.) This kind of mind-set, where people are simply objects rather than the stuff of the organization, will make it difficult to establish an effective performance culture or management system.
- *Don't rank employees.* Rank employees against each other only if there is some overriding need to do so, such as downsizing, and then only when the work is the same. People are complex, operate with a variety of abilities, and work in a variety of conditions. Rankings by simple criteria can distort proper performance goals. A person's performance should be assessed according to the performance expectations, not another person. If a person is clearly out of sync with others, that should be explored, but do not use it as a basis for general performance management.
- *Don't make an overall evaluation.* The evaluation should be "built" from pertinent, specific criteria that can be judged and explained—not come from highly subjective, nonspecific, and indefensible overall "feelings" by the supervisors. If an employee challenges a derived overall rating, the conversation must then address specific performance areas, which is precisely where such discussions should be.
- *Don't have the employee do a self-evaluation.* This sets up the employee and supervisor as adversaries. If the supervisor has been doing his or her job (i.e., attending to all poor or outstanding performance issues), then the supervisor can fill out the form, since it would only be reporting what they both know. If the circumstances are positive and cooperative, the two can fill the form out together. Any differences can be discussed and resolved factually, so that it becomes an opportunity for growth.
- *Don't use numbers or words.* Use numbers *and* words. The numbers are needed as indicators for, say, pay increases, while the words explain what the numbers mean. You cannot determine a credible raise increment from words alone.

360-Degree Reviews

One way to get effective performance metrics is through 360-degree feedback, where a person rates himself and is rated by his boss, peers, and direct reports. The approach helps close the formal/informal gap by combining overt, specific expectations with assessments of the person "in action." Such reviews should not focus on work style, but rather on job competence (i.e., areas of work-related performance, such as communication, the professional development of others, and decision-making).

The 360-degree review (also called an "assessment" or "survey") is a good way to guide and measure management and supervisory development, but it can also enhance the "probation" period for new hires and promotions (which are often ineffective by themselves in spotting problems before they become too large to remedy).

A 360-degree review after, say, 60 days on the job will give good information about how a person is doing and afford an opportunity to make corrections before problems get too severe. A poor selection decision can be addressed, and a good person in need of help can be given needed support sooner.

The key to effective use of a 360-degree assessment, in addition to the quality of the assessment itself, is in the preparatory work and the follow-up. The preparatory work consists of establishing a nonthreatening, supportive management environment that looks for improvement rather than blame. The follow-up has to do with what a person and his or her supervisor are expected to do with the results. The first 360-degree review can provide a benchmark, with subsequent reviews providing measures of progress. Normally, 360-degree reviews should be conducted annually. If there is a particularly serious problem, however, the review can be conducted every 60, 90, or 180 days.

Rating Performance

With the rules stated, let's take a look at how such a system might look in practice. There are many ways to construct a form, of course, but the following example (using the same performance expectations outlined in Chapter 8) will serve as a demonstration. The first two sections, Working with Others and Technical Performance, are for every employee. The third section is for supervisors only. (Some suggested performance-factor descriptions are found at the end of this chapter.)

This system uses only three basic ratings: *Needs Improvement, Fully Performing* (or *Good Job*), and *Optimal.* The shaded ratings are for exceptional circumstances. *Unsatisfactory* is used only when there is a serious problem that must be corrected immediately, or a needed improvement that has continued beyond acceptability. *A+* refers to something outside and beyond a person's ordinary job, such as filling in for colleagues who are ill or making a recommendation that saves the company money. *Optimal* refers to performance that is as good as one can imagine; *Fully Performing* means doing a "good job"; and *Needs Improvement* means what it says. A special note: Typical words that tend to cause problems are not used here: While a "good job" is *normal,* there is no *average.* People don't mind being normal, but nobody wants to be average! Also, there is no "meets expectations" if no real clear "expectations" have ever been established.

These ratings are specified and clarified through discussions among supervisors and between supervisors and employees that go on throughout the year. For example, "attitude," one of the chief concerns of both supervisors and co-workers, can be rated numerically using the three ratings above. Most everyone knows what a good attitude looks like: A person is reasonably positive, open, cordial, approachable, and willing to discuss work situations or take on extra challenges without undue whining, sullenness, or complaining. If the worker meets this description, they are doing a "good job"—they have a good attitude and are *Fully Performing.*

There are, of course, people who are always positive and perky, and they help perk up those around them: If a colleague has a problem at home, this is the person who leaves flowers or candy on the colleague's desk or work area. When a tough job comes along, they are cheerful and seem enthusiastic. That is the best you should expect, and such people should rate *Optimum.*

Everyone is entitled to a bad day, but *not* a bad week or a bad year. People who make everyone else walk on eggs need to improve. The point is not that a person's personality is flawed, but that attitudes can affect how people do their jobs. If you have to tip-toe around someone's office until they are in a good mood, that person is impairing the work of the organization, and such behavior should be addressed and corrected when it is observed. Being cranky is one thing, but striking someone would be *Unsatisfactory,* as would be a protracted and uncorrected poor attitude.

For this example, we use the position of receptionist. To get the Total, multiply the rating by importance. It might be easier to use numbers, rather than an X.

Example 1: Performance Review Form

I. General Expectations

Impor. = important; U = unsatisfactory; NI = needs improvement; FP = fully performing; OP = optimal; A+ = beyond normal job responsibilities

	Impor.	U	NI	FP	OP	A+	Total
	1–3	0	1	2	3	4	
1. Communication	3				✗		9
2. Teamwork/Cooperation	3			✗			6
3. Attitude	3			✗			6
4. Ability to handle stress	2			✗			4
5. Accepts direction/criticism	2		✗				2
6. Adaptability	2			✗			2
7. Observes rules/regulations	2			✗			4
8. Appearance	3				✗		6
9. Initiative	2			✗			4
10. Dependability	3			✗			6
11. Leadership	1			✗			2
12. Self-improvement	1				✗		3
13. Creativity/problem-solving	1			✗			2
14. Absenteeism/lateness	3			✗			3
15. Safety	1			✗			2
Total importance	32 × 2 *(FP)* = 64			**Total ratings**			66
		Index: Total ratings divided by importance					**103%**

Note: *This form can be put on a spreadsheet so that all calculations are automatically done with the input.*

(continued)

Example 1: Performance Review Form *(concluded)*

II. Technical Expectations

Impor. = important; U = unsatisfactory; NI = needs improvement; FP = fully performing; OP = optimal; A+ = beyond normal job responsibilities

	Impor.	U	NI	FP	OP	A+	Total
	1–3	0	1	2	3	4	
1. Greet visitors at the office	3			✗			6
2. Operate telephone switchboard	3			✗			6
3. Fill in for other clerical positions	2					✗	8
4. Make coffee	1			✗			2
5. etc.							
Total importance	9 × 2 *(FP)* = 18			**Total ratings**			22
		Index: Total ratings divided by total importance					**120%**
				Total Parts I and II			223
				Divided by number of parts			÷ 2
				Overall % rating for I & II			**112%**

For supervisors, there should be an additional section:

III. Supervisory/Managerial

Impor. = important; U = unsatisfactory; NI = needs improvement; FP = fully performing; OP = optimal; A+ = beyond normal job responsibilities

	Impor.	U	NI	FP	OP	A+	Total
	1–3	0	1	2	3	4	
1. Management	3			✗			6
2. Leadership	3			✗			6
3. Problem-solving	3				✗		9
4. Staff development	3			✗			6
5. Interdepartmental cooperation	3			✗			6
6. Quality and safety	3			✗			6
Total importance	18 × 2 *(FP)* = 36			**Total ratings**			39
		Index: Total ratings divided by total importance					**108%**
				Total Parts I*, II*, and III*			331
				Divided by number of parts			÷ 3
				Overall % rating for I & II			**110%**

By calculating the average of the first two sections and all three for supervisors, you now have a single performance rating that can be used for a variety of purposes, such as indicating a raise, making comparisons, recording post- or pre-training data, or simply for use as a multiple purpose database. While there is a single performance rating, it is not asserted but *derived* from a review of a number of particular performance factors. The index has a total meaning that is found in the specific performance factors.

Need for Dialogue

One cannot overemphasize that while these performance expectations are listed and described on paper in the formal system, it is how well people understand those meanings in the *informal* system that drive performance. Everything *must* be clear among the people involved, and the only way to do that is through continuous interaction, review, and clarification. Paper only provides a framework for dialogue.

Even with a year of good ongoing supervision and close engagement of the supervisor and employee, there will still be questions when things are summarized and committed to paper. If a person asks about his or her rating, the discussion should center around one or more of these specific factors. The supervisor should have a focused and specific discussion of those areas where the person did well or poorly. This specificity and the requirement for explanatory comments or justification is a part of keeping the system honest. *Honest* in this case means that the formal and informal systems are aligned.

Keeping the system operating true to its purpose is the subject we next address.

Example 2: Sample Factor Descriptions

Supervisory Factor Descriptions

1. **Work management:** Plan and coordinate area work, anticipate equipment, materials, and staff needs; use resources with minimum waste and maximum availability; always look for ways to improve operation.
2. **Leadership:** Keep subordinates aware and focused on company and team mission; deal positively with interpersonal problems; build unity among team and positive outlook toward work, company, and other employees.
3. **Problem-solving:** Respond effectively to new or unusual situations; establish ways to prevent or deal with ongoing problems; find ways around obstacles or setbacks; keep company interest in mind, use rational approach when facing difficulties; plan and coordinate work inside group and with other units.
4. **Staff development**: Work to continually improve the skills and abilities of subordinates; anticipate and obtain training before skills are needed; recognize and encourage good performance.

(continued)

Example 2: Sample Factor Descriptions *(concluded)*

Supervisory Factor Descriptions *(continued)*

5. **Interdepartmental cooperation:** Maintain cooperative and mutually supportive relations with other departments; help others when needed.
6. **Quality and safety:** Make certain that all work is done in a safe manner and that the work environment is safe; make certain work is done properly, according to standards and in a timely manner.
7. **Customer service:** Make certain that customers are pleased; assess customer satisfaction levels and needs; seek better ways to provide customer services.

General Traits: Performance Factors

Attitude: Positive outlook, consideration of others, pleasant and courteous in dealing with others, commitment to quality and good work performance, positive response to new work challenges and situations, positive approach to self-improvement and helping others.

Leadership: Positive influence on others through example, advice, and encouragement.

Observe rules and regulations: Stays informed, obeys and respects policies and rules, encourages others to do so.

Chapter 10: Keeping the System True

Reality . . . what a concept!

—Robin Williams

Organizational *systems* refer to the ways people typically behave toward and within the "organization." As behavioral systems, they are really little more than a set of shared expectations that can easily diverge and change over time, sometimes even a short time. Effective systems require elements that keep the systems running the way they were intended. Formal management systems, therefore, need "regulators" that serve to remind and reaffirm and deliberately adjust the expectations of all parties so that things continue to make sense in the face of constantly changing people, situations, and applications.

Performance as Concept

Most work performance is rarely objective or tangible. It tends to be a matter of interpretation and conjecture. Athletics however, is a rare form of pure performance; it has a clear, agreed-upon purpose. In sports such as track and field, the person who runs the fastest or throws the farthest wins. Just about everyone can tell the score. When it gets judgmental (such as when a boxer wins on points, rather than knocking the opponent out), it begins to resemble most performance reviews at work.

Even in sports, however, things get complicated: People can play magnificently and still lose. Was the ball in or out? Did that move constitute illegal holding, or not? In football, every play is theoretically designed to accomplish a touchdown. Most plays fail to even advance the ball enough to keep it in play for four more downs, despite the fact that each player made a great effort to carry out his assignment—that is, performed well.

Chaos, competition, controversial plays, and uncertain outcomes—if things get confusing in the relatively simple world of sports, imagine how difficult it is to keep it all straight in a workplace where the rules are often unstated, the standards are conflicting, and the goals are shifting. Performance is an *idea* of what should be done and the result one should get, but the reality will always be somewhat different, and it will even vary from one perspective to another.

Performance and Subjectivity

It gets a little more complicated. Performance is an exertion of energy over time—an *event*. There are few "instant replays" available to us in the workplace, so we are forced to rely on our own recollections of what happened, even when we have a "score" to tell us the results.

It is no wonder that one of the biggest complaints of people about their performance reviews is that they are too *subjective;* the rater's idea and the performer's idea of the performance are different. Each accuses the other of not being "objective," but performance is *always* subjective. It can still be managed effectively, as long as its true nature is understood.

Performance as Interaction

An employee's performance is part of the larger set of intangibles—the organization, much like a bassoon player's performance, is a function of interaction with the orchestra. And, despite what we usually think of as "the organization" (chart, buildings, equipment, company logo, products, etc.), an organization is a group of *people working together*. It is a cluster of dynamic social relationships and behavioral processes and systems that exist to accomplish some purpose.

A *process* is simply a series of steps to accomplish some purpose, such as making a hamburger patty. A *system* is a process or set of processes that have been established as the *expected* or *standardized* way of doing things (such as our system for working together to make lots of hamburger patties). *An organizational system* is simply the typical way people interact, and a *management system* is one that controls these processes. Organizational *culture* refers to the set of values and beliefs that govern this interaction.

Like sheet music or a book of plays, the organizational chart, job descriptions, policies or procedures, process maps, and even the budget are merely representations of the organization. They are used to guide the organization's performance, but they are not the performance any more than a snapshot of a family is a family.

Organizing the Intangible

So, what has this to do with keeping a performance management system true to its purpose? There are no "bells and whistles" or "buttons or levers" with an organization. It is not an engine but a behavioral dynamic, an ongoing set of events. Management's role is to focus this human energy toward achievement of the organization's mission and goals.

Individuals use their common sense to respond to stimuli, and over time align this common sense with shared goals. What emerges, then, is a *shared organizational common sense* that focuses on purposeful action—performance. The intangible—the interactions, motives, and aspirations of individuals—are thus directed toward collective achievement of shared goals.

Shared Fictions

Good intentions are never enough. Don't get me wrong—they are important, but every system requires a regulator to keep it running properly. Mechanical systems use mechanical regulators, such as camshafts. For behavioral systems, however, the regulators are behavioral, such as those suggested in this chapter.

Here's what I mean: During my first year in college, I found myself running out of money and decided to take on a part-time job. I found one working for a private club. Our county was "dry"; you had to be a member of a licensed private club in order to buy liquor. The club had to purchase the alcohol in a neighboring county where liquor could be sold in retail stores, and then find a way to transport it back to the club. Bootlegging was now in my job description.

The county line became an important demarcation in my life: On one side I could be arrested for a felony that, on the other side, was quite legal. Now we know there *is* no county line drawn around the geographical boundary between one county and another. We simply agree to *act like* there is a line. Having agreed to that, the line, for all practical purposes, is as good as there. We adjust our behaviors around that "created reality."

Philosophers and social scientists talk of "levels of reality," but "kinds of reality" is probably a better expression. We know about objective reality, which can be experienced with our senses: Other kinds of realities exist within organizations, the subject of the next section.

The Artificial Reality

The world as we perceive and understand it is made up of fictions and artifices that we have agreed to think of as real. Property rights, marriage, nations, speed limits, and organizations and performance are such *concepts*. They exist only in our minds; however, because we share these concepts, *they are our realities.* And, because we all think about them a little differently, we tend to argue and fuss about them.

Our society maintains these intangible realities by guiding, reinforcing, and correcting the behavior of its members so that the practices are kept viable and the society stays in some sort of control. An organization also needs methods or management systems to control the organization and the performance of its members. When we talk about "performance management," we are talking about the management systems that control individual and collective performance.

When effective management control is absent, events tend to move where their inertia takes them. That is why sending out a memo or policy rarely gets the desired result: it is the action of mechanistic thinking, not of behavioral understanding. Desirable outcomes are the product of constant and consistent control, not occasional stabs at it that disrupt and obstruct. The real management system is that which exercises constant control over the organization and performance of individuals within it.

Applying the Theory

Managers must have a good grasp of the practical reasons why they are using a particular performance-management system. The following elements are designed to help a performance-management system do what it is supposed to do. I do not believe that effective management can be done without them.

Organizational Conditions Review

If you want to manage change or improvement, you must have some form of *upward review*. It is the only way you will get good information about your own performance.

The people who rely on management's handiwork are the ones who should review that handiwork. Employees are in a good position to make an assessment and provide good information as to whether things are set up correctly for them to do their best work. I recommend a form of survey called *Quality Conditions Review* (see the example provided at the end of this chapter). The review covers areas where management should shine, such as making decisions, relating with other departments, and showing concern about the wise use of company resources.

It is not an evaluation of a manager per se, but rather an evaluation of the working environment a manager has created. This is the result of a manager's performance. The employees are management's primary customers, and they are the best judges of how well management is performing. Be sure you make a distinction between reviewing a person and reviewing that person's performance.

Never assume that because a person's name is on a larger and higher box on the organizational chart, she is above review by those who occupy the little boxes below. An organizational chart is not the organization: It is a representation of the privilege and operating restrictions of the organization.

The Quality Conditions Review should come from the CEO's office and, at least initially, be done by an outside firm. It is best to have a representative committee work with the consultant. If management has earned the trust of the organization, then a representative committee under the auspices of the CEO can do the job.

360-Degree Feedback

A *360-degree feedback* is a particularized review that compares an individual's perception of himself or his performance with those around him. The "360" refers to involvement by the boss, peers, and subordinates. A "180" is a version without boss input, or for the boss. 360s have been around for some years and new ones pop up from time to time.[1]

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[1] For those who would like to review some of the instruments available, The Center for Creative Leadership (P.O. Box 26300, Greensboro, North Carolina 27438) has published a review of multi-rater feedback instruments.

Instruments can assess a person's suitability to a work culture (Human Synergistics), personality (Carlson Learning Center), or competencies (Training House). Those that can tie into performance competencies are likely to be the most effective. Some are quite expensive, some require expensive consulting support, and some are quite reasonable and can be done within the organization. Except in the most unusually amiable and benign environments, however, consultant support is advised.[2] Consultants prepare the organization to (a) take the assessments in the proper frame of mind and (b) use the results constructively. Many times managers have no plan for using the 360-degree assessments and people are left to their own devices. Rarely does anything good happen in these situations.

Used properly, 360s can provide a number of benefits: A 360-degree feedback is an "objective" basis for performance review in the sense that it shows the responses of the participants in a clear way; it provides both an opportunity and a basis for a performance discussion; and most of them provide an excellent level of self-awareness and serve as guides for professional improvement.

Multi-Rating

While a 360-degree review is a multi-rating device, we refer here to using more than one rater for the periodic performance reviews. These might include team members, customers (internal and external), peers, other departments, etc. This kind of input is highly valuable, if not critical, to effective performance management, but is not done nearly as often as it should be. The primary problem seems to be that it is too much of a bother to do it properly. Nonetheless, some form of multiple input from "customers," colleagues, etc. is necessary.

Deriving Rather Than Asserting an Overall Indicator

There are a number of reasons why management requires some clear indication of a person's performance (pay-for-performance is the most obvious). Questions like "Overall, how would you rate this person?" or "How would you rate this person's promotability?" elicit quite subjective responses, and the supervisor has nothing to back them up. This undercuts the credibility of the whole process.

It is better to assess specific, agreed-upon performance factors, and then put these together into some derivative indicator.

[2] An informative book by Richard Lepsinger and Antoinette D. Lucia, *The Art and Science of 360° Feedback* (San Francisco: Pfeiffer, 1997), discusses various kinds of instruments and ways to use them effectively.

Training, Rather Than Relying on a Manual

Organizations produce wordy manuals that are supposed to guide supervisors in performance review, but these are rarely read. While it is good to capture this information in a tangible form, use common sense based on what you pick up from ongoing discussions and training.

Set Up a Performance Agreement

The chief cause of most performance problems is misunderstanding. The first step in implementing any performance-management system must be to clarify expectations and make sure supervisors and employees agree to them. Unless this is done, nothing else will work.

Default of "Good Job"

Do not focus on the person; you will ALWAYS find flaws and the need for improvement (nobody's perfect). If you believe that "most people do a good job most of the time," then that is what you must expect. Any performance that is better or worse than that must be explained, but remember: It is "performance" you are assessing.

Require Specificity

Any rating that is less than "good" should be detailed enough so that a third party can read the explanation/justification and come to the same conclusion. Require this; it is an elegant cure for many of the ills of performance review. Supervisors must understand the behaviors they seek but do not see, which means that they must be attentive to the work of their charges. And do everything you can to avoid being guilty of favoritism or prejudice; you will have a hard time justifying a rating that others think is based on either one.

Enforce a "No Surprises" Rule

If *anything* surprising comes up during the annual review, either good or bad, the supervisor is responsible for it. Feedback about a person's work should be ongoing and appropriate; if it only comes once a year, the organization loses. Here are the two keys you need to win, and without which you lose:

1. The *only reason* a person should receive a poor performance rating during an annual review is because they have *failed to respond to supervisory efforts* to help them improve.

2. The purpose of performance management is *not to find fault* but to *elicit good performance*.

Hold Supervisors and Managers Accountable

Supervisors and managers are responsible for their own areas. If there are no complaints or big screw-ups, they assume that things are going pretty well. However, they are not supposed to be fighting fires. They are responsible for *preventing* them.

We must hold the hierarchy accountable to the people who labor in the environment that management creates. Without some form of upward review, authority will rule without adequate checks and balances, and operational standards will suffer. There are several ways to provide for upward reviews, such as 360-degree feedback or the Quality Conditions Review survey we include on the next page.

Manage the System

Performance-management systems tend to fall apart because no one is given the responsibility for keeping them in good condition. Human resources is usually involved in their development and administration, but not in their ongoing management. Establish a multi-level cross-departmental team to review, clarify, and adjust the system (or at least make recommendations), as well as referee any disputes.

Perhaps the most damaging flaw in a performance-management system is that top management usually exempts itself from either the system or its rigorous use. This tells everyone throughout the organization that the "system" is not really the system: What management says is not what is to be done. The word on the street is "you don't really have to do this" or "it's just another hoop to jump through." If management is committed to keeping the official system true, it must have its regulators throughout the organization, and that means regulating the CEO's reviews. Top management must stand behind and be accountable for the system every step of the way. If it isn't, the system will self-destruct.

Example 1: Quality Conditions Review

ABC Corporation
Quality Conditions Review

Supervisor: ______________________________ Department: ______________________________

Date: ______/______/_______

Please answer the following questions by assessing whether any of these conditions in your work group or department is 1 = Poor, 2 = Needs Improvement, 3 = Good, or 4= Excellent. Please use the back to explain any 1, 2, or 4 ratings.

Management and Supervision – +

1. Our work with other groups is well-coordinated and supported by our supervisor. 1 2 3 4
2. My supervisor normally anticipates and prepares for problems to avoid "crisis management."................. 1 2 3 4
3. My job as a whole seems well designed; it makes sense. 1 2 3 4
4. Our supervisor is generally knowledgeable and fair. 1 2 3 4
5. My supervisor generally provides a good role model for us. 1 2 3 4
6. When I have a problem, I feel comfortable going to my supervisor for assistance. 1 2 3 4
7. My supervisor generally operates in a courteous and businesslike manner. 1 2 3 4
8. My supervisor generally has a positive attitude. 1 2 3 4
9. Our supervisor helps us find ways to be more effective in our work. 1 2 3 4
10. I have specific goals for my work, and clear and realistic measures to assess my success. 1 2 3 4

Quality and Safety – +

11. I have the equipment and materials I need to do my job well. 1 2 3 4
12. We are expected to do good work rather than just "make do for now." 1 2 3 4
13. Our group is usually looking for a better way of doing things to avoid future problems. 1 2 3 4
14. I get the kind of training I need to do my best work. 1 2 3 4
15. My equipment is kept in good order and repair. 1 2 3 4
16. Our group is concerned about avoiding waste of materials. 1 2 3 4
17. Safety comes before everything else. 1 2 3 4
18. Our work expectations are clear. 1 2 3 4

Communications and Teamwork – +

19. I am proud to be associated with our group. 1 2 3 4
20. When there are disagreements among members of our group, they are usually resolved fairly and quickly. 1 2 3 4
21. If I have a disagreement with my supervisor, I can discuss it in a business-like manner and work it out. 1 2 3 4
22. The workload is shared fairly among our work group. 1 2 3 4
23. If someone has too much to do or runs into a problem, others pitch in and help. 1 2 3 4
24. I know what is going on and feel a part of the organization as a whole. 1 2 3 4
25. Communication is good in our group. 1 2 3 4
26. Our group has pride and operates as a team. 1 2 3 4
27. There is mutual trust and personal regard in our work group. 1 2 3 4
28. Our work group works well with other departments or agencies. 1 2 3 4

Problem-Solving and Decision-Making – +

29. I have a clear picture of our mission, and know how my work fits in. 1 2 3 4
30. If I need a quick decision, I can get it. 1 2 3 4
31. I am involved in or consulted about decisions that affect my work. 1 2 3 4
32. Our group's work problems are resolved quickly and as practically as one could expect. 1 2 3 4
33. My supervisor usually tries to find some effective solution to problems, rather than blame others. 1 2 3 4
34. Our work is well-planned and coordinated. 1 2 3 4
35. When we face obstacles, we usually find a way to get the job done anyway. 1 2 3 4

(continued)

Example 1: Quality Conditions Review *(concluded)*

Explanations

An explanation for any rating of 1, 2, or 4 is necessary, but you are encouraged to make any other comments you think are appropriate.

Item	Comment/explanation

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Chapter 11: Coaching for High Performance

Managing is like holding a dove in your hand. Squeeze too tight, you'll kill it.
Open your hand too much, you'll let it go.

—Tommy LaSorda

Actually, I always thought managing people was more like riding a bicycle with no hands: You first have to develop the skill to ride the bicycle well. Then you have to have the courage and confidence to take your hands off and sit back, controlling the bike by subtle shifts of weight. If you hover over the handle bars, you won't be able to control the bike, and you will be forced to grab the handle bars. You must sit back calmly, but always be alert and ready to act. Management is like that. You can have the skill, but you have to back it up with alertness, confidence, and courage in order to make it work.

There are a number of things that take away this confidence, such as certain personalities or management styles, or the operating culture. Lack of alertness is not so much failure of effort as not having good information about what is really going on in the workplace. And courage wanes because of a lack of confidence and a focus on other things.

"Hands-off" does not mean we should be uninvolved. Indeed, it means *more involvement* and *more communication*, not less. It is the remote and out-of-touch managers and supervisors who are often at the root of the problem, not alert and knowledgeable ones. Too often managers and supervisors wait until a problem comes to them, when the opportunity for a optimum solution has passed.

Key Areas of Communication

There are four critical areas of communication in performance management:

1. *Performance expectations,* which tell a person what is expected in terms of outcomes and ways that work is to be accomplished.

2. *Performance feedback,* which tells us how well a worker is conforming to the expectations of the job—whether or not they are keeping the process within tolerances and are keeping others informed of matters that concern them.

3. *Performance correction/improvement,* which lets people know of preferred or better ways of doing things.

4. *Performance rewards/incentives,* which tell people what the payoff is.

These things must be talked out throughout the year. If the supervisor communicates well with the staff (and that means listening as well as talking), rationality has a chance.

Good communication is not complicated. Information about performance is communicated through many different channels, most of them informal. Each one could be the subject of a separate book, because these channels include corporate culture in all its complexity, reward systems, technical processes, interpersonal relations, professional standards, government regulations, and the like. Moreover, the messages can be quite subtle. If a person goes to the manager with an idea or has taken an initiative and the manager responds by pointing out its deficiencies or simply does not pay attention, the message the employee receives is that making suggestions is a waste of time. People are very sensitive to slights, and it doesn't take much to turn the idea-spigot off.

Authority Always Loses: A Paradox

In this swirling milieu of subtle but often powerful messages, the supervisor is generally the single, most critical element in most everyone's work life. Even the COO thinks a great deal about how the CEO will respond before he or she makes a decision. The only difference is that the more you move through the organization, the more of "them" (people who can cause you problems) you will have to deal with. As you rise, there will be more and more people relying on you for *their* successful performance.

Bossy supervisors tend to be the norm. The reasons are many and varied: One reason is that it is easier to just give orders than to really explain why the order is being given. Unfortunately, bossiness also suggests a derogatory and dismissive attitude toward subordinates. Supervisors are selected for job knowledge rather than leadership, in the hope that they will know enough about the work to keep employees from screwing up or screwing around.

In such cases, the communications flow of the organization is downward and unresponsive; the messages the workforce gets are irrational, but management flies blind, getting few messages at all. A survey of a manufacturing company once undertaken by one of my MBA students (the company's director of safety) revealed this all too well. On a question about substance and alcohol use on the job, management replied that there was virtually none, supervisors thought there was some, and hourly employees indicated that it was fairly common.

In such environments, people want to discipline those who "screwed up" or who "just can't get with the program." In a world of Theory X-with-a-vengeance, employees are often seen and treated as juvenile delinquents, rather than as adults with intelligence and grown-up needs for opportunities to succeed. Authority-driven systems are notoriously inefficient because people tend to use their genius to beat the system either for self-protection or for spite.

Discipline that seeks to punish is wrong-minded, unless you want a defensive, compliant, and resentful workforce. Even when authority prevails and someone is penalized or terminated, the organization suffers in many ways, not the least of which is the acknowledgment that it has made a poor selection to begin with. This kind of heavy-handed, authoritarian approach has been thoroughly discredited by overwhelming evidence, including market and stock performance, but that doesn't seem to have made much of a dent. The current tight labor market has had a greater influence.

Management must instill discipline in its workforce, but it must first understand how discipline works. Self-discipline is behavior in which a person adheres to a set of values that comes from within themselves, when people are focused on and committed to a particular regimen and standard of performance. Management is a kind of discipline, but true discipline—where people are properly focused and committed—is the product of leadership, not of orders and threats. The difference between a work group and a team is that the team is disciplined around common goals and values. People who want to instill discipline in others must inspire, instruct, and guide. That sounds like a good job description for a coach, and indeed management is a lot like coaching, as I will explain.

Coaching Good Performance

Coaching is not something that one does *after* someone has screwed up. The job of a coach is to achieve optimum performance from everyone, individually and as a team. Certainly, any problem should be analyzed for cause and remedial action should be taken, but the essence of good coaching is to achieve a winning performance, not to punish the players for losing. Penalties might at times be appropriate, but they are often a sign that management did not do something right.

Responsible management wants to spend most of its time concentrating on expanding and capitalizing on what it is doing right, rather than trying to fix what it is doing wrong. If you focus more on doing things right, there will be less need to do postmortems. No sensible manager waits until equipment fails before it gets attention: Why should managing people be different? Leadership and motivation are discussed in subsequent chapters, but it would be useful to first address the concern of most supervisors: performance problems.

Dealing with Performance Problems

The three most frequent major errors in dealing with problems are:

1. *Not dealing* with the problem in the hope that it will go away (or that it will become someone else's problem).
2. Doing just enough of a *patch* to get past the present situation.
3. Taking *drastic action* when things get so bad that something has to be done.

None of these are taught in supervisory training sessions, although they are talked about in the corridors and on the shop floor. An organization that (a) rewards doing things expeditiously instead of solving the problem and (b) penalizes people who take the time or who cross the turf lines to try to correct the matter might take such actions, to their eventual self-destruction. If such is the case in your organization, neither this book nor the hundreds of others on this topic will do you much good.

Problems are a fact of life, but we are far wiser when we don't wait until a problem occurs to act, but rather find ways to do things right and learn how to prevent problems. That's the essence of quality. The reality, however, is that much of our time and effort is spent dealing with things that went wrong: an estimated 50% of white collar work is re-work. *How* do you respond? Do you spend all your time patching up similar or recurring problems, or do you solve a problem in order to prevent it from happening again? Think of it as the difference between having ten years' worth of experience, or one year's experience ten times.

Or think of it as the difference between technical and managerial. *Technical* solutions are intended to get things back to where they were before. *Managerial* solutions are intended to eliminate a whole category of problems by eliminating or adjusting their causes. It is the difference between "making do" and doing it right, between dealing with urgencies or pursuing priorities.

Problem-Patching versus Problem-Solving

Problem	Patching (Technical)	Solving (Managerial)
Recurring equipment failure	Increase number of technicians assigned to repair; admonish operators.	Analyze causes of breakdowns; undertake actions to prevent them in the future (e.g., improved operator training).
Growing absenteeism (or safety problems, production rejects, etc.)	Be more diligent in spotting late people; punish more severely; write stricter and more specific policies.	Determine the causes of increased absenteeism; take steps to eliminate them or reduce their impact (e.g., see if there are any patterns to the absenteeism, such as beginning of school or a particular supervisor).

What's the Problem?

If you are faced with what seems to be a performance problem, first determine whether it is a real problem that requires attention (and resources), or whether it is merely an annoyance. For matters of personal pique rather than serious performance issues, the expenditure of company resources to deal with them is an indulgence, not a duty. While the significance of a problem might seem obvious (and often is), it is a good idea to check yourself periodically. Use a problem assessment checklist to help think the matter through. Such a worksheet might contain the following questions:

Problem Assessment Worksheet

What *specifically* is the problem? Defining the problem is often the weakest part of any problem analysis. In training exercises in this area, we find such things as "lacks good attendance" or "excessive absence." If a supervisor attempts to deal with such a poorly defined problem, it not only is likely to lead to an unpleasant confrontation with the offending employee, but might create more problems than it solves. A problem cannot be solved unless it is clearly delineated, such as "has been more than 15 minutes late three times during the week of . . ."

How *often* does it occur? Was the lateness just for one week, indicating some temporary problem, or has it been chronic, indicating a more serious problem?

What is its *impact*? This is where you separate the mere annoyances from the truly important things. Certainly, annoyances concerning time or annoyances that reoccur are significant. Still, you do not want to spend time on petty matters when there are serious concerns that require attention. Also, using the authority of your office to remedy petty matters undermines your credibility and can lead to a lazy reliance on authority.

Why are *you* concerned? This might not be your problem at all, but it still might require the attention of someone. By going through this analysis, you are much better prepared to bring it to the attention of the appropriate party.

Who *else* is part of the problem? Now that you have assessed the importance of the problem, you can begin to look at its magnitude.

What is *required to fix* the problem? At this point, you make an initial cost/benefit analysis and are beginning your plan about what to do about it. It is difficult to do this if you do not have a clear understanding of the work processes and their relative costs and benefits.

What are the preferred outcomes? (Identify three and rank them.)

When the focus is entirely on the problem, it seems that almost anything different will be okay. That will take you from the frying pan to you-know-where. Ask yourself this question; it will allow you to better focus on what you really want to accomplish, analyze the problem in workable terms, make better assessments of cost-benefit, and plan your actions.

Once it is determined that a problem requires some attention, the next step is to find the critical causes. Without these, one is unlikely to solve the problem. Many times managers will say that if they can "just get rid of Jones, everything will be all right." This might indeed be true, but it is doubtful. Jones did not hire himself or work by himself for years without supervision (actually he might have), nor did he give himself raises during this time. The truth is that every employee problem is the handiwork of management systems that created it, allowed it, ignored it, or even rewarded it.

How to Coach Your Boss

Every supervisor is supposed to coach his or her subordinates, but even more important is the ability to coach one's boss. Unless he can do that, it is difficult to get the information and leeway necessary to do the job. As a supervisory training exercise, I ask participants to assess their relationship with their immediate supervisor. Such matters as being kept informed and getting compliments for good work generally receive low scores. "How can we improve these scores?" I ask them, and there are rarely any good ideas. Here's how to do it:

Pick a time when you find yourself with the boss and there are no pressing problems in your department. Ask how he or she thinks things are going. Be prepared for a somewhat surprised look and an answer something like "Okay, as far as I know." You simply confirm the answer with "Yes, things seem to be going well." You might want to add something like ". . . and we intend to keep it that way." During the next few weeks, find the right time to ask the question again, but don't come across as a pest.

Eventually, the boss might even anticipate your question or simply begin to make the observation that things seem to be going well. Now you have arrived, for two important things have been accomplished: First, you have replaced the old practice of *not* talking about work with the practice of talking about it. Second, should a problem occur in your area, you have established a *positive context* where a problem is an isolated situation in an otherwise good operation. Had you failed to do that, the problem *would be the context*, and things would look much worse.

Using "Style" and "Type" Assessments

It has become common practice, especially with consultants, to use either behavioral "style" assessments (management style, communications style, etc.) or personality "type" assessments in staff and organizational development programs. Most people can't distinguish between the two, especially in application. These instruments are typically based on four personality factors. The **type assessments,** such as the Myers-Briggs, Kiersey Assessment, Occupational Type Indicator, and *Please Understand Me*, are based on the behavioral typography developed by psychology pioneer Karl Jung in the early 1900s, and involve such categories as thinking, intuiting, feeling, etc.

The **style assessments** were first suggested by Hippocrates, so they have been around for a while. Examples of modern style assessments are Performax, Wilson Learning, Omnia, Predictive Index, HRD Press, and Wonderlic CPP. Most of these are based on the work of William Marston, who developed the DISC model in the early part of this century, although somewhat later than Jung. DISC stands for Dominance, Influence, Steadiness, Compliance. Wilson Learning Center's instrument uses Driver, Expressive, Analytic, and Affiliative.

Everyone falls into some combination of these factors because they are essentially forced by the questions, which typically give them four choices each that reflect one of the factors. After answering the questions, you simply add up the most answers, and voila! There you are! The following chart gives an idea of how some of these assessments compare:

The Four Quadrants*

Dominance **Fire** **Driver** **Red** **Choleric**	**Influence** **Wind** **Expressive** **Yellow** **Sanguine**
Steady **Water** **Amiable** **Blue** **Melancholy**	**Compliant** **Earth** **Analytical** **Green** **Phlegmatic**

While these instruments seem quite similar in concept, they can differ significantly in reliability, validity, and information value. If an assessment is used merely as a training example to illustrate that people are different, then any instrument will probably do. If the use is to provide a basis for serious personal and professional development, however, reliability and validity are critical. Otherwise, you will be trying to develop areas that are not what you need. Remember that these assessments are "self-reports" or expressed preferences (not objective findings), and can be fudged.

It is one thing to know that an assessment finds a person "outgoing and sociable," but personality type generally has very little to do with how a person performs on the job. Moreover, anyone trying to work with a person on the basis of personality (i.e., dealing with a performance problem), can get into trouble in a hurry. It would be better to use something like the Myers-Briggs Type Indicator, which gives an indication of a person's work-related orientation for quality, analysis, problem-solving, initiative, response to stress and conflict, etc. The data from the MBTI can also be used with the MBTI Team Analysis to show team balance in these factors, and ways that team leaders can work best with team members.

None of these assessments have the power and scope of selection instruments, such as the TotalView discussed in Chapter 5. The instruments provide a more comprehensive, reliable,

* Compiled by Randy Austag.

and accurate benchmark for development, but they usually cost more than style and type instruments. Still, reliable and valid style and type assessments can be quite useful for specific performance issues, team-building, training, and staff development as long as they are used properly.

360-Degree Feedback

One of the best instruments for management and supervisory development is the 360-degree survey, as we explained in Chapter 10. It is more likely to provide a truer picture of how a person impacts others. Upper-level managers either are reluctant to deal with subordinates' problems or do so on an ad hoc or situational basis, so there is usually a need for some comprehensive, systematic review. The 360-degree review also provides a data-based benchmark for development and discussions about performance. As noted earlier, the review should be on work-related *competencies*—not personalities, which are difficult and chancy to relate to work performance.

If the results of a 360-degree review are poor, it is usually because of one of three reasons: the instrument is simply not suitable, or the groundwork was not laid properly (purposes, expectations, planned follow-up, etc. were not properly established or made clear to the participants, perhaps even to management). In such cases, people can be overly anxious, often with good cause, and feel negative and defensive rather than positive and opportunistic. Inadequate preparation leads to a lack of confidence in the confidentiality of the process. The third possible cause of a poor 360-degree review is when there is no adequate follow-up to the assessment; people are just given the results; rather than encouraged to participate in effective development programs.

Development efforts typically require a mentor to help a person understand the need to focus, commit to improvement, and maintain progress. The person's boss is not likely to be a suitable mentor unless it is someone new who is attempting to change the culture and climate. A person's peers or subordinates are not suitable mentors, either; that is the responsibility of the human resources department. An outside "coach" is usually more suitable than someone from human resources. In a supportive work environment, a group can work together on shared areas of concern such as improving communications or decision-making. Chapter 13 discusses the use of mentors and some of the resources available. The Competency Improvement Planner at the end of this chapter is also useful for mentoring. It is an example of how a person can analyze assessment results and establish a development plan, either to pursue on his or her own or to use with a mentor of his or her peer group.

Rational Alternatives

Data and analysis (including analyses derived by assessments) are critical elements in rational management. They help us make better decisions and lead to better outcomes because we know the implications as well as the alternatives.

If a decision is to be made based on opinion, the boss's opinion is the one that counts. If, on the other hand, the decision is based on good information and analysis in an organization that has maintained its focus on priorities, decisions can emerge as part of an effective coaching process.

Many managers and supervisors have had at least some training on quality tools, such as force field analysis, cause and effect diagrams, and checksheets, but seldom use them. That is unfortunate: "quality tools" are an excellent way to democratize the work processes without undermining legitimate roles for supervisors. They help pull teams together as people work together to find the causes of and solutions to problems. That is what teamwork is all about.

Properly focused teamwork is the epitome of elegant management control. I am referring to teamwork in a rational environment, where effort and commitment make sense and people are eager to work together to make things happen. This kind of teamwork is based on cooperative and committed effort; while a number of things are tried to generate teamwork, from climbing ropes to organizational restructuring, the best way to form teams is simply to work together to solve common problems.

On-the-job problem analysis is also excellent training; people become more aware of the relevant standards for their performance and the organizational requirements (who must work with whom, when, and how). Problem-solving tends to catch other problems before they become more serious, or even prevent them altogether. Team coaching and good teamwork are the proper primary focus of supervision, but there are those occasions when an individual will have a problem that needs some attention. We turn to that next.

Competency Improvement Planner

(Gary English & Associates, 1998)

Your 360-degree feedback report provides you with valuable information about yourself in relation to your job and the people you work with, and it will help you become more successful. Use this form to assess your feedback information and launch your own professional-development program.

If you have a mentor or mentoring team to work with you, use this form as a discussion aid.

1. Personal Focus	I'm doing well with . . .	I'd like to improve . . .
Action Orientation		
My thoughts		
Flexibility		
My thoughts		
Results Focus		
My thoughts		

(continued)

Competency Improvement Planner *(continued)*

1. Personal Focus *(continued)*	I'm doing well with . . .	I'd like to improve . . .
Role Modeling		
My thoughts		
Time Management		
My thoughts		
Self-Development		
My thoughts		
2. Strategic Focus	**I'm doing well with . . .**	**I'd like to improve . . .**
Change Management		
My thoughts		
Technology Management		
My thoughts		
Vision		
My thoughts		
3. Business Focus	**I'm doing well with . . .**	**I'd like to improve . . .**
Budgeting		
My thoughts		
Business Knowledge		
My thoughts		

(continued)

Competency Improvement Planner *(continued)*

3. Business Focus *(continued)*	I'm doing well with . . .	I'd like to improve . . .
Creativity and Innovation		
My thoughts		
Quality-Centered		
My thoughts		
Planning and Executing		
My thoughts		
Problem-Solving and Decision-Making		
My thoughts		
4. Workforce Focus	**I'm doing well with . . .**	**I'd like to improve . . .**
Coaching		
My thoughts		
Commitment to Workforce Diversity		
My thoughts		
Human Resource Management		
My thoughts		
Team Leadership		
My thoughts		

(continued)

Competency Improvement Planner *(concluded)*

5. Interpersonal Focus	I'm doing well with . . .	I'd like to improve . . .
Conflict Resolution and Negotiation		
My thoughts		
Interpersonal Skills		
My thoughts		
Influencing		
My thoughts		
Oral Communication		
My thoughts		
Writing		
My thoughts		

Competency Self-Improvement Plan Worksheet

(Gary English & Associates, 1995)

Page____ of _____

Description of Desired Improvement	Strategy of Improvement	Specific Improvement Actions	Date/Measure of Progress	

Competency Self-Development Schedule

(Gary English & Associates, 1995)

Competency ____ **Page**____ **of** _____

Month				
Action				
Action				
Action				
Action				
Action				
Action				

Chapter 12: A Positive Approach to Performance Problems

Down in their hearts, wise men know this truth:
The only way to help yourself is to help others.

—Elbert Hubbard

It is obviously much easier to solve theoretical problems than real ones because you do not have to face the immediate pressures and emotional turmoil of the real world. To the supervisor on the job, however, problems have a human face. The best way to deal with a performance problem is to depersonalize it, but it's hard to do that when it is *your* problem and you have to deal with it *now*. Supervisors have a tendency to deal with performance problems in a very personal way, as a sort of "mano-a-mano" contest in which someone must lose and someone must win. If the coach and the employee are to work together to solve their common concern, the problem must be looked at objectively.

A supervisor's ability to deal with others is a critical factor in addressing performance problems, even in the best of systems, but it is one of the most important competencies for supervisors. Still, if a supervisor has a good system and good tools to work with, it is much easier to turn performance deficiencies into acceptable performance.

Dealing with Individual Problems

One such tool is the Performance Improvement Worksheet at the end of this chapter. This checklist helps a supervisor determine the causes of the problem. It requires a clear statement of the problem and an assessment of its importance. The worksheet asks a set of questions about the possible causes of a performance problem and then asks the supervisor to come up with possibly effective remedies.

Does the person know what is expected?

When I ask this question to supervisors in training sessions, the most common answer is, "They *should* have known." The second most common answer is "Well, *everybody knows* that. . . ." Either of these is a red flag. The one thing that management can do to improve its operation significantly and without any real cost is to make sure that everyone truly understands what is expected of them and how their performance will be assessed. This alone would alleviate many performance problems.

Expectations like "being on time" might seem obvious, but if they're vague or ambiguous, there will be problems. Do workers have to simply be on premises, or must they be at their work stations, ready to work? Every performance review (indeed the entire performance-management process) begins with a clarification and *agreement* of what is expected.

Does the person have the necessary information?

Sometimes the problem is technical, such as when an oil refinery fails to maintain its instrumentation properly and subsequently releases toxic gases into the air. Sometimes it is a change in procedure that does not get passed on from one shift to another. Sometimes the sheer volume of information makes it difficult to attend to every item. Often, supervisors are simply too far removed from the work process—that is, until some major problem occurs.

On the other hand, workers who require too much instruction might have other problems, such as:

1. Low self-esteem or confidence.
2. Severe mental limitations or low aptitude.
3. Inadequate understanding of what is to be accomplished and, therefore, difficulty determining what respective steps should be taken or what the standards are.
4. Lacking requisite skills or depth of skill.

If people are simply not suitable, they should be given other opportunities where they will be better able to contribute. If, on the other hand, the person lacks skills, then training or job aids might be the answer. The environment itself, where workers feel that they have to get the boss's okay at every step because they want to stay out of trouble, can be threatening. The one thing that all of these conditions have in common is that they reflect management systems that have allowed them to happen.

Are the standards clear and appropriate?

Modern management theories include the drive toward "continual improvement," but this does not mean simply getting better: In a constantly changing world, you must continue to improve *just to keep at the same level.* Since individual performance standards are inseparable from work processes, optimizing performance means optimizing work process standards.

If management builds its performance culture around minimal acceptability, the entire operation will be geared around this minimum standard. It becomes the goal. And, because people often hit below their highest aim and rarely exceed it, getting marginal and inadequate performance up to the minimally acceptable level will be a constant struggle.

So, when standards are low to begin with because management set them low, any effort to improve beyond a minimal "good enough" looks like an unnecessary expense because no one truly understands how the company can get much value out of the effort. This kind of work environment is not hospitable to performance-improvement ideas, only to cost cutting; what would look like an unacceptable standard in other circumstances is the norm. Why mess with it? In such a performance culture, people will perform just well enough to stay out of trouble. The diagram below illustrates this limiting acceptable quality/cost performance range.

Unacceptably Poor	***Acceptable Quality/Cost Target***	**Unacceptably Good**
Anything less and someone will complain.	**External:** We can sell at this quality. **Internal:** We can provide this quality without too many complaints.	We can do it less well than this and no one will complain; if we do it better, management will complain.

Attitudes toward goals might shift if there is pressure to achieve more, usually after customers have gone to a competitor. In an urgency-driven operation, the pressure to lower the Quality/Cost Target can be quite strong. The tendency is to look only at costs, but the organization's goal for quality, production quotas, customer satisfaction, etc. might get overlooked.

In the real world, costs, benefits, and alternatives change continually, and conditions provide new value opportunities. Customers look at these changes in terms of their own shifting means, needs, and preferences. If performance isn't re-evaluated at the same time, you will have staff conflict and changing values, major reasons why people choose to leave an organization to work elsewhere.

Employee performance will adjust to management's rational efforts to meet and exceed constantly changing standards. The newly optimized organization will be the competition that others must beat.

In a successful enterprise, performance standards constantly change to meet changing market needs. Management leads by focusing its formal efforts on supporting the creation of customer value. Costs are considered investments in success in the market rather than negative and authoritarian controls. Internal performance expectations are geared toward market needs rather than doing just enough so that the customers don't squeal. In a successful enterprise where people keep raising the bar, innovation and quality are the performance virtues.

The informal reality of workforce performance can now follow a logic for success. Its efforts "make sense" and have value. Watching costs and keeping good standards become a shared responsibility for everyone. This flexible, adaptive, and customer-driven performance focus is illustrated on the next page.

Does the person have the requisite skills and abilities?

This is the "gun-to-the-head" test: The person might not have the abilities to perform—skills or aptitude. The selection process should have weeded out a truly unsuitable person, but even suitable people need opportunities to acquire and practice skills. Not all training is effective, especially if the person is deluged with useless data.

The answer is often not more training, but rather good job aids: simple checklists and demonstration videotapes, and even practice sessions with simulations. However, the best job aids will never replace good selections and careful analysis of what went wrong in order to prevent the same thing from happening again.

Are the systems conducive to good performance?

The essential element in Total Quality Management (TQM) is that the system is responsible for 85% of the performance problems. The organizational rationality standard is certainly a way to get to the heart of this issue. If there are instances of "just do it because the boss said so" or times when people do things in order to avoid getting into trouble rather than to accomplish a performance purpose, the organization, at least to that extent, is irrational. An Organizational Rationality Audit Syllabus is included at the end of Chapter 17.

Does the person have the tools and resources for the job?

The Quality Conditions Review at the end of Chapter 10 allows management to get a good reading on this. If this information does *not* come from the workforce, it will come from managers and supervisors who do not really know or who do not care. For the employees, the party line and the reality will differ.

In one agricultural enterprise, I asked management about how well the equipment was being maintained. I was assured that everything was in excellent order. When I asked a laborer, however, he told of an occasion where the seat on his tractor was loose. He was forced to drive with one hand, and hold the seat on the tractor with the other. When he mentioned the problem to the supervisor at the beginning of the day, he was told to "just get going and quit complaining." When he ended the day with less work done than expected, he was criticized for "goofing off."

In another case, the president of a regional utility company told me that his company was so serious about safety, anyone being asked to do a job for which they did not feel adequately prepared was expected to refuse to do it. When I mentioned this to employees, they told me that trying to exercise that responsibility was not a good idea if you wanted to keep your job!

Is the performance rewarded or penalized?

The most effective way to motivate employees is not to overcome their reluctance with favors, but to get rid of those organizational factors that are *demotivating*. Most organizations abound in these, and management often is oblivious to them. Pay is usually considered a motivator, but if I work hard and the person next to me doesn't but gets the same pay, have I been rewarded, or have I been penalized for doing a good job?

If I contribute to United Way and the boss gets to go to a free dinner and accept the plaudits for our contribution, and all I get is a notice of thanks on the bulletin board, have I been rewarded, or have I been penalized? If I can't get a new computer, decent truck, or expense account to work with, or I can't get any clerical support or I find out about a possible merger, buy-out, or new product line on the radio, am I likely to be motivated to work better? If I go to training and find out when I get back that I am expected to do things the same old way, am I motivated to learn more?

The critical reward for an employee is that which makes us feel appreciated. We are motivated to work harder when our efforts are recognized. If our work is denigrated or doesn't make sense to us, we are de-motivated.

The Good Side of Interpersonal Conflict

If there is one thing that upsets management, it is conflict within the organization. Conflict is usually seen as a problem, much like noise in machinery is a sign of a mechanical problem.

A more modern and realistic perspective sees conflict as something natural and, if channeled properly, beneficial. It is a sign of a dynamic organization that is adjusting, adapting, and innovating. It can, of course, represent poor morale or poor management. Conflict that is channeled properly will not be allowed to turn into destructive bickering.

Do not seek to eliminate healthy organizational conflict. Provide an environment where conflict becomes fruitful energy that refines and focuses the organization on how it can better do what it intends.

In the world of real people, there will always be difficulties in getting along. The organization is not a thing but a dynamic, the interaction of its people determining courses of action, standards of performance, corporate values, working relationships, and boundaries of memberships. It is a great ebb and flow of surges and whirls, as everyone seeks to find his or her best way to operate. Customer service tussles with accounting, maintenance with purchasing, sales with manufacturing, regions with the home office. Each is attempting to find the best way to meet continually changing, particular challenges. As the world becomes more dynamic, so must the organization.

What management can do is to eliminate or at least minimize *unnecessary* or *destructive* conflicts, such as those that lead to employee turnover, customer dissatisfaction, or poor working relationships among departments. Productive conflict results in keener focus, higher commitment, renewed energy, and more cohesive teams.

Needless Conflict

There are two primary causes of needless conflict: system problems and poor selection processes. Poor selection brings in people who are not suitable for a job or for the organization. A person who has a poor aptitude or no genuine interest in a certain kind of work will become frustrated in that work. The frustration will seep out into work relations with others and that person will be less productive (perhaps counterproductive) and impair the ability of others to do their best. Personality problems, where people are simply miserable in their work environment or have maladaptive personalities, are also debilitating in the workplace.

People with destructive personalities can do great damage to an organization before they are found out. Sociopaths are so charming to superiors, they tend to advance upward, but they are hurtful and merciless toward people they have no need for and vicious toward those they see as threatening. They can do great damage. One of the most important benefits of the 360°-review or the Quality Conditions Review is that they can identify people who are hurting the organization.

The other primary cause of unhealthy conflict is a poor system. Systems should serve to guide, facilitate, and support work. If they fail to do so, they are obstacles and threats to good work. Otherwise-amiable people rub each other raw just trying to do their jobs. The organization can also be an obstacle; in such circumstances, people must look out for themselves, bargain for services and support, and keep managers in the dark lest they impose some greater burden.

Of course, every organization has some of these properties, but dysfunctional or low performing organizations have them in spades. The first step in solving most interpersonal problems is to look at the systems: Getting rid of one of the parties through transfer, termination, or some other action only solves *that* conflict, not the climate of conflict. In a well-managed organization, conflict can indicate an opportunity for improvement in the problem-solving processes or point to a healthy, open, interactive resolution of issues. Both of these are critical to optimized operation. If conflict is resolved by taking some personnel action because some staff "can't get along," or there is no dialogue around critical issues, management had better take stock of its culture and climate, and fast.

Performance-Improvement Worksheet

(Gary English & Associates, 1994)

Statement of performance concern: ______________________________

____

____

Importance of problem		
Absolutely critical, cannot be tolerated, serious safety risk, production problems, loss of assets	A real problem, but can build from present skills or situation; some safety risk but not major; production can be maintained but with some cost in quality and efficiency.	Little consequence, no safety risk, few production problems, little or no loss of company assets.

10	9	8	7	6	5	4	3	2	1

Performance factor	Condition	Remedial actions
Expectations/ measures		
Information/ communication		
Skill level		
Memory/practice		

(continued)

Performance-Improvement Worksheet *(concluded)*

Performance factor	Condition	Remedial actions
Incentives/penalties		
Process/procedures		
Equipment/materials		
Conditions		
Staff support		
Job structure		

Chapter 13: Mentoring and Maximizing Your Human Assets

Wisdom is ofttimes nearer when we stoop than when we soar.

—William Wordsworth

Coaching is an absolute requirement for a high-performance workforce and organization. Mentoring is the "little extra" that helps a good organization become a truly optimized one. An effective mentoring program fully utilizes existing human assets by sharing presently available higher levels of knowledge and expertise with those who are developing high potentials. Most every organization has critical expertise somewhere within it. Mentoring helps put that expertise where it is needed or where it can potentially make the greatest contribution. The best organizations learn how to use mentoring to full advantage.

The proper goal of every responsible manager is to make the most of all the resources. Top companies such as Hewlett-Packard, Johnson & Johnson, Lucent Technologies, and State Farm Insurance have some form of mentoring. It's harder to acquire and keep top talent or seasoned professionals, so many smaller firms are turning to mentoring as well. There are literally thousands of mentoring programs across the country (mostly in corporate America but also a smattering in government). Unfortunately, many mentoring programs have proved disappointing.

There are several reasons why a mentoring program can fail. It is not that the idea is not good, but rather that the organization was simply not prepared for it, or did things badly.

Mentoring or Coaching?

The American propensity to play fast and loose with words often makes it difficult to talk about anything with precision: coaches "mentor" and mentors "coach." Use terms that have precise meanings so you can maintain a discussion. The following definitions are offered in that vein:

- *Coaches* are usually supervisors who work primarily with their direct reports, helping them become better members of a work team. Their primary purpose is to improve the performance goals of that work group.
- *Mentors* are primarily veteran staff members who work with junior staff they do not supervise. The focus of their effort is primarily the mentee's professional development.
- *Personal coaches* work with those who hire them for the hiring person's particular purposes—to become a better manager or father, perhaps, or to just get a good grip on life. They typically use a standard or proprietary program.

- *Protégé* is a nice French word for a person who has a mentor.
- *Mentee* is the modern American word for someone who is being mentored.

Spontaneous mentoring often takes place within an organization: a veteran person informally takes a less-experienced person under his or her wing for an extended period of time or for a situation.* Spontaneous mentoring is ordinarily a plus in an organization, but not always. What is being inculcated might not suit the needs of the organization or even the mentee, or be in the best interest of the organization. Moreover, spontaneous mentoring tends to be based on "chemistry" or something other than business purposes; it usually lacks clear goals and progress assessments, and does not always match mentor abilities and mentee needs. It is certainly too "hit and miss" for an organization to rely on it for significant results.

A *formal* mentoring program will typically have established policies and standards, review processes, trained mentors, requirements and rewards for participants, and measurables. Contracts between mentor and mentee or the organization are not unusual and are probably a good idea. While there should be a palpable structure to the program, it should also be flexible enough to leave room for innovation, serendipity, and fun. Mentoring should be an enjoyable process as much as possible. With that in mind, it is easy to see that all organizations are not prepared for a mentoring program.

Organizational purpose is critical to the success of the program. If the CEO read about mentoring in an airline magazine and thought it might be worth trying, then it will end up stacked on top of the other fads that have been tried in the organization. Such initiatives often endure in some residual, burdensome, but not very efficacious, form for years. If it is an effort by the EEO manager to improve the lot of minorities in the organization, it will probably be given some temporary or minimal support, but is not likely to thrive. If, on the other hand, management sees mentoring as an effective way to improve the utilization and retention of its high-potential people, and management commits to it as such, the mentoring program can make significant contributions to the organization.

A note about minorities and workforce diversity: A mentoring program should not focus exclusively on diversity issues, but it can be quite effective in dealing with them. For example, it is not unusual for white supervisors to be reluctant to discuss performance with African-Americans. At the same time, the African-Americans might feel that they are being treated discriminatorily if their supervisors rarely discuss their performance with them.

A formal mentoring program can compensate for the lack of "natural" role models and mentors available to minorities. The formal program will provide minorities and white managers with an opportunity to clear away the apprehensions and misunderstandings that haunt many workplaces.

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* In earlier chapters, I refer to this as "nonsupervisory leadership."

Mentoring on Purpose

The premise of this entire book is this: The only acceptable reason for management to invest in human-asset development is to improve the ability of the organization to perform its mission. Mentoring must be an integral part of this ongoing strategic effort to optimize resources. The difference between a sound management initiative and a management fad is this *strategic fit.*

What is the return on investment for an effective mentoring program? Reduced costs and improved productivity, through:

- reduced turnover
- retention of high performers
- retention of workers with high potential
- greater utilization of existing expertise
- faster "up to speed" for new staff or promotees
- focused and targeted development
- greater and continually growing skill base
- more effective socialization into the organizational culture
- improved information flow in the organization
- faster organizational response to change

If you put together an effective mentoring program, you will soon see substantial cost savings and strengthened capability.

Mentoring will not *solve* turnover problems, but it will help. Some managers will look at the loss of experienced people as "cost savings" because junior people work for less money, but they will lose firepower and organizational cohesion, perhaps even more detrimental to the company. Such managers will likely undervalue all their employees.

On the other hand, responsible managers should not support any cost that does not prove to be a sound investment. Effective auditing methods and performance measures should be in place and any mentoring program should be held to the same assessment standards as training. There must be a Level 3-improvement in proficiency and a Level 4-improvement in operational output. These can be measured with pre- and post-tests for the mentee. The measures on the contribution of the mentoring program, therefore, should be a part of the strategic performance measures of the organization.

A successful mentoring program:

- has a strategic role
- has specific goals
- has a strategy for accomplishment
- has a plan for implementation and ongoing management
- has assessment and feedback mechanisms
- is linked to the organization's business goals
- is linked to present or anticipated operating needs
- seeks to incorporate "best practices"

Are You Ready?

The first step in launching a successful mentoring program is to make certain that the organizational environment is suitable and fertile. This involves assessing:

1. *Management preparation.*
    - Is there a clear goal in mind?
    - Is there a cogent strategy for establishing and operating the program?
    - Are there measures to ensure performance?
    - Are there resources committed?
    - Is there commitment for an adequate trial period?
    - Is there a good plan for launching and managing?
2. *Organizational preparation.*
    - Is there a pool of potential mentors?
    - Is there a felt need?
    - What kinds of interventions, e.g., training, will be required?
    - Do people feel it is safe to seek help/admit deficiencies?
    - Are there people who would participate as mentors? As mentees?
    - Is the organization fighting so many fires that it won't have time?
    - Has there been informal mentoring?
    - Has there been or is there already a mentoring program?

This is not an exhaustive list of questions to be asked, but some of these will get management started in the right direction. For example, the question about having the time to mentor addresses a typical condition of most organizations: Is it safe for mentees to step forward? Will time away from the job be honored? Rewarded? Mentoring is an optimizing *refinement*, and an organization with gross problems should deal with these first before attempting a mentoring program.

Once these assessments have been done, management will be ready to develop a plan. There are a number of mentor consulting firms that can be accessed through the Internet. The International Mentoring Association also has a Web site. A responsible mentoring consultant will not recommend a program for which either management or the organization are not prepared; it will probably offer to guide management through the planning phase and conduct the organizational assessment.

Mentoring Opportunities

There are four areas where mentoring would be appropriate.

1. *Orientation:* to assist and expedite folding the new person into the organization or new situation.
2. *Career development:* to expedite the availability of high potentials for organizational needs.
3. *Executive development:* to provide a pool of qualified leaders.
4. *Project mentoring:*
   (a) to provide support for a project and increase its chances of success; and
   (b) to use work situations as an opportunity for staff development.

For mentoring in a business organization, the content should reflect the organization's purpose and interest, and include:

1. Organizational business and business purposes.
2. Organizational culture and core processes.
3. Relevant performance issues.
4. Respective performance-related knowledge, skills, and attitudes.

While mentoring is not training or coaching per se, it should be aimed in the same direction—to better enable a person to perform for the organization.

By using mentors from other areas to cross-pollinate the organization, management will begin to break down the organizational "silos." Protégés will become aware of other opportunities within the organization, and become well-rounded. It is also a great way to recruit high potentials for a succession-management program. Mentoring is also a learning experience and an excellent training opportunity for the mentors themselves; veteran (and good) employees who are not prospects for advancement can mentor new hires and hence be recognized for their value and importance to the organization.

Mentees all have different goals, changing needs, and special circumstances. At any given time, the mentor's role will shift between instructor, guide, team-mate, supporter, and validator. While the mentor is there to share his or her greater knowledge and understanding, the most critical technique is that of asking questions that provoke reflection, focus energies, and help set goals. In many cases, the mentor will serve as an expediter to put the mentee in contact with an appropriate resource. In all cases, the mentor will inevitably be a model for the mentee in ways of attitude, demeanor, dress, and style, and a model for dealing with others.

Resources

There are a number of resources available to organizations that wish to establish mentoring programs. One way, of course, is to follow the best practices of top firms. There are consulting firms that specialize in helping companies start mentoring programs. Not all resources are good ones, however: one "coaching" program advises people to get rid of all the things in their lives they don't really like but put up with. On the surface, this sounds good. If carried out, however, think of the problems! Avoiding inconvenient or even unpleasant challenges, moreover, is not the way to develop discipline, toughness, perseverance, and an ability to deal with problems under pressure. Indulgence is the antithesis of development.

There are also a number of print and computer-aided resources available. *The Professional Mentor* is an interactive computer program for self-mentoring that includes assessment, planning, and resources. The Perspectives 360-degree assessment has a series of 12 workshops for self-development, and completion certificates. Perspectives, PS Leader, and most other assessments can be taken through the Internet. The development worksheets at the end of Chapter 11 will work for mentoring as well as coaching. Excellent forms for "visioning" and other steps of the mentoring process can be found through the Web site of *mentoringgroup.com*.

HRD Press, which specializes in practical, reasonably priced resources for human resource development, has a package of materials, including *The Principles of Adult Mentoring Assessment* (an assessment of mentor suitability and preparation), *The Manager's Pocket Guide to Effective Mentoring* (an excellent handbook for mentors), and *The Mentee's Guide to Mentoring* (a mentee review of the mentor's effectiveness, which could serve as a guide for mentor training). In addition to books and tools for coaching and mentoring, the HRD Press catalog contains an extensive list of assessments for workstyle and mental abilities.

Previous chapters have discussed how assessments can be valuable tools for selection and coaching, and much of that can be applied here. Psychometric assessments can provide critical information about a mentee's basic mental abilities and personality to help determine whether a deficiency is either minor and correctable or seriously limiting. These things are as important to know in mentoring as in hiring.

When the mentoring involves no specific position, a number of assessment instruments can be quite effective at a minimum cost. Such assessments, however, should still be *work*-related. Such determinations as to whether a person is "intuitive" or is an "influencer" require a great deal of speculation on everyone's part, and some assessments are simply too unreliable to provide an accurate basis for a development plan. It is better to use an assessment that gives direct information about a person's orientation toward quality, problem-solving, and dealing with others.

HRD Press's Management Development Questionnaire assesses, among other things, a person's orientation regarding business performance and willingness to address his or her own weaknesses, which is quite useful information. The TotalView Assessment can provide a Succession Management Report showing how a person does against various benchmarks throughout the organization.

One effective way to conduct or augment a mentoring program is to have a development group that becomes not only a teaching group, but a support group as well. An organization that has conducted 360-degree assessments of its managers will invariably find some patterns of deficiency among the participants. Those who are below the required proficiency for, say, "Conflict Resolution and Negotiation" can work together with a facilitator or mentor toward improvement.

Perhaps the most important part of mentoring, however, is not any particular method or benefit, but rather what it reflects: the commitment by management to invest in staff development and a high performance workforce.

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Chapter 14: Training and Performance Improvement

You ask: What if I train my employees and they leave?
I answer: What if you don't train them and they stay?

—Peter Block

Most everyone agrees that good training is one of the key elements of a top performing workforce. Almost every employee survey and management periodical points out the need for more training. If the need is so apparent, we must conclude that if management refuses to spend any money on training people, it is because it is stingy.

Not so, if we are to believe one of the greatest proponents of more training, the American Society for Training and Development. According to ASTD, the annual expenditure for training in America is about $59 billion. Estimates of total training expenditures range from $30 billion–$70 billion. ASTD estimates that total annual training expenditures have remained about the same for the past few years, despite the fact that the number of corporate universities has risen to more than 1,000. Companies like United Technologies support learning to the extent that they award stock options to employees who complete their education. As one observer wrote:

> *[The] training and education programs within American businesses are so vast and so expensive that they represent, in effect, an alternative system to the nation's public and private schools, colleges, and universities.*[1]

Unclear Picture

Despite these massive expenditures on training, not everyone agrees on its value. Much training is for management, yet many of these people question whether the training they had helped their careers at all. When management "training" covers such things as the management techniques of Attila the Hun or how to climb trees—hardly the skills most managers need—you can understand this negative attitude.

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[1] N. P. Eurich, *Corporate Classrooms: The Learning Business* (Princeton, New Jersey: Carnegie Foundation for the Advancement of Teaching, 1985).

There is even some question as to whether training helps companies outperform their competitors. Motorola, a top-performing company, invests heavily in training—about $120 million in 1997. On the other hand, IBM cut its training budget in half and now seems to be recovering.[2] Before it got into difficulty, IBM required all its employees to undergo 40 hours of training per year.

Many companies, however, do not offer any training at all, except perhaps what is required by EPA, OSHA, or some other regulatory agency. According to ASTD, less than 1% of the companies account for 90% of the training, and a great deal of this is lavished on programs for managers and executives. The major exception is computer training, which almost every company pursues in some way.

Those who are reluctant to spend money on training are accused of being dinosaurs, but a good case can be made that training dollars are largely wasted: The wrong people are trained in the wrong way and at the wrong time. Some experts argue persuasively that training is rarely the answer to a performance problem anyway. Professionals who comprise the International Society for Performance Improvement (ISPI) believe, in fact, that training is rarely a good answer to performance questions.

Motorola claims to get back $30 for every $1 it spends on training, but management is generally unable to put a dollar value on benefits from its training investment, let alone its true costs. Most organizations undertake training mostly as an act of faith or a common-sense notion that well-trained people will perform better. I'll bet most people would rather call 911 in San Jose, California, where staff members receive eight weeks of training, than in Philadelphia where they get just two days.

Need for Nomenclature

There is no clear, widespread agreement as to what "training" is or what it should be called, but the discussions about defining the development of general abilities are useful, and there has been some progress. "Development" education, "performance-improvement technologies"—most working managers do not want to get caught up in a war of words. We do need terms that help us understand and justify truly cost-effective approaches to improving workforce capabilities, because we keep those ideas in order through the terms we use. When the concepts are unclear or their labels are too imprecise, our thinking and our communication suffers. It is possible that we will never agree on the terminology, but we can put performance improvement achieved through training and development into some useful context that makes clear how it relates to the performance process. For purposes here, however, I try to use the following terms and definitions:

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2 See Joseph Keith and Donn Gresso, "The Relationships among Leadership Behaviors of Leaders in Training Organizations, Training Methods, and Organization Profitability," *Performance Improvement Quarterly* (10, 3 1997), 56–66. See also *Inside Technology Training* (November 1997, p. 6) for a preliminary report on a McKinsey & Co. study of top managers and training.

- *Training:* Any intentional effort to improve a person's ability to perform.
- *Skill training:* Any training intended to improve how a person performs in a given set of tasks.
- *Development:* Any activity intended to improve how a person *thinks* about performing, such as developing a *competency* of skills, knowledge, and behavior.
- *Developmental training:* Training that provides opportunities for people to become acculturated and socialized, and learn new concepts, general methods, philosophies, etc.
- *Learning:* What happens in a person's head, no matter what the source or intent.

Strategy and Silliness

There are many ways to bring training into the workplace: high tech approaches such as video conferencing, distance learning, computer-based learning, corporate intranets, and multimedia learning sites are becoming popular. The organization can create a corporate university or set up a half-day workshop. It can be "just-in-time" or right on schedule. Training can be an ongoing strategic part of human-asset development or a desperate effort to try anything when there is a problem. Many companies go through the "blitz and famine" approach to training.

A company might have an ongoing training program, but it might not be a strategic one. Many organizations budget for many programs, taking it on faith that there is some justifiable benefit to be gained and they will all, somehow, fit together. The programs are typically purchased in "packages," and the content built around them; depending on the specific training need ("We want a half-day workshop on . . ."). The key goal is often not what it should be—improvement—but just to fill a time slot. Efforts by the trainer to explore what the client hopes to accomplish are often resented by people who "just want a good half-day program!"

Most training still consists of an instructor armed with workbooks, manuals, and an occasional videotape. Today, human resource professionals emphasize "process" over content, and the content is often pretty thin. One prominent training guru continues to make good money by not doing any training at all: Participants are asked to throw around such things as nerf balls and solve such puzzlers as "If your company were a fruit, what kind would it be?" After each participant makes their guess and explains it to the others, everyone gets to discuss: "Now, what have we learned about . . . (pick one: leadership, teamwork, training, strategic planning)?"

After participating in a nerf toss in a program on "accelerated learning," I asked the presenter what any of this had to do with accelerated learning. "Well," she explained, "if people are having fun, they are learning better, right?" Well, sort of. But not nearly as much as from working with others and sitting down and listening to the ideas of someone who knows what he or she is talking about. Drills and repetition are rarely fun, but they work. Part of the problem with effective training (and perhaps the biggest part) is that people tend to focus on the package or technique, rather than the results to be achieved. We know a great deal about how people learn and how we can best teach them.

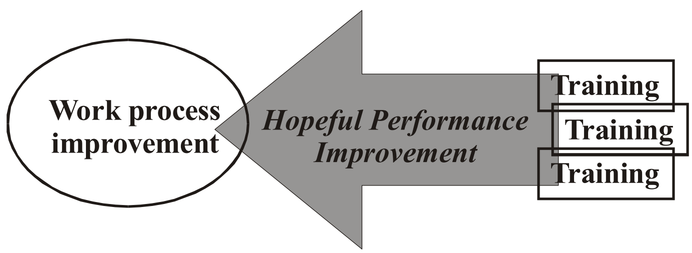
A breakdown usually occurs when the people return to their work stations and discover that they are not able to use the lessons learned on the job. People still buy training packages and have great reliance on "process" to do some magical thing. Perhaps training was given as a "perk" or used as an opportunity for a junket. Perhaps it was offered only to satisfy some requirement that is going to get only the most minimal compliance. Perhaps it is supposed to cure a performance problem. Training seems to work best when there is:

1. Some *explanation* of what one is trying to accomplish.
2. *Instruction* and *demonstration* on how to do it.
3. *Practice* under a good coach.
4. *Payoff* when the new method is used.

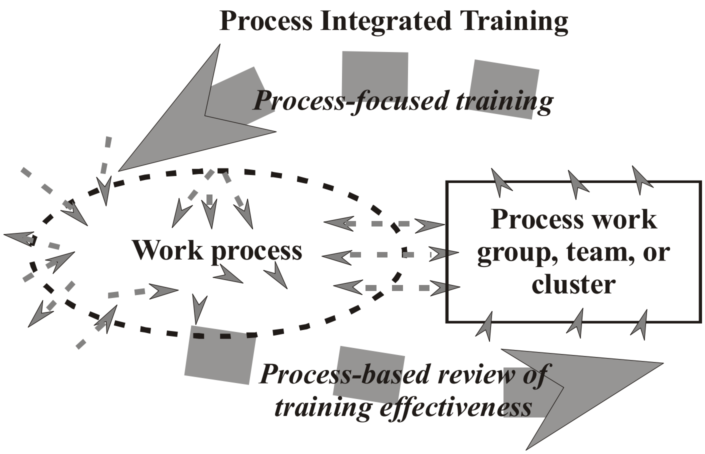
Process-Integrated Training

The only legitimate reason for training is to improve the performance of a person or group, but for this to work, the training must be integrally related to the performance expectations. It is amazing how often supervisors are sent to training without an idea of how performance is to be improved! The trainer should be involved in the performance needs analysis and discussion about how results are to be measured.

Traditional Training Approach



Training, however, should be a *management* action integrated with the other management actions to improve performance: Learning *X* will improve a person's ability to perform *Y*. This means that the training needs and results have been clearly determined and measures have been established to assess effectiveness. Focus and feedback for the training is on performance, not on the person. The performance, in turn, is based on the work process requirements. Those who are in a position to appreciate and assess performance are involved in the focusing and feedback processes.



Training is a *formal* message; workers must see that the training is done on purpose: They should see it integrated into the informal world of work, or management will lose credibility and control. Management must at least appreciate the fact that people are making an effort to improve. One plant manager returned from the third and last of a series of one-week sessions at his company's "university," where he was schooled in all the latest management theories and recommended practices. He could quote more gurus about leadership and communications than a college professor. "That stuff is all well and good, and we should be doing it," he allowed, "but sometimes you just have to pound it into their heads."

Training for the Real World

Time, according to Albert Einstein, is "the duration of an event." While the scheduling and measuring of the clock and calendar are important, the nature of the events themselves is what gives time its meaning. We feel that we have a time-management problem when we think that what we are doing is not what we should be doing.

The status of people tends to be reflected or measured in terms of the value of their time. If you arrive at a meeting after the appointed time and the "boss" or client is not there, you do not feel late. If you get there early and the boss is there, you will probably feel some anxiety about being late. Yet there are people who are always late for meetings and everything else. Time management training can make a major difference in an organization's productivity if it is approached properly, and if the organization is not too schizophrenic.

However, some time-management problems are unavoidable. There really *are* "night people" and "day people" whose circadian rhythms conflict with certain socially-imposed schedules. And there are biological causes, as well: One organization discovered that a construction manager's problems with accomplishing work in a timely manner were caused by a lack of aptitude and a psychological predisposition. Without that information, management would have typically turned to other means to correct the problem, such as incentives, threats, or training. None of these together or separately would have corrected the actual problem, at least not for long: The effort it takes to work far outside one's basic aptitude or psychological interest is simply too great for a person to sustain over a long duration.

Some people suffer, according to one psychologist, from a "predisposition to distractibility." They get lost in ideas or become too involved in social activity. These can be among our best strengths; we should be aware of these qualities in others and help them manage their time in terms of what they are accomplishing, rather than by how long something takes.

Time-management programs usually offer good tips and techniques, but tend to miss the most important point: Time management is neither a technique nor a mechanical system. Time management, like time itself, is a conceptual, psychological, and social-cultural process. If you want to help your employees be more efficient, you must take this into account.

Consider the critical advice to "stop procrastinating" or "stop wasting time on this." Who deliberately wastes time? Most people have no idea they are wasting time until hindsight kicks in. People do not deliberately delegate or communicate poorly, operate in a disorganized system, or procrastinate. Many things distract or sidetrack us at work. Important information is sometimes exchanged during a casual conversation in the hall, and it goes without saying that collegiality strengthens an organization.

It's All in Your Head

An executive lamented that he could not get anything done because he was wasting his time on meetings, telephone conversations, and public relations. What does he think he is *supposed* to do? Isn't an executive's job all about those kinds of things? Actually, ninety percent of executive work is communicating or preparing to communicate!

Time as Corporate Culture

Customize the Training for Your Particular Needs.

Training must be appropriate to the enterprise. If the trainee is a creative person, such as a writer or art director, then they will probably require large blocks of time to work on a project because ideas do not emerge on schedule. They tend to pop out at the last minute. A time-management system has to "fit."

Bring the Training In.

Typically, a company will send a person to a time-management workshop, perhaps with instructions to "bring back some good ideas." That's fine if the person sent to the workshop is a trainer. But, more often than not, the person will return from the training prepared to "work smart," only to find that it does not fit the way others work, including the boss. This person quickly becomes discouraged and returns to the old ways. Bringing the training to the site, close to the "real world" of the organization, will allow for better integration.

Train the Work Group.

The critical element in any operation is the work group. People do not work in isolation; most of what they do involves doing something with someone else. A group trained in a common method will have a "system" that can be sustained and improved.

Base Your Training on Science, not Cute Tricks.

Many ideas are clever and compelling, but they are simply not realistic. Rules that set aside a time for quiet work or a time for phone calls do not take into account the best ways good individual workers perform. "To do" lists and little yellow stick-ums pasted all over the place are also good examples of bad ideas. The reason is "habituation," whereby people have a lessening sensitivity to stimuli. Why do we lose the flavor of food after a few bites? Because our nerves get used to it. Why is the bed at home more comfortable than the one in the hotel that costs twice as much? Because we are used to the lumps. Why do we fail to notice the lists and notes after a while? Because we "habituate" to the environment and simply no longer notice them.

Train Yourself to Improve Your Own Productivity.

If someone interrupts your concentration and you really want to talk to that person (but not right now), schedule a time to talk later. You'll find out quickly whether they need to talk or are using you to kill a few minutes. Scheduling *is* doing something. People accept a scheduled meeting much better than being rebuffed because you are "too busy" for them.

Be Creative in Solving a Time Problem.

One group of bank officers agreed to levy a 25-cent fine for every minute someone is late to a meeting. The habitual boss became punctual and everyone paid attention to efficient use of time.

On-the-Job Training

A chemical plant set up an incident-response program that consisted of a pool of employees trained in incident investigation. In the event of an accident or incident involving one of its employees, an Incident Review Team (IRT) would be selected from a trained pool to "find facts and causes" for anything from a chemical spill to a discrimination charge. Following one such spill, the inspector from OSHA observed the way the company handled the matter, and gave them a minimum fine and actually congratulated them on their response.

I once met with the safety manager of a major manufacturing company to discuss safety problems and suggested that he implement an Incident Review Team. He told me that he was indeed using such a team, but that they "trained themselves" by doing what the IRTs are supposed to do following an actual incident. "What is the difference between that and no training at all?" I asked. "Haven't you ever heard of on-the-job training?" he responded, incredulously.

Most learning that takes place is *informal learning*. The management, therefore, should merge the formal and informal processes as much as possible. This means that training, which is formal, should be provided in a way that most closely fits with how people learn. The best delivery of training is by those who largely determine what people will value—their supervisors and peers—and it should by all means involve them, as well.

The Educational Development Center has reported that approximately 70 percent of what employees need to know is acquired through "informal learning."[3] The reports suggest several reasons for its effectiveness:

1. While most training is generalized for the audience, informal learning is "need-specific" to those things seen as relevant to the individual.
2. Training starts with an assumption that there is already some knowledge; it builds on it to a certain point. Informal learning is incremental and geared to the abilities of the individual to learn.
3. People can apply what they learn immediately.
4. Learning and application can be integrated because they take place in a variety of situations that afford feedback and clarification, such as meetings, customer interactions, mentoring, and peer communications.

What this study demonstrates is not the primacy of learning over training, but that training is most effective when it fosters and guides the learning that takes place in the workplace. Training, as with performer selection, management, and rewards, must be integrated into the work process itself. The first question of training is not how to deliver it, but *what improvements are desired* and *what value they will add. Then* you will be prepared to discuss how to deliver the training and how much money to spend on it.

The informal training that takes place on the job is the training that tends to be incorporated into a person's performance. That is why formal and informal processes should be integrated. On-the-job training (OJT) is preferred by some managers who think it is cheap, if not free. Not true: low performance is very costly. Unfortunately, records are not usually kept on the cost of poor training, and management rarely takes the blame when problems occur because of poorly prepared workers.

Unless OJT is rigorously and systematically managed, it can lead to a deterioration of the work process. The on-the-job "expert" is sometimes a poor teacher (but a good worker) and might be penalized if the training time eats into ordinary work. The information is rarely completely

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[3] Linda Micco, "Informal Learning: The Most Effective Teaching Method," reported in *HR News Online* (January 7, 1998).

accurate and often will involve practices that are at odds with company dictates. “This is how we do it here” is often a sign of an ad-hoc approach to training, whether it involves handling money, customers, or dangerous chemicals.

If you want to take back control of an organization and achieve desired performance outcomes, you must develop a formal, official system that makes sense in terms of the workplace reality. Then, and only to that degree, will you have the means to optimize workforce performance. To manage through training, moreover, management must have a solid understanding of the benefits that the training brings. We look at that next.

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Chapter 15: Measuring the Performance-Improvement Value of Training

For what is worth in anything,
But so much money as 'twill bring.

—Samuel Butler

There are trainers who have a zealot's faith in a technique or method, such as the omnipresent Myers-Briggs, but it is management that holds that most unrealistic view of training. It is a strangely schizophrenic attitude: On the one hand, management doubts its value; on the other hand, it hopes for some magic cure to what is often a system problem.

Management is at fault when it cannot measure either the cost of the performance problem or the value of the improvement provided by training because it failed to take critical operational measures. It is no wonder that a McKinsey & Co. study found that only 16% of 6,000 managers interviewed said their company had identified its top performers.[1]

Training is simply one way to help people move toward mastery of their work. If you do not know what mastery is nor the present level of performance or the gap between the two, how do you intelligently use training? Without operational measurements, you will have no idea what it needs or what it gets. You are simply "throwing training" in the direction of a poorly understood problem.

A food processing plant was trying to deal with an annual turnover rate of more than 200%, but the production department was not unduly concerned because "anyone can do the job and, besides, a lot of people need the work." The many costs of employee turnover, including the need to hire a full-time recruiter to replace departing workers, did not show up as a cost against production. There was no incentive to improve the situation until the sales department became concerned about the plant's inability to get the product out. It had to put pressure on the president of the company to do something by letting him know that the company was starting to lose customers.

The human resources manager kept track of resignations and their causes through exit interviews, and determined that supervision was by far the biggest cause of turnover. After a series of training sessions for supervisors, not only was turnover reduced, but "supervision" as a cause of turnover became negligible. When the human resources manager wanted to continue a training program for supervisors, however, he was told that there was no evidence that the training had really done any good.

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[1] Cited in Brian Morgan and William Schiemann's article "Measuring People and Performance: Closing the Gaps," *Quality Progress* (January 1999), 47–53.

Begin with Work Process

Training is best used when it supports strategic goals. Strategic goals are only obtainable when the workforce is trained or at least knows what it is supposed to do to accomplish these goals. Hewlett-Packard, for example, makes sure that each department supports its customer-driven marketing goals by sending teams of production and other department staff members to visit stores and talk with customers and workers.[2]

According to *Fortune* magazine, Motorola provides "some of the best training in America."[3] Motorola sees its people as capital assets who should be supported by a budget for "maintenance" just as for equipment. Before a quality-improvement team starts on a project, members take a two-day class on skills and team dynamics, covering such topics as setting priorities, running effective meetings, and disagreeing constructively.

A focus on the process provides a basis for meaningful employee input. The results? Process efficiencies, reduced quality failures, and increased productivity. In one case, Motorola found that elapsed processing time for purchasing requests was reduced from thirty hours to three, allowing the purchasing department to handle almost twice the requests without adding staff. Product defects declined 38%.

These are improvements that measurably contribute to the bottom line. Motorola was able to identify the competencies for each job, which allowed it to move from "catch-as-catch-can" training to process-integrated, performance-based training with measurable outcomes. As a result, workers who completed the training and were certified in the competencies received a 20% increase in hourly pay. The key, however, is to have the trainee involved in the process with other performers.

Measuring the Value-Added Factor

Managers are often reluctant to send people to training sessions because they do not see any palpable benefit back at the office. Most training provides very little demonstrable, enduring benefit, and is probably a waste of time and money. Studies published by the International Society for Performance Improvement found that useful acquisition of applicable knowledge and skills (which they call "transference") was about 10%.[4]

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[2] The rationality of Hewlett-Packard's integration of staff development, work processes, and strategic goals is more fully discussed in Gary English, *Phoenix Without the Ashes* (St. Lucie Press, 1998).

[3] For more information on the training programs of Motorola and other companies, see Ronald Henkoff, "Companies that Train Best," *Fortune* (March 22, 1993).

[4] Timm Esque and Joel McCausland, "Taking Ownership for Transfer: A Management-Development Case Study," *Performance Improvement Quarterly* (10, 2 1997), 116–133.

My experience leads me to conclude that 10% transference is probably too high for most training. In truth, no one really has an accurate number because few people actually measure the benefit of training. The most measured part of training is at the session's end, when attendees report whether or not they liked the instructor and felt they "got something" from the program. An assessment is almost never made as to whether they actually learned anything useful or that they'll be able to apply it on the job.

The benefit of training (or lack thereof) probably has little to do with its content. The Covey organization, for example, claims to generate almost one-half billion dollars per year providing training and other services to thousands of companies. One major city's chamber of commerce has put all of its managers and professional staff through the training, but has also enlisted 10% of its entire membership into the program. When I asked several of these chamber employees what changes in management style had occurred during the past year of training, they invariably replied: "I don't see any difference. . . . Nothing ever changes around here." The truth is, hardly anyone sees any benefit from such training, even though participants "feel" like they have had an important experience shortly afterwards. When I asked the same question of employees of a major supermarket corporation, the answer was the same.

Let's not fault the Covey lessons for this waste of money: The goals are rational and the same responses come from organizations that have gone through TQM or other management programs. Like so much good content, however, the Covey material was wasted like seeds falling on fallow ground. The most important parts of farming are what happens *before* and *after* the seeds are planted!

Context and Content

Standard training content is much less important than the way the training is provided and used later. Consider the typical computer training, where people go for a day or half-day and get a "data dump." They then are expected to go back to the office and remember everything. What they remember, however, is very little; they cannot learn more until they have learned to use what they have learned. Training is often little more than a "wash-over" that soon evaporates from the minds of the participants. My training evaluations include such questions as "What could have been done to make this training more useful to you?" and "How do you plan to use this training to improve your ability to do your job?" Since people usually see the training evaluation as a review of the session and the trainer, these questions are often left blank unless I encourage trainees to fill them in. Addressing these kinds of questions, however, helps them identify the kind of management they have.

People who purchase training generally do not seek lasting operational results; they want "packages" that can be delivered at their convenience. They can specify the training area and the duration. They'll get what they expect to get—and, in the long run, what the training does *not* do will cost them even more. Training must be used as a management tool to support improvement in these three aspects: (a) proper focus, (b) effective work processes and practices, and (c) timely and effective feedback. It can be a powerful tool, but if it is not used for these things, it is a waste of time and money.

Evaluating Training Effectiveness

The most popular model for assessing the full range of training effectiveness seems to be the one created by Daniel Kirkpatrick,[5] who suggested that training impact can be measured at four levels:

1. *Participant reaction:* Did they like it?

2. *Participant learning:* Did they learn something?

3. *Participant ability:* Can they use what they learned?

4. *Organizational/operational impact:* Has it made a change in the work processes?

The training department should do assessments at the first two levels because they relate to the content and delivery of the training itself. These have mostly to do with the abilities and knowledge of the instructor. The second two, however, are within the province of supervision and management, and have to do with how a person does on the job and how that job is tied into work processes.

Participant reaction (Level 1) is the most evaluated, although only 86% of management even bothers with this area. *Participant learning* is assessed rarely and then mostly for technical skills. *Participant ability* (Level 3) is assessed even less frequently. On-the-job problems are rarely treated as the fault of poor training; except in rare companies like Motorola, few get to Level 4 evaluations. Level 4, *organizational/operational impact* or work process improvement, however, is the *only* justification for spending money on training. Still, management typically does not require Level 3 and Level 4 assessments for training, and is often actively against it. The reason seems obvious: Level 1 and Level 2 require that the *employee* change; Level 3 and Level 4 require *management* to change.

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[5] There are a number of works available on assessing training, such as Daniel Kirkpatrick, *Evaluating Training Programs: The Four Levels* (San Francisco, Calif.: Berrett-Koehler, 1994), R. Brinkehoff, *Achieving Results from Training* (San Francisco, Calif.: Jossey-Bass, 1987), and J. Phillips, ed., *Measuring Return on Investment* (Alexandria, Va.: ASTD Press, 1997). A good overview article is Aimee Klimczak and John Wedman, "Instructional Design Project Success Indicators: An Empirical Basis," *Performance Improvement Quarterly* (9, 4 1997), 5–18.

Example: Training Assessment and Organizational Level

Level	Evaluation criteria	Kind of assessment	Area of Responsibility
1	Session was informative, fun	Technical (session evaluation)	Training
2	Learned something	Technical (post-test)	Training
3	Can use on the job	Supervisory (e.g., performance appraisal)	Training/Supervision
4	Organizational improvement	Managerial (process review)	Management/supervision

Management draws a distinction between "hard" skills (welding, handling accounts receivable, driving a truck) and "soft" skills (communication, time management, delegation) in that it expects less from soft skills. For example, a welder must be able to weld, but a supervisor is not required to listen, even though not listening is likely to be more invidious and costly. The people who can assess the supervisor's listening ability, i.e., the direct reports, are never asked (a matter that is taken up in other chapters).

Methods of Measuring

Before trying to determine ways to measure the benefits of training, one must first determine what "good" the training is supposed to bring about—operational improvement, cost-savings, production quality, customer satisfaction, employee morale, etc. The OPTIM process described in Chapter 3 is one example of a way to get to the measurables of training in terms of operational improvement and cost savings. Cycle time duration and percentage of value-adding to non-productive times is another approach. "Scoreboarding" and "dashboarding" are some of the current strategies for measuring organizational health and productivity.[6] Employee survey assessments and 360-degree assessments can provide measurements. A truly effective set of metrics would probably include a strategic array of such measuring means.

[6] Some suggested references are Danny Saunders and Phil Race, *Aspects of Educational and Training Technology: Developing and Measuring Competence* (Taylor and Francis, 1992); Sharon Bartram and Brenda Gibson, *Evaluating Training: A Resource for Measuring the Results and Impact of Training on People, Departments, and the Organization* (Ashgate Publishing, 2000); Robert Kaplan and David Norton, *The Balanced Scoreboard* (Harvard Business School Press, 1996); Mark Brown, *Keeping Score: Using the Right Metrics to Drive World-Class Performance* (AMACOM, 1996); and Patrick Northey and Nigel Southway, *Cycle Time Management* (Productivity Press, 1993).

All measuring must be done with two understandings: First, any measure must be related to the work process and the goals of the organization. Work process should be viewed in its larger context. An effective work process not only provides existing services to existing customers, but also finds new ways to serve new customers.

The second consideration: Learning is not merely a one-to-one transfer of information. It should result in enhanced ability and perspective. The more a person is prepared to use the lessons of the training, the more valuable the training. People find new ways to work together, generating value far beyond what any one person learned. A supervisor who goes to a *good* time-management program learns more than just a few organization and scheduling tips—that person learns how to work with other people and how to be a better supervisor. When done properly, training can give you much more than what you pay for. Poorly done and poorly used training will give a lot less.

Money-Wise Training Guidelines

When considering training for managers and staff, consider the following guidelines:

Look for Results, not Packages

Do not buy "training" as a magical product like you buy aftershave or perfume. Invest in ways to improve the operation. The supervisor should be able to explain the performance need and the trainer should be able to explain how the training will meet that need. Both should be able to explain the need and benefit to the people being trained. When everyone understands what needs to be done for the training to take hold, you can now go ahead and spend the money.

Training is not some form of "voodoo." Sending people to training without a management strategy to ensure that the training is truly integrated is largely a waste of money. Worse, it creates cynicism and dismay in people who see the difference between preaching and practice. A common statement in supervisory training sessions is that "my boss should be here." That statement is true is more ways than one!

Train the Work Group

The traditional way of approaching training is to send individuals to training sessions, but they rarely come back with much that will benefit the work process. This is especially true when someone is sent with the unrealistic expectation that they will come back and train everyone else. It might cost a little more, but if at all possible *bring the training in.* If that is not possible, send the entire work cluster to the off-site training to create a virtual work situation.

Here's an example of what I mean: Time management is a good area to work on, but most time-management problems involve working with other people. Improvement comes from establishing better ways of working together, something that can only be done by the group itself. A training session that helps a group do that is doing more than training—it is developing improved work processes, and that is a worthwhile investment.

Self-Train

One of the best ways to "train" staff is simply to let them get together and share ideas about ways to solve problems and work better. Employers don't like to do this because it seems like "goofing off." Properly done, however, it can be the best, quickest, most efficient, and most inexpensive way to improve an operation. Invest in some coffee and doughnuts for an hour or so every other Friday and reap the benefits of the developmental resources you already possess.

Be Ready to Change Yourself

One of the reasons that managers like to send staff to training is to help *them* change, but the most important force in an office is the manager. It is he or she who must change if the operation is to change, because people essentially respond to the environment that management has created.

Managers are often reluctant to change because they think it will be a sign that they have some failing. It's not about one's failings: It's about ways to improve performance. Think about change as a simple adjustment, just like when you steer your car to avoid a ditch.

Properly done, developmental training must also involve organizational development. Learning grows when it is shared and this is basically what we mean by "organizational development."

Many writers argue that the new critical capital asset for creating wealth is intellectual. If that is so, then management must make its intellectual assets grow, making learning part of every work process. Training is one of the best opportunities to either build wealth or waste it.

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Chapter 16: Performance Management and the Human Resources Department[1]

Cabdrivers are proof that practice doesn't make perfect.

—Jon Winokur, anthropologist

When management feels the need to improve morale or performance, it is often the Human Resources department that gets the nod. This is a bit curious, because: (a) most people in an organization report to someone other than human resources; (b) the supervisory skills of human resource managers are, on the average, pretty much like everyone else's; and (c) human resource managers generally possess only minimal management skills.[2]

Management seems a bit schizophrenic when it comes to the human resource department. On the one hand, HR staff are often given the critical job of improving workforce performance through such responsibilities as training, incentive programs, performance review, orientation, etc. On the other, the HR staff are often seen as costly and non-value-adding and are "the last to know and the first to go." Ironically, management seems able to hold and act on both these perspectives at the same time. It's no wonder that HR people often seem paranoid.

Whatever the view of HR, one thing should be understood: *Even if HR staff are competent, cooperative, and supportive in every way, they should not be held responsible for employee motivation and development.* Human resources management, as it is ordinarily conceived and practiced, provides little in the way of individual or organizational performance improvement and, indeed, is often an impediment to improvement. No, that responsibility belongs elsewhere.

Time for a New Idea

When the labor movement began to become powerful, many companies set up a "labor relations" staff in order to keep peace with the unions. This arrangement eventually evolved into the more placating "employee relations." The "human resources" concept evolved alongside the human relations "school" of management thought and notions of Theory X and Theory Y leadership. "Human resources" management was a definite improvement because it got management to recognize the value of its people. In recent years, government regulations have created the need for an array of technical expertise in most every area of employment. Out of this came a new role for HR.

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1 This chapter was originally published as "Human Resource Management: An Idea Whose Time Has Passed," in *Manchester Review* (Volume 3, #4/Volume 4, #1, 1998), 37–42.

2 Other than numerous anecdotal references, data on this are not easy to find, The Pricewaterhouse Coopers report in its *Fall 1998 Human Resources Benchmarks and Best Practices: A Global Survey* is suggestive.

The battle continues between the forces of traditional, authoritarian managers who *use* their people and modern, progressive managers who *partner* and develop their human assets.

The unquestioned premise of the human relations approach, perhaps most evident in the popularity of Myers-Briggs, is that if people just get along and appreciate each other, then everything else will work out okay. Certainly getting along would be a help—even a necessity—but it isn't the essence of organizational performance. Harmony can be pursued at the expense of productivity; it is the *systems* that must be optimized, not good feelings.

It is a mistake to make HR responsible for training, performance management, and organizational development. It relieves supervisors and managers of much of the responsibility for performance improvement, *which is essentially what their job should be*. Helping new staff fold into the organization and assume their new responsibilities, providing performance feedback, establishing a motivating environment, and coaching for improvement *can only be done by supervisors.* And, need we mention, *good* supervisors do all these things.

An office of employee and organizational performance improvement (which makes perfect sense) should have a senior executive and report directly to the CEO. Operational improvement should not be isolated as a department, but be integral to the entire operation of the company or agency. Performance expectations and rewards at every level should reflect that strategy. Only then will it transcend the "management program" level and become infused throughout the organization as the normal way of operating.

Job descriptions and performance evaluations are not always taken seriously by department heads, so they end up having little to do with what one actually does on the job. The same goes for wage and benefit studies.

In all fairness, however, wage and benefit studies, particularly when done by government agencies, are political documents to protect agency managers rather than an effort to find appropriate pay levels. In actuality, one could argue that most of these activities by HR are really efforts by management to take the easy way out and have HR do those things that it should be doing, such as determining what a person should be doing on the job and how much their work is worth.

Another Silo

The Conference Board, an industrial research agency, held a conference in 1998 to discuss the changing role of human resources. A number of companies presented various ways to help human resource departments add value to the company. The ideas sound good, but proceed with caution and maintain a degree of skepticism about any real change in the role of HR: the problem is too fundamental to be cured with tinkering and hopeful phraseology.

Human resource departments make up another isolated organizational "silo" that haunts and impairs many organizations.

For example, if human resource managers use psychological assessments to target how to improve the quality of the people they hire, the costs of these instruments are charged against their budget. If Human Resources does a better job with employee selection, resulting in, say, a 10% reduction in sales-staff turnover and a 20% increase in first-year sales for new staff, shouldn't the human resources department get the credit? The operations managers will probably take the credit, but the increased cost of using psychological assessments *will* be noticed. If management sees these costs rise but doesn't see that the instruments are responsible, in part, to new sales and less turnover, they'll surely discourage the HR staff from buying and using the instruments in the future, despite their benefits.

While a human resource department is often seen as ripe for budget cuts, it is not usually given the same attention in an improvement effort as other areas, such as production. HR does tend to resist process improvement and quality approaches, yet it can benefit from process improvements. Outsourcing, an increasingly attractive option for many organizations, often brings a business imperative and incentives to personnel management, and commensurate improvements in customer service and efficiency.

Computers are being used to keep people informed of policies and benefits, more economically, efficiently, and accurately. Rather than having to troop into the personnel department to find out what the leave policy says, how many vacation days one has, or even when you can come in and talk about those things, employees can tap into a data bank, give a code, and get the latest, most accurate information available. Such a system means smaller HR staffs, less time off the job for staff, fewer HR staff needed, and an easily updated single source for all information.

HR as In-House Scold

HR today suffers paradoxically from both what it is doing and what it has failed to do. It is doing a good job informing people about the alphabet of regulations, such as EEO, ADA, FMLA, and OSHA—an irksome necessity that tends to turn the Human Resources department into in-house enforcer. It issues dire warnings to management about government requirements, and management, in turn, gives HR the job of enforcing them.

In many cases, HR managers have used the threat of federal and state regulations to become, like the government itself, a force for compliance under threat. "Compliance," as we have seen, is a negative and restrictive dynamic, bringing us into a world of "can't" and "don't." The general response to such pressures is to do the minimum required to stay out of trouble. Thus, HR becomes another part of obstructionist management that must be overcome, sidestepped, or defeated by those trying to do their jobs. Operating managers wonder whose side HR is really on and HR wonders why operating people "don't get it." Those professional HR managers and trainers who seek a path to a value-added role, working closely with line management, are often rebuffed. Line managers have pretty much accepted the role of HR as it has been presented to them, and that is something they want less of, not more.

It's even worse when operating departments must fight with HR to acquire good performers. One department manager in a major university was constantly under pressure from the personnel department because he insisted on giving skills tests to candidates they sent over. He would ask those applying for a CAD operator's position, for example, to demonstrate their knowledge of the CAD equipment by using it, and ask prospective computer programmers to write some code. He realized that the candidates were not as qualified as they should have been; in the case of the CAD position we just referred to, many had never actually operated a CAD system before, but had studied about it in school.

The Dinosaur Within

The problem has become institutionalized. The HR professional conference programs are often forums for complaining about being unappreciated, rather than forums that explain how to become a value-adding partner with the operating managers. Training sessions often focus on legal issues brought about by poor practices, rather than focusing on ways that HR can avoid problems through new approaches. Even university curricula in "human resource management" often reinforce an "us and them" and "if they would only listen to us" attitude, while failing to offer much in the way of any real suggestions for change. As it is, HR staff are often lacking knowledge of not only their own company's business processes, but even many aspects of their trade, such as psychological assessments. Indeed, one often finds the greatest resistance to the use of psychological assessments coming from HR managers.

Many HR departments (if not most) still function as personnel departments, no matter what they are called. "Performance management" is little more than the old "personnel evaluations," and "compliance" activities are no more or less than what they had to be before the personnel department got repackaged as HR. Calling personnel staff "human resource managers" has clouded a basic truth: "human resource management" is essentially what *supervisors* do. Improving human performance should be an integral part of the performance expectations of every manager and supervisor. Having a human resource department has, in effect, relieved them of this critical responsibility.

It is not uncommon for the personnel department to report to a manager of administration or even finance. That makes sense for compliance, wage and benefits, and other administrative issues. Human resource development is another name for *performance improvement.* As such, it is an *operation* issue, not an administrative one. Human resource development belongs at the heart of the work of the organization's business processes and should be placed close to the heart of authority.

Doing Things Differently

We have established that HR must focus on training for workplace performance. It must also think long and hard before it jumps in to set up workshops on compliance issues such as discrimination. The typical response to discrimination problems is to drag the supervisors and managers into training sessions led by a trainer who is a racial or ethnic minority, preferably female, and have everyone admit to being racist, sexist, prejudiced, culturally ignorant, or all of the above. Programs must be designed from a performance perspective, not an ideological one.

With the exception of expanding the available labor pool, the benefits of diversity are in a wholly different conceptual arena than those of the workplace, which properly focuses on performance. Diversity is not a *performance* issue, except perhaps marginally, and efforts to make it appear so seem ludicrous to working people who often understand such things better than bureaucrats and ideologues. Discrimination, on the other hand, *is* a performance issue and a legitimate organizational concern.

Discrimination impairs the full utilization of organizational resources and is a performance deficiency for those responsible for employing these resources. Discrimination, either actively created or passively allowed to fester, is the product of poor supervision or management. In a properly constructed and managed *performance management* system, discrimination would be detected and corrected quickly. More importantly, it would be less likely to occur in the first place.

Preventing problems is, of course, a primary goal of any ordinarily sensible manager. The point seems clear and compelling: If HR dealt with job discrimination as a hard-nosed performance issue rather than an ideological or political issue, it would be more likely to solve the problem and, thus, improve productivity. It would provide a true value for the organization. To do this, however, HR would need to transform itself from the company scold into a performance partner.

HR and Performance Improvement

The typical professional or career development programs might be successful at optimizing individual potential or helping a person "self-actualize," but they rarely add value to an organization. What an organization wants and needs is to have promising candidates available whenever a position opens, and this can happen if you are grooming people for promotion. In fact, one of the quality measures of an organization is the percentage of promotions from within. It reflects proper development of its human resources.

Developing qualified individuals should begin with an assessment of *organizational* needs, present and future, rather with an individual's ambitions and curiosity.

There are added benefits when the HR department works with managers to determine their human performance needs and then helps meet them: Managers assess and plan ahead (rather than desperately try to fill a position when a resignation plops in the in-basket). Still another benefit is the increased relevance and appreciation of training in the "soft" skills, which now become directly related to required organizational capability.

In this way, HR gives its programs a different focus and uses different measures to gauge success, content no longer to preach and scold or train people in ways marginal to organizational needs or to further a career with competitors. It won't be spending company money on fluff and special interest matters. Its efforts would be clearly, directly, and rationally furthering the mission of the enterprise. If the work of operating managers has an added value, then so must HR in its integral contribution.

Quality Performance

Individual performance must be focused on the organization's needs and goals, and any improvement efforts must address these issues in terms of systems. As we said in the previous chapter, training, at least that which has to do with working with others, is best done for the work group, around the work processes.

Line managers have largely bought into the mistaken belief that training individuals will solve organizational problems or even that the problems might not be "organizational" at all. This view ignores this reality: Teamwork and process improvement are the key to performance improvement for individuals as well as the organization. By expanding its training and development focus to performance and work processes, HR can interweave the management of these two elements of productivity and provide a significant added value. To make this transition, however, it will have to change the way workers look at HR and their own work processes.

Achieving Real Improvement

Training staffs and budgets are generally the first to go, partly because they cannot justify their existence in terms of real business-process improvement. And here in lies the problem: no training program should be instituted if the cost outweighs the expected improvement!

Training and its evaluation must be changed; the training and development staff members must work with supervisors and management to:

- analyze performance needs and problems
- establish measures for improvement
- design and deliver suitable training programs
- participate in the evaluation of process.

Anything less will likely be useless.

The best way to do this is to bring the training into the workplace and train a "work" or "process" cluster. The training should be centered around the work to be done, not trendy training techniques. As a work group learns new ways together and negotiates new expectations and relationships, its members will essentially be improving their work processes.

You can identify and assess any improvement through pre-measurement and post-measurement, using such measures as cycle times, customer complaints, and percentage of error. Depending on the need and the training, this process can range from incremental improvements to re-invention.

We are no longer talking about training and development or human resource development, but *performance improvement.* Performance improvement includes much more than simple training; it must include work process analysis, job analysis, performance standards, work process integration (teamwork), on-site job aids, and so forth. “Training” is probably the least significant and cost-effective approach of all.

This gets us back to the point. Someone needs to attend to such “personnel” matters as compliance, recruitment, workers compensation, and benefits administration, but someone *else* needs to be integrated with the line operation to optimize human performance and work processes. The emphasis should be on “development,” and the only justification for that is *performance improvement*. The kind of activity we are talking about here is “performance” or “productivity” improvement.

Performance Partners

HR development staff should strive to become different kinds of players. Modern organizations need more process-integrated training and development, such as problem-solving techniques and new human-performance technologies. The quality movement has introduced the use of these techniques into many organizations, so you will not have to look far to find them.

The need is so great and the potential so clear that training and development staff will either find a way to integrate their work with that of line and staff operations, or management will find other ways to improve the performance of its staff. I recommend that organizations (a) shift *personnel* functions over to a suitable office with appropriate expertise, keeping it as an administrative function, and (b) place human *performance improvement* functions at a general organizational management level, where they can be integrated into all work processes as a part of managing those processes.

Responsibility for motivation and performance development would then be properly placed with those who do the work and those who manage the work. Performance improvement can be supported by those who have the focus and knowledge for that. Supervisors and coaches must be the ones to push for performance improvement.

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Chapter 17: Common Sense, Organizational Rationality, and Performance

I think there are great rewards for organizations that pay as much attention to the engineering going on in the so-called "soft" side of their business as the "hard" side.

—Bob Lutz, President, Chrysler Corporation

If workers do not take what management does or says seriously, then one thing is clear: Management might be in charge, but it isn't in control. When the bearer of the order, usually the direct supervisor, consoles employees with: "I know it doesn't make any sense, but we've got to do it anyway," you know there is something radically wrong.

It is this disconnect between effort and purpose that makes most attempts to improve an operation impossible. You can get away with mixed messages every now and then, but if they are status quo, then expect fragmented, fractious, and suboptimized performance. Optimizing human performance within an organization requires that everyone buy in to the goals—at least in critical areas.

Translating Management's Messages

Every management action or formal communication is scrutinized and discussed among the workers to determine its "real" meaning and significance. People want to know what it means for *them.* Then *they* will decide what they should and will do.

What a message means, whether to get busy or simply ignore it, depends on how the organization's culture and history have taught people to read what management promulgates. People find a solution that suits their values, calculations, imaginations, and emotional concerns. In other words, they make a common-sense judgment. To the extent that judgment is a social product created by others in the organization, it becomes the *organizational common sense,* a shared reality of the organization and its true culture.

Common sense means using our faculties of integrity, intellect, intuition, and passion to convert our ideas, dreams, notions, etc. into practical, real form. People vary in their motivations toward performance—the money, the job satisfaction, personal idealism, etc. We act on all of these things all at once, although one or the other can dominate at any given time. When we assess a person's suitability for a job, we look for common sense and how behavioral inclinations and aptitudes match the needs of the job.

The better we match these behavioral tendencies to performance expectations, the more our performance predictions will be borne out. Much of a person's performance strengths and weaknesses are the result of a person's suitability for a job. One can only manage what there is to start with. A person's common sense should match the performance needs.

Common-Sense Faculties and Range of Behavior

Faculty	Process	Inadequate	Balanced	Excessive*
Intellect	Reasoning Calculating	Dull Error-prone	Good analysis, Problem-solving, Planning	Indecisive Overly concerned with process rather than results
Intuition	Envisioning Creative problem-solving	Lack of imagination Easily stymied	Innovation Leadership	Unrealistic Impractical
Valuation	Self-control	Wishy-washy Jealousy	Steadfast Good focus	Rigid Pigheaded
Passion	Motivation	Poorly motivated Lazy	Enthusiastic Energized	Fanatical Impulsive

Source: Gary English, *Phoenix Without the Ashes* (St. Lucie Press, 1999), p. 25.

Let's look at an example of how a person might use his or her common sense to determine what being "on time" really means. Notice how the person is responding to a perception of management values and intent, and how they reach a rational, common-sense conclusion.

Common Sensical Assessment of Being On-Time

Intellect	They say to be at your desk at 8:00 A.M., but a lot of people aren't here until 8:15, and no one says anything.
Intuition	If I'm at my desk at 8:10, no one will say anything. They won't really care if I am here at 8:00 or not.
Passion	I don't really care, because they don't appreciate it if we are here at 8:00 anyway.
Valuation	My job is to do what they say, and apparently they think it is okay to come in at 8:15. If the boss is satisfied, I've done what I'm supposed to. It is only right considering how they. . . . (Go back to intellect for some rationalization).

Source: Gary English, *Phoenix Without the Ashes* (St. Lucie Press, 1999), p. 191.

* Out-of-control powers can reach the pathological, such as in the case of the passion of Ted Bundy or the imagined reality of the schizophrenic. Out-of-balance powers can produce the rare *idiot savant,* who might be mentally retarded in all cognitive areas but can play all of Mozart's piano works flawlessly from memory.

It is not that people do this out of spite or for some self-serving purpose, although that can be the case. Rather, it is that people, in their need to make sense of things, *invariably* try to figure out their meanings. We know all of this, of course, but we tend to forget it in practice. We tend to think that all we have to do is say something, and people will take it that we mean it—that people see things as we do, that we can "manage" and "motivate" them with certain tricks and techniques. The truth is that people will decide for themselves what they will do. The only course available to management is to make what it wants the most attractive and compelling option. Unless one understands this, good performance is essentially a matter of luck.

Organizational Rationality

One of the primary purposes of an organization is to define "good" sense so that its members, managers, and employees will know what to know, what to do, and how to do it. As people accept the "good sense" of the organization, the common sense of an *individual* becomes converted into the common sense of an *organizational member.* This shared organizational common sense becomes the individual's context for behavior. In performance, a task is a technical action; the context is everything else. To optimize organizational performance through the full utilization of human assets, management must make this organizational context rationally compelling.

An organization is an instrument to translate purpose and strategies into concrete action. This is done through the efforts of members of the organizational community. An organization is *rational* to the extent that what people are doing is reasonably and logically pursuant to that purpose. When things "don't make sense" to people in the organization, it is because they do not see the action as appropriate or reasonable for what is supposed to be the purpose people are there to serve.

An organization can determine its level of rationality by undertaking a *rationality audit.* A syllabus or model for such an audit is found at the end of this chapter. The audit assesses six areas that provide the mark and measure for rationality in an organization. These are:

1. A clear *purpose* defined though specific goals by which all effort is guided and measured.
2. A meaningful *plan* for fulfilling that purpose by achieving these goals.
3. Decisions based on the best *data* and *analysis*.
4. A continued effort to have good *tools* and *craftsmanship*.
5. Management through *performance-based* systems.
6. *Managerial control* of the operation.

The requirements of rational management are not radical or excessive in any sense. Indeed, they are quite traditional concerns of management. They look obvious, even things most managers are doing in some way or other. But what counts is *how truly these marks and measures characterize the organization*.

Basically, most organizations are technically doing the same things. In practice, however, the performers of excellence are in a different realm than the others. Every organization has *some* rationality, but if the goal is *excellence,* rather than merely being *okay*, the level of organizational rationality must be excellent as well.

Clear and Compelling Purpose

If performance is to make sense, there must be purpose to align the organization. A loss, obscurity, or contradiction of purpose, sometimes called a lack of vision, can come about in many ways. Many support units, such as human resources and purchasing, can turn their supposed internal "customers" into *de facto* suppliers. It is not uncommon for operating managers to see these support units as another form of "boss" who must be satisfied, rather than seeing them as reliable suppliers.

Big organizations seem to have a lot of trouble defining their purpose in terms of performance. They focus on keeping the operation going rather than pursuing a vision that keeps employee and management performance vital.

A purpose that exists only on paper or in the mind of the CEO is, in effect, no purpose at all. One example is an International 500 company that introduced its new mission with great fanfare and a video from the CEO. There were numerous meetings of key managers from around the world and copies of the mission on tent cards for every manager's desk, and a large framed version for every work location. When I interviewed employees and front line supervisors in a plant about how their work fit into the new mission, the response I got was: "I don't know anything about it. I came in one morning and there it was on the wall. Nice frame, though."

Having a defined purpose provides an organization with priorities—initial choices that guide and measure this set of subsequent choices. A statement of the relative importance of goals that reflects strategic *values* and priorities allows us to rationally align operational activities to accomplish these goals and realize true purpose. Without priorities, the organization is driven by *urgencies* of the moment, based on "needs" (whatever is the most pressing matter at any given time is the greatest need).

Management-by-expediency bypasses, displaces, and undermines official management systems. This "method" generates more needs and urgencies to be solved in an ad hoc manner, and quality is compromised because you have to make-do and move on to the next emergency. The organization's purposes and goals are the last things on anyone's mind.

When the company allows urgencies to push aside priorities, forward-looking managers won't be appreciated or valued. The ability to respond quickly and patch the problem is called "good" performance. It's fire-fighting instead of fire prevention: Almost every question that deals with the robustness of an organization and its workforce is set aside so that full attention can be given to the "real world" that, in truth, is the artificial creation of management itself.

Planning

The idea of good management is not to wait to see how things turn out, but to make sure things turn out the way they should, and this means planning. **Planning** is the process of looking ahead and anticipating what will be required, a critical part of supervisory and managerial performance. Planning is not always a good predictor of the future, but it can be an *effective way to assess the present*. If people know where they are and have an idea of where they want to be, then the chances of getting there are greater. People are simply in a better position to help make the right things happen.

People need to know how their performance fits with that of others. A plan lets everyone know what to do and when to do it. It explains the true organizational priorities, and becomes the vehicle for organizational conversations, the dialogue that translates purpose to practice, the essential process in generating organizational common sense. For this reason, the entire organization must in some way be involved if a plan is to provide for effective productivity. This, of course, relates directly to determining performance expectations and assessment.

It is not necessary to have an annual plan, especially if it is a wasteful pro forma exercise. It is much better to plan all year long through ongoing conversations about goals and activities to achieve those goals. It must also be a multi-level, multi-functional process. This is not to say that the CEO must listen to every part-time sales clerk speak about strategic marketing, but planning should involve several organizational levels feeding each other information and insights.

Best Available Data and Analysis

When decisions are based on opinions, the opinion of the big dog is the one that counts. Opinion-based decisions, then, push an organization toward boss-ism, which undermines performance management. Data and analysis, on the other hand, are great democratizers. They free people to perform at their potential. Data and analysis put the issues on the table, allow a critical review of the information, and allow people to collaborate in solving a problem. Teamwork without such problem-solving techniques is almost impossible.

In many cases, a great deal of information is available but is not gathered or, even worse, not used. Organizations that are highly driven by authority, urgencies, and cost-cutting will not see the data and analysis information as anything more than “overhead” to be reduced.

For example, a large insurance company tried to focus on high-yield marketing opportunities. Support staff were seen as “overhead,” while commission sales staff were viewed as “producers.” The support staff, however, were the very people who could have collected and analyzed sales-contact data and identified those customers who had the highest sales and profit potential. Had management fully appreciated these “overhead” operations, and had their performance expectations provided for making the marketing information readily available to them, everyone would have made more money.

Without good data and analysis, each problem looks equally important and will be subject to political clout.

The general manager of an automobile dealership was concerned that his service department was not making any money, despite its bays being full and its rates competitive. There was a consensus among staff that 20% of the service work was not properly done the first time, due to unavailable parts.

Upon further inquiry, it was found that no one had any data on the return work, such as the model of the automobile, frequency of service or repair, technicians involved, time of day or week, etc. There was no identifiable place to attack the problem, so the staff concentrated on softening the effects of the service problems by offering special loaner cars, pick-up service, etc. These expenses and others, such as overnight delivery of ordinary parts, only made the cost of the problem higher. Performance in this case meant simply doing the best one could under a poor management system, with one's best effort often frustrated. The effect on the customers, of course, was not good either.

Good Tools and Craftsmanship

Quality is directly dependent on what the *worker does.* In a simple environment, this is more apparent. A less able person using the same tools will not only get inferior results, but is likely to ruin the tools. When the tools get big and complex, however, this perspective is turned on its head, and people will see the tool as the critical element, with the operators as mere appendages. Quality *is* as the worker *does*.

"Idiot-proofing" is a term used to describe what can sometimes be done to equipment in order to lessen the impact of the operators. Idiot-proofing isn't needed unless people are not properly prepared for their jobs. The value of Microsoft's Windows™ operating system is not that it "idiot-proofs" computers, but that it does what technology is supposed to do—facilitate user learning and expand the range of natural abilities. It does not replace the craftsmanship of writing, designing, and communicating; it merely provides better tools for it. It does not "idiot-proof" the computer, but makes it *user friendly*, as all equipment should be.

Companies *invest* in equipment but try to cut labor *costs,* often by denying proper training and other steps that develop higher levels of craftsmanship. The difference between "investment" and "costs" reflects the low regard many managers have for their workforce, a perspective that does not go unnoticed by employees. The lower the level of employee, the less regard and consideration they are given, even though it is these people who most often perform critical customer-related functions. The technical system should be modern and competitive, but primarily it should provide the human operating system with a chance to use its craftsmanship to the company's best advantage.

Using new equipment with new technologies can provide an operation with a step increase in productivity, assuming that the operators and maintenance technicians are properly trained, etc.

Developing the craftsmanship of the employees and a system that supports the continued strengthening of that craftsmanship, however, is the only strategy that provides *continuous improvement* and, by its nature, sustains its own growth and development. No one has better technology in its arena than Disney, but the focus of Disney management is not just on the gee-whiz stuff. As Walt Disney said: "You can dream, create, design, and build the most wonderful place in the world . . . but it requires people to make the dream a reality."

Managerial Control

Managerial control exists when there is a high level of rationality, where the formal and informal systems are congruent, where systems are responsive and efficacious, and where people employ that margin of discretionary effort that makes the difference between okay performance and *excellent* performance.

Technical or parochial control undermines managerial control. Parochial and **technical control** here refers to a situation where a decision about a particularized aspect of the total operation is tantamount to a strategic decision. **Managerial control** refers to the strategic processes that define the context for technical and situational matters.

Let's look at an example about an oil refinery where control over computers was exercised by an engineer in the engineering department. The engineer decided what computers and programs were bought (at least technically), and what constituted suitable technical support. Over the years, however, the easy availability of PCs and computer software, together with a number of disparate corporate decisions, created a situation where there were a number of incompatible systems. Also, the systems were poorly utilized because people did not know how to use them. Actually, no one really knew about all the systems being used. When management dictated that two new systems would be introduced corporate-wide, and threatened that computers would be "cleaned of all unauthorized programs," there was panic.

The first step was to gain managerial control over the systems by forming a team of computer *users.* The technicians provided them with technical support, rather than tried to control them. The team immediately began to inventory all computers and programs, identify the expert users in each system, identify all the potential users not presently in the systems, and institute training where necessary, much of it provided by the expert users. The operation began to bring rationality into its information management by first focusing on its proper purpose (user needs) and then forming an information system that met these needs. Parochial and technical standards were then put into proper perspective, and people started to look at them more rationally.

In recent years, sophisticated changes in technology and process have created a much more complex environment where a variety of specialties, wide geographic operations, and critical coordination and delivery times have created a far more complex world. In this new world, maintaining managerial rather than technical or parochial control of an organization will be increasingly difficult unless one's management approach is strategically and operationally rational.

Authority in Check

In several parts of this book, I have suggested that authoritarian management is archaic and ineffective. I am not denying the need for authority in making decisions in any organization: Relying too heavily on authority or unfettered authority often leads to indulgence, abuse, and error. Power is corruptive, and that applies to the best of people. The key for managers is not to use their authority to enforce decisions, but to make certain that the best information is available to make *good* decisions.

Another example: A company that made delicatessen foods such as potato salad and baked beans was having a problem: Management was concerned that the potato salad too often contained undercooked potatoes, resulting in rejects by quality-control inspectors and complaints by customers. Because the line workers generally know about problems as soon as they occur, it was clear that these are the people who should flag problems when they see them.

When managers found out that workers were not notifying their supervisors because they were afraid they would get into trouble, they instituted a new system: Anyone observing a problem would have to sound a horn. Managers and supervisors would gather around the problem and, after congratulating the employee, find ways to prevent the problem's recurrence. Employees who reported their own errors were not criticized either, since no one made a mistake on purpose. The company now averages about 75–100 identified problems per week on the line, which is much better than throwing away finished product or getting customer complaints.

Authority is critical to good order, but rational management makes sure that the right people have it (on the line by workers) and use it in a proper manner (notifying others of a problem, taking steps to remedy the problem). Another way of looking at this is not merely making a change in the use of authority, but instead changing expectations and performance rewards/penalties for line workers, but also for supervisors and managers.

This illustrates a key point in this book: It makes no sense to try to deal with performance issues at the individual level. All performance is a function of the work process and the organizational culture. What people do is what makes sense in the context within which they operate. If employees are not doing what management wants, then management is not doing what it needs to do.

The Proper Goal of Management

No organization can have the best in engineers, sales staff, or machinists, but *any* organization can *get the most out of the resources it has*. This optimization is the secret of effective quality and productivity programs. Study after study concludes that the use of people, managing them to optimize their contribution, is the key to organizational success.

The more remote management is from the workplace, and the more authority-based it is, the less the formal communications will have meaning to people in their informal world. The organization becomes a strategically irrational world of fiefdoms under boss-customers. In those cases where the boss has only pure and proper intentions and makes absolutely encompassing and correct decisions, authority might work well. But situations like this exist only in some manager's fantasy.

Effective dialogue among the people working together is essential to the translating process and for optimizing the organization's work. Arguments for participatory decision-making often miss its most critical value, which is not that the employees will "buy into" the decision, but that everyone essentially decides what he or she will do about a given management decision, using common sense faculties. And each employee will make numerous subsequent decisions about his or her own performance. Participatory decision-making affords the *manager* an opportunity to understand *what the employees are thinking!* Without this knowledge, a manager is in the dark.

Many organizations can actually get by in that mode, but they are becoming fewer. Most any operation can do okay for a short period of time and under certain circumstances. If you want to achieve an optimized state, however, you must have more than compliance. It requires commitment, and that requires that people know what they are doing. It requires, as the next two chapters discuss, a culture that offers a "free enterprise workplace."

Organizational Rationality Audit Syllabus

Rationality Mark and Measure	Documents/Artifacts Review	Workplace Assessment Methods	Important Questions
Purpose	• Overall statement • Departmental statements, other statements regarding purpose, mission, goals, values, etc.	* Survey all employees * Interview managers, supervisors, and selected employees * Make workplace observations	• Is there a clear *statement of purpose*? • *Who knows* what it is? • *Who understands* it? • *What* do they understand? • Do they find it *viable*? • Is it being *pursued*? • Is the *customer focus* clear?
Plan	• Written strategic plan • Written operating plans at every level and for every function (to fit the business strategy, performance measures, etc.)	* Survey all employees * Interview managers, supervisors, and selected employees	• Is there a *strategic plan*? • Is it viable, *up to date*? • Are there supportive *operating plans*? • Is *work* done according to plan? • Is there a plan for *change* and adjustment?

(continued)

Organizational Rationality Audit Syllabus *(continued)*

Rationality Mark and Measure	Documents/Artifacts Review	Workplace Assessment Methods	Important Questions
Use of data and analysis	• Strategic plan • Operating plans • Monitoring systems and practices • Response systems and practices	* Interview managers, supervisors, and selected employees	• Is there a clear set of *business goals*? • Are there *operating goals* for all critical processes? • Are there goals and measures for desired *customer response*? • Is the *information-management* system rational?
Best tools and craftsmanship	• Technical system optimization plan • Work performance mastery standards • Quality standards • Training plan, training program • Problem-solving methods • Best practices program	* Survey all employees * Interview managers, supervisors, and selected employees * Make workplace observations	• Is there a *technology optimization* plan and is it being followed? • Are there *standards for performance* expectations? • Is there a *performance optimization* plan and is it being followed? • What is the status of *training*? • What are the criteria for *promotions*? • Is there a plan to make sure that *qualified people* are hired or available for every position?

(continued)

Organizational Rationality Audit Syllabus *(concluded)*

Rationality Mark and Measure	Documents/Artifacts Review	Workplace Assessment Methods	Important Questions
Performance-based systems	• Performance-management system • Information-management system • Budgeting structure • Business and organizational performance scorecarding • Problem-response systems and practices	* Survey all employees * Interview managers, supervisors, and selected employees * Make workplace observations	• Are *performance expectations* clear? • Are they related to the *business strategy*? • Are people *paid* for *performance*? • Is needed *information available* in the right place, at the right time, and in the right form? • Are *budgeting and cost* decisions linked to benefits and results? • Are people *customer-focused*?
Managerial control	• All documents noted above	* Survey all employees * Interview managers, supervisors, and selected employees * Make workplace observations	• Are *decisions* based on business goals, or parochial or technical goals? • Are *departments* customer-focused? • How are *decisions* made?

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Chapter 18: Creating a Free Enterprise Workplace

Show me the money!
—from the movie “Jerry McGuire”

The legendary philosopher Josh Billings once observed: “The trouble with people ain’t so much their ignorance as knowing so much that just ain’t so.” Nowhere does he seem more on target than in the myths and misconceptions about money as a workforce incentive. It might be true that people work because they need money, but that does not explain why Steve Forbes, Bill Gates, and Michael Eisner work. There are thousands of people who go eagerly to work each day, and there are those who would rather do without than work. All have their own particular reasons. The answer to the question is clearly not a simple or obvious one.

Most of us accept that we work because we need the money. That does not explain, however, why some of us work for secure, low-paying jobs with non-profit or governmental organizations, while others take the riskier but more financially promising path of sales or even entrepreneurship. Nor does it explain why some people do superb work and others do barely enough to get by (and sometimes not even that).

What Is Rewarded? What Is Rewarding?

Work means more than a paycheck. In our society, we men tend to define ourselves through our work. Our careers satisfy personal preferences stemming from various personality and social factors. Novice bankers and retail salespeople select these somewhat low-paying jobs requiring somewhat expensive clothes because of certain psychological intangibles. It is the same for government workers, construction gypsies, and college professors.

Sure, everyone would like to quit work, buy a sailboat, and go to Tahiti at one time or another. But people generally like the kind of work they do. That is why one person fixes cars, another cleans teeth, and a third would rather starve than do either. The most important factor is rarely the amount of pay itself. When an employee leaves a job and takes another that pays more, the manager is likely to claim that the individual “left because of money,” but that is usually not true.

It’s more likely that the person is unhappy with the job itself, perhaps because of the way rewards are assigned, the lack of adequate support, or (mostly) just a crummy boss who drives people out. People tend to like their work; it is the job they don’t like. Then again, sometimes the only way to get a raise is to get a higher offer from another company and show it to your boss. That is certainly possible, because companies will pay a little more to acquire employees.

True, most of us work because we need the money, but we do have choices in terms of what we do for work. The question is not, however, what motivates us to show up for work (although that can be a nagging problem), but rather how to get us to do *a good job* once we get there. *That* is the challenge management faces. And, rest assured, money will be a critical factor.

The Symbol You Can Spend

Some thinkers say that money is *not* a motivator, but that it can be a demotivator. Work fulfillment and psychological rewards, they argue, are the true motivators. There is no doubt that nonfinancial rewards are important. Ritz Carlton's slogan, "Ladies and gentlemen serving ladies and gentlemen" gives status to employees as well as sets the ideology of the company. *Esprit de corps* is absolutely critical for high performance, whether it be in the Marines or in a supermarket. As Napoleon once observed, it is difficult to get people to put their lives on the line for money, but many will do it for a little piece of ribbon.

Nonfinancial rewards such as status, responsibility, recognition, and even a corner office with a window can be powerful incentives, that should not blind us to the critical value of money as an incentive. There are many symbols of value in our culture, but there is no more powerful or sincere form of recognition than money. Monetary recognition is perhaps the most genuine indicator of value, a clear sign of "walking the walk" or, as folks used to say, "putting your money where your mouth is."

Is money a good incentive? It is rarely used as an incentive. Most salaries and raises are given to placate—to lure desirable recruits, and to keep them from leaving (or organizing). Far too many companies view their employees as labor costs to be minimized, rather than assets that should be valued and protected. Managers in such organizations are nicely rewarded for cutting people from the company.

Cutting staff is not always one of management's goals, but if it fails to offer incentives, it should expect its improvement programs to fail. In the 20th Century Report on *Crisis: The Uncompetitive Society*, less than one-fourth of U.S. workers felt they were working at their full potential, or saw any connection between their performance and their pay. Further, *only 9%* believed they would benefit if they worked harder. On the other hand, 93% of Japanese workers surveyed said that they would personally benefit from improved productivity in their company.

Determining Workforce Value

There are a few obstacles to creating a good rewards system. A major one is lack of knowledge about what an employee is worth. In most cases, no one really knows or attempts to find out. Government agencies spend millions of tax dollars every year to do "wage and salary comparability studies" in order to be able to demonstrate that an across-the-board salary adjustment is necessary. Sounds a lot like politics, not management. Even corporation managers often use industry standards as a gauge of suitable pay, so they can say "See? We're doing what everyone else is doing." That is not good management. It bases rewards on something that has nothing to do with performance.

If people are an asset, then an investment in that asset should be appropriate for the return. The industry standard should only be used as a loose guide, not as an absolute rule. It can, of course, also be a crutch. The value of an employee can only be known by assessing that person's contribution to the value-adding process of the organization, a point made earlier in this book. Most salary, raise, and bonus schemes have little to do with performance, even for top management. Bonuses are given to management in lousy years as well as great ones.

Sometimes a company will throw money at a problem. This buys a little time and a lot of trouble. A good example of this is what happened as a result of the disastrous policies of American automakers in the 1950s and 1960s. For years, management preferred to give in to union demands for what they believed were outlandish wages (a cost the automakers passed on to the customers and cut from product quality), rather than try to deal with the real causes of pervasive and profound worker dissatisfaction. As a result of this strategy, the high costs and low quality of American automobiles allowed the Japanese to knock Detroit off its pedestal of world domination. Some U.S. automakers now struggle for survival.

One commonly used rewards strategy devised by a major consulting firm rewards people on the basis of numbers of people and budget under their authority—hardly an inducement for economy or efficiency. Most companies reward for position on the organizational chart, with the highest benefits going to the very people most responsible for the company's problems—management. These financial rewards boggle the mind. It is considered highly improper for, say, a salesperson to make more than the sales manager. Some sales staff have their commissions capped or territories split if they do too good a job.

Several years ago, I conducted hiring interviews for a national association hoping to fill an advertising position. The successful applicant asked what his sales-commission cap was. I asked him what he meant, and he replied that his last employer capped his pay because he was making too much money in commissions. Since he was to get 15% of the income and we were to get 85%, I told him when his commissions reached $2,000,000, we would have to discuss a "cap."

Uneven Record of Success

A number of pay schemes have been developed over the past ten years. Some worked well, but many did not. Companies seem constantly in the process of trying new approaches or returning to the traditional way of doing things. It is difficult to assess what truly works, because many performance management and reward programs exist in name only, with little resemblance to actual practice.

One international company spent countless amounts of staff time and dollars on a project that required all salaried employees in its worldwide operations to develop an individual performance plan for the year. The idea was to pay people on the basis of how well they accomplished the goals set in their plan. At the end of the year, however, everyone received the same percentage across-the-board raise. It was as if the performance plan never existed!

Approaches such as broadbanding (using fewer but broader pay categories) are more for administrative convenience than for use as a tool to motivate employees. Others simply pay for the wrong things. Motorola, for example, lauded its new pay-for-skills/knowledge plan in 1989, only to drop it five years later because it was not adding to its capability.

People will usually figure out how to turn most incentive schemes to their advantage so that they get the maximum cost-benefit. The owner of a chain of convenience stores was concerned that his generous Christmas bonus only served to keep people working through Christmas, after which they would quit. The performance expectations and rewards must be strategic. Consider the case of the production manager who was rewarded on the basis of production *volume,* while the employees were rewarded for *efficiency* rates: When production lagged, the manager brought in temporary employees to maintain the volume. This lowered the efficiency rate and cost the employees. Feeling cheated out of the bonus they deserved, the workforce began a work slowdown, which ended up costing the company more. The manager essentially shot himself and the company in the foot.

Virtues of Free Enterprise

The great failing of most reward schemes is that they start with the reward, which is to focus on the means rather than the end to be achieved. The Rule of Rationality requires that we start with what is to be accomplished, and then develop a good, if not optimal, way to get there. The first step for designing any effective incentive program, therefore, is to establish the performance to be rewarded. Without this, nothing else will work out right.

If you follow the principles of free enterprise, you must also be in a position to make a reasonable effort. There must be a credible process for assigning appropriate rewards, and the rewards must be suitable to the effort. As noted in the previous chapter, a working free-enterprise model requires:

1. *Opportunity* to add value.
2. Responsible *access* to resources.
3. Judgment of value *determined by the market.*
4. *Rewards* based on market-value judgments.
5. A *facilitative* and *supportive* political and social environment.

Opportunity to Add Value

This involves some good management basics, such as: clear and appropriate performance expectations that are based on the value-added processes of the organization; a facilitative and supportive organization; and job definitions that provide "room to work." The U.S. department store Nordstrom's has gained fame as an organization where employees are free to make decisions on the sales floor without managerial approval. New employees are told that they will never be criticized for doing too much for a customer—only for doing too little![1]

Perhaps an even better example of this is the unshackling of Continental Airlines employees, who were allowed to do their best to keep the planes on schedule and handle passenger luggage well. Gordon Bethune, the CEO who turned Continental around, tells the story of boarding a plane near take-off time and stopping to talk with the cockpit crew. He was advised by a flight attendant that he must take his seat because the plane needed to leave on schedule.

"Do you know who I am?" Bethune asked.

"Yes sir," the attendant answered, "but this flight *has* to leave on time."

"That is how Continental moved from 'worst to best' in the airline industry in just a few years," Bethune noted in his 1992 account.[2]

Responsible Access to Resources

Opportunity means nothing if we do not have access to the resources necessary to perform. Control over expenditures is perhaps the primary way authority is exercised in an organization. Workers are routinely denied equipment, training, and staff support, especially for innovation or improvement. One plant manager eliminated the job of departmental secretary for eighteen engineers, with the result that there was no longer a central source for information or for reference files. There was, however, a line of expensive engineers waiting to use the copy machine! In one plant, a night shift supervisor was required to call a department head at home for permission to requisition an ordinary wrench for his crew.

Compare this with Sun Hydraulics, where a machinist can pursue an idea for a product or a process improvement by presenting the idea, getting the funds, and pursuing it to fruition. There are no supervisors as such, but assistance is constantly available, so success is likely. More importantly, there is no penalty for failure if a good-faith effort has been made. Management believes employee innovation is one of the keys to the company's success.

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[1] Robert Spector and Patrick McCarthy, *The Nordstrom Way: The Inside Story of America's #1 Customer Service Company* (New York: John Wiley & Sons, 1995).

[2] Gordon Bethune, *From Worst to First* (New York: John Wiley & Sons, 1998).

Judgment of Value Determined by the Market

The trickiest part of an effective incentive system? Probably assigning appropriate value to a person's performance. It is difficult to discuss the value of individual or group performance without reference to its contribution to the company's processes for creating value. The first step in determining this value is to define what the company does in measurable terms and then to establish a comprehensive system for taking measures, such as a "balanced scorecard."[3]

The next step is to define each person's and each group's work in terms of performance rather than activities. For example, receptionists[4] can answer the telephone, type letters, and fill in for others, but put in performance terms, they connect callers with the appropriate party, and assist people with reports, letters, etc. It is the performance—the creation of outcomes—that has value to the business processes and the organization.

Comparison of Activity and Performance Views

Approach	Task	Success Measure	Value
Activity	Answering the telephone	number of rings before answering	unknown, arbitrary
Performance	Connecting callers with appropriate parties	number of successful connections	customer-satisfaction index, etc.

Once you define the job in terms of performance and extrapolate its value, you as manager are in a better position to assess such things as staffing needs (cost-benefit) and training needs (minimum requirements, return on investment). For example, if you are hiring someone to answer the telephone, you seek a nice voice and a minimum of technical skills. Knowledge of the company might be minimal; the receptionist is seen as a low-value position.

When the person is expected to "connect the caller with the proper person in a way that pleases the customer," however, the receptionist is now a critical part of the sales or customer-service team who must be kept aware of the changing staff assignments, services offered, etc. That is a valuable role in the sales/customer service process. It can be strengthened by having the receptionist answer some of the questions callers ask about the company. Moreover, the equipment and support for that position has become more critical.

Activities are self-contained and self-justified, but *performance* is measured by customers, and this fundamental difference alone can revolutionize an operation. With performance, a person not only knows what to do, but *why:* What is required for good performance? The boss is a member of the team, not its chief customer. Performance can now be assessed on a more informed and

3 Some good works on organizational measuring are Robert Kaplan and David Norton, *The Balanced Scorecard* (Cambridge: Harvard Business School Press, 1996) and Mark Graham Brown, *Keeping Score* (New York: Quality Resources, 1996).

4 In workshops, this example sometimes causes consternation among those who are sensitive to political correctness. I chose the position of receptionist because it is a familiar one to most of us.

rational basis. The changing of performance expectations from activities to outcomes is easy to understand and simple to do. It represents, however, a profound and fundamental shift for most management teams.

People who have always thought of their jobs in terms of position and activities will have difficulty thinking in terms of outcomes. Moreover, the activity perspective has largely been institutionalized in the form of job descriptions, job advertisements, government regulations, and even union contracts. Changing this is absolutely necessary if you are to have a truly optimizing incentive program.

Hewlett-Packard is one organization that rationally defines jobs in terms of business performance. With customer satisfaction in mind, HP sends designers, production-line workers, and sales staff to visit stores and talk with customers. They are all charged with interpreting "what they hear in an imaginative way" and applying themselves with "genuine care" for customer satisfaction.[5] It is virtual free-enterprise.

Rewards Based on Market Value

If you have defined performance expectations meaningfully in terms of the organization's business based on the approaches outlined in earlier chapters, you will be in a position to distribute rewards based on the results of organizational, group, and individual effort.[6] For example, Continental Airlines measured on-time flights and baggage delivery. As these improved, employees were paid monthly bonuses. The connection between business and employee performance, with control over one's work and opportunities to perform, allowed Continental to provide frequent, positive, and meaningful rewards based on performance.

While the focus here is primarily on business organizations, the principles also apply to government agencies. For example, the case study in Chapter 3 described how an agency achieved a cost savings of almost $200,000 in four months by eliminating wasted activity. In this case, the reward for all staff was in the opportunity to make changes in the operation for the better. Since the savings were calculable, why couldn't some of that money have been used for rewards?

The external customer votes with his money; the internal customer is often forced to keep his mouth shut. Internal processes can only be optimized when internal support suppliers treat internal customers like customers. Anyone who thinks that this is impossible should give managers the authority to "outsource" some of the services supplied by, say, human resources or maintenance, and watch these support departments find ways to improve.

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[5] Quoted from *Phoenix Without the Ashes* by Gary English. For a more in-depth description of how Hewlett-Packard has created a rational organization, see Chapter 4 of *Phoenix.*

[6] What has *not* been discussed as a part of optimizing human performance is "teams." Some form of "teamness" is necessary for any kind of optimized operation, but that topic is beyond us here. Suffice it to say that the performance-review system outlined in earlier chapters is suitable for team processes, and would benefit from multi-rating.

The proper basis for rewards is performance and contribution to value-creating processes, not position. You can make bonuses, stock options, and profit sharing available to everyone, but you will still need enlightened, progressive management. Consider these terrific examples:

Starbucks offers stock options to all employees, including part-time employees.

Kingston Technologies shared profit with all employees when the company was sold.

USAA paid double bonuses for employee suggestions that brought cost savings.

IBM bases 10% of employee income on company business performance.

Microsoft has 2 billionaires and 2,000 millionaires.

Warner Lambert employees—all of them—have stock options. More than 200 are now millionaires.

Home Depot and *Publix Super Markets* have more than 1,000 millionaire employees.[7]

Making Free Enterprise a Reality

The free-enterprise approach as an ideology is only a notion like any other, such as TQM and teams. It becomes a reality through appropriate management systems. It is only then that the connection between performance and payoff can be established effectively. In all but rare cases, this connection is obscure, sometimes intentionally so. One petroleum carrier firm paid its drivers with a formula of miles and load that was so slippery and convoluted that not a single driver could understand it. Turnover was understandably quite high. The problem for the company was that because of such high turnover, the insurance company threatened to cancel coverage, even though the carrier was already paying a premium of more than $2 million per year.

In a free-enterprise workplace, no one *gives* anyone a raise or a bonus; they are duly *earned.* Rewards, recognitions, and perks are all the result of a person's performance based upon prior understandings. If you do this, you get that, just like free enterprise. Bonuses, raises, etc. are determined by individual or group contributions to company performance. The role of management is to design the program (e.g., 20% of profits go into a pool to be distributed among employees).

[7] Publix finances are closely held, but an unofficial estimate is that there are more than 5,000 employee millionaires.

Sharing the Sense of Ownership

A recent study by Hewitt Associates found that firms that offer employee stock ownership plans (ESOPs) outperform their industry peers by a significant margin, with an average shareholder return that was 20% higher than for non-ESOP companies. That is good for the large companies with thousands of shares of stock to spread around, but what about the great bulk of American enterprises, such as the small, privately held company? What about the organizations that do not have shares at all, such as governments and nonprofits?

Fortunately, the principles of free enterprise do not require *actual* ownership, just a *sense* of ownership. Today one would say *virtual* ownership. This can be done by simply paying off on the desired performance in a way that seems rational and fair. Here's what I mean: A privately owned construction company was having problems getting projects done. The different work groups, such as carpenters, electricians, and plumbers, tended to be uncooperative and even antagonistic. The missed communications and broken schedules that ensued cost the company tens of thousands of dollars.

In assessing the situation, I soon realized that there was no incentive to be cooperative, but there were strong pressures to protect one's turf. While bonuses came from overall company profits, salaries and bonuses were essentially based on how each supervisor impressed the boss in his particular area, not on the overall project. When some particular problem came up as a result of poor cooperation and communication, the boss or superintendent would yell at the supervisors and it would bring a brief surge of improvement. The pressure on the supervisors, however, was to do exactly what they were doing, and things soon reverted to the bad old ways.

We designed a new incentive program that paid off on certain controllable factors, such as materials and manpower usage, during a construction project. Area supervisors received a monthly report of their earned points toward the bonus, providing frequent feedback (a critical element). At the completion of the six-month project, the points would determine the bonus as a percent of profit. They analyzed problems of waste on a regular basis; those stemming from poor coordination were seen for the unwanted costs they were—costs that everyone now shared. The project team began to self-manage the project to optimize their bonuses and, concomitantly, the company's profits.

Your staff will be motivated to work harder if people understand how what they are doing contributes to company profitability, and how they can participate in that profitability. That has been the supposed basis for management bonuses for a long time, and it's surprising that it took them so long to bring that kind of program to everyone in the organization.

Here are a few examples of what I'm getting at: *Outback* considers regional managers and store managers as "true owners" who receive a base salary of $45,000 plus 10% of cash flow. In a sense managers are actual owners: They are required to invest $25,000 in the restaurant and sign a 5-year contract. Lower-level managers receive both a salary and a monthly bonus based on restaurant profitability. All Office Depot employees have a percentage of their income tied to sales. Saturn's unionized employees voted to retain a contract that rewarded them on company performance, rather than a guaranteed income—even during a sales slump. Saturn is beginning to look increasingly like General Motors, however, and employees appear to be less attracted to this kind of arrangement.

One way to assign rewards for performance is to use the performance review system illustrated in earlier chapters. This system allows the company to derive a "performance rating" that can be used to indicate a reward value. For example, a company determines that the budget for raises will be 5% for the year. The company does not tell a person his or her raise, but rather posts the raise index on the bulletin board, such as:

Performance Rating	Raise %
....	....
98	5.4
97	5.3
96	**5.0**
95	4.8
94	4.6
....	....

Another way to assign rewards is to provide company shares with a value, depending on the company's actual stock. This could be in addition to or in lieu of employee stock ownership, which would be of value to a closely-held or family-owned business. Company shares could be either the basis of income in the place of salaries or in lieu of annual merit increases, or in addition to income as a form of bonus.

When you announce the budgets for raises, don't make the mistake of providing for the top raise. Since only a few are likely to receive the top raise—usually only the top staff—this sets up most people for disappointment. It is better to set the raise for "good work" and then rely on the distribution of better and worse around this value in order to keep the raises within budget. That way, most people will get the "good work" raise and be happy with it.

Sticking to the Principle

However you do it, the principle remains the same: Unless employees have an opportunity to contribute their best and be rewarded for their contribution, they won't give their best effort. Creating a free-enterprise workplace culture is not only good for focus and morale from the employee point of view, but for management as well.

When management and employees share a sense of ownership and responsibility, management will tend to give the employees more credence for their intentions, credit for contribution, and leeway to improve. “Employee involvement” can then become truly meaningful. Employee councils and suggestion boxes will no longer be needed; the organization will be strengthened through ongoing, meaningful, and purpose-translating dialogue among all parties. Teams will now be able to focus on performance rather than “bounds,” “authority,” and other side issues that get pushed to the center, plaguing and debilitating cooperative efforts.

The organization has now become factorially stronger through optimization and complete mobilization of its human resources. Its competitors no longer face just a few competitive managers lashing desperately at a reluctant team of employee mules, but a whole organization of focused and motivated competitors with a real stake in the outcome. Such is the creative power of free enterprise.

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Chapter 19: Leadership, Management, and Motivation

> *The 1990s is the decade when soft becomes hard. Being able to manage the unpredictable human side becomes a significant differentiator between winners and losers.*
>
> —Jack Welch, CEO, General Electric

The question that concerns managers, probably more than any other, is how to motivate employees. The truth is that you *can't* motivate people. Motivation is a natural state of being. Unless people are psychotic (and probably locked up somewhere) or dead, they are already motivated. If you don't believe your people are motivated, just watch the parking lot at quitting time.

That doesn't mean people are motivated to do what management wants. The general objective of management is not to *attain* an occasional peak effort, but to *sustain* a quality and level of effort that optimizes performance and, hence, productivity and profits. Until a company uses all of the energies and intelligence of its workforce, it will not know its true potential for performance.

New Scientific Management

Students of management will recall Frederick Taylor's theory of scientific management from the early 1900s. This consisted of, essentially, time and motion studies. The "scientific" part of the approach was in systematically observing, gathering data, analyzing the results, and applying this knowledge to how a person physically did a job. A task-engineering approach that led to considerable improvements in the work processes, it reached its grandest state in the assembly line. It was also in the assembly line that the inadequacy, not the error, of this approach became clear. Time and motion studies are still a good idea, but because the work is to be done by people, improvements in time and motion must take into account the realities of human behavior.

People are not simply parts of a machine. If you use them as such, you create problems. A purely mechanical approach also fails to optimize your human potential. Just as importantly, this mechanistic approach limits and restricts the ability of management itself to meet changing conditions in the market. General Motors, for example, is still having difficulty moving away from its mechanistic, assembly-line culture, and continues to lose market share because of it.

Scientific knowledge has come a long way since Frederick Taylor's day. We now know a great deal more about how to influence and how to direct motivation. To benefit from this knowledge, however, managers must learn some modern concepts. Secondly (and this is the hard part), they must also dismantle old, dysfunctional incentive systems and replace them with systems that are newer, more effective, and more scientifically sound.

No matter what the gurus say, when it gets to the nitty gritty, people act on what they truly believe. And what managers seem to believe is that people respond to the carrot and stick (Theory Y notwithstanding). This age-old belief has such a strong hold on us because people do, fundamentally, respond to positive and negative incentives. The carrot-and-stick model, however, is a bit too simple-minded for explaining motivational behavior. It is remarkable how many managers have no clue about behavioral motivation, and spend their energies and money trying to feed employees sticks while beating them with carrots.

Performance and Authoritarian Cultures

What breaks the back of most performance improvement efforts? Authoritarian ideology and practice. In authoritarian environments, the relationship between opportunity, effort, and payoff is like the inner workings of an autocrat's court: intrigue, favors, and enemies are what keep you on your toes. People are focused less on the business purpose than on building and protecting turf, gaining favor, and torpedoing rivals.

Even when their eyes are focused on the end goal, people tend to pay more attention to the orders instead of the outcomes the orders intend. There is often no appreciation for the relevance of what one is doing and what is supposed to be accomplished. Management either looks like it has secret goals or looks like it hasn't a clue as to what it is doing. Either way, there is a feeling of irrationality. The railway between Moscow and St. Petersburg, Russia is completely straight. It seems the czar at the time wanted a railroad, and drew a straight line on paper to show where. In the process, the pencil hit his finger and made a little blip on the path. In an autocracy, people would rather put in the blips than question the orders. Autocrats have to be careful, lest their organizations become full of blips!

Authoritarian managers tend to treat their people like children (and that includes everyone except, typically, a few confidants, although sycophants are more common than trusted advisers). The workforce starts behaving like children eager to please the "parents" because it is the best way to survive. Like a home, the workplace can be oppressive and tyrannical (as many of them are) or kindly and paternal (as many think they are). The less kindly and more tyrannical management is, the more evil it will become. As they struggle to adjust to such a climate people will at first be unenthusiastic and minimally compliant and some will eventually become grudging and malicious.

Authoritarian managers seek acquiescence and compliance, and they will get it at a price. They want and need a committed workforce eager to improve themselves and the company, but they will not get it. Instead, they will have a group of workers anxious only to keep their jobs, doing minimal work and taking no enjoyment from it as they wait for the other shoe to drop.

A Climate of Fear

Authoritarian management operates through the "do it or else" principle, the primary driving force being fear of penalty. Edwards Deming advised America to "get fear out of the workplace," but he was whispering against the wind. When one peels away all the fluff, fear is still the basis for much of what management does today. This fear of penalty creates the real customer: the boss. He's the one to be satisfied. Rewards come not because you accomplished something in terms of business strategy, but because you pleased the boss. Raises and bonuses are not *earned* but given in a perverted twist of company purposes. Customer service becomes a sham.

Such an approach removes most of the checks on a superior's behavior and leads to indulgent and arbitrary management. Most of the cases of sexual harassment spring from organizational cultures that encourage abuse of authority. Investigations into harassment charges reveal that in many or even most cases, there were other such incidents, but people were either afraid to report them or became discouraged because nothing was done when they did.

Even in an organization of saints where corruption of character is not a problem, poor communication or inconsistent messages will cause workers to lose faith in their leaders. Management must receive a constant stream of feedback about the operation from those who are best able to observe. Computer printouts are *not* enough; you need human judgment. In authoritarian organizations, people are reluctant to provide feedback, and so leaders are less interested in dialogue. People believe that communications still contain truth, but not the truth that is presented. When asked about the truth in government information, one person in the Soviet Union answered: "Well, whenever we would read a story about the health dangers of butter, we would run out and buy as much butter as we could find, because we knew it meant there would be a shortage."

Similarly, when people hear that their management is going to improve quality and efficiency, they update their résumés and scurry to hide any problems in their area, especially those that most need to be improved. The announcement of a new management program is privately greeted with "here we go again," meaning that this will be a passing and perhaps painful experience.

The Compliance Game

Companies that have pursued reengineering, ISO 9000, or teams before they re-engineer their own authoritarian culture often find themselves worse off than before, as they try to comply with the new, ostensibly formal system and the one that the autocrat actually demands. Workers are never really sure what reality is, and the trendy new structure comes across as a burdensome sham. Moreover, this kind of situation usually creates a whole new set of problems: Unionizing efforts, for example, can be prompted by a poorly conceived and implemented effort to "go with teams."

Management is a discipline: It requires learning, commitment, adherence to standards, and self-control. Authoritarian leadership is at the opposite end of the spectrum—an indulgence by someone who does not want to do the work required to be a true manager. If you cannot manage yourself, then managing others will be difficult—for everyone. A good manager leads by example, and you cannot do that well until you put your own ego aside and build confidence in your workers.

Performance and Free Enterprise

The preferred alternative to authoritarianism is free enterprise. As an individual motivating force and a system of social-economic management, free enterprise has proven its superiority. It is time that managers leave the discredited authoritarian approach behind. Free enterprise systems, where people have the opportunity to obtain rewards based on effort, will innovate, sustain quality, foster and nourish development, and create wealth—all attractive prospects for any management.

In a free enterprise environment, all considerations of cost-benefit are based on the value-adding processes of the organization. When these are understood, people perform because they want to contribute, rather than "because I said so." Because these contributions are based on value-adding processes, they have calculable value. Expenditures to improve the performance of people, such as equipment, materials, training, instrumentation, etc., become investments rather than cost-control points. Moreover, when the value of someone's contributions is known, appropriate rewards can be given based on factors that everyone can understand and appreciate.

Free-enterprise rewards are not "given." This is the critical difference between traditional bonuses and raises. A bonus or pay raise is right there, waiting for the employee's performance and contribution. It is up to him to add value, control the resources required to take advantage of that opportunity, and reap appropriate rewards. The management challenge, once you accept free enterprise as an ideology, is this: "How can I pull it all off?"

Establishing a Free-Enterprise Environment

If the system is to be optimal, *everyone* has to feel the link between opportunity, value, and reward. It is not necessary to turn actual ownership over to everyone; just be sure you inculcate a *sense of ownership* through meaningful participation in rational systems.

Here's another example of a free-enterprise approach: An owner of a construction company was becoming frustrated by the frequency with which power tools were being put away broken. Tool problems were expensive, not just because of the actual cost of tool repair, but because the problems were discovered only at the beginning of a new work day, causing work to be suspended and schedules thrown off. It was costing the company tens of thousands of dollars in penalties and wasted time.

When things got too bad or there was a major incident, the owner would make it a big issue. When things cooled off, the problems reoccurred. Pressure worked only when the CEO made it a special issue, so the CEO tried a different approach: He told each of the four area supervisors that $2500 was being set aside for each tool box. At the conclusion of the construction project, this money would be theirs *less the amount spent to repair and replace damaged tools.* That was the last time the owner had to mention the need to take care of tools.

Which method was more effective for the company: the "push" for a particular performance based on authoritarian demand, or a system that provided an ongoing, abiding, and constant "pull" to perform based on shared purpose? The pull, of course: Supervisors now had ownership in the tool box. By establishing a significant consequence for the supervisors, the company found that pressure was no longer required. People will make the right decisions when management sets it up properly.

The overriding purpose in an authoritarian company is to provide satisfaction to the autocrat. The overriding and *absolutely critical* purpose of a free enterprise operation is to satisfy a social (market) need. If your purpose is right and you accomplish it well enough, then revenue and profit will be forthcoming.

If a person is *only* driven by money, he or she will focus on the prize, not the performance. In a free-enterprise system, after we have enough money to satisfy our basic needs, it begins to represent an array of motivational complexities. Money's incentive value is, in the case of the construction supervisors, a matter of competitive pride and ownership. The money was a way to keep score.

In a free-enterprise system, people work for results that bring them rewards. When the rewards are based on business value, then the system of purpose, effort, and rewards are aligned and rational. Management systems based on that principle are more likely to make sense not only to employees, but to management itself. This fits with what we know about motivation.

Consider these three aspects of motivation:

- the organizational culture that provides the operating values
- the management systems that control and carry out the organization's strategies
- individual psychology, which determines how a person will respond.

There are other factors, to be sure, such as group dynamics and subcultures, but these operate in the general context of culture, systems, and individual decision. No one book can exhaust such broad and complex topics. We can, however, look at how these factors can be applied for performance improvement. Keep in mind that they are all inseparable parts of a whole organizational "being." In order to fully understand them, we must look at the organization as a whole.

ABCs of Motivation

The case of the construction toolboxes illustrates another aspect of motivation: While people respond to what they are told, the *way* they respond is based on their assessment of what the likely outcomes will be. According to B. F. Skinner, the noted pioneer in psychology, all behavior has three steps:

1. An *antecedent* (that which prompts the action)
2. *Behavior* or *performance* (the action a person takes)
3. A *consequence* (what happens after the action)[1]

Most management relies on the antecedents (orders, memos, promises, etc.) for results. Behavior, however, is influenced most heavily by its perceived consequences. In the case of the construction company described earlier, when the president made the toolboxes an issue (through orders, etc.) supervisors knew enough to respond until another hot button issue became the antecedent. The president was able to attain some temporary compliance. When the company president changed the consequences, however, supervisor behavior changed in a sustained way. Even when the toolboxes were no longer a hot issue, the supervisors still tended to respond to the new, abiding consequences.

Consider another situation. The advertising agency I once worked for had a client who was a manufacturer of paper products. The motivating strategy of the vice president of his company was to tell his director of marketing and director of public relations that he had to cut one of the two positions; the person who did the best job would keep his job. This strategy was inspiring indeed, and both staff members went to work—on each other. Little could be done by the advertising agency, since every decision each of them made was to gain advantage in the internal warfare. Abraham Maslow was right: When it is a matter of survival, little else counts.

This illustrates another point of the Antecedent—Behavior—Consequence model: Incentives work best when they are *positive*, *immediate,* and *certain*. Most incentive schemes employed by management have few of these qualities. The system of pay raises is an example: They are often negative and remote, and you're never sure of what you will get. Negative incentives only move people away from the heat of the immediate fire, not to where you want them to be. Negative incentives are the means of gaining compliance, not commitment. If they move people to commitment, it probably won't be a commitment management will like.

Free enterprise is a consequence-oriented strategy based on the premise that if you provide a service and accomplish some performance, you will earn your reward. The reward will be uncertain in its specifics, but the linkage between the performance and the reward are clear and appreciable. Authority, on the other hand, is antecedent-oriented, operating by promises of carrots and threats of sticks. These tend to be ineffective because the threats or promises are not always

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[1] Those wanting to learn more about the behavioral approach should consult Aubrey Daniels, *Bringing out the Best in People* (New York: McGraw-Hill, 1994).

carried out, and the kicks to the workforce's backside are arbitrary and selective. The formal and the informal realities of the workplace (what management says, and what management does) are quite divergent. Things get pretty irrational and soon it all begins to resemble a Dilbert cartoon.

Here we see the paradox of authoritarianism and free enterprise: Managers like to rule by authority because they think it gives them more control. Not true: Authority controls by dealing with particulars or by denying resources, thereby leaving the systems unattended and the performance effort undernourished. Authoritarians do not like "systems" because a system restricts their own ability to exercise their authority, and ties them down like everyone else.

Free enterprise, on the other hand, looks like chaos, but in reality it is more controlled because people are in pursuit of a common purpose, assuming proper leadership. Free enterprise is a desired condition, but it is a means, not an end. The end is whatever purpose we all pursue, determined by the market. Admittedly, it takes a higher caliber person to manage a free enterprise system than to rule by decree, but the comparative weaknesses and strengths of the two ideological strategies should make the choice clear for any enterprise.

Competition for Hearts and Minds

Management efforts must compete with a stream of messages that provide alternative antecedents and consequences for action. Each of us operates in a network of message sources, including our own organization (HR, supervisor, fellow workers, even the company's advertising), but also our family, civic clubs, neighbors, professional associates, and so on. This is a complex and interactive network in which all parties are constantly under a flood of messages that tell them what to do and what the likely consequences are. In such an environment, it is impossible for management to control most of the messages an employee receives.

If the world outside a person is complex, so is his inner world. We discussed earlier how we make decisions about our actions based on values, reasoning, imagination, and feelings. Who knows what that process will yield? For example, many motivation theories assume that a person will always move to what offers the most pleasure or the least pain. That is generally true, but such choices are made on each person's own terms.

Some people willingly give up a day of golf to do repair work on a poor person's home, along with other members of a civic club. Soldiers dive on hand grenades to save their comrades. People play sports knowing that they will hurt for days afterward. One person files a report on an abusive supervisor, while others keep silent. Any useful theory of motivation must take into account the reality that people react differently to things, and often it is for purposes other than those the observer anticipates.

Is the golden rule of getting good performance "What is rewarded is what gets done"? That certainly seems true, but as every hobbyist knows, what is *rewarding* is also what gets done. How many people pursue a distant and unsure goal (such as a raise or a bonus) when the activity to get there is itself without motivating value? How many people feel rewarded when they make a sacrifice, because the act of giving up something gives them esteem and a sense of value? That is what management must tap into if it wants full commitment from people.

Managers must find some way to channel all this complexity into an effective enterprise, where predictable and acceptable are *outcomes*. Fortunately, while the world is prodigiously complex (some call it chaos), effective controls are available. They are not one-to-one controls, however, but systems that are capable of harnessing complex energies into human performance. This book proposes a number of systems and techniques. They are simple, but they are designed to control complex organizations and behaviors. Simple actions that can control complex events are said to be *elegant*.

The Elegant Perspective

The key to controlling complexity is to create a rational work environment where the purpose is clear and compelling, and the work systems are aligned to accomplish that purpose. The systems must "make sense." When the systems of work are rational and the reward system also makes sense in terms of human effort, then people will commit to that effort.

If you want to manage a forest, it helps to know something about trees, but you must have a broader, more ecological perspective. Similarly, if you are the manager of an organization, you must understand an individual's psychology. To really manage an organization, however, you must gain a perspective where basic patterns become evident and, thereby, the opportunities for efficiencies, effectiveness, and grace of elegance thrive. To find the elegant patterns of managerial leadership in a business organization, we need to look at its essential elements: purpose, systems, and performance.

The Enterprise

Every business or enterprise has a *purpose*, generally articulated as business goals and strategies, and *means* to achieve these goals, essentially the organization and related technologies. People must put forth the appropriate *effort* or *performance* to accomplish the business purpose according to these roles:

- Those who set the purpose and direction: the enterprise leaders.
- Those who make sure that the systems are serving their purpose: the managers.
- And those who put forth the effort: the human assets.

The Organization

An organization, at its most basic level, is a social instrument of people *working together* in *some predictable way* to *accomplish some purpose*. If the "working together" fits the purpose, the organization is rational.

Organizations take three fundamental dimensions:

- *purpose:* the "accomplishment" part; the reason for the organization; the rational standard to guide and measure performance
- *system*s*:* the "predictable way;" typical ways of working to accomplish a purpose
- *effort:* the "working" and "together" parts (performance)

Managerial Leadership

When you provide the purpose that people work toward, you are showing *leadership.* When you control the systems that serve to accomplish this purpose, you are engaging in *management*. **Both** are necessary for any successful enterprise, but that is not enough because neither one has substance until someone is motivated to put effort into the systems to accomplish the purpose. There must be, then, a third part to the equation: *motivation*. To induce motivation, a managerial leader must offer a:

- *vision* of a desired new or different condition (purpose)
- *promised means* of realizing that vision (systems)
- *promised payoff* for the effort (reason for effort)

Motivation

Leadership is only one side of the coin; there must be a corresponding, resultant response from the people who must make the effort. There must be a symmetric match of followers ("joiners" might be a better word), who have a:

- *desire* for the new or different condition (acceptance/support of purpose)
- *confidence* in achieving that condition through effort (acceptance/support of systems)
- sense of *worthwhileness* about the effort (willingness to perform for the potential rewards)

When you look at these four elements—the nature of enterprise, the role of leadership, the responsibilities of management, and the factors of human motivation—it is easy to see that they are different but essential facets of the same thing. Any failure or weakness in the essential elements, such as unclear or unacceptable purpose, irrational systems or actions, or poor effort, is enough to impair the business operation. Conversely, for an operation to be optimized, all these things must be in good order.

When you fit these fundamentals together, an elegant pattern emerges. The following table shows how each of these elements fits into a comprehensible whole.

Symmetric Fit of Managerial Leadership and Motivation

Enterprise	Managerial Leadership	Organizational Translation Chain	Workforce Motivation
Purpose	Vision of desired new state	Strategic vision or purpose	Shared vision of desired new state
Systems; processes	Means to accomplish; Information	Translation into: Practical work	Confidence in means; Knowledge
Incentives	Rewards; incentives	Performance value	Cost-benefit
Effort	Assessment of effort	Particular effort	Commitment

Source: *Phoenix Without the Ashes*, p. 190.

This book is about a part of this matrix—the systems that are critical to optimizing human performance. It offers a number of practical steps toward optimizing performance. The purpose of getting involved in this broader perspective, however, is to provide an understanding of what happens when management fails to provide adequate resources for performance management, performance incentives, and careful hiring.

Putting It All Together

Remember the story in the beginning of the book about a supervisor who saw his job as "Getting these trees to the customer in good condition"? He made a clear connection between purpose and good effort. Eloquent and lofty statements on the wall are not enough. That statement must be translated *in terms of what people are trying to accomplish*. If the supervisor's boss pressures him to load more trees than quality allows, then the "system" will begin to make less sense. The loading supervisor will have more incentive to pack trees on the truck than to get the trees to the customer in good condition. All values and standards thus shift away from a purpose of quality to that of expediency and low cost. The supervisor can, on the other hand, leave to join a workplace that has values more aligned with his.

The purpose of organizational hierarchy at every level is to translate business strategy and goals into practical work. This translation is not done through words in proclamations and policies (antecedents), but through *action in supporting and facilitating the accomplishment of the purpose* (consequences). What management *does* gives meaning to what management *says*. It rationalizes the organization, and elicits high performance. The custodian, room service staff, and maintenance technician must understand the directive to "baby the guest" in terms that relate to sheets and towels, gum on the floor, and response to complaints about problems with the television set. They can only do that, however, to the extent that management has effectively translated purpose to such practice through an environment that facilitates and supports such work.

Some organizations have already moved toward optimization: Their culture, management systems, organizational structure, and cost-benefit are aligned in a highly rational way. How do we know this? Success in the marketplace. *Optimized* does not mean perfect, because the world keeps changing. The organization must adjust its alignment to maintain rationality as things change. Optimization does, however, require a continuous search for improvement through full investment by and from staff.

Most companies have *never* been optimized. Their success rests on exceptional effort or on luck or on the level of competition. Others might have once been in excellent condition but, because their highest aim was only mediocrity, they kept sinking lower until they had suboptimized themselves (such as Sunbeam and the old Continental Airlines).

An organization will never be as good as management *wants* it—only as good as management wants to *make* it.

About the Author

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His previous book, *Phoenix Without the Ashes* (St. Lucie Press, 1998), is currently being translated into German for publication in Europe. His articles have appeared in *Management Review, Quality Digest, Training and Development, Journal of Performance Improvement, Manchester Review, Journal of Commercial Lending,* and *Public Administration Review.*

Dr. English provides his professional clients with the perspective of a behavioral and social scientist with the practicality required for effective management applications.

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