

How To Manage Individual Performance

BY JOHN F. MIDDLEBROOK

Here's a five-part, people-oriented model for improving employees' performance—and a quiz to test your organization's performance IQ.

ORGANIZATIONS have been putting people last.

As an HRD professional, you might agree with that statement. You know that investments in state-of-the-art technology, equipment, and information systems are money wasted unless organizations also invest in the people who make such systems work. You know that employees play a pivotal role in organizational success. So, why are people often ignored when companies look for ways to sharpen their competitive edge?

Kepner-Tregoe is one company that asked the same question. To find an answer, it conducted a survey of 4,000 workers and managers in a range of organizations, with 1,516 responding. Overall, the survey shows that cost-cutting, restructuring, and reengineering have focused on the nonhuman elements of business. These efforts have glossed over the importance of human resources and made workers feel alien-

ated, unappreciated, and vulnerable. The results have been widespread worker dissatisfaction and increasingly poor job performance.

The survey also reveals several dichotomies:

- ▶ Less than half of the workers who responded to the survey perceive that their co-workers are glad to be employed by their companies; two thirds of the managers believe the workers are happy at their jobs.
- ▶ More than 40 percent of the workers said that they don't feel valued by their companies; half of the managers said the companies value their employees.
- ▶ Only one third of the workers believe that their supervisors know what motivates them; more than half of the managers agree.
- ▶ Less than half of the workers said that they receive recognition from their supervisors for jobs well done; half of the supervisors corroborate.

▶ Most of the workers rely on their own knowledge of their jobs to determine whether they've done a task well; less than half of the managers give workers immediate feedback when they've performed well.

Such findings aren't indicative of high-performance workplaces. But other survey responses show that the situation isn't hopeless. Most workers take pride in a job well done. They want to improve their work performance and contribute to their companies' success. Time and again, they said that they could do a better job if only they received the support they need.

In another survey—conducted in 1995 by Yankelovich Partners for the firm of William M. Mercer—1,200 workers said that, on average, they could improve their daily output by at least 26 percent—if only they weren't hindered by the lack of direction, support, training, and equipment. One in four said that they could raise

productivity by 50 percent.

What can management do to get workers to turn in their best performance? How can you help?

A prescription for performance

First and foremost, organizations must change the way they think about performance. Many managers look at only one part of the overall performance system, employees. If performance levels are off, managers tend to focus on specific employees or work teams, usually to assign blame and administer reprimands. But such actions don't correct the underlying problems or have a lasting impact on employees' behavior.

To raise the level of work performance and maintain it, managers must look beyond individual or team performance to a larger field of play: the performance system. That means taking a hard look at the following interconnected elements:

- ▶ situation
- ▶ performer
- ▶ response
- ▶ consequences
- ▶ feedback.

A case in point

The \$525 million-a-year long-products division of BHP Steel, the largest private corporation in Australia, is an excellent example of incorporating the interconnected elements—situation, performer, response, consequences, and feedback—into a company's performance system.

When George Edgar took over as general manager, the division was in deep trouble. Competition was fierce, manufacturing costs had skyrocketed, and the workforce was overpopulated. Edgar moved rapidly, but cautiously, to cut operating costs. He knew that a lot of employees had to go, but he wanted to preserve the commitment and contributions of those who remained. Edgar didn't just pay lip service to the idea that people were the organization's most valuable asset. To prove it, he reconfigured the performance system.

In the past, workers had received little feedback. So, Edgar set about providing it. He walked the aisles of the plant, talked to workers, asked questions, and made suggestions. He also

A FIVE-PART PERFORMANCE MODEL

SITUATION

- ▶ How clear are the performance expectations?
- ▶ How well are they understood by employees?
- ▶ Does the work environment support performance expectations?

PERFORMER

- ▶ How capable are employees (performers) to meet the organization's performance expectations?

RESPONSE

- ▶ What is the observed performance?
- ▶ How does that compare with expectations?

CONSEQUENCES

- ▶ How well do the consequences of meeting (or not meeting) expectations encourage the expected performance?

FEEDBACK

- ▶ How appropriate is feedback?
- ▶ Is it used effectively to influence performance?

saw to it that formal measures were developed to track employee performance and provide direct feedback.

Edgar insisted that employees be provided with all of the information they needed to do their jobs—and with the training that would enable them to use the information. He had the division's cost-reporting system overhauled so that work teams would have quick access to financial and production figures. Now, the plant provides extensive training in analytic problem solving, decision making, statistical process control, true-cost performance, and similar skills.

The division is also developing a formal reward-and-recognition system. In the meantime, Edgar and his management team are using a variety of informal incentives to let employees know that their efforts don't go unnoticed.

Within three years of these changes, plant productivity increased from 250 to 575 tons-per-worker. Fully absorbed cost-per-ton declined 30 percent. And plant yield rose by 11 percent.

A Herculean task

Several years ago, Hewlett-Packard—one of the largest U.S. manufacturers of heavy equipment—started a new product line, developing a new structure and process to go along with it. The HR department faced a Herculean task in developing a comprehensive training plan to prepare employees for their new jobs.

Working hand-in-hand with line managers, the HR people examined each new position to identify new job profiles and standards. Then, they compared employees' skills to the skills needed in their new jobs. The HR department created a plan to close skill gaps and develop a well-trained, capable workforce that could easily make the transition to the new product line. It also made sure that frequent feedback went to employees soon after start-up and continued—and that the feedback was based on the measurement of actual performance against clear standards.

At a time when such industry giants as IBM and Digital Equipment were foundering, HP was turning in record profits, without massive layoffs. It is no coincidence that for many years Hewlett-Packard has had a formal performance system. HP carefully and deliberately created a work environment with many opportunities for workers to show initiative, helping to retain talented employees. In effect, Hewlett-Packard developed a self-reliant workforce. Thanks to the performance system, employees know that if they apply their energies and talents to the company's performance objectives, everyone will come out a winner.

Adapting the model

Managing the key elements of the five-part performance model as an integrated whole can improve performance at every level of an organization.

For example, by focusing on the "situation" element, HR professionals can ensure that the "what" and "why" of performance are clear and that the expectations of the departments and

MEASURING YOUR ORGANIZATION'S PERFORMANCE MANAGEMENT IQ

To rate your organization in 10 areas, use the following scale:

- ▶ **10—excellent;** little room for improvement
- ▶ **5—adequate;** needs major improvement
- ▶ **1—poor;** needs to make fundamental changes

1. Commitment

Do employees react positively to change? Is the turnover rate among high achievers low? Can the organization live and thrive with the current level of absenteeism?

- excellent (10)
- adequate (5)
- poor (1)

2. Rewards and Recognition

Do senior managers recognize outstanding achievement throughout the organization? Are there monetary rewards? Is there ongoing recognition for excellence? Does the company promote from within?

- excellent (10)
- adequate (5)
- poor (1)

3. Information

Can employees explain the organization's business strategies? Do they know the general financial picture? Do they know the specifics of their own units' performance?

- excellent (10)
- adequate (5)
- poor (1)

4. Feedback

Is employee feedback regular, specific, and timely? Does the feedback promote desired behavior? Is feedback communicated in a positive, nonthreatening manner? Does the organization view feedback as a learning opportunity?

- excellent (10)
- adequate (5)
- poor (1)

5. Performance Standards

Do employees know when they've done a good job? Are the performance standards against which they're judged clear and well-communicated? Are the standards understood by employees? Are they achievable?

- excellent (10)
- adequate (5)
- poor (1)

6. Empowerment

Are employee recommendations regularly sought, listened to, and implemented? Are employees responsible for correcting problems, making decisions, and recommending improvements in their units? Do they have the information and skills they need for those responsibilities?

- excellent (10)
- adequate (5)
- poor (1)

7. Teams

Do employee teams participate in decision making? Do they address serious business issues rather than trivial matters? Are team roles and responsibilities clear? Do teams receive rewards and recognition for their efforts?

- excellent (10)
- adequate (5)
- poor (1)

8. Employee Readiness

Do employees have the necessary knowledge and skills to accomplish their tasks? If not, are they given the time and resources to acquire them? Does the organization provide an environment in which learning is viewed as continuous and integral to employees' jobs?

- excellent (10)
- adequate (5)
- poor (1)

9. Systematic Performance Management

The last time that the organization began a change initiative did you and other employees ask the following questions?

- ▶ Why must we change?
- ▶ Who is responsible for getting the job done?
- ▶ What skills are needed?
- ▶ In what other areas must changes be made as a result of the change initiative—including individual and team behavior, as well as systems, structures, and processes?
- ▶ What are the consequences—such as reward and punishment systems—that encourage making the required changes?
- ▶ How will we know that we are meeting goals?

- excellent (10)
- adequate (5)
- poor (1)

10. Motivation

What do managers believe are the key motivators of human performance? Do they recognize that motivation involves external, workplace factors and employees' "inner persons"?

- excellent (10)
- adequate (5)
- poor (1)

Interpreting Your Score

To determine the total score, add the points in all 10 areas.

85-100 If your organization is in this range, it has top-flight people managers.

50-84 If your organization is in this range, it is just muddling through. It needs to identify problem areas and create plans for addressing those areas.

10-49 If your organization is in this range, it needs to take decisive and radical action to improve employee performance.

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the organization are aligned. When such alignment exists, developing job standards becomes less ad hoc and more an opportunity to identify core competencies that are vital to success. HR people can compare needed skills with current skills to identify the appropriate training for meeting an organization's strategic goals.

A common complaint of the workers who responded to the Kepner-Tregoe survey was that supervisors "played favorites." Such favoritism can be overcome by examining each job, focusing on the five elements: situation, performer, response, consequences, and feedback. Then, ask these questions: What standards and outputs does this element suggest? Are they consistent with overall business strategy?

The result is likely to be a consistent, results-based appraisal system that will help eliminate favoritism as a factor in poor job performance.

Knowing the five key elements of the performance model can also prove helpful in troubleshooting specific performance problems. The model serves as a template to identify the root causes of problems, without the usual finger-pointing.

For example, what at first glance may appear to be a "people" or "performer" problem may, on closer examination, prove to be a deviation in another element of the model. Remember: Training and rah-rah motivational efforts directed at employees won't improve performance when the real culprit is unclear expectations or inadequate feedback.

So, how's your organization doing?

To gauge whether your organization has a work environment for optimal employee performance, take the quiz shown on page 47. You can even pass the quiz along to others in your organization. You may discover that there is much you can do right now to start your company—and its employees—on the road to higher performance. ■

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