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ESSENTIALS

Your Mentor and Guide to Doing Business Effectively

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Performance Management

Measure and Improve the Effectiveness of Your Employees

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Performance Management

Measure and Improve the Effectiveness of Your Employees

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Introduction

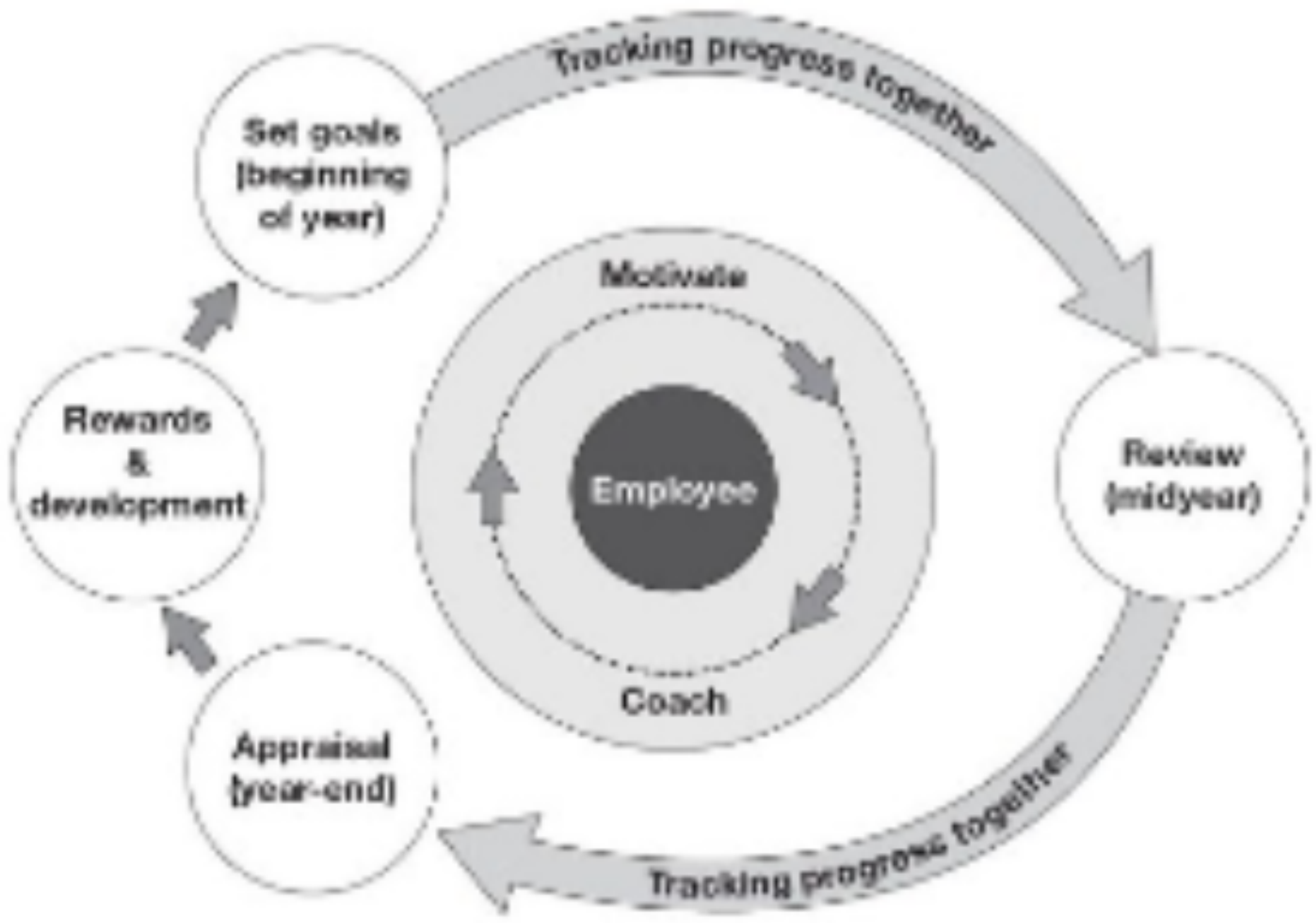
When you look at your workforce, do you see the source of your organization's success? Are the human resources at your disposal competent and committed to key company goals? Are your subordinates skillful and motivated to beat the competition? Is their work getting better over time?

If you answered yes to these questions, your unit or company is positioned for success. If you answered no to any of them, you could benefit from performance management. *Performance management* is a method used to measure and improve the effectiveness of people in the workplace. If you are an executive or a manager, performance management is a core skill, one that you can use throughout your career. Performance management is actually a system composed of several activities, including goal setting, tracking changes, coaching, motivation, appraisal (or review), and employee development. Figure I-1 indicates how these activities, which involve managers and their employees, are variously cyclic and ongoing.

The performance management cycle, as it is commonly understood, begins with goal setting. Performance is then tracked against the employee's goals and eventually appraised, usually in a formal year-end meeting. An informal midyear review is generally recommended. The results of the formal appraisal feed into the organization's rewards system of pay and bonuses and are used in decisions regarding promotion and retention. Also, depending on the results of the appraisal, the manager and employee may agree on a plan of skill or career development aimed at expanding the individual's capabilities and contribution to the company. And then the cycle begins anew, with a reevaluation of the employee's goals.

FIGURE I-1

The performance management system



Source: Adapted with permission from Brian J. Hall.

This tidy, step-by-step cycle represents only one aspect of performance management. The other—motivating and coaching by the manager—does not fit into a linear progression. Motivating and coaching have no seasons. They are either ongoing or applied as needed.

Why Performance Management Matters

Competitiveness in many of today's industries is based on the effectiveness of human assets—on the ability of employees to create, to apply their skills and accumulated knowledge, to work effectively together, and to treat customers well. Yes, physical and financial assets are often essential, but in many instances, creativity and human resourcefulness are more important as "differentiators" and as sources of long-term competitive advantage. Perhaps this is the case in your industry.

The importance of human assets in business competition explains why every company and every manager needs a system for making the most of the company's people resources.

Everyone benefits when an organization has effective performance management:

- Shareholders observe better results, because the human assets of the organization are top-notch and working in unison toward key goals.
- Managers are more successful, because their subordinates are doing the right things well.
- Employees experience greater job security, career advancement, and fatter paychecks, thanks to outstanding performance.

What's Ahead

Harvard Business Essentials: Performance Management can help you improve the effectiveness of the people who work for you. The literature on employee performance is large and growing constantly, with dozens of books and hundreds of articles and case studies published every year. This book presents some of the best of that information in a practical format that you can apply today. It provides essential ideas on employee performance, with many examples drawn from the contemporary business scene, and with practical tips to make your efforts more effective.

If performance management were a purely linear process (do this, then do that, and then . . .), organizing this book would have be simple. But some aspects of the subject don't follow a strictly linear process. So, we've arranged the topics in a chapter order that proceeds roughly in the way a manager would deal with employee performance, beginning with the indisputable starting point: goal setting. Chapter 1 explains the importance of goals and the characteristics that effective goals share. It goes on to describe the importance of goal alignment throughout the organization. If individual employee goals aren't aligned with unit and company goals, you'll have big trouble.

Chapter 2 is a short primer on motivation—something managers must attend to *all the time.* If you want people to pursue their assigned goals, you must make sure that they are sufficiently motivated to do so. Here we provide a brief overview of the classic theories of motivation and the intrinsic and extrinsic rewards you can use to encourage people to do their best. In reading this chapter, you will find practical techniques you can use to motivate your subordinates.

With your employees in pursuit of their goals, it's smart to monitor progress periodically. Regular progress checks provide opportunities to remind employees about goals and the importance of those goals, give you a chance to offer positive feedback about the good things that your employees are doing, and help you spot small problems before they become large ones. Chapter 3 gives you a practical method for objectively monitoring performance and catching those problems. It also includes a short section on the common sources of performance problems.

Beginning managers don't think of themselves as coaches. Most were taught that managers do four things: plan, direct, motivate, and control. "Our textbook didn't say anything about coaching!" But experienced managers recognize that coaching is a big part of their jobs. They use coaching to close performance gaps, teach skills, impart knowledge, motivate, and inculcate desirable work behaviors. Good managers are always looking for coaching opportunities.

Coaching is so important that we devote two chapters to it. Chapter 4 covers the basics with a four-step process you can begin using right away. Chapter 5 goes beyond the basics to explain how you can safely delegate some coaching responsibilities to others. Doing that will save you time and give your surrogate coach an opportunity to hone a skill he or she may need someday as a manager. The chapter describes three conditions that improve coaching results. And it illustrates common mistakes made by coaches—and the remedies for those mistakes.

Many companies today require an annual performance appraisal for each employee. Chances are that you have been on both sides of this technique: as appraiser and as "appraisee."

Chapter 6 explains the role of appraisal in the larger system of performance management and offers an eight-step process for doing it well. We also describe 360-degree feedback, a technique that reports on a person's work effectiveness from more perspectives than just the boss's.

A formal performance appraisal typically feeds into the company's pay and promotions schemes. It also identifies opportunities for enhancing the skills and careers of people who want to step up to new challenges or greater responsibility. We cover the issue of employee development in chapter 7. There, you'll find a brief discussion of why employee development is an important part of every manager's job. We follow the discussion with four practical approaches you can take to help people enhance their skills and careers.

We've titled chapter 8 "Intractable Performance Problems." If you've been managing for a while, you've surely run into some of these challenges: people who simply aren't doing the job well and aren't motivated to improve. Then there are the people who try, but who can't get it right. How do you handle these cases? We approach these employees through problem diagnosis followed by confrontation, with feedback. The chapter goes on to offer specific advice for dealing with C-level performers, burnout cases, and people for whom dismissal is the best solution.

Because this is an "essentials" book, we've had to be very selective with our topics. There is more to managing performance than what's covered in these chapters. Readers who want to learn more should refer to the "For Further Reading" section at the end of the book. There, we've listed several useful articles and books that can add greatly to your understanding of employee performance management. We've also included a glossary of key terms to enhance learning. Performance management uses a number of unique terms: 360-degree feedback, intrinsic and extrinsic rewards, and career ladders, to name just a few. We have italicized these important terms in the text. That's your cue that their definitions can be found in the end-of-book glossary.

We've also provided two appendices. The first one contains several useful items, including a coach's self-evaluation checklist, which was first developed for our online publication Harvard ManageMentor. This self-diagnosis will help you understand your strengths and weaknesses as a coach. You can download a copy of this checklist from the Harvard Business Essentials series Web site, at www.elearning.hbsp.org/businesstools. While you're on that site, check out the online tools associated with other books in the series; you may find several of these tools useful in your work.

The other item in appendix A is an annual performance appraisal form. If your company doesn't have appraisal guidelines, you can adapt this one to your needs.

Finally, appendix B contains a primer entitled "Handling a Dismissal." This item will steer you past some of the land mines involved in dismissing a nonperforming employee.

We wish you every success in your management career.

1

Goals

Guides to Action

Key Topics Covered in This Chapter

- *Formulating goals*
- *Getting alignment*
- *The characteristics of effective goals*
- *Planning for success*

PERFORMANCE MANAGEMENT begins with goals. Goals define the results that people should aim to achieve. Goals are touchstones for performance planning, appraisal, rewards, and improvement. Without goals, time and energy would be wasted on activities that contribute very little to organizational success.

Every company, every operating unit, and every employee needs goals and plans for achieving them. Goals focus the limited resources and time of individuals and organizations on the things that matter most. Some goals must also be shared. Without shared goals, people would strike out in different directions and collaboration would be minimal.

If goals are so important, then who determines them? Setting goals is one of the essential functions of management. As a manager, you are responsible for setting goals for your unit and for each of its members. You must also work with others to create plans that people can follow in reaching their goals.

This chapter describes the characteristics of effective goals. It explains how to avoid mistakes in structuring goals and how to align goals throughout the organization. It also provides steps that you and your subordinates can take to assure that goals are attained.

Goals Begin at the Top—Well, Almost

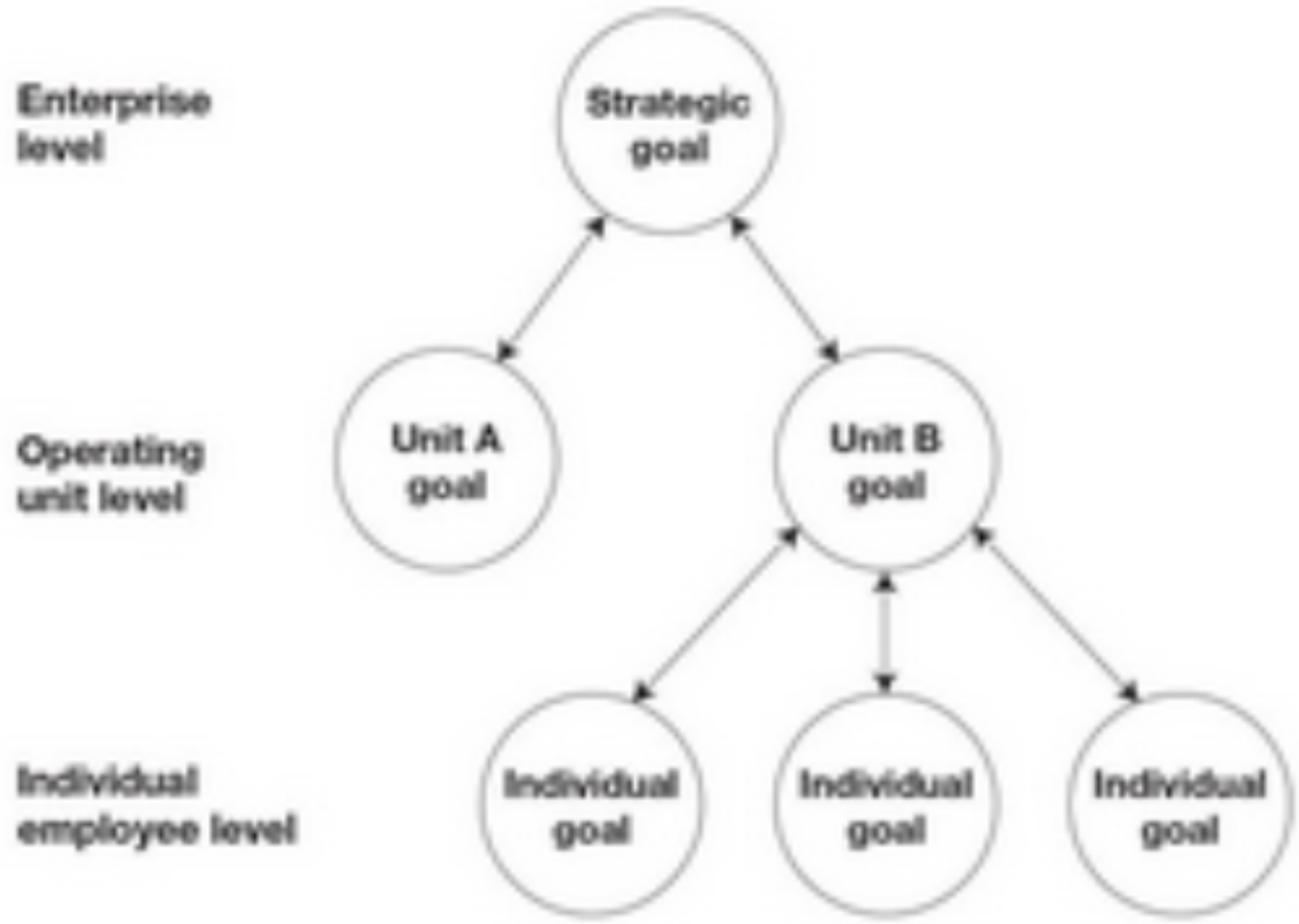
From a purely logical perspective, goal setting should be a top-down process that begins in company strategy. If, for example, the strategic goal is to become the market share leader through rapid product introductions, then unit goals should serve that strategy. And individual goals should be aligned with those of their units. There should be, in fact, a cascading of linked and aligned goals from the top of the organization to the bottom, as described in figure 1-1. In this figure, the enterprise's strategic goal is at the top. Each of the operating units has goals that directly support the strategic objective. Within the operating units, teams and individuals are assigned goals that directly support the goals of their units.

The real power of these cascading goals is their alignment with the highest purposes of the organization. Every employee in this arrangement should understand his or her goals, how assigned activities advance the goals of the unit, and how the unit's activities contribute to the strategic objective of the enterprise. Thus, goal alignment focuses all the energy of the business on the things that matter most.

One warning: goal setting—at the top and at lower levels—is not as strictly top-down as we've described. Nor should it be. Dictating goals from on high is not practical, because doing so would fail to recognize the interests and potential contributions of people up and down the organizational ladder. Consider the starting point of goals: top-level strategy. No experienced CEO trusts himself or herself to think of and dictate the best possible strategy. Instead, a smart executive enlists the ideas and suggestions of others: the top management team, division heads, technical experts at lower levels, and so forth. Together, these people argue the merits of many alternative courses of action, and in the process, the personal goals of many people are reflected in the company's strategy. Only by consulting with others in this way can the CEO appreciate the rewards and risks of various alternatives. Only by understanding the company's employees can a chief executive assess their abilities and willingness to execute a given strategy. A CEO must find ways for their voices to enter the strategy-setting process.

FIGURE 1-1

Goal alignment from top to bottom



The same idea sharing and negotiating should take place at lower levels—though perhaps less so at the lowest levels. For example, suppose that the company's strategic goal is to increase market share through rapid new-product introductions. As the head of new-product development, you would not simply tell your people to increase new-product launches by some percentage that you determined. Instead, you would confer with your direct reports and marketing personnel about the best approach to fulfilling that strategy. Should your company crank out derivative versions of its most popular current products? If so, which ones? Should you leverage your core technologies to serve totally new users and uses?

In the end, the individual employee's goals must usually be represented in the formulation of unit goals. The alternative is for the boss to dictate goals to subordinates. But dictated goals are unlikely to inspire the kind of effort and creativity that produces good results. Goals that are negotiated with employees, in contrast, give those employees an important sense of goal ownership. And people are naturally more committed to the things they own. So, involve your employees in the goal-setting process. That way, you can be sure that (1) they have the capacity to assume responsibility for goals and (2) they understand the details and the importance of their assigned goals.

When Personal and Unit Goals Conflict

Every so often, you'll have a subordinate who doesn't think that a unit goal is very important—at least not to him or her. For example, a sales manager may have a new field sales representative whose personal goal is a job in market research. The rep is only in sales to build a résumé—period. People who cannot or will not get behind important goals belong somewhere else. But reasonable people can usually be persuaded to bite the bullet and give these goals their best shot. If you were the sales manager, what would you tell this field representative?

Thus, goal setting—both at the top level and at lower levels—should include a fair amount of give-and-take. This give-and-take works best when managers truly understand the people who work for them—and with them. What are the employees' personal ambitions ? Are their personal goals compatible with the goals the unit must pursue? How can the unit goals be crafted to enlist the highest level of enthusiasm and support from subordinates?

Understanding your direct reports at a personal level will help you with goal setting. More important, it will help you with *every* facet of performance management. By understanding your subordinates, you'll have a better idea of how to motivate them. You'll know which rewards hit your people's hot buttons. (See "When Personal and Unit Goals Conflict" for a discussion about when your employees' aspirations don't match up with unit goals.) And you will be able to identify weaknesses that can be corrected through coaching or training.

Goals Versus Activities

It's very easy to confuse goals with activities. Activities describe how people spend their time, whereas goals are the results people seek. Confusing the two can result in lots of well-intentioned activity but few positive results. Consider these examples:

Activities	**Goals**
Writing weekly sales report	Increase sales by 10 percent
Handling customer complaints and other problems	Reduce customer turnover by 15 percent
Meeting weekly to discuss new-product-development project	Launch five new products this year
Participating in quality-control training program	Cut production waste by 20 percent

Attempting to formulate goals through the employee's job description is sometimes the source of this confusion. A job description is a profile of a job and its essential functions, reporting relationships, level of authority, hours, and required credentials. The description is more about the content of the job than about the goals that managers and their subordinates agree to pursue. Consider this job description:

> *As the executive assistant to the director, he or she will plan, schedule, and coordinate meetings of the director; record and transcribe meeting minutes; manage and track communications (phone, fax, and e-mail) by providing timely responses and distributing messages; assist in drafting, editing, copying, and distributing project reports and other materials; handle travel arrangements; assist with expense documentation and reimbursements; manage complicated schedules and day-to-day office systems; and perform other job-related duties as required. In addition, answering the office's phone will be required, as will various other clerical duties.*

There are lots of activities listed in this job description, but no identifiable goals. As this example shows, you cannot use the job description as a substitute for defining a subordinate's goals.

Characteristics of Effective Goals

If goals are necessary, what are the characteristics of effective goals? Most experts agree that goals must be

- Recognized as important
- Clear
- Written in specific terms
- Measurable and framed in time
- Aligned with organizational strategy
- Achievable but challenging
- Supported by appropriate rewards

How do the goals of your employees stack up against this set of characteristics?

Perhaps a disclaimer about the required specificity of goals is appropriate here. In practice, goals for people at higher levels of responsibility tend to be more general, while goals for people at lower levels—people who have less discretion over their activities—tend to be more specified. Thus, at the top, we have the example of the directive issued to Admiral Ray Spruance by the U.S. Naval Command in the Pacific on the eve of the fateful Battle of Midway in June 1942: "Be governed by the principle of calculated risk, which you shall interpret to mean the avoidance of exposure of your force to superior enemy forces without good prospect of inflicting greater damage on the enemy."[1] There are no specifics in this directive. Naval Command left the details to Spruance to figure out as the situation unfolded.

The specificity of goals generally becomes greater as we go down to lower levels, where employees have less experience and need more direction. Consider this hypothetical example of a sales manager assigning goals to a field salesperson:

> *It's very important that our company increase its sales revenues during the coming calendar year. We've made sizable investments in training and manufacturing lately, and senior management expects us to cover those investments with higher revenues. If we can do that, the company's financial situation will be greatly improved and the company will be in a better competitive position for the future. And that means more job security and higher bonuses for everybody.*
>
> *The company's goal is to increase sales revenues by $15 million over the coming year, and everyone in the sales force is expected to contribute to that goal. Based on our discussions, your piece of the goal is to increase sales in your territory from $2 million to $2.2 million for the year—a 10 percent increase. I'll follow up with a written statement to that effect.*

A 10 percent increase won't be easy, given the outstanding job you've done already, but there's still plenty of opportunity for growth in your territory. I'm confident that you can achieve that goal, and I'll back you up in any way I can.

Here, goals are very specific. Notice, too, how this manager touched on every characteristic of effective goals. He stated the goal in concrete terms and within a measurable time frame, explaining why it was important and how it aligned with company goals. He also promised to provide a written statement of the goals and told his subordinate about the benefits that would accrue to everyone if the goals were met.

Three Mistakes to Avoid

Many organizations make three mistakes in setting goals: (1) companies fail to create performance metrics, (2) they fail to align rewards with company and unit goals, and (3) the achievement bar is set too low. All three can undermine the value of goal setting.

Performance Metrics

Performance metrics provide objective evidence of goal achievement—or progress toward it. Sales revenues, output per machine, errors per thousand units of product, and time to market for new products are all examples of performance metrics. Whichever metrics you use, be sure that they are linked to your goals.

Some jobs involve goals and work for which performance metrics are difficult to create. If the goal is to increase revenues, it is quite easy to formulate quantitative, measurable metrics for the sales staff. For example, you may assign a sales quota: a 10 percent sales increase, or a sales goal of $2.2 million. But how do you create a performance metric for goals that are not easy to quantify, such as improving customer relations? Measuring customer relations may be infeasible. You may, however, be able to measure many things that contribute to improved customer relations, such as the number of customer complaints handled satisfactorily during a quarter or the average time required to resolve a customer problem.

So, don't assume that qualitative goals cannot be assigned performance metrics. (See "Soft Goals" for more discussion of metrics that are difficult to quantify.)

Goal and Reward Misalignments

Rewards are a facet of performance management that aims to encourage a particular behavior or outcome. They include anything that employees value: pay increases, bonuses, promotions, plumb assignments, and even travel junkets. Rewards should be aligned with goals, but that is easier said than done, since employees find ways to "game" even thoughtful reward systems.

Many companies change their goals but do not follow up with a realignment of rewards. Even when they try, companies often get it wrong and end up rewarding the wrong things. Worse, they may reward contradictory practices. For example, consultants Haig Nalbantian, Richard Guzzo, Dave Kieffer, and Jay Doherty cite the case of a U.S. manufacturer whose goal was to raise product quality.[2] This was goal number one for the company. Yet despite much effort, quality continued to slip. The cause of poor quality, this company discovered after much study, could be traced to a less explicit goal of giving young, promising managers broad experience by moving them between assignments every two years. This practice, in fact, was how managers moved up the ladder and received higher salaries. Those ambitious managers quickly learned that frequent movement was the best guarantor of pay increases and, ultimately, higher-level jobs.

Soft Goals

Some jobs involve important activities whose results are difficult to measure. For example, a young investment banker may be building customer relationships that will take years to pay off. A marketing specialist may write a plan for a new product line, but it will never be clear if the success or failure of the line resulted from the execution of her plan or the quality of the products. Many people call the goals associated with these hard-to-measure activities “soft” goals. Moreover, people often dismiss as marginally important whatever they can’t measure. Don’t make this mistake. Just because something is difficult to measure does not mean that it is unimportant. For example, the customer relationships being developed by the aforementioned young banker may be his employer’s best assurance of a future stream of business.

Writing in *Harvard Management Update,* Karen Carney cites three keys to performance measurement for jobs that involve so-called soft goals:[a]

1. Involve people in determining their own performance criteria. Give people a list of company or unit goals, and ask which they can influence. Have them brainstorm about how they can help their internal or external customers.
2. Find qualified judges to assess people’s performance according to these criteria. Judges may be fellow employees, customers, suppliers, or anyone else in a position to determine if results or behaviors meet, exceed, or fall short of expectations.
3. Combine hard and soft metrics as appropriate. One company cited by Carney bases bonuses on unit bottom-line results (a hard metric) and salary and promotion rewards on how fully each employee embodies the company’s core values (soft metrics such as customer service and “does the right thing”).

Unfortunately, rapid movement between assignments hurt product quality. The management of long-term product-development projects was being handed off every two years. The manager who started a project knew that he or she would be long gone—and not accountable for results—when the product eventually hit the market. Staying with a project from start to finish would impede a person's managerial career. In this case, misaligned rewards encouraged managers to put their energy into the wrong activities—moving from assignment to assignment—frustrating the company's goal of improving product quality.

Your best defense in cases like this one is to take a systems approach to goals and rewards. A systems approach can help you avoid the unintended consequences experienced by the manufacturer just described. (We'll have more on performance measurement and rewards in chapter 2, which covers motivation.)

Insufficient Challenge

Many managers are apprehensive in their approach to goal setting. On the one hand, they know that goals should address the most important challenges facing their organizations. On the other hand, they know that those challenges will be, by definition, difficult and risky. As a result, these managers are tempted to set the performance bar low. After all, difficult goals may generate grumbling in the ranks. And if subordinates fail to rise to the challenge, the managers will look bad.

Reducing expectations and making goals less challenging may solve these problems, but that is not what's best for the organization, or for you and your subordinates. The best course is to make goals achievable but challenging. Then, communicate frankly with your subordinates. Explain why these challenging goals were selected and why achieving them is so important, both for the organization and for your employees as individuals. Make sure that they see a personal benefit in goal achievement.

Then, seek buy-in.

Be very clear about what successful achievement will look like, and how performance against those goals will be measured. Also, depending on employee skills, consider whatever coaching or training will be needed to make the employee capable of meeting his or her goals.

Get It on Paper

Once you and an employee have reached agreement on goals, document your conclusions in a formal memo that includes the following:

- The date of your meeting
- Key points brought up by both parties
- The goals the employee has agreed to pursue
- What he or she will do to achieve them
- A description of any coaching or training you have agreed to provide
- The date on which the employee's performance will be formally appraised

Give a copy of that memo to the employee, and save one for yourself.

Documentation of this sort may seem unnecessary if your direct reports are fairly senior. Their goals are broad and less easy to specify, and their freedom of personal action is substantial. However, this documentation is recommended when direct reports are junior or inexperienced or otherwise require close supervision.

Four Steps to Accomplishing Goals

Creating a clear set of goals is essential, but that is obviously not the end of the road. Goals should be matched with practical plans for achieving them. This is something that you and your subordinates or team must do together. Converting goals into realities involves four steps:

1. Break each goal down into specific tasks—with clear outcomes.

2. Plan the execution of those tasks—with timetables.
3. Gather the resources needed to fulfill each task.
4. Execute the plan.

This approach may sound very “by the numbers,” but it is effective, especially with employees who need direction and close supervision. It is a very positive way for you and them to work together. Now, let’s look in detail at these four steps.

Step 1. At the outset, determine which tasks are needed to accomplish your goals. Some of these tasks may have to be completed sequentially—for example, task A must be completed before you can begin task B. If this is the case, put the tasks in the right order. It’s likely that other tasks can be completed simultaneously—you can assign some people to task A while another team attacks task B. If a task appears overwhelming, break it into smaller parts.

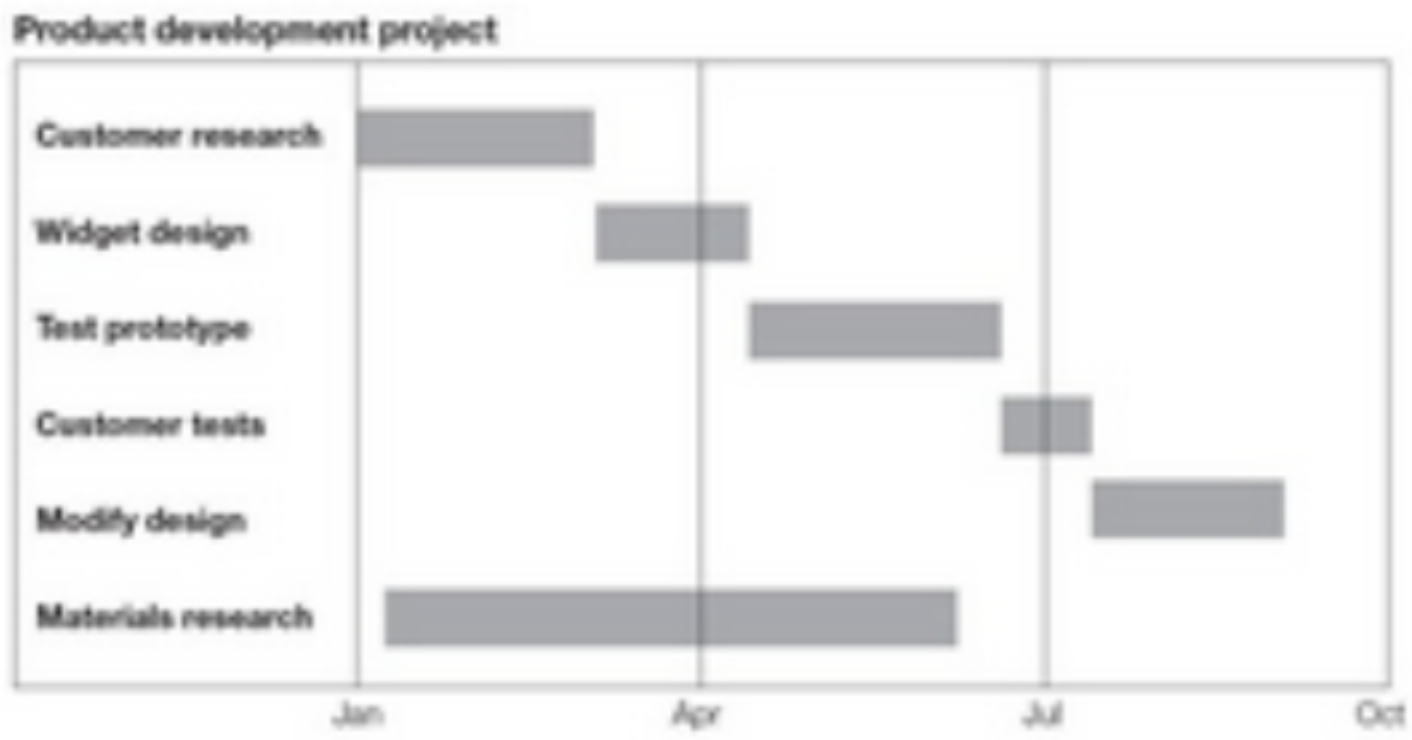
Step 2. Plan out each task, and give each a start and finish date. You might want to use a Gantt chart or some other time-scaled task diagram to make this clear to all. Gantt charts are the basic bar chart familiar to most people. These graphics are easy to read and clearly communicate what needs to be done in a particular time frame (figure 1-2). Set up milestones along the way, for example, “We should have the first stage of task A completed by 15 May of this year.” Milestones break up long tasks into shorter, more manageable chunks, giving people greater assurance that the job can get done.

Step 3. As you schedule, remember that many efforts fail when planners overlook a significant part of the work or underestimate the time and resources required to complete it.

So, once you’ve planned how each task will be executed, check your resources. Does the employee have sufficient time and equipment? Watch out for overloading. Do people have the training and know-how to get the job done?

FIGURE 1-2

Gantt chart example



Source: Manager's Toolkit: The 13 Skills Managers Need to Succeed, Harvard Business Essentials series (Boston: Harvard Business School Press, 2004).

Step 4. The execution of the plan is the final and most critical step. An experienced salesperson once described his secret for success this way: “First, plan your day—then work your plan.” Working your plan means doing all the things you planned to do. This is where talk and good intentions must be transformed into real work.

Once you and your subordinates have agreed on goals, you need to have a meeting in which the four steps to those goals are made clear. Consider our earlier example of the sales manager and his field sales representative. The rep has been asked to increase sales in his territory by 10 percent, or $200,000. The goal itself says nothing about the tactics and the activities that must be brought to bear in squeezing out that increase. What should be the means toward that end? This is where one or more planning sessions between you and your employee can help. Let's listen in again:

Manager:	A 10 percent increase won't be easy. You're bound to lose some business during the year from some accounts—that's natural. So you'll have to make up for those losses *and* develop new business in order to hit the $2.2 million target.
Sales rep:	Yeah, I've been thinking about that.
Manager:	And what ideas have you come up with? How do you plan to get from $2 million to $2.2 million?
Sales rep:	Well, now that I have a good base of revenues in my existing accounts, I figure that I can do three things: improve after-sales service to existing accounts, prioritize my visits to sales prospects, and generate new sales in the Milwaukee area. I'm confident that good customer care will help me generate more sales from existing accounts. With the new products coming out in the spring, it's very likely that I will get more business from those companies. Prioritizing my field calls will help, too, because I'll be concentrating on the prospects that matter most.
Manager:	That makes sense, but tell me your ideas for generating new business in the Milwaukee area.
Sales rep:	As you know, Gizmo Products is opening a new production plant just outside Milwaukee. It's likely that Gizmo will include us as one of its suppliers, as it does at its other locations. I have to make sure that this happens.

Manager: That's just one new account. What else is in your sights?

Sales rep: Well, I know that two purchasing managers at Milwaukee area plants are retiring this coming summer. I've never had any success in dealing with either of them. They've given all the busness to Acme and SmithCo. Once those guys are gone, new purchasing managers will be hired. And you know how new people are—they usually want to change things. That will create an opening for us. We have nowhere to go but up at those companies.

Manager: That sounds like a plan. Let's meet again next week and develop these ideas a bit more. In the meantime, give some thought to what you'll need from me in order to be successful—sales support, a bit more in your travel and entertainment budget, and so forth.

The sales manager and his subordinate have made a good start in moving from goal setting to activity planning. Further steps will flesh out those plans.

Summing Up

- Goals are the starting point for performance management.
- Create alignment between company, unit, and individual goals.
- Be sure that every subordinate has goals, understands them, and knows why they are important.
- Goals should be written down, put in a time frame, and supported by rewards.
- Be clear about how progress toward goals will be measured.
- Work with the employee in developing an action plan for achieving goals. That plan may include training and

assistance from you.

2

Motivation

The Not-So-Secret Ingredient of High Performance

Key Topics Covered in This Chapter

- *Theories of motivation*
- *Intrinsic and extrinsic rewards*
- *The messy problem of incentive systems*
- *Ten motivational practices*

MOTIVATION IS THE next important piece of managing employee performance. It is, in fact, at the very heart of performance management—something that managers must attend to all the time. A person can understand goals and why they are important, but must also be motivated to pursue them. You can coach this same person to close performance gaps and improve productivity, but the employee won't take that coaching to heart if he or she is uninterested or unmotivated. You can spend hours on someone's annual performance appraisal and have a productive chat about it, but again, those hours will be wasted if the employee isn't motivated to improve.

This chapter explains some of the key theories of workplace motivation and the impact of rewards and incentives. It offers a number of things you can do to motivate the people who work for you.

Theories of Motivation

The principles of effective motivation have a long history. Although we tend to mark the beginning of that history with the Industrial Age, leaders and managers of every age undoubtedly understood the importance of motivation and probably experimented with different ways of inspiring it.

The classic theories of industrial management and organization were formulated in the late 1800s and early 1900s. These theories were less concerned with worker motivation than with the mechanisms of efficiency, predictability, and control. A business was conceptualized as a machine for producing goods and services, and people were simply among the parts of that machine. Frederick Taylor (1856–1915), credited as the father of scientific management, defined work in terms of coordinated, highly specified tasks designed for optimal efficiency, with little or nothing left to the judgment of production-line employees. This approach to work was supported by a particular view of human nature—or, should we say, the nature of industrial workers. In this view, employees were lazy and untrustworthy creatures. They could be motivated only by pay and the fear of dismissal and unemployment. Years later, Douglas McGregor would enshrine this view of human nature in what he called the Theory X approach to management.[1]

Managers who embrace Theory X have two motivational tools: the carrot and the stick—greed and fear. The Theory X work environment is characterized, as you'd imagine, by lots of prodding by the boss, tight control over employee work, and narrowly specified jobs.

The first chink in the armor of Theory X was exposed through experiments conducted during the 1920s by Elton Mayo at the Hawthorne Works, a Western Electric assembly plant in northern Illinois. Mayo hoped to determine the negative effects of fatigue, monotony, and unpleasant working conditions on job productivity and how these effects could be controlled or neutralized through improved lighting, more frequent rest breaks, different work hours, temperature, and other environmental factors. Using a control group of employees, he made frequent changes in their working conditions—pay, lighting levels, rest breaks, and so forth—always explaining his changes in advance. Productivity improved, but to Mayo's surprise, the improvements appeared to be independent of working conditions. He concluded that the workers performed better because management had demonstrated an interest in such improvements. Discussing changes in hours and breaks with workers had made them feel like members of a team, something they had not felt before.

Today, the *Hawthorne effect* refers to the productivity benefits that companies create when they pay attention to their employees and treat them as something other than mere cogs in the machinery of production. As interpreted by David Garvin and Norman Klein, Mayo's research showed that work output was not simply a function of a job's scientific design—as Taylor would have it—but also influenced by social norms, management-employee communications, and the level of employee involvement in workplace decisions: "Superior performance was linked to high levels of employee satisfaction ; satisfaction, in turn, was tied to such non-economic factors as a sense of belonging and participation in decision making."[2]

Thanks to Mayo's groundbreaking work, we now understand that the workplace is a complex social system in which employee satisfaction and commitment affect performance. His findings stimulated new research and new thinking about what motivates people in the workplace. These, in turn, have done much to displace Theory X's dismal view of human nature. Theory X is not entirely false. People don't like to do certain painful things and are effort-averse. Incentives and job design can help improve performance, just as Theory X assumes. However, Theory X has generally given way to Theory Y (again formulated by Douglas McGregor), which postulates that people are not naturally slackers, but eager to work, to accept responsibility, and to produce good results. By implication, this view of human nature supports what we now think of as participative management, that is, a workplace system in which employees have greater discretion to think, act, and contribute to work plans. Indeed, one of the hard lessons that newly minted managers learn, according to studies by Harvard Business School's Linda Hill, is that the authority of their positions doesn't amount to much in terms of getting people to do things better or to do anything at all. These new managers discover that telling people what to do is far less motivating than actions that invite people to play bigger and more important roles. Managers can begin by explaining to subordinates *why* something must be done.[3]

What About Rewards?

The people who study motivators refer to two categories of rewards: intrinsic and extrinsic. *Intrinsic rewards* produce nonquantifiable personal satisfaction, such as a sense of accomplishment, personal control over one's work, and a feeling that one's work is appreciated. *Extrinsic rewards* are external, tangible forms of recognition such as pay hikes, promotions, bonuses, and sales prizes. Both types of rewards have a place in performance management, says Harvard Business School professor Brian Hall: "People are motivated by both intrinsic and extrinsic rewards."[4] Both intrinsic and extrinsic rewards motivate value-creating behavior and are effectively employed by managers. Most corporate reward systems, however, are built around extrinsic rewards, since money is the one tangible and highly manipulable incentive that corporations can give. A corporation cannot easily tell its sales reps, "Meet your sales goal this year, and we'll respect you more." But it can say, "If you make your quota, we'll pay you $5,000."

Intrinsic Rewards Generally Motivate Best

Some of the best advice on intrinsic and extrinsic rewards can be found in an old source: Frederick Herzberg's classic article "One More Time: How Do You Motivate Employees?" which was first published in 1968.[5] Herzberg found that extrinsic incentives such as bigger paychecks and plush offices don't necessarily make people work harder or better. When such motivators do succeed, the positive effects are short-lived. Recall the well-worn phrase "What have you done for me lately?" This explains why so few academics and practitioners categorize pay and perks as true motivators or commitment generators. Pay matters in the sense that a company has a difficult time recruiting and keeping good employees without a competitive level of pay and benefits. Money can be a huge motivator, but it often motivates the wrong behaviors—for example, encouraging people to cut ethical corners to earn a bonus or to game the reward system—and it does not build commitment. Consider Southwest Airlines. At the entry level, the carrier is one of the lowestpaying of the major airlines, yet it enjoys remarkable commitment from its people. Here, real motivators such as recognition and team spirit, when combined with adequate pay, have produced a committed workforce and the lowest level of employee turnover in the U.S. airline industry.

Herzberg's prescriptions remain valid today, and you can use them to enhance the motivation of all your subordinates. Figure 2-1 summarizes his findings. The term "hygiene factors" in the figure refers to the extrinsic elements of workplace life that affect job satisfaction. Note the importance of achievement and recognition on employee attitudes toward their jobs; note in comparison how little salary, status, and job security contribute to those attitudes.

These findings have been validated by more recent studies, including a 2000 survey of managers conducted by McKinsey & Company, in which 59 percent of respondents cited "interesting, challenging work" as critical in their decision to join or stay with a particular company. Financial rewards and career and advancement opportunities trailed at 39 percent and 37 percent, respectively. Just remember that a solid performance management system requires due respect to *both* intrinsic and extrinsic rewards.

Take a minute to think about the intrinsic and extrinsic rewards in your work environment. Are they sufficient? Are they effective? Do they motivate the right behaviors? Have you found the right balance between pecuniary and psychological rewards?

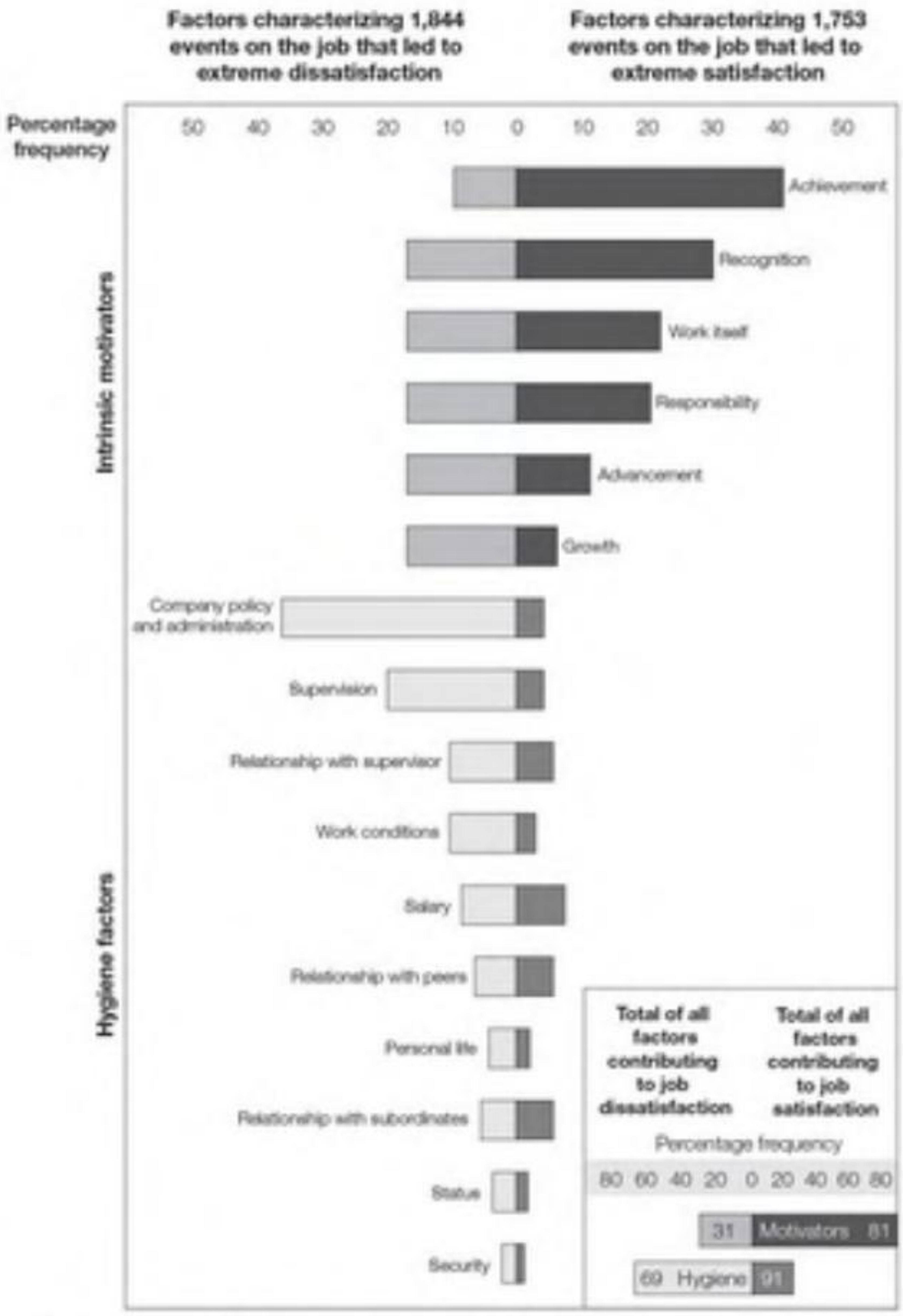
Unless you are a senior executive, your control of the extrinsic rewards offered by your company may be limited, but you do have substantial control over the intrinsic rewards experienced by your subordinates. At a minimum, do this:

- Compliment good work on the spot when you see it. “Thanks for doing that job so well.” This will impart a highly motivating sense of personal accomplishment.
- Involve subordinates in planning. Their involvement will give them a feeling of control over their work—and people are more conscientious when they feel that they “own” their work. Perhaps the greatest reason that some people feel alienated from their work is that they lack control over how they spend their working days.

Simple actions like these can be highly motivating, and yet they cost nothing. You’ll never go over your budget by doing these things.

FIGURE 2-1

Factors affecting the job attitudes, as reported in twelve investigations



Source: Frederick Herzberg, "One More Time: How Do You Motivate Employees?" (HBR Classic), *Harvard Business Review,* January 2003. Used with permission.

The Challenge of Incentive Systems

A full discussion of incentive systems and the extrinsic rewards they offer is beyond the scope of this book. But to quote Brian Hall, the management of incentives is "generally difficult and messy":

> *Tensions arise over the division of pay as managers and workers routinely feel underpaid but rarely feel overpaid. The bonus plan, even when it is "working," never seems to drive precisely the right behavior. And subjective performance evaluations—especially those*

tied to rewards and punishments—are a dreaded task. They are fraught with anxiety, vulnerable to destructive politicization, and typically disliked by both those doing them and those receiving them.[6]

Difficult and messy as they are, incentive systems are nevertheless essential since people are motivated by, among other things, many of the rewards that firms have to offer, and because workers in a competitive labor market demand them. So, if incentive systems are necessary, what should they look like? Conceptually, the answer to this question is simple: an incentive system should create alignment between desired performance and the rewards that employees value.

Achieving that alignment, however, is anything but simple. Indeed, perfect alignment is impossible. This is because the two elements that must be aligned—performance and "what people value"—are seldom clear and are often hard to measure. What, for example, do your subordinates value? Money, for sure. But how much money does it take to alter someone's behavior? Offer $100 to your sales reps if they hit their quotas, and you won't even get their attention. Offer $1 million, and you'll have their full attention, but that's not feasible. So, what is the right number? No one can say for certain. Worse, the right number for one person is the wrong one for someone else.

The performance element of alignment is equally uncertain. As described by Hall, measuring performance has three pitfalls :[7]

- **The uncontrollability problem.** Most performance measures, such as sales revenues and profits, are the result of factors that are both controllable (e.g., working harder and smarter) and uncontrollable (e.g., passage of adverse regulations). Almost all performance measures contain some level of uncontrollability.
- **The alignment problem.** Today's jobs typically require many tasks; some tasks are easy to measure (e.g., percentage of ontime deliveries), but others are not (e.g.,

courteous treatment of customers).

- **The interdependency problem.** Most outcomes are the result of work by many people, sometimes working together and other times working independently. Isolating the contribution of individual employees within these outcomes is nearly impossible.

These three problems are sources of inescapable conflict whenever companies design and implement incentive strategies. People complain that some incentives are unfair, reward some things but not others, fail to account for important efforts, are inequitable, and so forth. The subjective nature of performance evaluation is also a problem that defies precision and fairness—particularly for managers. Managers are supposed to develop the skills and careers of their people. But precise measurement of this duty is impossible. Managers are also required to coordinate their units' activities with those of others. How is this coordination to be measured?

Undeniably, these issues are difficult and messy. It's nearly impossible to satisfy everyone's sense of fairness. And some of the most important things that people must do are difficult to measure. But, as a manager, you cannot allow these impediments to keep you and your colleagues from working toward an effective incentive system.

Practical Tips for Motivating

Assuming that pay is fair and competitive, the things that make employees' jobs more interesting are the surest approach to individual motivation. How can you accomplish that? Here are some triedand-true suggestions.

Demonstrate Trust

Some managers don't trust people to do a good job, and not surprisingly, these managers get what they expect. Others demonstrate greater faith in the inherent capability of their subordinates. These leaders trust each employee to do his or her job well, and—assuming that they have capable people on the payroll—such managers also generally get what they expect.

There are many ways to demonstrate trust: by removing some controls, or by asking a person to create a plan or schedule, or by putting a subordinate in charge of something you would normally handle. Demonstrate trust, and you will often be pleasantly surprised by the result. Just one caveat: be sure that the person to whom you extend trust understands that he or she is accountable for results, and provide oversight and support as needed.

Make Jobs More Complete

Theory X jobs are narrowly construed and highly specified. "Put bolt A into hole B." "Examine this loan application and check credit references ; then, pass it on to John." This makes sense when people are viewed as extensions of a mechanized process and when they cannot be trusted to think, make judgments, or take independent action. But it is highly *de*motivating. People who have these types of jobs spend half the day grumbling and watching the clock. If you want to motivate people who seem ready for a new challenge, give them a more complete unit of work.

Team-based approaches to automobile assembly, research, new-product planning, and so forth, are examples of more complete jobs. These teams are given collective responsibility for planning their work, scheduling vacations, dealing with other units in the organization, and accomplishing other tasks. The same broad responsibilities can be designed into many jobs.

Psychologists Timothy Butler and James Waldroop have used the term " job sculpting" to describe their own form of job design.[8] Their prescription is to design jobs that match the "deeply imbedded life interests" of employees. For instance, a competent engineer with a deeply embedded life interest in counseling and mentoring might be asked to plan and manage the orientation of newly hired engineers. A salesperson with an interest in quantitative analysis might be given new duties working with the firm's market research analysts. Effective job sculpting is only possible, however, when a manager asks questions and listens carefully to what employees have to say about their real interests.

Introduce Challenge

People are often capable of handling tasks that are more complex and more demanding than their managers expect and that their job descriptions require. When presented with tougher assignments, employees will usually rise to the challenge. This is true in the workplace and in other aspects of daily life. Consider this true story:

> *Every summer, the minister of a small Protestant congregation took a two-month vacation, and church trustees hired a divinity student to conduct Sunday services in his absence. This arrangement worked well. One year, however, they could not find a summer substitute and consequently asked church members to do the job.*
>
> *Joan, a social worker by profession, volunteered to lead one Sunday service that summer, even though she had absolutely no experience in this area. But Joan rose to the occasion. She recruited a pianist to provide special music, selected hymns for the congregation to sing, and asked others to read from Scripture. She even wrote and delivered the sermon.*
>
> *The people who attended Joan's service marveled at how well organized and polished it had been and at the thoughtfulness of her sermon. "If the minister ever quits," said one, "we should hire Joan."*
>
> *No one was more moved by Joan's performance as stand-in minister than Joan herself. Though the prospect of conducting a service had seemed daunting at first, she was pleased with how she had handled it.*

The entire experience was highly motivating, so motivating that Joan eventually quit her job and entered divinity school with the goal of becoming an ordained minister.

Joan's story exemplifies what people can accomplish when challenged and the motivational power of such experiences. By giving them opportunities to reach for higher levels of performance, you can provide similar motivation for the people who work for you.

Before you move on, take just a moment to think about the people who report to you. What new and challenging experiences would motivate them and—simultaneously—benefit the company?

Encourage Some People to Become Experts

Another way to motivate is to encourage certain individuals to become experts in subjects that interest them *and* that provide real value to the organization. Every operating unit requires resident experts : in quality control, information technology, process improvement, inventory control, budget matters, and dozens of other subjects. This expertise needn't be a full-time job to add real value to the unit. Simply having available people with deep knowledge in key areas can be a big plus. And giving a person leave to develop expertise can be highly motivating, instilling that person with greater pride and a sense of accomplishment and recognition at work. "Thanks for that article on process benchmarking. That's a technique we could use here. Would you be interesting in becoming our resident expert on benchmarking? Once you've mastered it, you could teach it to the rest of us."

Drive Out Fear

The late W. Edwards Deming (1900–1993) was one of the founders of the quality movement. His teachings on statistical quality control, and his fourteen principles of management, profoundly influenced business leaders, first in Japan and then in America. One principle he emphasized was “Drive out fear.”

Fear of failure is sometimes useful. It reminds us that everything we do has consequences. But pervasive workplace fear demotivates people and discourages the behaviors that all businesses need in order to learn and succeed.

A fearful environment is created when bosses threaten or bully people or punish or fire them for making honest mistakes. Fear encourages excessive caution and motivates people to place self-protection ahead of the workplace activities that contribute to business success: collaboration, creativity, prudent risk-taking, and finding ways to improve work processes by admitting and learning from mistakes. As Harvard University professor Amy Edmondson has explained, organizations benefit when there is a climate of “psychological safety,” which makes it possible for employees to shift their focus away from self-protection to more useful behaviors, such as discussing mistakes and sharing different perspectives. As she describes it, psychological safety does *not* imply a lack of consequences for poor performance; accountability must remain.[9]

Is fear lurking somewhere in your unit? If it is, find it and replace it with employee confidence. Doing so will have a positive impact on people’s motivation.

Preserve Your Subordinates’ Dignity

Be sure to maintain your subordinates’ dignity and self-respect at all costs, even when you must be critical of their performance. You cannot motivate people whom you have stripped of dignity; some bosses do not understand this point and inadvertently behave in ways that humiliate their charges.

Have you ever witnessed a boss criticizing a subordinate in front of the person’s peers? Incidents like this happen, and they violate one of the first laws of supervision: praise in public, criticize in private. The effect on the subordinate’s dignity and motivation is usually devastating. Consider this true story:

> *Members of a district sales group were dining with their boss, the sales manager. They had just finished a long and tiring day of meetings. Disappointing sales over the past six months had added an element of tension to their gathering. As they lingered over too many after-dinner drinks, the manager threw out a question: "We have some great products. Why aren't they selling as well as they should?"*
>
> *It was a complex question, and no one wanted to respond with a simple answer. Besides, the veterans in the group knew how argumentative and combative the boss could be after he'd had a drink or two. Frustrated by their silence, the boss restated the question and directed it to Dave, a young fellow who had joined the company just a year earlier.*
>
> *Being inexperienced, Dave responded with what everyone at thetable knew to be true, but which no one dared to acknowledge: "Well, lots of the buyers in my territory tell me that our returns policy is a problem for them."*
>
> *True to form, the boss went ballistic and gave Dave a dressingdown in front of the entire group. "I'm sick and tired of these lame excuses from losers like you as to why you can't meet your sales goals," the boss ranted. His outburst continued for several minutes, with all of it directed at poor Dave.*

Dave, in this case, had failed to meet his sales goals. But he was young and inexperienced and would probably have improved with time and proper coaching. But Dave was so humiliated by this incident that he soon left the company and joined a direct competitor and, before long, became a much more effective salesperson.

Sack the Slackers

Slackers are people who have no interest in doing more than what is minimally required. Their favorite expressions include "That's not my job" and "I'm not getting paid for that." Slackers put a damper on the enthusiasm and creativity that every company and every team needs to improve performance.

A timid manager will lower performance expectations to a level that accommodates the slow pace and low standards of slackers. Doing so is a huge mistake because it lowers the performance of the group as a whole and demotivates the best people. Instead of lowering standards, a manager should set them at a high but achievable level and challenge people to meet them. If slackers cannot or will not rise to the challenge, the manager has three options:

- Reclaim them through coaching
- Move them into positions more suitable to their level of work
- Dismiss them

Once slackers are reformed or removed, you'll find that motivating people will be less of an effort.

Empower, Don't Micromanage

People are generally more motivated when they feel as though they own what they do. Ask any entrepreneur. Ownership can mean legal ownership; it can also mean having control over the information and the decisions that involve one's immediate work. In either case, ownership means giving employees some responsibility for shaping their jobs, and even some voice in the design of the larger business structure.

In the world of Frederick Taylor, workers had no sense of ownership. They were merely cogs in the machinery of production and expected to follow orders. It's no wonder their bosses thought them dull, lazy, and uninterested in the goals of the enterprise.

If you want employees to feel and act like owners, start by looking at your company rule book. That's what Gordon Bethune did shortly after he took over failing Continental Airlines in 1994. One of the first things he did was burn the rule book—literally!

> *We had rules—specific rules—for everything from what color pencil had to be used on boarding passes to what kind of meals [the] delayed passengers were suppose to be given to what kind of fold ought to be put in a sick-day form. Even worse [our rule book] spelled out job responsibilities to such a fine degree that employees were utterly bound by arcane rules and demands, and the penalties for disobeying the rules were severe.*
>
> *Well, nobody likes to work like that. Nobody likes to be treated like a robot, like a little kid who can't solve a problem and make a contribution.*
>
> *Very soon . . . we took a bunch of employees and a bunch of those manuals out to the parking lot and had the employees set fire to the manuals. I have to tell you, they didn't mind doing it. And we sent word into the field that henceforth we wanted our employees to use their judgment, not follow some rigid manual. When faced with an atypical situation, employees were instructed to do what was right for the customer and right for the company.*[10]

Burning the rule book was quite a gesture! Bethune put a lot of decision-making power into the hands of frontline personnel along with the assurance that if they thought things through and didn't do anything "out of bounds," they would not be called on the carpet by management. And it worked. Morale at Continental took a huge step forward, as did productivity and profitability.

Hire Self-Motivated People

Perhaps the surest approach to staff motivation is to recruit people who are self-motivated. Some readers may say that this course of action has more to do with talent management than with performance management—and that would be true—but anything you can do to increase the level of motivation in your unit is fair game.

You can identify self-motivation in the hiring interview. Self-motivated people are generally optimistic, confident, goal-oriented, and ambitious. They have a can-do attitude. These people require little care and feeding; just point them in the right direction, support them with appropriate resources, and give them periodic praise and rewards, and they will get the job done.

Like slackers, the attitude of self-motivated people can be infectious. But unlike slackers, they infect their coworkers with an attitude that is positive and desirable. Just take care that management doesn't smother these self-motivated employees under a mountain of rules, give them too short a leash, or make them kowtow. Even the most self-motivated people can be dispirited by bad management—which suggests our final point.

Be a Good Boss

Motivation is often self-generating when people have a boss whom they respect and with whom they have a good relationship. A company can have terrific pay and benefits, employee-friendly policies, and all the other features that make for a healthy workplace, but a bad manager can neutralize these features and demotivate subordinates. Gallup researchers Marcus Buckingham and Curt Coffman put it this way:

> *Managers trump companies. It's not that . . . employee-focused initiatives are unimportant. It's just that your immediate manager is* more *important. She defines and*

> *pervades your work environment . . . [I]f your relationship with your manager is fractured, then no amount of inchair massaging or company-sponsored dog walking will persuade you to stay and perform. It is better to work for a great manager in an oldfashioned company than for a terrible manager in a company offering an enlightened, company-focused culture.*[11]

So, what do we mean by being a good boss? As a general statement, a good boss not only achieves unit goals, but also earns the respect and trust of his or her subordinates by following these effective practices:

- Maintaining high standards for himself or herself and for subordinates
- Empowering people to do their jobs and advance their careers
- Acknowledging the contributions of others
- Providing objective feedback
- Rewarding genuine performance
- Taking an interest in the personal goals of subordinates

You surely know the difference between a good boss and a bad one, and you know how demotivating a bad one can be. So, if you want to motivate your people, be the best manager you can be.

Summing Up

- The Theory X view of human nature sees employees as lazy and untrustworthy—motivated solely by pay (the carrot) and fear of dismissal (the stick).
- The Theory Y view of human nature postulates that people are not naturally slackers, but are eager to work, to accept responsibility, and to produce good results.
- Pioneering research by Elton Mayo indicated that work output was influenced by social norms, management-employee communications, and the level of employee

3

Monitoring Performance

Looking for What's Going Wrong and Right

Key Points Covered in This Chapter

- *A multistep process for understanding performance relative to goals*
- *The why and how of active listening*
- *Common causes of poor performance*

ONCE YOU AND your subordinates have agreed on goals and planned how to reach them, your employees should be ready to head off on the right trajectory. Anything you can do to motivate them will be a big plus.

At some point in the future, you and these employees will sit down together to appraise how well they have performed with respect to their goals. And you'll talk about new goals. That is the natural end of the performance management cycle—and the beginning of a new one. As a manager, however, you have many opportunities to provide positive interventions between these beginning and ending points. In fact, periodic progress checks are essential, for three reasons: first, they provide opportunities to remind employees about goals and the importance of these

- Preparing themselves for new responsibilities
- Becoming more motivated
- Managing themselves more effectively

Good coaching produces better performance, greater job satisfaction, and higher motivation. It may also improve your working relationship with subordinates, making your job as manager much easier. Formal skill training is another approach to closing performance gaps and upgrading the capabilities of your employees. But that's another subject, which we'll address later in the book. This chapter explains how to identify coaching opportunities, then gives you a four-step process for doing it well.

Coaching Opportunities

Chapter 3 explained how to identify performance gaps. Effective coaching can often close these gaps. But coaching isn't simply a tool for curing performance problems; it's also a practical approach for providing subordinates with new skills—skills they need if they are to take on responsibilities that are more demanding. Consider this example:

> *You know from working with Claudia that she has real managerial potential. She is a fast learner, works well with other people, and is committed to the company's goals. You'd like to advance her to a higher level, and she has expressed an interest in moving up, but she isn't quite ready. One thing is holding her back: her reluctance to confront difficult and argumentative people. That weakness is blocking her upward mobility. She might get through that roadblock if someone would give her some pointers and encouragement.*

Do you have subordinates like Claudia? What coaching opportunities do you see for them? Are you doing anything about them? Answer these questions by making a list of all the people whom you currently deal with and who would benefit from perspective is flawed or limited. To test your hypothesis, ask others what they think. They may have an entirely different viewpoint. For example, Harriet's habit of interrupting others may be viewed by her manager as stifling valuable dialogue; someone else, however, may applaud her strenuous articulation of her views. So, when appropriate, discuss these situations with trusted colleagues—in confidence, of course. Add their observations to your own.

> *As a final check, Harriet's manager, Ralph, asked another manager, Lena, for a favor. "Lena," he began, "I notice that you'll be attending my group's planning meeting this afternoon. " She nodded in agreement. "Would you do something for me?" He went on to ask Lena to observe Harriet's participation in that meeting and let him know her impression. He was careful not to say, "Tell me if she seems to interrupt others." Doing so might have influenced Lena's thinking.*
>
> *Ralph saw Lena in the coffee room the next day. When no one else was in earshot, he asked for her impression of Harriet's participation in the previous day's meeting. "She's smart and very knowledgeable," Lena said. "But she's not a good listener." Ralph asked what made her say that. "Well," Lena continued, "she interrupts other people when she should be listening to what they have to say."*

Feedback from other sources provides a useful reality check of your own views, which may be prejudiced or inaccurate. It may also prevent you from making a big issue of a small performance problem.

The process we've described—observation, questioning, and forming and testing a hypothesis—will eventually help you

- A newly minted manager under your wing is still behaving as through he or she were an individual contributor.

Do you have subordinates like these? If so, then you, the subordinates, and your organization could probably benefit from effective employee coaching.

Coaching is generally accomplished through a four-step process:

1. Observation, in which you identify a performance gap or an opportunity to improve
2. Discussion and agreement
3. Active coaching
4. Follow-up

Step 1, observation, is an activity you can do without directly engaging your subordinates and was covered in the previous chapter. The other steps require more direct interaction with your employees and will be addressed here.

Discussion and Agreement

When you've pinpointed a coaching opportunity, talk it over with your subordinate to assure that he or she agrees that there is (1) a problem that needs fixing or (2) an opportunity to move know-how or job performance up a notch or two. Agreement is the foundation of successful coaching. You build agreement as you pursue the coaching objectives. Do the two of you see the problem or opportunity the same way? Agreement is absolutely essential because you cannot successfully coach a person who sees no need for coaching or who has a different perspective on the problem. During the discussion step, you and your subordinate should talk about the purpose of your coaching: to improve delegating skills, to correct a problem in how monthly reports are being written, or whatever the issue happens to be. You should also brainstorm possible solutions and generate some excitement about the good things that will follow! (See "Coaching As Management" to learn about the pitfalls of not following this collaborative approach.)