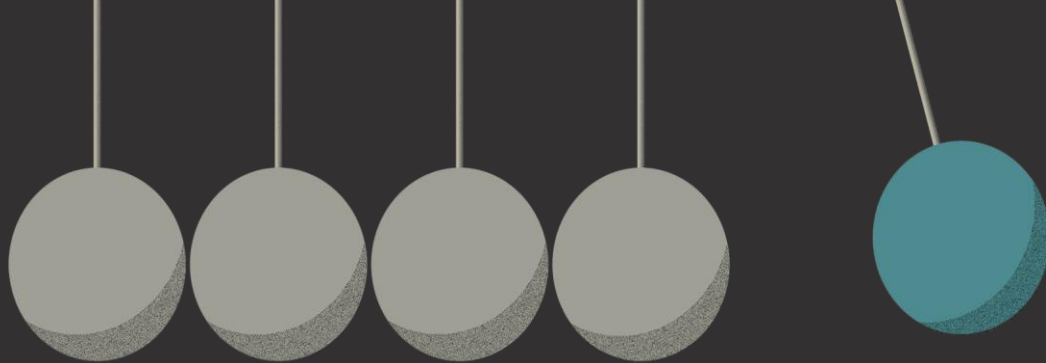




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G L O B A L

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Performance management – the adult version of being told off

Why we have to stop evaluating people all the time if we want them to perform.

Remember last time you had an exam? That's what PM feels like to most people.

Whenever we talk about performance management, the topic of **evaluating performance** eventually comes up.

In fact, it seems like it's at the center of what most people believe PM is all about – evaluating someone's performance to improve it.

There is nothing wrong with that. The issue is that the way most companies and leaders do does the exact opposite of what they are trying to accomplish.

Most evaluations erode the foundation for improving performance because evaluation has turned into critique, judgment – an exam.

I've been trying to find out what happens and why. I've also tried to identify ways that are more likely to deliver performance.

That is what this paper is about. How we can go from what we do today to something where we are finally out of school and treated like adults.

Getting your homework graded

A while back, I worked with a leading financial organization to improve their PM.

Almost everyone I spoke with told me that meetings 'feels like getting your homework graded'.

Everything was about being judged, finding mistakes, passing or failing on your tasks. And implicitly passing or failing as a human being. These were competent adults. Experts in their field. Being told off like children.

What people did to survive was to 'dress up'. Look good. Just get through the meeting as fast as possible. Find out what their leader was looking for to get the best grade. And survive - until the next meeting.

What was most interesting was that this happened on all levels. Even the ones who complained did it themselves to their teams. It had ended up being their culture, how things were done.

The problem is that it doesn't only go on in this organization - but in many. In my experience, this is the norm. Let's start by finding out what happens so often and why - and then let's explore the better alternatives.

Why do we do evaluations in the first place?

There seem to be a few reasons. Reasons that make perfect sense at face value:

- We use evaluations to clarify what our expectations are, for instance as a leader to our team.
- We want to tell people where they stand because we believe this will motivate them to improve, do better. Doing it in public is best to ensure everyone hears the same message.
- Companies need a way to determine who their high and low performers are - not least to be able to differentiate pay outcomes.
- Companies want a way to document the performance in case they face a lawsuit.

THE PROBLEM WITH PERFORMANCE EVALUATION

The problem with evaluative PM:

- It feels like judgment, not growth - "getting your homework graded"
- It focuses on the past, not future improvement
- It encourages a performance theatre, not honest dialogue
- It reduces psychological safety and intrinsic motivation - and performance

Why we still do it - we believe it:

- Clarifies expectations
- Motivates improvement (in theory)
- Enables pay differentiation and visibility

What actually happens:

- Evaluations reflect our biases more than the objective performance
- People hide mistakes and avoid risk
- Motivation drops when "good" is never good enough
- Ratings undermine autonomy, mastery, and connectedness

What works better

- Eliminate evaluation and judgment and move to shared exploration
- Provide frequent feedback close to when performance occurred
- Catch people doing things right
- Eliminate ratings; use forward-looking "People Actions" or 'Notes'

What ends up happening

The issue is not evaluation itself.

Understanding where you are compared to where you want or need to be is essential for improvement.

The issue is that we tend to ignore a few things in how we go about evaluations:

- Human beings are generally bad at evaluating others ((Buckingham & Goodall, 2015).
- Evaluations reflect our own biases more than the objective performance of the people we're evaluating. That means it's difficult to get evaluations to be and feel fair.
- As humans, we seek to avoid conflict and embarrassment (Argyris, 1993) so our focus shifts from learning to pleasing our evaluators, creating 'smokescreens' and hiding things that have the potential to make us look bad.
- In a context of judgment and where you can always 'do better', it's impossible for most people to get the 'good grade'.



As you can see from the graph, positive feedback leads to sustained improvement (if the feedback approach evolves), while negative feedback (judgment, critique) causes a short-term spike followed by decline.

Interestingly, negative feedback deliver better performance than 'No feedback' – at least for a while (Hattie & Timperley, 2007; Kluger & DeNisi, 1996; Wisniewski, Zierer, & Hattie, 2020).

All in all, what we get from how we usually do evaluations is **lower psychological safety, risk-taking and honest dialogue and increased anxiety and defensiveness.**

As if that's not enough, what we do is also likely to undermine people's intrinsic motivation – our sense of autonomy, mastery and connectedness.

As a manager, you may feel that what you do will improve performance. It's more likely you're not.

What works better

If what we're after is to enable people to improve their future performance – not merely grade the past - there are a number of things you can do that are more likely to actually improve performance. Central to all of them is **removing things that will stand in the way of effective performance conversations.**

1. Reframe it from judgment to shared exploration.

How you frame the conversation is key – especially if people are used to 'judgment day'. Framing is clarifying why we're meeting. It can be useful to use framing sentences like 'I'd like to discuss...', 'the problem we're facing...', or 'I would like to work with you to...' and you're more likely to set the meeting up so that people open up and lower their defences. If, of course, you actually mean it and follow through on it in the conversation.

2. Don't tell people how they perform – help them reflect and see what's going on.

Ask questions to understand their points of view before you tell them yours, e.g.: 'What are you thinking?', 'What do you think the real issue is?', 'What leads you to say that?' or 'What is your gut telling you?'

As the American leadership author Ken Blanchard will tell you, this may not be effective when the person you're meeting isn't yet skilled (the person wouldn't be able to answer these questions). But for the rest of your team? Asking open, explorative questions like these can help uncover your people's perspectives and open for a very different conversation (Hersey, Blanchard, & Johnson, 2008).

3. Focus on catching people doing something right.

Try something difficult: find out what you think people are doing right – what you'd ideally like to see more of. Make the conversation about finding out what delivered that and how you can get more of it.

It is not that you're not allowed to critique. It's about finding a better balance between what's working and not and shifting our focus to what we'd like to see more of.

And no, I'm not advocating for the now infamous 'feedback sandwich'. That's long been debunked.

4. Eliminate public embarrassment.

If you want to create a safe space, it doesn't work to embarrass people in public. You can praise people in public though – it's a way to help your team understand what you see as the right kind of performance.

5. Eliminate ratings and replace them with forward-looking 'People Actions' or 'notes'.

We want to have an honest conversation about performance.

Ratings make that difficult. If people know there's a grade or rating in play, it easily becomes all about that.

You want to focus on what's next – the near-term goal and how we best achieve it. That's what Danish transport giant Maersk did. They implemented future-focused 'People Actions':

- They eliminated traditional, numeric end-of-year ratings to keep performance conversations focused on one thing: improving performance.
- They implemented 'People Actions': the ability to initiate a next action when needed – e.g. when someone deserved a spot bonus, a promotion or needed to improve their performance. In the moment and not only at year end.

Unless there was a need for a 'People Action', the aim was to have an effective conversation by eliminating things that stand in the way of that.

The pushback

There are reasons why we do performance evaluations the way we do them today.

Changing that can be difficult - but is not impossible.

What is often holding us back from doing evaluations another way is practical realities – lack of time, how things have always been done, etc.

Here are the arguments, I've heard for sticking to traditional evaluations and ratings – and what I respond / have found works better.

The pushback	What I respond / the alternatives
Evaluating performance is telling people where they stand. That is fair.	<ul style="list-style-type: none"> ▪ Yes, people benefit from knowing if they live up to expectations. It can be stressful to not know or not feel whether that's the case. ▪ But evaluation ≠ development. Most conflate the two. ▪ The question is also whether how you do evaluation is objectively fair. Most is not but reflects the leaders' subjective opinions. That's only fair if the same criteria and process are applied for everyone but the often don't. Out goes fairness. ▪ Another question is whether the best approach is for you to tell your people what you believe - you're more likely to kill motivation and sense of autonomy in the process if you're not doing it well.
Our leaders don't have time for it.	<ul style="list-style-type: none"> ▪ Leaders are busy and being able to just get to the point of what's not working feels faster. ▪ Your role as a leader is, however, not to get meetings over fast but to enable your team to perform. ▪ If you're pressed for time, remember that not every meeting has to be about exploration. Sometimes we can just 'get to the issue'. Just ensure two things: that you create time for exploration with intervals and that your team determine when that's what we'll do, not you. ▪ And the last point: if we argue that our leaders don't have time, why do we ask them to spend an enormous amount of time on e.g. writing elaborate evaluations that have little (positive) bearing on future performance?
Our people prefer it like that.	<ul style="list-style-type: none"> ▪ 'Telling things like they are' can feel safe if it's what you're used to. ▪ Exploration can feel threatening at times if it's new. You're not sure what you'll find. ▪ I'm not advocating you throw out what you do today in one go. I am advocating that leaders and their teams gradually develop their skills to have more effective and more constructive conversations.
Consistency: leaders' skill varies; some may struggle to articulate their sentiments and have honest conversations, especially if the conversations are challenging.	<ul style="list-style-type: none"> ▪ I get that. Giving feedback if you can summarize it to a rating is easier if you struggle to articulate what happened. ▪ The issue is that ratings are a blunt instrument that cannot summarize everything a person's done. ▪ People feel valued when the response and actions reflect their context and aspirations. A rating can never provide that. ▪ This is a 'skill' issue, often not a 'will' issue. Most leaders want to be better at this – as do their teams. <p>There is a way to develop your leaders' abilities to have honest conversations that aren't about merely judging people.</p> <p>I'd start there.</p>
Scalability: without ratings, comparing across teams is harder.	<ul style="list-style-type: none"> ▪ What's the value in comparing subjective sentiments?

The pushback	What I respond / the alternatives
Fairness is using standardized ratings and calibration.	<ul style="list-style-type: none"> Fairness is meaningful, timely, and relevant actions and being treated according to the same standards as everyone else. The issue is that detailed descriptors of rating criteria have proven to increase – not decrease – subjectivity in evaluations. Calibrations, especially if they are about bell curving ratings, have proven to be more about internal competition and pay outcomes than fair evaluations.
Visibility: Quiet contributors may be overlooked without structured input.	<ul style="list-style-type: none"> Yes, that is a fair point. My question, though, is whether evaluations and ratings - on balance - are the best way to provide that visibility. I've had many sessions where people were discussed and where the focus was on uncovering top-performers and 'hidden gems'. I've designed many 'input' guides that were about helping leaders and teams structure their input. You don't need ratings for any of that. Your top-performers and 'hidden gems' don't need a rating. They just need to know where they stand and that they are valued.

So what?

To sum it all up:

The problem is not evaluation in itself, but how we do them. When we focus on judging, rating and telling our people what we believe they need to do differently, we stifle learning, hurt engagement, and a host of other things that will not deliver performance.

For most leaders and organizations, what is lacking is often the skill to have a different type of conversation – one that focuses on collectively exploring and deeply listening. Not process, elaborate manuals or systems. Just the ability to have a different kind of conversation.

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