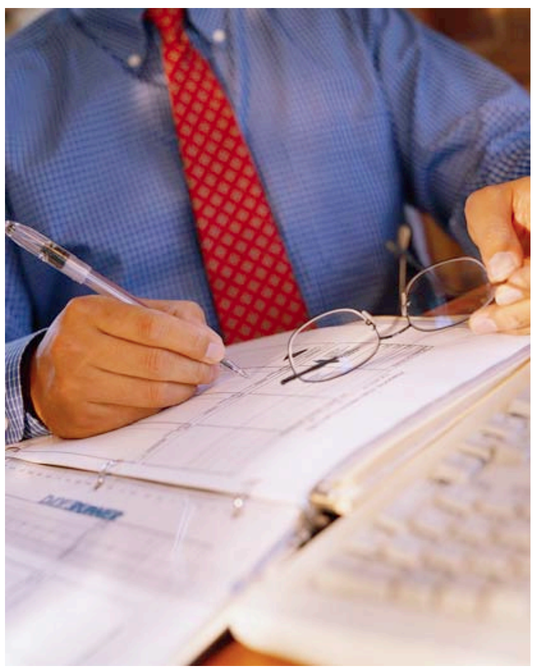
Building Competitive Companies Since 1946

PERFORMANCE MANAGEMENT: THE MOST IMPORTANT THING MANAGERS DO

Recently, I sat on an airplane behind a woman with 3 children under the age of 5. She was doing her best to keep them under control during the 2-hour flight, but the kids had her flummoxed. She spent most of the 2 hours politely correcting misbehaviors—which occurred approximately every 60 seconds. At the end of the flight, she was exhausted and apologized to all of us in the vicinity. The kids, meanwhile, were unfazed and continued their wayward behavior as we deplaned. What had happened here? Mom had tried her hardest to manage the performance of her “direct reports”, thinking that “constructive criticism” would motivate behavior change. When her technique was unsuccessful, she did not know what else to do. So, she kept doing the same thing—expecting improved performance if she just stayed the course. This is how many managers approach the performance management process.



Managers spend far too much time critiquing employee performance. They catch employees doing something wrong, point it out, and expect improvement. If people do not improve, the manager thinks, they just need to hear the criticism again and again until they change. Criticism is used as a substitute for training. This approach is the one used by the woman on the airplane, and it doesn’t work very well. In recent years, some managers have been taught to couch their critique in a “feedback sandwich” of praise-criticism-praise. It is a variation of the old adage that “a spoon full of sugar helps the medicine go down”. This approach may temporarily inspire improvement but, once the novelty wears off, employees hear what they want to hear in the “feedback sandwich” or they detect the manipulative quality of this method and resent it.

Financial Rewards

Some managers try to control employee performance with the purse strings. They give bonuses for above average performance and withhold raises for subpar performance. They may also give “spot rewards” such a tickets to sporting events, weekend getaways, fancy dinners, or other “prizes”. Financially-based rewards do work—temporarily. In our experience, a bonus check boosts performance and morale for about 30 days. Then, employees regress to their previous level of functioning. If employers want to keep performance at an above average level, they need to keep providing such incentives every few months. Dr. Fred Herzberg, former Director of Research at PSP Metrics, referred to this as “jumping for the jellybeans”.

Dr. Herzberg’s ideas on performance management are best stated in his famous Motivator-Hygiene Theory. In his theory, good wages, good supervision, and good working conditions are basic prerequisites for obtaining “a fair day’s work” from people. Money, in other words, does not motivate people to do more—at least not for very long. It just prevents people from becoming dissatisfied and doing subpar work. If employers want to motivate workers to sustain higher level performance, Herzberg says, they must use non-financial rewards. Herzberg's motivators include six factors: recognition, opportunity to achieve, meaningful work assignments, responsibility, continuous learning opportunity, and promotion/advancement. Managers have control over many of these factors in motivating the performance of their employees.

The Role of Praise

A special word on recognition is in order. Relatively few managers spend a significant amount of their time praising their employees. To many managers, merely doing one's job deserves no particular praise. After all, employees are being paid to do their jobs---their paycheck is their reward. Why praise people for doing what they are supposed to do? This approach flies in the face of 50 years of behavioral science research. Psychologists over the years consistently have demonstrated in a wide variety of settings with people of all ages that positive feedback improves performance. What's more, positive feedback not only increases the chance that the desired behavior will occur again, but also that other desirable behaviors will be displayed as well. In other words, praise generalizes. So, one simple way for managers to improve employee performance is to pay more attention to their praise-to-criticism ratio. If a manager is not praising employees at least 3 times more often than critiquing them, a great opportunity to improve performance is being missed.

Another way to improve performance, not mentioned by Dr. Herzberg, is to set up a competition among employees. A creative way to do so is for the manager to compare employees to each other and rank them on key dimensions. The dimensions can be whatever is appropriate for a work group. For example, work quality, work quantity, reliability, initiative, or cooperation could be used. After completing the rankings, the manager can let each employee see his or her rank on each dimension (without revealing names of other employees) and let their naturally competitive spirits take over. Few employees are satisfied being at the bottom of the list on one or more dimensions. They will strive to do better so that they can rank higher the next time a list is created. For managers who would like input on rankings from other people besides themselves, there are tools available that permit multiple raters to compare employees to each other quickly and accurately (see www.Wyvern-OJQ.com).

Keys to Exceptional Results

Managing work performance is not easy under the best of circumstances. It requires clarity in goals/objectives, thorough training of workers, reasonable compensation for a fair day's work, heavy doses of positive reinforcement, occasional critique, and an appeal to employees' natural competitive spirit. These methods are available to virtually all managers today. Using these methods does not guarantee high level performance, but it is difficult to obtain consistently exceptional results without them. Exceeding performance expectations requires both deliberate intention and good management technique. Performance management is the most important thing that managers do. It is worth doing well.