

Developing People Faster Takes a Different Approach – Part 3

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In our first two articles on this topic, we introduced the upside down pyramid with the common results of having under-worked and under-trained staff. We also covered how to organize and step up job responsibilities so that you can start holding people accountable for training, and therefore develop your people better, faster and stronger. The first six steps we covered were:

- Step 1: The Solution or Reversing the Pyramid
- Step 2: Understand and Embrace the Critical Importance of the “Learn, Try, Fail™” Cycle
- Step 3: Putting the Development Ingredients in Place
- Step 4: Everyone Needs to Report to One Boss
- Step 5: Create Developmental Managers, Their Role and the Organizational Chart
- Step 6: Make Sure Your Developmental Managers have the Right Tool Kit to do the Job

There are only two steps left, and we are going to cover one of them in this article and then wrap up the final step in our next column. So, now it is time to cover step 7.

Having Firm-Wide Accountability is a Requirement (Step 7)

Accountability leads to accomplishments. Accountability is a simple concept under which people are held responsible for their work, but few firms implement accountability effectively.

Real systems of accountability are fundamental to any successful business operation. Accountability attempts to remove a great deal of the common subjectivity currently found in evaluating partners, managers, staff or quite frankly anyone's performance. The only way anyone can rest easy about what he or she actually accomplishes is by knowing what is expected, that there is a system in place to measure that performance, and that the system is fair and objective as much as possible.

Clear Expectations

How do you inform people of their exact job responsibilities? In most firms, the managers only give each employee vague insight into what's important, and the same is true of partners to managers and the managing partner to the partners. The beauty of this system is, when it comes time for an evaluation, depending on the evaluator's subjective feelings at that moment, the individual being evaluated can be rated anywhere from inadequate to superhuman.

When I ask management why a system this imprecise continues to be used, the common reply in confidence is: “This system gives us maximum flexibility. We don't want to be pinned down to a specific job expectation. What's important changes hourly around here. And we don't want anyone hiding behind some established job description. I don't want to hear ‘That's not my job.’”

This management response is exactly why many employees (for the rest of this section, the term “employee or employees” is shorthand for partners, managers and staff of a firm – anyone who reports to someone else) feel insecure about their performance. When an employee doesn't know exactly what is expected, then regardless of the quality or quantity of the work done, he or she can't feel satisfied. However, when a job is well defined with expectations clearly explained, an employee is empowered with two important tools. The first tool is self-evaluation. Employees can more easily go home feeling good about what they have

accomplished when they can compare what they have done with what was expected. The second tool is defense. At evaluation time, the employee doesn't have to become a casualty just because his or her management is having a bad day. Instead, the manager is forced to judge performance based on facts, not emotions.

How do most firms outline job expectations? Formally, this is most often done through job/position descriptions. Job/position descriptions should be a two-way negotiation. The manager has specific job functions to be performed, and the employee offers certain skills and talents. The job description is a short-term contract outlining what is expected. Not everything asked of an employee has to be listed in the job description, but the primary day-to-day, month-to-month time consumers should be clearly identified.

Another example of "management not wanting to be pinned down," almost opposite of job expectation, is firm policy. Many firms like to be "precisely vague" to achieve maximum flexibility in this area, too. Consider, for example, the following firm benefits scenario:

A firm continues to grow and prosper, but is reluctant to formalize many of its policies for fear they will be taken advantage of. In order to meet the workload, employee number 27 is hired. He works well for the first six months, but by month seven, he is calling in sick on Mondays. By the eighth month, employee 27 is occasionally calling in sick on Fridays too. After several counseling sessions and a couple more passing months, a meeting is called to establish a sick policy (especially after the management team found out how hard it is to fire someone for excessive sick leave). The firm creates a policy that allows each employee to earn one-half day paid sick leave for every month worked, up to a maximum of 10 days. In addition, a tardiness policy is established and a committee is formed to determine how to deter excess absences.

Who in this scenario won by maintaining informal, unclear policies? Was it the employees who had to continually perform number 27's work? I think not. Was it the employees who never abused the policy, but now are limited to 10 days? I think not. Was it the firm? Not a chance. Was it employee 27 who now gets one-half day for every month worked plus the 20 days he has already taken? You bet. Fair treatment is important in managing and motivating the workforce. And in this example, which is hardly rare, the flexibility that management wanted to maintain by not setting clear expectations almost always leads to the unforgivable abusing of the loyal.

Objective Performance Measurements

A critical step is to be held accountable, as much as possible, to performance measurements that are not purely subjective. What does this mean? To most employees, it means there is a defined way to fire the non-performers. When you talk about this concept, almost everyone supports it. However, in practice, the closer to actual implementation, the more nervous everyone gets.

Why? Because it is a rare individual who knows he or she is one of the non-performers. We all can identify those we perceive do less than we do. But the general lack of trust between management and employees becomes a definite factor as accountability systems are implemented. And employees have good reason to be concerned.

Ranking (which was widely adopted in the early 1990s) is a good example of a system meant to destroy any idea that objective measurement is management's ultimate motive. This system revolves around each manager ranking their employees as to who is most to least beneficial to

the firm. This approach has backfired over and over as managers were given a power and responsibility they weren't ready for. Good employees would be placed in "cut" positions because of their rank, and marginal employees who were friends of management were thrown brand new full-featured lifeboats (not just life vests) just as they were about to drown from their own marginal efforts. The system often failed because it didn't adequately address issues like:

- Was a low ranking indicative of being a bad employee?
- If everyone in a particular department was exceptional, how meaningful was ranking?
- How much did the personal relationship between a manager and employees affect the ranking?
- Could a person ranked last in one department be a significantly better performer than someone ranked first in another department?
- How much did the actual work performed affect the rank? For instance, some work is routine, other work unique. How did ranking consider the person's value to the firm relative to the work assigned? etc.

Any time performance measurement systems can't stand on their own objectivity, people immediately begin relying on relationships for survival. This creates a bad situation because employees working in relationship-centered, rather than performance-centered organizations:

- are constantly insecure about their jobs,
- have an overactive communication grapevine (gossip runs rampant),
- suffer morale problems due to excessive employee positioning (people stepping on each other to make sure they stay in good graces with their manager), and
- are often inefficient because they spend too much energy playing politics rather than working.

To avoid these negative effects, managers need to provide employees with information such as job requirements, expectations and performance feedback. This lays the foundation for a performance-oriented organization.

Whenever possible, job performance should be based on outputs rather than inputs. For example, working eight hours in a day is an input. Producing a specific report is an output.

Accountability is also facilitated by management's understanding the difference between setting goals and making employees accountable. Management is all too often confused by the Army slogan, "Be all that you can be." We don't seem to be able to distinguish between motivating employees to stretch their capabilities and making them accountable for the work they perform. If you don't believe me, answer this question before continuing:

Where should you set an employee's performance goals?

- A. Easily within the grasp of anyone doing that particular job?
- B. At the full extension of the reach of the individual being managed?
- C. Just beyond the reach of the individual being managed?

If you come from the same school of thought that almost all of the management we consult with comes from as we work with organizations around the country, you would have chosen either B or C above when the only appropriate answer is A. The reason: We confuse "Developmental Goals" with "Performance Goals." Both answers B and C are appropriate for developmental goals – where we want an employee's skills and competencies to evolve or grow into. But

performance goals are about what I expect you to be able to accomplish with your current skills in your current job. And when organizations confuse the function of developmental and performance goals in their evaluation process, they not only confuse the employee, but they create dysfunction in the evaluation process. Consider the following story:

Tom is the budget master for the organization and is considered one of the best employees in the controller's department. Last year, he worked an average of 55 hours a week and did high-quality work. Now, a new year is starting. The organization follows a "management by objective" philosophy. Therefore, it's time to determine what you expect from Tom over the next 12 months. Because Tom is such a good employee, and because you hope he will take over your job when you move up soon, you want him to stretch his capabilities. You believe that goals should be set at the furthest reach of an individual's grasp to achieve the highest level of performance. So, you set lofty goals for Tom and, naturally, tie in some nice performance incentives.

After you review your plan with Tom, you quickly see that he is taking your objectives in stride and is stepping up to the challenge. He puts in more than 60 hours a week, doing better work than he has ever done before. However, at year-end, he falls a little short of the targeted objectives.

So what do you do? Most managers tell me (in group settings) that Tom would not earn his performance bonuses. Why? Because he did not achieve the stated objectives. But remember that the goals were lofty in the first place. Second, you were trying to give Tom a work target that would stretch his capabilities. Third, he is one of your best employees. So after he puts in a record year, your response is that "he wouldn't receive his bonus." If this is your modus operandi, by now you should have run off every good employee you have.

Most firms in this situation do one of two things; both are bad. The most common response is to restructure the goals (or move the bar) so that Tom's actual level of accomplishment allows him to attain the new objectives. Thus, he "earns" the performance incentives. The second option is to deny Tom the original incentives and then come up with some bogus reward to compensate him for any shortfall resulting from the denial of performance pay. Given this, let's continue with our story:

It's objective-setting time again and because you were so generous last year, you really want Tom to earn his keep. You tell him this up-front. You set exceptionally high goals for the upcoming year because you want him to really learn the ins-and-outs of doing your job. Tom makes a valiant effort too. His average work week is 70 hours. But still, Tom falls short of most of the outlined targets at year-end.

What do you do? Once again, you are likely to make good on Tom's compensation, even though technically he hasn't earned it either year. Why make these exceptions? Because Tom is too valuable to lose. He is also the highest work contributor in your department. So the saga continues:

In year three, Tom is burned out. He has decided that to avoid divorce, he must spend more time with his family. While Tom still performed quality work, he only put in about 45 hours a week. Therefore, his output was significantly lower. By year-end, Tom wasn't even close to his annual targets.

So what do you do this year? In almost every case that we have presented in this scenario, management concludes that Tom should receive “no performance bonus.” Their reasons were numerous. A few were:

- Tom missed his targets by too great a delta.
- Management was unwilling to break the rules for the third year in a row based on Tom’s marginal performance.
- Management felt that Tom didn’t try hard enough (or had a bad attitude towards work).
- Tom performed significantly less work (while still quality work) than he has normally done, and more.

Management’s rationale: the system in place clearly calls for Tom to be denied performance pay. And because of his marginal output during the year in question, there was no reason to create some special compensation reward.

Now, let’s step back and see exactly what we’ve taught Tom about accountability. NOTHING! This system, which exists in organizations throughout the world, makes it clear that “**what Tom does**” is not as important as “**your attitude towards what he does.**” And any time you mix “Your Attitude” with “Employee Accountability,” you come up with “The Good Ole Boy System (it’s not what you do that’s important, but who you know).” Accountability has to be firmly entrenched in ideas and ideals like:

- Each employee should know exactly what he or she is accountable to perform.
- Whenever practical, the results of each employee’s work should be objectively measured and monitored.
- Employees should be able to easily assess whether they are meeting or exceeding expectations.
- Performance-measure bars should remain constant and not shift with the wind.
- It is up to the employee, not the manager, to ensure that the proper levels of output are achieved.
- While developmental goals can be customized to each individual’s capabilities, performance measures should be based as if the “generic” or average employee was filling the specific position.
- Achieving less than the organization’s minimum level of performance means the employee doesn’t get to keep his or her job (these bars should be set at minimum acceptable standards, not what we commonly do today).
- Incentive systems need to be in place to reward those achieving output results at various levels above the minimum expectation bar.

The point is ... the reason you set the bar around the minimum standards for performance is so that a clear delta is created when anyone over-performs. This delta is what drives incentive or performance pay.

In Tom’s situation, only the first three of the key factors listed above were present. In addition, performance measures were established to push the capabilities of that particular individual, not set at the minimum standards for the job position. Tom’s personal growth goals could have easily been the same as identified above. However, the minute those lofty developmental goals were tied to incentive pay, the system was doomed for failure. The reward for achieving developmental goals comes in the form of being considered for your next job. Pay for performance is about paying people in their current job at their current skill level for the

difference between the minimum levels of performance acceptable for that job versus the levels of performance attained. If someone is falling short of the minimum level of performance, the discussion should be about whether that person is a good fit for your organization (or whether they should have the opportunity to keep their job). And the delta between over-achievement and minimum expectation is “paying for performance.”

There is one more thought on this subject that is commonly confused. You can create some objective metrics that surround subjective expectations. For example, if someone loses control when around their people and inappropriately yells at them, then an example of an objective measurement tracking that person's level of self-control might be to create a time code for people to book time to whenever someone is treated so badly they go home crying because of inappropriate interactions. And you could instruct everyone in the department to apply time lost to that same time code when forced to console others during these inappropriate outbreaks. Then look at the total hours accumulated against the person you are monitoring for inappropriate behavior as a way to take a subjective issue and frame it with some objective information.

Let's take delegation as another example. Did someone delegate more? Well, have the person tasked to “delegate more” keep a notebook or online diary listing each instance where work was delegated that he or she did in the previous cycle (last month, last year, etc.). The point is ... for many subjective issues, you can get creative and come up with at least some way to generate a little more objectivity around it, even if it is as simple as meeting with someone and talking with them every week for 15 minutes about an important improvement area. Techniques and interactions like those mentioned above are just examples of creative ways to put a little bit of objective support behind an otherwise subjective expectation.

Accountability is not passive. Accountability requires a change in the philosophy in most cultures. It demands that everyone be and feel more empowered regarding their performance. It is up to the individuals to keep their jobs, impact how much they earn, determine how much work product they produce, and so on. It is up to management to become the resource to help those who want to help themselves. If a partner, manager or staff wants to perform just at the minimum bar, that's fine. Don't kid yourself; firms everywhere have a lot of employees who are “minimum bar” producers. Meeting the minimum level is totally acceptable; that effort should earn a general market level of pay. But the fact is ... in most firms ... you have people who have not met the minimum levels of expected performance for years at every level, maybe even a decade, and nothing has been done to rectify this. Accountability, coupled with developmental managers (covered in our previous column), will resolve this in very short order. And accountability is for everyone, from the managing partner reporting to the board of partners, to the line partners reporting to the managing partner, and for every other level within the firm. Accountability has to be implemented firm wide and has to start at the top and trickle down from there.

That is it for this column. We will pick up our final column on this topic next time as we review the final step in this process, step 8 - Creating a Developmental Action Plan.