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# ASTD's Ultimate Performance Management

Training to Transform Performance Reviews into Performance Partnerships

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*ASTD Ultimate Series*



LINDA RUSSELL

JEFFREY RUSSELL



Alexandria, Virginia

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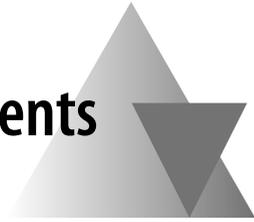
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# Preface



Let's face it. Performance reviews have a bad reputation. For a variety of reasons, too many people approach the review with trepidation, even dread. Without the right mindset or tools, managers tend to put them off until the last minute, whereas performers often approach them with anxiety—not sure how their performance over the past year will be judged. It's time that we step back from this often negative perception of performance reviews and begin seeing the review as an important opportunity to strengthen the partnership between a performer and his or her manager. When approached with the proper mindset and a new set of tools within the larger context of *performance management*, the review can be transformed into a powerful conversation that will result in insight and learning by both the performer and the manager. This new perspective, in turn, leads both the manager and performer to take constructive action toward achieving future-oriented performance outcomes. It also builds employee commitment to achieving *great* performance.

Dozens of books describe how to prepare for and survive performance reviews. Many of these books offer model performance review forms, step-by-step strategies for giving feedback, and methods for diagnosing performance problems. You can even buy phrase books that suggest words and sentences to use when giving constructive feedback to a performer. All these books have an appropriate place on a manager's shelf as he or she approaches the task of guiding the work of another person. It is essential, however, that any of these specific skill-building, strategy, or phrase books be used within an overarching, comprehensive, and integrated approach to performance management. Conducting performance reviews without this larger framework is like filling your car's gas tank, changing its oil, rotating its tires, and beginning a journey without knowing where you're going, having no map to guide you, and neglecting to check the speedometer, oil temperature, and gas gauges as you wander around aimlessly looking for your ill-defined destination. And we wonder why too often it's a frustrating process!

*Ultimate Performance Management* is a different kind of book. It presents an approach to performance management and performance reviews that includes the larger context within which all performance occurs and then seeks to develop the skills in managers and performers for navigating the landscape of this framework. We wrote this book to help organizational leaders, consultants, human resource professionals, and organization development specialists create a comprehensive yet practical approach for performance management and performance reviews. Our goal was to write a book that described this larger framework of performance management and then to present an array of supporting models and tools, and a flexible set of interactive training modules that readers could customize as they design or redesign their organization's performance management system.

Our journey to find a better approach to performance management and reviews and to create the innovative models, tools, methods, and approaches that you'll find within *Ultimate Performance Management* began with our own personal frustrations with giving and receiving performance reviews. Both of us have permanent performance review scars that have shaped the way we approach this topic today. This book represents the results of our efforts to find a better way. It also benefits from our years as consultants to a diverse clientele—many of whom have, in the past, struggled with the implementation of effective performance management and review systems. Our models and methods have been field-tested by our clients and by the thousands of managers and employees who have participated in our performance coaching and performance management workshops over the years.

One of our core objectives in writing this book was to create an approach to performance management and performance reviews that can be layered on any organization's current performance management system. We believe that the models and tools we introduce in this book will work effectively with any existing performance management systems. At the same time, we also hope that readers will reflect on our approach to performance management and then take steps to refine, adjust, or redefine their own systems to reflect the ideas embedded within this book.

The CD-ROM that accompanies this book offers handouts, training instruments, a detailed facilitator's guide, and PowerPoint slides that are ready for immediate use. With these powerful tools, you are encouraged to either use the training program designs as outlined in the book or custom-design your own workshops around your organization's performance-management system. The greatest strength of *Ultimate Performance Management* is that it enables you to construct your skill-building workshop around our models and tools and to design the right program to meet your specific needs.

Because much of the work you see in these pages has evolved from our consulting practice and our skill-building workshops on performance coaching and performance reviews, we want to thank our many clients who have helped us learn what works and what doesn't when it comes to performance management and coaching. Their collective enthusiasm kept us active in the search for effective models and approaches to this crucial ingredient in helping organizations achieve and sustain their *great* performance outcomes.

Our greatest thanks go to Mark Morrow, the book editor at the American Society for Training & Development and to Robin Bonner, of Aptara, Inc. Mark recognized the importance of this book as one of the first volumes in ASTD's Ultimate series and encouraged us to undertake this sometimes daunting subject. His patience with us as the book evolved and his enthusiastic support for our innovative approach to performance management and reviews kept us at the task. Robin helped us clarify our thinking and thereby enabled us to effectively translate our ideas onto the page. Of the many editors we have worked with over the years, Robin's careful and sensitive approach demonstrated perhaps the best understanding of what we were trying to achieve with a great respect for our work. We could ask for nothing more than this.

We hope that this book moves you and your organization toward a new approach to performance management and performance reviews. We also hope that it enables you to build the critical skills in your workforce that, in turn, enable your managers and performers to transform the traditional performance review into a new and powerful *Performance Coaching Conversation*. If this book starts you on your own journey toward improving this process within your organization, then we will have

accomplished one of our most important goals: ensuring that performance reviews are a value-added process benefiting the performer, the performer's manager, and the larger organization.

We would like to hear from you as you use *Ultimate Performance Management* to build a new set of performance management skills in your workforce. Tell us what did and didn't work with any aspect of our approach. We welcome your ideas, suggestions, and questions. We would like to begin an ongoing dialogue with our readers on strategies for effective performance management. Please email us. We look forward to hearing from you.

Linda and Jeffrey Russell  
RCI@RussellConsultingInc.com  
www.RussellConsultingInc.com  
Madison, Wisconsin  
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# Introduction—How to Use This Book Effectively

1

## What's in This Chapter?

- Discussion of the value of conducting performance reviews within a larger performance management context
- Explanations of our workshop designs for performance coaching, goal setting, diagnosing performance problems, and conducting effective performance reviews
- Instructions on how to use this workbook most effectively
- Description of what's included in this workbook and what you will find on the accompanying CD



You've been given the assignment to design and develop one or more workshops on performance reviews, and you're beginning to wonder why *you're* the lucky one. Who actually *likes* a performance review, you wonder? Isn't the performance review the most feared encounter between an employee and his or her supervisor? How in the world will you be able to design a workshop that actually gets people excited about doing something that they currently run away from? Well, be prepared to transform your own thinking about performance reviews and performance management!

This book turns the conventional approach to the performance review on its head. Based on the principles and models that we share in this book, you'll soon begin to view the performance review in a more positive light. As a result, you'll begin to see how our workshops can be used to help transform your entire organization's thinking and approach to the performance review process.

A thought revolution, of course, begins with learning a few bedrock perspectives on performance management and then exploring the role that the performance review plays within this larger context. This is where we'll start our journey.

The two main purposes of this book are to present an innovative framework and approach to conducting the performance review and to offer a series of integrated workshop designs that will enable

## 2 • Ultimate Performance Management

you, in turn, to engage leaders, managers, and frontline employees in learning and adopting this new practice. Naturally, first you'll need to find your own way through this approach. Some of what we have to offer may be “aha!” moments for you. Or, you may find you disagree with some aspects of our approach, methods, or principles. Our approach to facilitating learning may not always gel with yours—or perhaps it will be a perfect match! That's what we believe is the exciting part of making this book work for you: weaving together the different threads that, once integrated in your own mind and practice, form the warp and woof of both a fresh approach to performance management and reviews and a suite of highly customizable workshops to deliver to your organization.

At a minimum, our goal is to alter your perspective on performance reviews and to give you the tools for developing performance review competencies in leaders, managers, and employees at all levels. Our goal is to enable you to begin a process for guiding your organization through a larger transformation in its approach to performance reviews and performance management.

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### Value of Performance Reviews

The simplest definition of the performance review is that it is a process for providing retrospective feedback to a performer on that performer's performance over a given period. This definition is only partly right. Yes, the review does provide an important feedback loop to the performer on his or her past performance, but the performance review must be much more than this. More than anything, the performance review is a small, though critical, part of a much larger dialogue between the performer and the individual to whom the performer is accountable. The major task of the review is to focus the energy and attention of the performer and reviewer on a deeply reflective process that explores four fundamental questions:

- *What went well?* Looking back over the performance period, what has he or she done *well*? What performance outcomes have been achieved? What performance successes have been realized? In general, what is the *good news* about the employee's performance?
- *What didn't go well?* What hasn't gone well? What performance outcomes weren't met? Where did the employee fail to meet expectations? In general, in which areas is there a need for improved performance?
- *What are the causes of success and failure?* What are the *causes* of the employee's successes and failures? What are the forces that both *support* and *undermine* the employee's performance? What factors contribute to understanding why the employee did or did not accomplish all that he or she set out to achieve?
- *What should stay the same and what should change?* Given what has gone well, what hasn't gone well, and the forces that have influenced these results, what might both performer and reviewer need to *continue doing*, and what might each need to *change*? What needs to happen next to sustain great performance and to improve less-than-ideal performance?

Although the purpose of the performance review is to answer these questions, the review is neither the place nor the time to *begin* exploring them. Exploration begins at the very onset of the performance

partnership that must be forged between the performer and his or her supervisor or manager. The nature and quality of this performance partnership forms the backbone of not only the performance review but also the entire performance management process. It also forms the backbone of this *Ultimate* series book. By the time you have finished studying the approach and workshop designs in this book, you will see the importance of both the performance review and the performance partnership in helping the organization realize its bottom line objectives.

The goal of this book is to help you understand the broader context within which the performance review takes place and then to present an array of skill-building workshop designs that prepare managers, supervisors, and the frontline employees themselves for translating performance reviews into great results for the performer, manager, customer, and organization as a whole.

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## Something for Everyone

This book is written to directly address a variety of needs. If you are new to your training role, we provide you with a solid foundation in some of the basics of training program design, including assessing needs (chapter 3), facilitating learning (chapter 4), and evaluating results (chapter 5). Veteran workplace learning facilitators may want to review these chapters for a refresher or to pick up some new ideas or approaches.

If you are new to performance reviews and performance management, you'll find our overview of performance management, performance coaching, and performance reviews in chapter 2 particularly useful. This chapter lays down the philosophical and methodological foundation upon which our subsequent workshop designs are based. We hope that you'll find this chapter helpful in your efforts to design your own skill-building workshops.

The main focus of this book is to provide you with an array of half- and full-day interactive workshops that integrate these performance management and review philosophies, methodologies, and skill practices in the classroom. You'll find that these customizable workshop designs are great opportunities for creating a fresh approach to performance reviews—a fresh approach that engages both the reviewer and the reviewed in a new dialogue around performance and its outcomes.

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## How to Use This Workbook Most Effectively

Whether you are a novice instructor or an experienced trainer, you will find this book an invaluable resource for designing, developing, and facilitating a variety of workshops geared toward preparing for and conducting the performance review. Based on our chapter 2 discussion of the broader context within which the performance review takes place and the training modules in chapters 6 through 10, you will be able to custom-design all the skill-building training programs you may need to present to audiences from your chief executive officer or president to frontline staff.

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To benefit most from this book and the associated CD, we recommend that you follow these steps as you begin to design your performance review and related performance review preparation training programs:

1. *Skim the book.* Take a quick read through its entire contents. Study the “What’s in This Chapter?” lists at the beginning of each chapter. Get a good sense of the layout, structure, and content of each chapter and the book overall. This will enable you to decide where you should begin your own efforts toward building an integrated approach to performance reviews.
2. *Immerse yourself in the foundation of the performance review: the performance management system.* Read chapter 2 for an overview of performance management and performance coaching as well as the role and importance of the review within this framework. In this chapter, you’ll also discover some powerful new tools for strengthening the entire performance management and coaching process—tools that are integrated into the workshop designs in subsequent chapters.
3. *Assess the organization’s readiness for and receptivity to an effective performance management and review system.* Chapter 3 introduces some approaches for better understanding the environment within which the performance review training and the reviews themselves will take place. Knowing how receptive or ready the organization is to take performance management and reviews seriously—seriously enough to do them right—will be key to the success of your skill-building efforts. Understanding this context and designing your training programs with this context in mind are critical to the success of your efforts. The needs and readiness assessment methods that we share with you in this chapter will help steer your own design efforts in the right direction—and increase the likelihood of positive performance review outcomes.
4. *Review the basics of how to facilitate a positive learning environment.* By reading chapter 4 you will learn ideas, approaches, and strategies for effectively teaching adults, preparing them for learning, supporting the “transfer” of learning to practice, and designing effective training programs. If you are an experienced trainer, review this chapter to reinforce what you are already practicing and to perhaps add a few more tools to your approach to instructional design.
5. *Make sure that you build evaluation into your training program design.* Read chapter 5 for some ideas on measuring learning, behavior change, and results as an integral part of your larger performance review training and development strategy.
6. *Explore the training modules.* Chapters 6 through 10 offer a variety of training programs that you can draw on as you design a program to fit both your organization and your various target audiences. These chapters include everything from a half-day program for frontline employees on the performance review process and their role in the process, to a number of half- and full-day workshops covering different aspects of preparing for and conducting the performance review. Use these carefully designed workshop modules as a foundation for developing your own series of performance review skill and knowledge training workshops.
7. *Design your suite of performance review training programs.* Based on the foundational approaches to performance management and performance coaching, effective strategies for facilitating learning, techniques for needs assessment and learning evaluation, and the array of workshop designs in this book, you can then create your own customized suite of training programs.

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## What's Included in This Workbook and on the Accompanying CD?

All assessments, checklists, course handouts, and PowerPoint slides referenced in this workbook are included on the accompanying CD. (Thumbnails of the PowerPoint slides also appear at the end of the chapter in which they are referenced—chapters 6–9.) Follow the instructions in the appendix “Using the Accompanying Compact Disc.” The book and CD include these training materials:

- tools and strategies for assessing the readiness of your organization for performance management and performance reviews (chapter 3 and CD)
- training workshops that can be used as is or modified in response to the organization, its challenges, and your own teaching style (chapters 6–10)
- learning activities and supportive training instruments and handouts that are designed to fit into the training modules (appendix and CD)
- tools for facilitating training workshops that encourage active learning and integration of content, and also strengthen learning application once attendees are back on the job (appendix and CD)
- printable documents that can be used as workshop handouts (CD)
- Microsoft PowerPoint presentations and slides for your use in guiding participant learning and focusing their energy (chapters 6–9 and CD)
- additional resources for future reference, including books and websites that you may find helpful in designing effective training programs and in understanding strategic planning.

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## Icons

For easy reference, icons are included in the margins throughout this workbook to help you quickly locate key elements in training design and instruction. Here are the icons and what they represent:



*CD.* This icon indicates materials included on the accompanying CD.



*Clock.* This icon indicates recommended time frames for specific activities.



*Discussion Questions.* This icon highlights questions you can use to explore important issues as part of a training activity.



*Handout.* This icon indicates handouts that you can print or copy and use to support training activities.



*Key Point.* This icon will alert you to key points that you should emphasize as part of a training activity.



*PowerPoint Slide.* This icon indicates PowerPoint presentations and slides that can be used individually. These presentations and slides are on the CD accompanying this workbook. Instructions for using PowerPoint slides and the CD are included in the appendix.



*Learning Activities.* This icon introduces learning activities that are structured or guided to facilitate participant insight, application, and learning. The learning activities are noted in the training workshop agendas in chapters 6 through 10, detailed in the appendix and included on the CD.



*Training Tools.* This icon introduces tools for facilitating training workshops that encourage active learning and integration of content and also strengthen learning application once attendees are back on the job (appendix and CD).



*Training Instrument.* This icon identifies specific tools, checklists, and assessments that are used before, during, and following the training seminars.



*What to Do Next.* This icon highlights recommended actions that you can take to transition from one section of this workbook to the next, or from a specific training activity to another within a training module.

The next chapter presents a model for performance management and identifies the role that the performance review plays within this model. It discusses the roles of both the performance coach and the performer, within the great performance management model and during the performance review itself. This chapter also introduces a powerful framework for constructing a healthy and productive performance partnership between the reviewer and the reviewed, based on an innovative approach for mutual learning.



## What to Do Next

- Review the next chapter to better understand the organizational context within which performance reviews are conducted. Study the innovative models and approaches for an effective review and discover some new tools to help strengthen the performance partnership.
- Reflect on your own experience with performance management and performance reviews in your current or former organizations. What assumptions and biases do you bring to the topic of

performance reviews? To what extent does your own positive or negative experience with reviews influence your perspective? How open are you to a different approach to reviews than those you have experienced?

- Begin thinking about the responses you are likely to hear from managers, supervisors, and employees when you talk to them about designing a new approach for conducting performance reviews.



# An Introduction to Performance Management



2



## What's in This Chapter?

- Performance management as a *process* rather than as an event
- The Great Performance Management Cycle
- The purpose of performance reviews
- Common problems with the traditional performance review process
- An innovative alternative: the Performance Coaching Conversation
- The foundation for an effective dialogue around performance: mutual learning
- Governing values, assumptions, and behaviors that support an effective Performance Coaching Conversation



Many people report that the performance review is one of the most dreaded events of the year. Whether preparing for and giving the review as a manager or steeling oneself to receive it as a performer, the annual review is rarely perceived as a positive event. Why is this event so ill-favored? Why is it that, too frequently, both sides of this particular interaction find it distasteful? Is there a better way to structure this event such that both the manager and the performer benefit from the experience?

This chapter explores the answers to these questions. We'll first step back from the performance review itself and examine this signature event within a larger performance framework. In doing so, we'll uncover the foundations of effective performance management and explore the role that the performance review should play within this larger context. Unfortunately, too often the traditional performance review fails to fulfill this important role. We discuss why this is so and offer an alternative approach—the Performance Coaching Conversation.

The Performance Coaching Conversation is structured in such a way that it addresses many of the problems with the traditional review, which we will identify, while actually strengthening communication,

understanding, and trust between the manager and the performer. The quality and effectiveness of the Performance Coaching Conversation depends on a strong partnership for performance. This partnership is based on a mindset of mutual learning embraced by both the manager and the performer.

Wrapping your mind around a new approach to performance reviews will be easy. We are confident that the philosophy and methods that we reveal in this chapter will strike you as relevant, useful, powerful, and transformative. Once you “see the light” with this new approach, you’ll be able to use the subsequent chapters of this book to design a suite of educational sessions that will transform the way both managers and performers view the performance management process and give all parties a new set of tools and skills to transform the nature, type, frequency, and quality of the ongoing performance management dialogue.

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## Managing Performance Is a Process, Not an Event

Whenever you talk about performance management, people tend to immediately think about performance reviews and performance feedback. Although conducting performance reviews and providing performance feedback are fairly central to performance management, it is critical that we step back from these “events” and see the larger context within which they occur. Providing specific feedback on and appraising the quality of someone’s performance are important pieces of this larger performance management framework, but, in reality, they are no more important than any of the other elements of this approach.

“The performance review is no more important than the other elements of performance management?” you ask. Absolutely! You may have a great performance review methodology in place to guide managers in conducting great reviews, but if your managers haven’t mastered all the other key components that contribute to performance, their performance reviews are likely to be failures.

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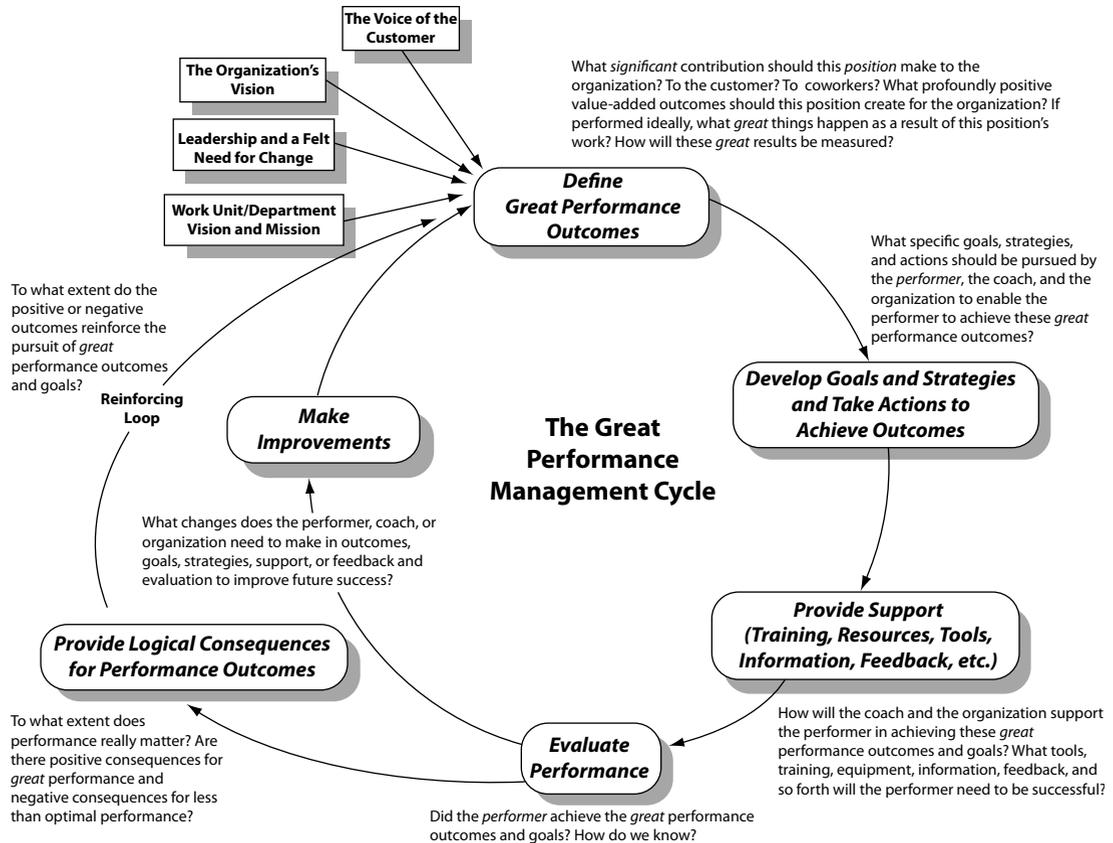
## The Great Performance Management Cycle

Let’s take a look at this larger context, within which the performance review event takes place. Figure 2-1 depicts this larger performance management framework and gives it a name: the Great Performance Management Cycle. We’ll spend some time with this mindset, because it is the foundation for everything that needs to happen throughout the entire performance cycle and profoundly influences what happens during the performance review.

### Define Great Performance Outcomes

The very top of the Great Performance Management (GPM) Cycle is where performance management begins and where the *purpose* or *aim* of the performer’s work is defined. The word *great* is used here intentionally. The purpose of every performer’s work should be to make a significant and positive contribution to the organization. We use the word *great* to help elevate this purpose to a higher level, to help ensure that we envision the purpose or aim of a performer’s contribution as far beyond

**Figure 2-1.** The Great Performance Management Cycle



an ordinary, just-get-by performance. In this first step of the GPM Cycle, our goal is to define the profoundly positive outcomes that should become the target of the performer's efforts. By helping the performer imagine what great performance outcomes actually look like, the performer is more likely to create these significantly positive results.

It might be useful to think of great performance in terms of three types of profoundly positive outcomes: those that benefit the *customer*, those that benefit the *team* or co-workers, and those that benefit the *company* or organization as a whole. Table 2-1 offers examples of some great performance outcomes for a mortgage loan officer at a financial institution and for a department manager.

In addition to the great performance outcome expectations for the organization, customers, and team, the employee should also focus on the five dimensions of great performance. These are quality, quantity, cost, timeliness, and impact on the team. Those additional dimensions provide greater depth to our emerging definition of great performance and help focus the employee's efforts toward achieving great results in each of these areas.

**Table 2-1. Examples of Great Performance Outcomes**

<b>GREAT PERFORMANCE OUTCOMES</b>			
	<b>CUSTOMERS</b>	<b>TEAM</b>	<b>ORGANIZATION</b>
<b>MORTGAGE LOAN OFFICER</b>	The officer creates value through strong customer partnerships. These partnerships help customers feel heard and respected. The officer anticipates customer questions and communicates complex financial information in clear and understandable ways. The officer anticipates additional financial needs of the customer and proactively suggests other bank products and services that may ease the customer’s financial anxieties. Customers feel that their financial information was dealt with sensitively and confidentially.	Coworkers also feel heard and respected and are comfortable approaching the officer with questions and customer problems.	The bank benefits from the loyalty and commitment customers feel for the bank as a result of their partnership with the officer.
<b>DEPARTMENT MANAGER</b>	The department manager creates profoundly positive outcomes for the department’s customers by anticipating, listening to, and proactively responding to emerging customer needs. Customers feel they can approach the manager at any time when quality, productivity, or timeliness problems arise. The manager continually seeks out ways to exceed customer expectations through routine dialogue sessions, where emerging issues are explored and the partnership is strengthened.	The manager’s team members’ needs and anxieties are addressed through routine one-on-one conversations that strengthen the performance partnership.	The organization benefits from the manager’s strategic insight on future trends and strategies for maximizing value and reducing costs.

How does one decide on great performance outcome expectations? As depicted in figure 2-1, these profoundly positive outcome expectations naturally reveal themselves when you explore with customers what matters most to them, when the performance outcome implications from the organization’s vision are clearly articulated for each position, when the performer’s leader or manager has clear performance outcome expectations, and when the vision or mission of the performer’s department or work area suggests specific performance outcomes.

A critical next step in defining great performance for a position is the integration of these specific performance outcomes within an individual's position or job description. Because the position description is the keystone for defining everything that is expected of a performer, the great performance outcome expectations must be spelled out in that document. If a performer is to be held accountable for achieving great performance, then the position description must reflect these outcome expectations. Unfortunately, position descriptions usually focus on describing behaviors and activities or offer general outcome statements about the role and function of a position. Although behaviors, activities, and general statements about the position's role are important, by themselves they are not sufficient for providing performers with the clear and compelling direction that's needed.

By making an effort to use the position description to spell out the specific great performance outcome expectations that emerge from these behaviors and activities, the purpose or aim of the performer's work becomes much clearer. To provide greater clarity of purpose and to ensure that performers focus on what matters most to customers, co-workers, and the company as a whole, it is essential that position descriptions be written in ways that reflect these great performance outcome expectations.

Note how the examples in table 2-1 focus on the results of the performer's work rather than on the processes, behaviors, or activities used to achieve those results. Although processes, behaviors, and activities are important, in the first step of the GPM Cycle, it is critical to focus on outcomes rather than on how the performer achieves these results.

The first step of the GPM Cycle also involves identifying how performance results will be measured. To have the greatest positive effect on performance, every great performance outcome should have a predefined performance measure that enables both the performer and the manager to know if and when the outcome has been successfully achieved. Without a method of measurement, both the performer and the manager may have a hard time knowing if the outcome has been achieved. Establishing outcome metrics early on in the GPM Cycle reinforces accountability and provides for a built-in feedback process that will be used later in the cycle.

## Develop Process Goals and Strategies

In the first step of the GPM Cycle, the objective is to develop a clearly defined vision of the great performance outcomes that represents the aim or purpose of the performer's contributions to the company. The second step in the cycle involves defining the specific *process* goals, strategies, actions, and steps that the performer and the company will take to ensure that the great performance outcomes are accomplished.

The great performance outcomes deal with *results*, whereas the goals, strategies, and actions defined in this second stage of the GPM Cycle tend to deal more with *processes*—the “hows” of moving from the performer's current performance level to the desired great performance level:

- improving key work processes or procedures
- increasing individual effectiveness by pursuing training and development in specific competencies
- reducing error rates or problems with quality
- building stronger partnerships with customers

- strengthening working relationships with peers
- being more innovative in work methods and processes.

The process goals, strategies, and actions identified in this step of the GPM Cycle should include any goals, activities, and behaviors that will help move the performer toward achieving the desired great performance outcomes. Each of these goals, strategies, actions, and so forth should be *measurable*, such that both performer and manager will know if and when each has been successfully achieved.

As with defining the great performance outcomes, these process goals, methods, behaviors, and so forth must be firmly anchored in the performer's position description. The position description should be reviewed at least once annually to ensure that it accurately spells out both the great performance outcomes and the position's essential job functions. Because the essential job functions form the backbone of each employee's performance, every performance expectation, goal, strategy, and behavior that is spelled out in the second step of the GPM Cycle must be linked back to these functions.

### **Provide Organizational Support**

With the performer now pointed in the right direction—toward great performance outcomes—and working with a set of process goals, strategies, and actions, the next step in the GPM Cycle comes into play: organizational support. Providing organizational support involves both identifying and delivering the information, training, resources, and other forms of support that the performer requires to translate his or her effort into the desired great performance outcomes.

In this step of the GPM Cycle, the performer, his or her manager, and the organization work together to ensure that a supportive infrastructure focuses on generating the desired results. Although this supportive infrastructure is always specific to each performer and the great performance outcomes he or she is expected to create, here are some of the most common broad areas of organizational support:

- providing skill and information development and training
- ensuring access to critical job-related information
- ensuring access to essential tools and equipment
- identifying and removing obstacles to performance
- ensuring frequent communication and interaction between the performer and his or her manager
- ensuring frequent updates on emerging issues and challenges affecting the performer's efforts or results
- providing ongoing feedback on performance.

Providing organizational support is a central contributor to great performance in that it enables and facilitates the performer's effort. When the manager and the organization follow through by providing this supportive infrastructure, the likelihood that the great performance outcomes will be achieved increases. Doing so also lets the performer know that the manager and organization want to see the performer succeed in his or her efforts.

## Evaluate Performance

The next step within the GPM Cycle is the step we usually focus on whenever anyone brings up the subject of performance management. As we have learned in this chapter, however, the performance review is only a single step within this larger performance management framework. This evaluation step is a moment when the performer and his or her manager reflect on the original performance target (the great performance outcomes and the supporting suite of goals and behaviors) and then compare the original goal with the actual results achieved.

With skillful guidance from his or her manager during a dialogue called the “Performance Coaching Conversation,” the performer explores his or her performance results and the likely causes of these outcomes. We’ll dig deeper into the Performance Coaching Conversation later in this chapter, but for now we want to make the point that the success of this performer-centered interaction depends on everything that preceded it:

- a clear and compelling great performance outcome
- a supportive set of goals, strategies, and behaviors to help achieve that outcome
- a strong organizational infrastructure that provides the support the performer needs to achieve his or her great performance outcomes.

With these elements in place, the performance evaluation is a natural next step as both the performer and manager keep their eyes on the great performance outcomes and explore opportunities to improve and strengthen the performer’s work toward them.

## Make Improvements

The final step of the GPM Cycle extends the Performance Coaching Conversation and, with the manager’s skillful guidance, identifies specific opportunities where the performer can strengthen his or her performance. In this step of the process, the performer and the manager mutually identify a set of actions to be taken by the performer and manager, to build on the performer’s past success and address improvement areas.

This step targets these improvements:

- clarifying, adjusting, strengthening, or modifying the great performance outcomes in such a way that they may be clearer, easier to measure, easier to attain, and so forth
- adjusting and modifying existing process goals and strategies—or adding new ones that reflect improvement areas and new work priorities
- identifying new ways in which the manager or the larger organization can provide organizational support or adjusting the level of support provided in the past to reflect new priorities, challenges, or constraints
- changing the nature, focus, frequency, or structure of the evaluate performance step of the process, including refining the Performance Coaching Conversation process, and strengthening the dialogue between performer and manager.

It is in this critical final step of the process where insight and learning emerge from the dialogue. The “make improvements” step is also when a performance improvement plan is developed with an eye toward moving the employee’s performance closer to achieving his or her great performance outcomes.

The make improvements step is the final step in the GPM Cycle, but there remains one additional component of the cycle that acts as a reinforcing loop to help focus the performer’s efforts on his or her great performance outcomes: providing logical consequences for performance results.

### **Provide Logical Consequences for Performance Results**

People aren’t Pavlovian dogs that salivate on cue (that is, waiting for a juicy steak to suddenly appear after hearing a bell), but they do pay attention to the consequences that occur based on their contribution to the organization. Whether the organization actively manages it or not, both the planned and unplanned consequences that a performer experiences following performance have a profound effect on his or her future behavior.

When a performer receives positive consequences or rewards following a performance that moves his or her outcomes closer to great performance, then the employee is encouraged to behave similarly, to ensure the continuation of these positive outcomes. When a performer receives negative consequences following a performance that misses the great performance target, then the performer tends to change behaviors to stop these outcomes. The overarching purpose of providing positive or negative consequences for performance is to reinforce the desired behaviors and discourage behaviors that run counter to great performance. Table 2-2 offers several examples of positive and negative consequences that a manager might use to influence performers’ behaviors.

Managers who want their performers to engage in positive behaviors and discontinue undesired behaviors need to take this reinforcing loop within the GPM Cycle seriously. This loop involves the manager directly providing clear and meaningful consequences (both positive and negative) for performance.

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**Table 2-2. Examples of Positive and Negative Outcomes From Performance Discussions**

<b>EXAMPLES OF POSITIVE CONSEQUENCES</b>	<b>EXAMPLES OF NEGATIVE CONSEQUENCES</b>
<ul style="list-style-type: none"> <li>• A financial bonus</li> <li>• Advancement opportunity</li> <li>• Greater independence and autonomy</li> <li>• A letter of commendation</li> <li>• Recognition for a job well done</li> <li>• Flexible work schedule</li> <li>• Approval to work from home</li> <li>• Opportunity for high visibility or status project assignments</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of autonomy and independence</li> <li>• A withdrawal of an opportunity for a financial bonus</li> <li>• A corrective action letter or memo documenting the need for the performer to improve performance</li> <li>• Reduction in flexible work schedule opportunities</li> <li>• Withdrawal of opportunities to work on high-visibility or high-status projects</li> <li>• Discipline—up to and including termination</li> </ul>

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It also requires that the manager is aware of other forces that may be influencing the performer, such as the responses of co-workers and customers, other teams with whom the employee interacts, the larger organizational culture (which may sometimes work at cross-purposes to the manager's goals), and even the employee's family and friends.

Unfortunately, managers often have little control over many of these other influences. They should, however, at least be aware of them to reinforce the positive pressures and counterbalance those that contradict their aims for their employees.

A key factor in using the power of providing logical consequences as part of the GPM Cycle is that the performer must see the logical connection between his or her own behaviors, the performance outcomes from these behaviors, and the positive or negative consequences that he or she receives. The performer needs to see that positive consequences naturally follow the right behaviors and outcomes and that negative consequences naturally follow the wrong behaviors and outcomes.

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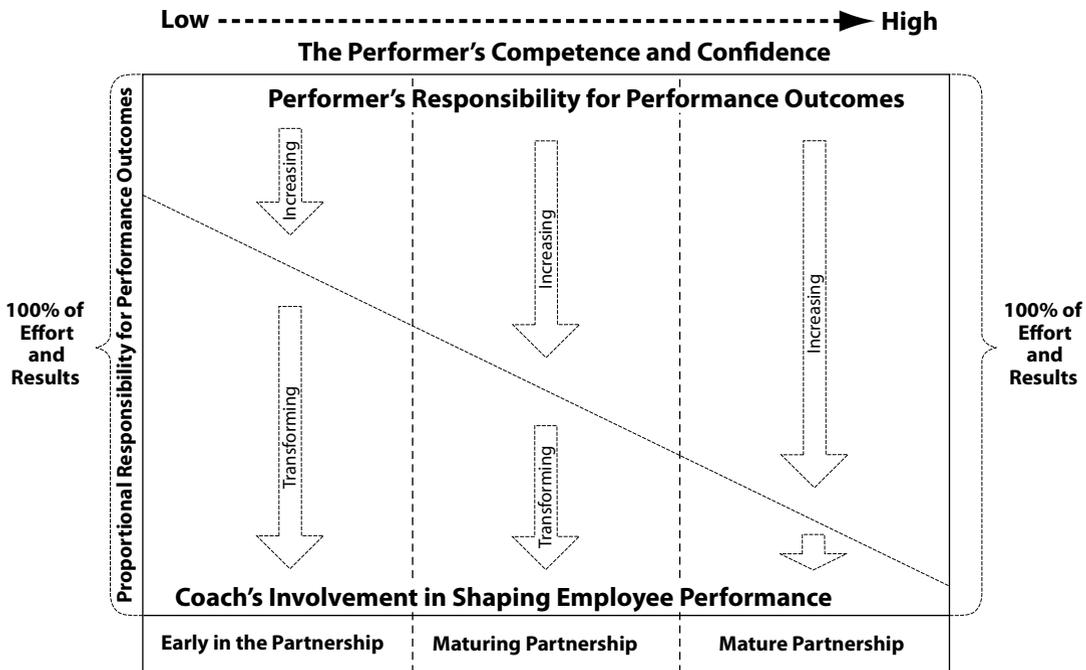
## Who's in Charge of the Great Performance Management Cycle?

We've spent a good deal of time walking you through the GPM Cycle and have identified a set of activities that need to occur at each step of the process if truly great performance is to occur. One question we haven't yet answered, however, is this: Who is in charge of this process?

When we ask this question in our workshops, the answer is almost always "the manager!" This is understandable. When it comes to actually managing the performance of another person, it seems that the process of management would fall to the manager, as he or she is the person the organization looks to when an employee fails to contribute in the expected way. In reality, the person who is most responsible for moving along the GPM Cycle is the performer him- or herself. Each employee is always fully responsible for his or her own performance, whether it is good or bad. Although the manager must take an active role in guiding the performer throughout the GPM Cycle, at the end of the day, it is the performer who needs to define the outcomes, set the goals, identify the resources required to accomplish the outcomes, evaluate whether or not he or she has met the target, and identify opportunities for improvement or change.

Within the GPM Cycle, the manager fulfills the role of a coach: guiding, shaping, challenging, questioning, provoking, supporting, encouraging, and inspiring the employee to take on the challenge of great performance. As in the sports arena or the performance stage, however, the manager, as coach, never walks onto the field or steps onto the stage to get the job done—that is the duty of the performer. Doing the job, engaging in the right behaviors, gathering performance data, self-assessing and correcting performance as necessary, and so forth are all the responsibility of the performer. When it comes down to setting and achieving the goal, it is up to the individual athletes, musicians, actors, or employees to do the work. The coach should never do it for them.

Although the employee is primarily responsible for his or her performance and the resulting outcomes, the manager as coach still plays a critical role. Together, the manager and employee forge a *partnership for performance* that focuses on guiding and supporting the employee toward achieving the great performance outcomes. Who actually takes the lead within this partnership at any given time,

**Figure 2-2.** The Dynamic Partnership for Performance

however, is a function of the skill, knowledge, and experience of the performer, and the coach responding with the correct amount of direction, guidance, support, feedback, and reinforcement.

Figure 2-2 highlights the nature of this dynamic partnership for performance. As shown in this figure, early on in the partnership the manager (depending on the skill, knowledge, and experience level of the performer) may take the lead role in defining performance outcomes, establishing goals, identifying supportive resources, providing feedback on performance, and suggesting improvement goals. Even in this early stage of the relationship, however, the performer remains fully engaged in each of these key steps in the GPM Cycle and remains fully responsible for the resulting performance.

As the performer gains competence and confidence in his or her work, however, the manager as coach downshifts his or her role. This downshift includes moving away from defining great performance, setting goals, identifying resources, and so forth for the employee and moving toward guiding the performer to take full responsibility for these steps. The coach determines the best approach to take, based on an assessment of the competence and confidence of the performer. The coach then shifts to a more supportive role through skillful dialogue, probing questions, encouragement and suggestions, and constructive feedback. Figure 2-2 displays what this shift in responsibility might look like as both the performer and coach transition their roles to a new performance partnership.

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## Examining and Improving the Performance Review

With the Great Performance Management Cycle providing our framework and the dynamic nature of the partnership for performance between the performer and the coach delineated, we can now shift our attention to the structure of the face-to-face performance review. We'll first look at the purpose of the performance review, highlight some of the problems with traditional methods of review, and then present an innovative employee-centered approach to reviews that both eliminates the problems and strengthens the partnership with performance.

### The Purpose of the Traditional Performance Review

Confusion over the *purpose* of the performance review is where everything begins to go wrong. If we're not clear about what we're trying to accomplish during a performance review, then the results will be worse than muddled—we may end up diminishing our performance partnership with the employee, resulting in a decline in communication, confidence, trust, and, eventually, performance itself.

Traditionally, performance reviews—also known as performance appraisals—focus on an employee's past performance. They provide an opportunity for managers to present their assessments or appraisals of their employee's work over a defined performance period—typically a year. The core purpose of this traditional performance appraisal is judging the quality and effectiveness of the employee's contribution to the organization and often to the team, co-workers, and customers as well. This retrospective judgment of the performer's contribution often involves rating the employee on a narrow range of performance dimensions, leading up to an overall rating of the employee's performance.

When well-designed, each of these performance dimensions links back to the employee's job description, the organization's goals or core values, activities related to department or team goals, or specific performance improvement goals identified in the previous year's performance review. In addition, a well-designed appraisal system provides feedback to the performer, using specific and measurable performance dimensions. Each dimension is described in terms of both behavior and outcome to give the performer useful feedback on what was expected and how well he or she met these expectations. In contrast, poorly designed appraisal systems and their supporting forms tend to define these performance dimensions in overly broad terms (for example, team player) that often result in an overall rating that is imprecise and subjective.

For the overall performance rating, the better review processes use a Likert-type rating scale, with a set of clearly defined anchors, such as these: fails to meet expectations, meets expectations, and exceeds expectations. Although the actual scale used may be made up of three, five, or 10 options, the end result, regardless of the scale, is a comprehensive rendering of judgment as to the employee's overall performance.

When designed well, the results of the employee's annual performance review are forwarded to the human resources department and then used for such actions as salary increases (if any), determining the employee's career advancement potential, and flagging the employee for possible coaching and assistance if warranted. In some circumstances, a sufficiently negative appraisal would form the

foundation for subsequent actions, which might include progressive discipline, leading up to and including termination. Even in this well-designed system, however, the results from the annual review are often just filed away by HR and forgotten. One year later, the process repeats itself and another appraisal document is added to the archives.

In a well-designed performance review process, the results from the one-on-one performance appraisal are also used by the manager as a key source for defining the performance outcomes and goals for the upcoming performance period—again, typically one year in duration. This future-oriented performance planning process should reflect continuing or new organizational and team priorities and outcomes, identify emerging issues and challenges, and spell out an improvement plan to address any performance deficits identified in the past-oriented performance appraisal. The improvement plan may also identify specific performance improvement goals and spell out the desired employee behaviors to achieve these goals. Finally, this future-oriented plan identifies the steps the manager and the organization will take to support the employee's performance. This might include detailing a development strategy that could include training, mentoring, coaching, and other activities to assist the performer in reaching the goals spelled out in the plan.

The purpose of the traditional review is historical in perspective, evaluative and corrective by nature, and a key driver for human resource decision making and actions.

## Problems with the Traditional Review and a Reframed Purpose

Although the traditional review can play a positive role in providing feedback to the performer, guiding the development of a performance improvement plan, and influencing key HR decision making, too often these positive aspects are diluted by how the review is conducted. The “how” is all important here because the success of a performance review depends on the quality of the interaction between the manager and performer. If either approaches the review without the proper mindset—something we'll explore later in this chapter—the resulting interaction is likely to fall far short of the key objectives for the review.

Table 2-3 highlights the most problematic characteristics of the performance review and proposes higher purposes for the review that should become the driving force behind a reformulated review process.

**One-way communication vs. two-way dialogue.** The traditional review is hampered in its effectiveness because it tends to focus on what the manager has to say to the performer rather than on developing a true dialogue. The limitation of one-way communication is that the manager may need to listen more than talk to discover the best way to assist the performer toward great performance.

**Focus on the past vs. improvement for the future.** The performance review, by definition, looks backward at the employee's past performance. Although a historical assessment is a good place to begin, looking only at the past fails to build a foundation for *future* performance. In a well-designed process—or in the radically transformed process that we'll explore later—the manager uses a historical assessment only as a stepping stone for exploring ways to strengthen performance for the future. This shift in focus moves from problem orientation toward improvement orientation.

**Table 2-3. Reframing the Performance Review**

PERFORMANCE REVIEW PROBLEMS	A PROPOSED HIGHER PURPOSE
One-way communication	Two-way dialogue
Focus on the past	Improvement for the future
Appraisal, evaluation, and judgment	Learning and development
Focus on financial implications	Learning and development
Focus on filling in forms and checking boxes	Developing understanding
Assumes that the manager knows and sees all	Both parties to the review have knowledge and insight to share
Focus on the performance review as an event	Performance management as a process
Over-reliance on some measurements while ignoring others	Using a holistic approach to performance measurement
Being overly influenced by recent events or personal characteristics	Using objective data when analyzing and assessing performance

**Appraisal, evaluation, and judgment vs. learning and development.** When the focus of the review is purely evaluation and appraisal—a rendering of judgment on the employee’s work—the result is often defensiveness and denial. This response is natural when a person’s entire year’s work history is reduced to a single check-box on a five-point scale! The resulting defensiveness is a major barrier to communication, understanding, and dialogue. When the performer shuts down, gets defensive, and runs for cover, the manager’s goal of better understanding the causes of less-than-optimal performance becomes elusive. If, however, the focus of the review shifts away from judgment and toward learning and development, defensiveness tends to fall by the wayside, as both the manager and performer examine the range of causes of performance problems and explore ideas for addressing these causes.

**Focus on financial implications vs. learning and development.** If the higher purpose of the performance review is to facilitate understanding leading to performance improvement, then everything that the manager says and does in the review should focus on that purpose. Unfortunately, there’s nothing like linking the performance rating of an employee to the resulting pay raise (or lack thereof) to shift the review’s focus away from understanding and communication. When there are fiscal consequences for a performer based on which “box” is checked on the review form, the conversation is suddenly about the manager defending why a certain box was checked and the performer arguing for a more favorable rating.

It is possible for the manager to link the performance review with the employee's pay without compromising the review. The solution rests on how this linkage is made and when this discussion occurs. By simply separating the discussion of the employee's overall performance rating and its pay implications by at least a day, much of the financial distractions can be avoided. The focus of the review process must remain on communication and understanding as a pathway to learning, development, and performance improvement.

**Focus on forms and checking boxes vs. developing understanding.** Nothing that occurs during the performance review should interfere with the overarching goal of developing understanding between the manager and the performer. Too often, however, the form designed to document the review becomes a barrier to communication and understanding. When the focus of the performance discussion shifts to what's on the form or which box is checked rather than on the quality of the dialogue between the manager and performer, the form needs to be temporarily set aside. The official review form may still need to be completed by the manager, but it should be done *following* the performance dialogue. This delay allows the manager to learn new information that he or she wouldn't have known without the Performance Coaching Conversation.

A post-review form completion step ensures that the final written document submitted to HR reflects the best thinking by the manager—informed by open dialogue with the employee. Once the form is completed by the manager, a brief follow-up meeting with the performer can be scheduled to discuss the final document, the overall rating, and any pay-related consequences.

**Assumptions that the manager knows and sees all vs. both parties of the review have knowledge and insight to share.** One of the biggest mistakes a manager can make as he or she prepares for and conducts the performance review is assuming that what he or she sees or understands about the employee's performance represents all the facts. Making this assumption becomes a problem when the manager's "all knowing" perception is taken as a fact, leaving little room for the employee to offer his or her own perspective. In reality, the manager has a perspective on the employee's performance and the factors influencing it, but the employee's perspective is just as important. Understanding and honoring each other's perspective is one of the key functions of the performance review.

When these two perspectives agree, the conversation shifts to building on this consensus. When either the manager or the performer has knowledge or insight that the other doesn't have, however, the performance conversation shifts to identifying and understanding these differences. Both parties in this performance partnership have important information, knowledge, and insight to share. The higher purpose of the performance review is to mine these diverse perspectives toward the goal of strengthening the partnership and improving the employee's performance.

**Focus on the performance review as an event vs. performance management as a process:** The performance review is certainly an event, but if this event is viewed in isolation outside of the larger framework of performance management, then its full benefits will never be realized. As we noted earlier in this chapter, great performance doesn't happen by accident and it certainly doesn't happen because of one performance review each year. When the manager and the employee see the performance review as one of *many* conversations throughout the year, then this annual event takes on its proper role and

function. Viewing performance management as a process and the review as an integral part, but only a single step, of this process helps ensure that both the manager and the employee focus on performance every day of the year.

**Over-reliance on some measurements while ignoring others vs. use of a holistic approach to performance measurement:** It's easy to document the duration and number of calls an employee in a call center makes; it's harder is to measure the *quality* of these interactions. Therein lies one of the major challenges of performance reviews: measuring easily accessible information vs. measuring information that is harder to document but may be more important. Performance reviews are a time of measurement and assessment, when both the performer and manager look back on great performance expectations (outcomes and goals) and determine if and to what degree these expectations were met. The tendency in the traditional review is to over-rely on the data that is the easiest to gather—such as the number of times something was done, the frequency with which the performer's output met certain specifications, the conversion ratio between attempts and results (for example, closed deals compared with total sales calls made), and so forth.

A more effective performance review takes a more holistic approach to measurement. At the beginning of the performance period and the GPM Cycle, the performer and manager explore ways to measure, and subsequently assess, if and to what extent the performer achieved or moved closer to the great performance outcomes. Part of this discussion certainly should include the easier quantitative measures such as numbers, frequencies, completion rates, and so forth. This initial discussion should also include how to assess more qualitative data, such as the *quality* of the interactions with customers, the *quality* of the information being communicated by the performer, the *quality* of the written reports, and so forth. Developing clear measures of these qualitative aspects of a performer's work is rarely easy, but it is essential if the final review is to accurately capture and assess whether or not the performer has accomplished his or her great performance outcomes.

To paraphrase the British mathematician and physicist Lord Kelvin, "If you can't measure it, you can't manage it!" (Van Der Zee, 2003). The challenge for both the performer and coach within the GPM Cycle is to figure out a way to measure all of the aspects of performance that matter most to achieve great performance. Once there is agreement on these more holistic measures of performance, the conversation in the performance review about the measures that matter is more likely to be clear and focused.

**Excess influence by recent events or personal characteristics vs. use of objective data when analyzing and assessing performance.** Our final problem with traditional performance reviews has more to do with psychology than with the nature of the performance conversation. Two psychological characteristics are especially problematical during a performance review. The first, called the "recency effect," finds that people are cognitively biased toward recent stimuli or observations and away from earlier stimuli or observations. For performance reviews, this means that a manager who is unaware of this effect might focus on key events that happened last week or last month rather than on events that took place at the beginning of the performance period. Regardless of whether the recent event was a positive or negative one, the event would tend to loom larger in the manager's viewpoint and would therefore be given greater weight. The recency effect is defeated by a strong performance partnership

where the employee and the manager meet and discuss performance on a regular basis, with the final performance review being only the last of a long line of conversations. Recency can also be addressed by ensuring that performance throughout the year is documented by both the employee and manager and then integrating that documentation into the performance review.

The other psychological characteristic that may get in the way of a traditional review is the “halo/horn effect.” This situation finds that people are cognitively biased to view a single dimension of an employee’s performance—such as interacting well with customers or co-workers—as representative of the employee’s performance in all other areas. In other words, when an employee does something right, the resulting angelic “halo” causes the manager to not see or to ignore problem areas. The corollary to the halo effect is the “horn” effect. In a reversal of the halo effect, when an employee does something wrong—such as missing a mission-critical deadline—the resulting demonic “horn” causes the manager to not see or to ignore areas where the employee is performing well (Thorndike, 1920).

For either of these psychological tendencies, the antidote is for the manager as coach to again develop a strong partnership with the performer, to use objective data when analyzing and assessing performance, to document positive and negative performance events when they occur, and to have numerous performance conversations throughout the performance period.

## **An Employee-Centered Alternative to the Traditional Review**

We’ve spent some time dissecting a number of the major problems associated with the traditional review, and we’ve offered some suggestions for reframing the purpose of the review to reflect a new approach. Let’s now bring this new approach into sharper focus with the introduction of the “Performance Coaching Conversation” and the “Annual Performance Analysis and Planning Conversation.” The employee-centered mindset is based on the GPM Cycle and is deeply anchored in the belief that the performer should take the lead during the review process. As noted in figure 2-2, however, performance management is a shared process between the manager and the performer. Although this also holds true for the Performance Coaching Conversation and the Annual Performance Analysis and Planning Conversation, one of the manager’s key goals is to actively encourage employee ownership of the process toward assuming the major role throughout both conversations.

The Performance Coaching Conversation and the Annual Performance Analysis and Planning Conversation both comprise four steps: the manager’s preparations, the performer’s preparations, conducting the conversation and coming to agreement, and following up and following through. Let’s look at each of these steps and identify the role of the manager in each.

**The manager’s preparations.** Before the face-to-face Performance Coaching Conversation or Annual Performance Analysis and Planning Conversation takes place, the manager does his or her homework. This homework involves several activities:

- reviewing the employee’s job description and ensuring that it is still an accurate portrayal of the job
- reviewing the great performance outcomes and goals that the employee, in partnership with the manager, established at the beginning of the performance period

- reviewing the ongoing performance log that the manager has maintained on the performer's work (as well as on all other performers)
- reviewing other available documentation of the performer's work
- reviewing notes from past Performance Coaching Conversations held throughout the performance period.

If this is a periodic Performance Coaching Conversation session, then, based on this retrospective review of the performer's work, the manager prepares a bullet-point summary of key findings of the employee's performance strengths and weaknesses, potential causes of performance problems, and elements of a preliminary plan for maintaining and strengthening the employee's performance.

If the get-together is for the Annual Performance Analysis and Planning Conversation, the manager prepares a more extensive written summary of key findings of performance strengths and weaknesses, potential causes of performance problems, and elements of a preliminary plan for maintaining and strengthening the employee's performance. This summary and action planning might also include completing an initial draft of the formal performance review form required by the organization. Although the form must not be the focus of the subsequent Annual Performance Analysis and Planning Conversation, it can help clarify the manager's thinking and perspective and serve as a useful summary document of key findings and next steps for moving the employee's performance closer to his or her great performance outcomes.

**The employee's preparations.** In preparation for the Performance Coaching Conversation or the Annual Performance Analysis and Planning Conversation, the manager invites the employee to do something very similar. Specifically, the manager meets briefly with the performer prior to the conversation and asks the employee to reflect back on the performance period and develop some answers to the following critical reflection questions:

- *What is going well in your job?* Reflect on your job description and the great performance outcomes that we defined at the beginning of the performance period, and identify those aspects of your work and the results of your work that have gone well for you. Also consider these related questions: *What in your performance over the period do you feel most proud of? What "stand out" performance results have you achieved this period?*
- *What isn't going as well in your job?* Again reflecting on your job description and the great performance outcomes, identify those aspects of your work that haven't gone as well as you had hoped. Also consider these related questions: *In which performance outcome and goal areas have you fallen short of the desired end result? Which performance areas have created the most difficulty for you? What aspects of your job have been the most frustrating? What disappointments and setbacks have you experienced during the performance period?*
- *What lies behind your successes and setbacks?* What are the factors that led to the positive outcomes you identified in response to the first question? What are the factors that led to the less-than-ideal results that you identified in response to the second question? Also consider these related questions: *What's behind the success that you've experienced? What's behind some of the failures you've experienced? What factors supported or undermined your performance during the performance period?*

- *What actions can you take to build on your successes and address areas of performance weakness? Based on your assessment of the causes of your successes and setbacks, what actions can you take in the future to maintain your successes and improve your areas of weakness? Also consider these related questions: How might you use your performance successes to further strengthen your great performance outcomes? What could you do to address the causes of things that are not going well, thus improving your future performance outcomes and goals?*
- *How can I (your manager) help you be even more successful and productive in your job? What actions would be useful for me to take to help sustain your great performance results? What actions would help you address performance areas that aren't going as well for you? This question can include this variation: What can I do more or less of to enable you to achieve your great performance outcomes and goals?*
- *What do you see as performance areas that may need new responsibilities and future growth in performance? This question can include these variations: Given your understanding of your job and role in this organization and department, what new responsibilities or growth areas do you see for your position? Given our organization's strategic goals, what are you learning from your customers? What new responsibilities or job growth areas do you see for yourself given new technologies and their effect on your work? What new directions do you see for your position in the future?*

The six “critical reflection questions” engage the performer in a process designed to encourage deep reflection on his or her past work with the resulting insights becoming a key driver for both the Performance Coaching Conversation and the Annual Performance Analysis and Planning Conversation with the manager. If this is the annual or semi-annual review, these questions should be accompanied by a copy of the performance review form. The manager should encourage the performer to complete his or her version of the review form based on what he or she learned after reviewing the critical reflection questions.

To help focus the performer's attention on these questions in advance of either coaching conversations, the manager should give the performer these questions in writing. It may also be useful for the manager to create a simple critical reflection questions worksheet that provides space for the employee to jot down his or her thoughts and responses.

**Conducting the conversation and coming to agreement.** Up to this point for the Performance Coaching Conversation and the Annual Performance Analysis and Planning Conversation, both the manager and performer have done some pre-work. The next step of the process involves the face-to-face conversation. Given all the analysis and reflection that both the manager and performer have done, this step—the one most feared by both managers and performers alike—should be relatively easy. This is how it should work: The manager welcomes the performer into the conversation with language along these lines:

*Thanks for coming in today. As I mentioned to you the other day, today's Performance Coaching Conversation/Annual Performance Analysis and Planning Conversation is an integral part of my approach to performance management and performance reviews. It's my hope that our conversation today will help me better understand your concerns, needs, and issues related to your contributions here. It also gives me a chance to clarify my own thoughts and*

*expectations and to identify ways that I can help you achieve your great performance outcomes. All of this, I hope, ensures that the formal review of your performance is both accurate and helpful in moving you toward great performance.*

*As you recall, several days ago I asked you to think about a number of questions in preparation for today's conversation. My intention in asking you to think about these critical reflection questions was to encourage you to do a self-assessment of your own performance, encourage some critical reflection on your past work, and get you thinking about things that both you and I could do to support and enhance your performance in the future.*

*My preference is to have you start things off—I'd first like to hear your thoughts about your performance—and then I'll add my comments and thoughts when you're done. Does that sound okay to you? I'm willing to share my analysis of your performance first, if that's what you'd like me to do, but my preference would be to hear your perspective first. Are you willing to kick things off?*

*Okay, to start things off, I'd like to hear your thoughts on the first question I asked you to think about: What is going well in your position?*

Following this employee-centered Performance Coaching Conversation or Annual Performance Analysis and Planning Conversation, the performer takes the lead role by sharing his or her self-assessment. Why encourage the performer to go first? Our goal is to build greater employee ownership within the GPM Cycle, and we believe that this is best accomplished by having the performer take the lead for each of the six critical reflection questions. This is never done unilaterally, however. The manager explains the reasoning behind *why* he or she prefers the employee to go first and then works with the performer to mutually decide the approach to use during the conversation or annual review conversation. If the employee insists on the manager going first, the manager comes to a mutual agreement with the performer as to how they will proceed after exploring the employee's own reasoning behind this preference.

Assuming that the employee is the first to answer each of the six critical reflection questions, the manager then follows with his or her perspective on what the performer has already shared, and offers new insights and perspectives. This includes building on and agreeing with the employee's self-assessment when there is a shared perspective on a given performance dimension or outcome. It also includes adding new insights, perspectives, and observations that go beyond what the employee may have shared. By following instead of preceding the performer's self-assessment, the manager may gain important insights into the quality of the employee's critical reflection and thinking skills. This also enables the manager to gain new insights concerning strengths, improvement areas, and their underlying causes that the manager did not or could not see. Another key value of the performer presenting his or her self-assessment first is that it tends to reduce defensiveness because the employee has named performance problems first, instead of reacting to the manager's doing so. This is especially important for the second critical reflection question: *What isn't going as well for you?*

By using the six critical reflection questions as the core of their coaching conversation, both the performer and manager should arrive at a shared understanding of the employee's performance strengths,

areas for improvement or growth, and action plans for both the performer and the manager to support the employee's future performance.

We have only scratched the surface of the steps for conducting these two critical coaching conversations. For more details and suggestions on how a manager might successfully navigate the Performance Coaching Conversation or Annual Performance Analysis and Planning Conversation, see **handout 28**. This is one of the many supportive training handouts we have incorporated into the workshop designs in the chapters that follow.

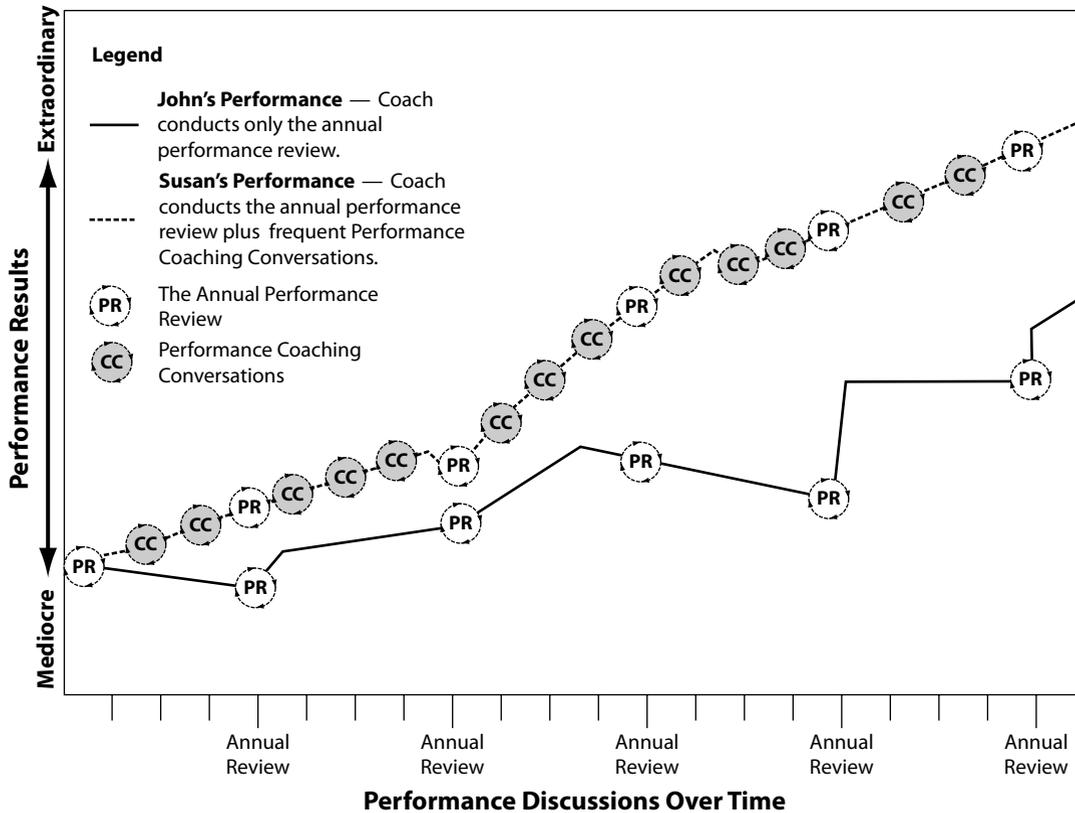
**Following up and following through.** This is the final step in both the Performance Coaching Conversation and the Annual Performance Analysis and Planning Conversation. In this step, the manager finalizes his or her assessment and, for the Performance Coaching Conversation, summarizes his or her understanding in a follow-up e-mail or memorandum. For the Annual Performance Analysis and Planning Conversation, the manager schedules a follow-up meeting with the performer to discuss and explain the final assessment rating (if required). The most important part of this step is the assurance that the manager and the organization do their part to support the employee's performance by providing the training, information, equipment, and other organizational support identified during either performance conversation.

The support of the manager includes observing the employee's performance, documenting performance events in an ongoing performance log, and holding periodic Performance Coaching Conversations as warranted, based on mutually agreed on frequency and emerging issues related to the employee's performance. It will also require that the manager recognize, reinforce, celebrate, and reward efforts and results that move the performer toward *great* performance. For employees experiencing performance problems, this affirmation means recognizing *any* degree of improvement—even if it is simply that the employee is failing at a lesser rate!

Looking back at the Great Performance Management Cycle explored earlier in this chapter (figure 2-1), we can see that both the periodic Performance Coaching Conversation and Annual Performance Analysis and Planning Conversation naturally occur at the “evaluate performance” and “make improvements” phases of the cycle. If conducted well and frequently enough, however, the Performance Coaching Conversation becomes the core conversation upon which the partnership for performance is based and through which all phases of the GPM Cycle are routinely explored. Beyond simply the “evaluate performance” and “make improvements” phases of the cycle, the periodic Performance Coaching Conversation is the main vehicle through which the manager and the performer interact throughout the performance period.

How frequently should the Performance Coaching Conversation occur? Figure 2-3 highlights two hypothetical performance scenarios. The one scenario, for a performer named John, is based on the traditional “annual” review, where the intensive assessment and appraisal of John's past performance is conducted just once during the year-long performance period. Note that, in John's performance improvement path, the big improvements really happen only once during the year—immediately after the annual assessment. Although some improvements may occur in the intervening times, because the coaching conversations with his boss occur infrequently, John isn't always able to recognize or take advantage of improvement opportunities.

Figure 2-3. The Performance Paths of Two Employees



The second scenario displays the performance improvement path for Susan. In this scenario, frequent Performance Coaching Conversations take place in which Susan conducts a self-assessment and receives additional feedback on her *current* work from her manager. Note the emphasis on *current*. Whereas John's review looks back on the past 12 months, all the Performance Coaching Conversations with Susan look at what she is doing now. Only one of these coaching conversations—the Annual Performance Analysis and Planning Conversation—is the official “assessment,” yet all conversations throughout the year contributed to her ongoing and incremental improvement in performance. The key issue here is that frequent coaching conversations between Susan and her manager led to frequent and ongoing adjustments and realignments of energy and effort over the course of the entire year by both Susan and her manager. When you compare Susan's improvement path to John's, the differences between the pace and angle of these hypothetical improvement trajectories is significant.

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## The Foundation for Effective Performance Coaching Conversations

We have provided you with a rough template that you can use with your managers to help establish a broad framework for effective employee-centered Performance Coaching Conversations and Annual Performance Analysis and Planning Conversations. This framework by itself, however, isn't enough to truly lead to the transformational approach to performance reviews that we think is vitally important. If you want to build a transformational mindset for performance management and reviews in your organization, then you'll need something that goes far deeper than our Great Performance Management Cycle or even the six critical reflection questions embedded in both the Performance Coaching Conversation and the Annual Performance Analysis and Planning Conversation. What's called for is a transformation in the mindsets of leaders and managers and, over time, the mindsets of those on the front line.

Fortunately, you don't have to invent or create this transformational mindset. We, with the help of a number of thought leaders who have preceded us in this area, have provided you with a roadmap through this important terrain. Our roadmap presents a powerful and compelling approach to understanding the origins of what often goes wrong in our daily human interactions—including performance conversations—and then offers a path for rewiring these interactions for healthier and more productive outcomes.

### The Unilateral Control and Mutual Learning Mindsets

Our roadmap builds on the ground-breaking work of Chris Argyris and Donald Schön, which was continued by Roger Schwarz and others. The foundation of this new roadmap to understanding is the identification of the underlying mindset or worldview that we tend to carry around with us. Our mindset tells us how to act in a variety of situations that we face. From his research, Argyris has deduced that we draw on this mindset whenever we are confronted with situations that call for quick action or when we're under pressure to do something. Our working mindset is especially useful to us because it gives us a shorthand way of quickly dealing with new situations or threats rather than being forced to create a new strategy on the spot.

Argyris suggests that we each have two theories of action that we routinely call upon when we are presented with a situation that requires us to respond: our “espoused theory”—what we say we will do in this situation—and our “theory-in-use”—what we actually do in this situation. The problem with our theory-in-use, argues Argyris, is that it almost always operates below our own radar. We are unaware that it is steering our behaviors and actions; yet there it is, nudging us to act in ways that actually run counter to what we *say* we believe and intend to do. An example of this is when we *say* we value another person's perspective, but, when this person shares a perspective that is contrary to our own thinking, what we actually *do* is act in ways that may be dismissive and discounting of the other person.

The disconnect between what we say and what we actually do is especially prevalent when we find ourselves in difficult, stressful, or uncomfortable situations, such as when we feel threatened, exposed, or vulnerable—or when we experience a perceived loss of control. When we are embarrassed or psychologically threatened, we tend to activate a theory-in-use that, unfortunately, leads us to defensiveness, denial, blaming, rationalization, and justification. These feelings, in turn, lead to higher levels of misunderstanding and conflict with others. The deteriorating relationships that result further impair our ability to make the right decisions. As if this wasn't bad enough, our actions are worsened by the

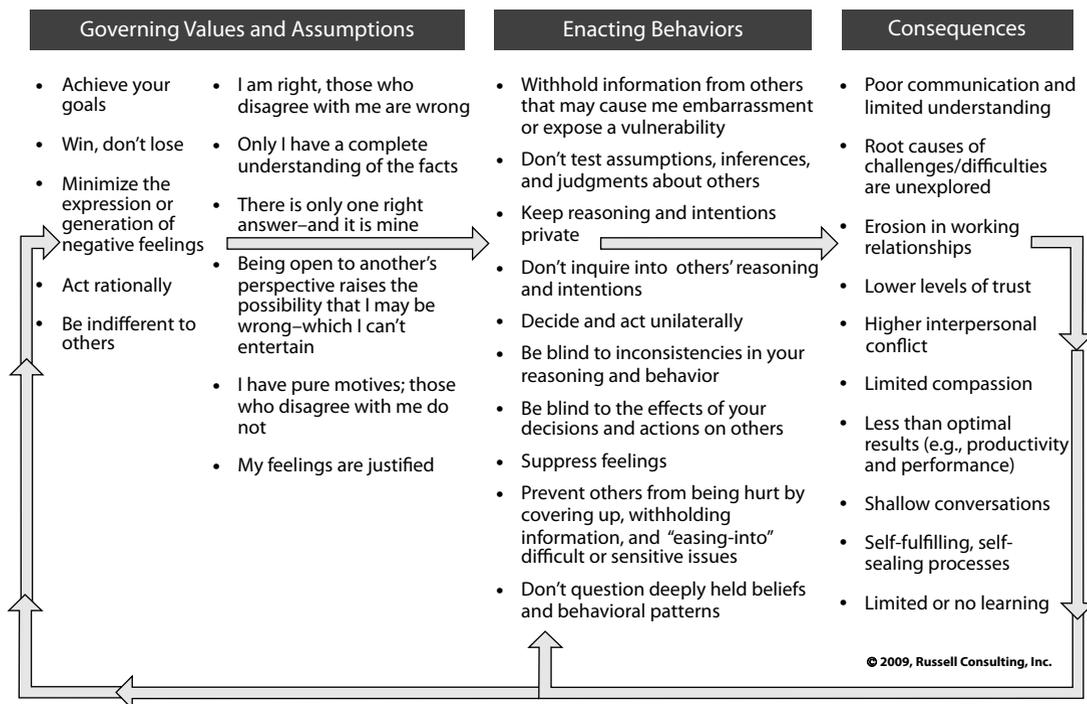
fact that most of this occurs outside of our consciousness. The net effect is significant erosion of our personal effectiveness and continuing deterioration of our relationships with those who are involved in the situation.

In their book *Theory in Practice* (1974), Argyris and Schön label this counterproductive theory-in-use Model 1. Robert Putnam, Diana McLain Smith, and Phil McArthur at Action Design, as well as Roger Schwarz in his book *The Skilled Facilitator* (2002), renamed this theory-in-use the “unilateral control model.” Building on these earlier efforts, we have translated the key elements of these action science models, integrated insights from our own practice as consultants, and renamed this theory-in-use the “unilateral control mindset.” The unilateral control mindset is characterized by defensive reasoning, a desire to win not lose, and an absence of insight and learning. *Mindset* is defined as a set of beliefs that determine a person’s behavior and outlook. When our mindset is focused on unilateral control, especially one that flies below our radar, we are predisposed to a relatively narrow range of interpretations of and responses to various situations.

Figure 2-4 displays the unilateral control mindset and explores the set of predisposing values and assumptions, enacting behaviors, and consequences that are likely to occur when we, unthinking, bring this mindset into our relationships.

When we are in stressful, embarrassing, or psychologically threatening situations, our unilateral control mindset tends to kick in. As noted in figure 2-4, this mindset includes a set of governing values

**Figure 2-4. Unilateral Control Mindset**



that are focused on achieving our goals, winning not losing, minimizing the expression or generation of negative feelings in ourselves and others (because negative feelings might lead to greater discomfort and to a loss of control), acting rationally and objectively (for example, the *facts* are on my side), and being indifferent to others and their interests. These governing values translate into a set of assumptions about ourselves and others, which, in turn, leads to a set of enacting behaviors that tend to be counterproductive to our relationships and what we want to achieve:

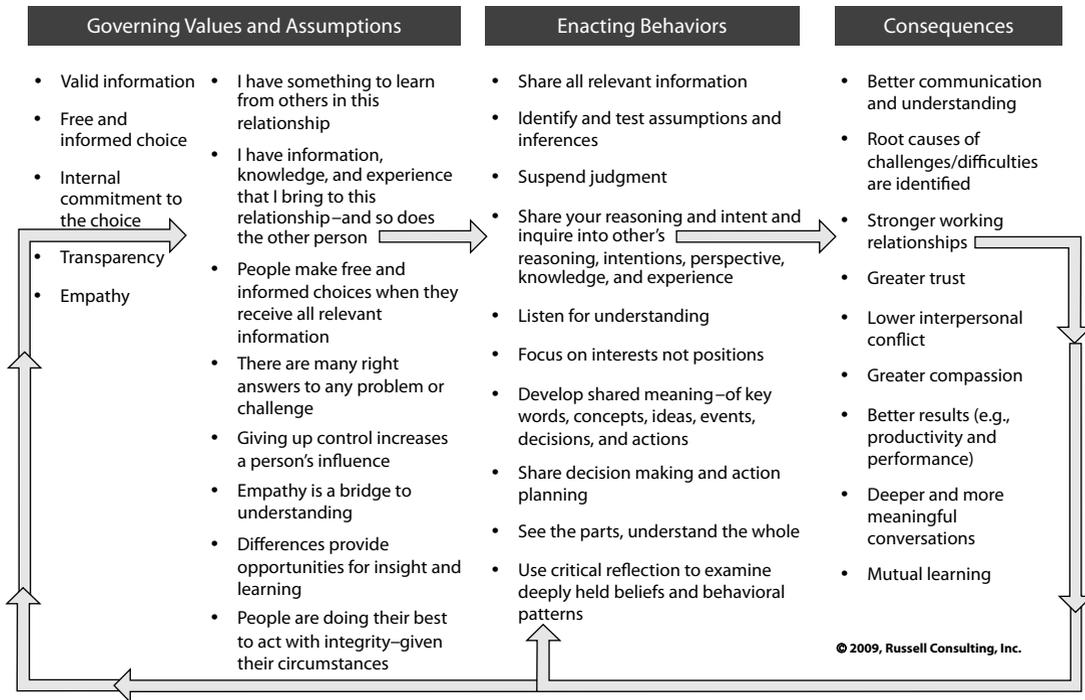
- believing in the rightness of our position
- keeping our thinking and reasoning private
- failing to test the assumptions we make about others, not inquiring into others' reasons and intentions
- withholding information that may lead to embarrassment
- assuming that we know all of the relevant facts
- refusing to hear alternative views
- feeling justified in our beliefs
- being blind to inconsistencies in our own reasoning and behavior
- mistrusting the motives of others
- preventing others from being hurt by “easing in” or covering up embarrassing information
- acting unilaterally.

Observing and taking action based on the unilateral control mindset, unfortunately, gives us false comfort. Although we unconsciously believe that sticking to the unilateral control mindset will help us achieve our goals, in reality the results that we hope to achieve for ourselves and our relationships become harder to attain. The harder we push using the unilateral control mindset, the less likely it becomes that our goals will be realized. Even if we experience a “victory” using this approach (when we “get our way”), the array of negative consequences spinning out of this illusory victory lead to a longer-term erosion in our effectiveness, leadership, authority, credibility, and relationships with others.

How does the unilateral control mindset work within performance reviews? Given the stressful and often psychologically uncomfortable nature of the traditional performance review, it is almost inevitable that both the manager and employee end up using the unilateral control mindset in his or her approach to the review. Acting rationally, being right, minimizing negative feelings, being in control, and winning seem to be part of the natural mindset that both the manager and the employee are likely to assume, especially if the focus of the review is on delivering or receiving constructive feedback or bad news. Unfortunately, as we can see in figure 2-4, when both the manager and the employee use the unilateral control mindset, they actually move farther away from the communication, understanding, and the partnership for performance that is so essential for knowing the right thing to do and executing it.

Fortunately, another theory-in-use mindset is available to all of us that can lead us in the opposite direction of the unilateral control mindset. This alternative mindset, which Argyris and Schön call

**Figure 2-5. Mutual Learning Mindset**



“Model II” and “Action Design,” and Schwarz calls the mutual learning model, represents the set of values, assumptions, and actions that facilitate insight, learning, and growth. Our term for this approach is the “mutual learning mindset”—a mindset premised on a set of values, assumptions, and behaviors that are profoundly different from the unilateral control approach. Because the mutual learning mindset starts from a different set of governing values and assumptions than the unilateral control mindset, the end result is profoundly different. Figure 2-5 summarizes the key components of the mutual learning mindset.

### Governing Values and Assumptions That Support Mutual Learning

The governing values and assumptions of the mutual learning mindset represent a significant shift away from the unilateral control approach. The broad focus of the mutual learning mindset is embedded in a pervasive openness and receptivity to alternative perspectives and learning. As a result of this different orientation, there is also a critical shift toward an array of significantly positive outcomes. For a manager or performer facing the Performance Coaching Conversation or Annual Performance Analysis and Planning Conversation, moving toward mutual learning leads to a stronger performance partnership, better communication and understanding, an earlier identification of performance challenges, and more effective solutions to these challenges.

Let's first take a detailed look at the governing values and underlying assumptions that enable these positive outcomes from the Performance Coaching Conversation and the Annual Performance Analysis and Planning Conversation.

**Valid information.** All information relevant to the issue being discussed is shared in such a way that all parties to the conversation understand what they need to know to make a decision. For the mutual learning mindset to work, the decisions people make and the actions they take must be based on valid information that is anchored in facts and observable behaviors, actions, and results.

**Free and informed choice.** When people have valid information, they can then make an *informed* choice. When they do so in an environment that is free from pressure, coercion, and manipulation, and is based on trust instead of fear or defensiveness, then their choice is likely to be a *free* choice. For the mutual learning mindset to work, each party to an interaction makes choices freely and willingly that are based on valid information.

**Internal Commitment to Decisions Made.** When people participate in decision making, they tend to have an internal commitment to the decisions made. As a result, they tend to display a greater willingness to be held accountable for their decisions and actions. Internal commitment to decisions in the mutual learning mindset holds people accountable for what they say or do—or what they *don't* say or do.

**Transparency.** Transparency asserts that people make good decisions and take informed actions when those involved in a conversation openly share the motivation and reasoning behind their thinking and actions. Transparency also involves surfacing and discussing the “undiscussables.” The undiscussables are those topics and issues in our relationships that we don't talk about and that, in keeping them silent, create barriers to communication, understanding, empathy, and informed action. When people operate from a mindset based on transparency, they tend to be more open, honest, and direct about what they think and why they think that way.

**Empathy.** People who practice empathy in their relationships bring a willingness to reach out to others to understand their differing viewpoints and have compassion for other people's circumstances. When understanding, empathy, and compassion are present in a relationship, each person displays a genuine concern for the other's perspective. When people act based on empathy, they tend to be more open and receptive, less defensive, and better able to appreciate where others are coming from.

These governing values collectively shape a set of assumptions that complete the affirming and open mindset of the mutual learning mindset. Following the assumptions described in figure 2-5, a manager using the mutual learning mindset in both the Performance Coaching Conversation and the Annual Performance Analysis and Planning Conversation should approach this interaction with several assumptions:

- I have something to learn about the employee's performance and about the employee in general, if I pay attention.
- I have some information about the employee's performance, and the employee also has information from his or her perspective. Each of us may see things related to the employee's performance that the other may not see.

- The employee makes conscious choices about his or her performance based on the information that he or she has available. These choices make sense to him or her even when they may not make sense to me. In making these informed choices freely and voluntarily, the employee is more likely to be committed to great performance, take ownership for his or her own performance, and conduct an objective self-assessment of his or her performance.
- There are actually many right ways to achieve performance goals, overcome challenges, and so forth. By being receptive to these alternative ways of moving forward, new pathways and solutions will reveal themselves.
- If I give up the need to control the outcomes of this performance conversation and focus instead on listening and understanding with empathy, my ability to influence the employee's future behavior will be strengthened.
- If I bring understanding and empathy into my relationship with this person, this empathy can form the foundation of a working relationship based on appreciation of differences.
- The differences in perspective, knowledge, expectations, and so forth, between me and the performer provide us both with opportunities for insight and learning. This insight and learning can lead to more effective action planning for improving performance in both of us.
- The employee is doing his or her best to act with integrity in his or her situation. The employee has good intentions and motives—even when these intentions and motives aren't clear to me.

Imagine how the traditional performance review is transformed when the manager consciously moves away from the unilateral control mindset and instead takes up the mutual learning mindset. The focus of the review shifts away from the traditional appraisal that only renders the manager's judgment of the employee's performance and toward an open and constructive conversation that seeks to uncover, understand, and address obstacles to performance. The overarching purpose of the mutual learning mindset fits perfectly with the focus of the Performance Coaching Conversation and the Annual Performance Analysis and Planning Conversation, which is to strengthen the partnership between the manager and the performer through communication, understanding, insight, and learning. When both parties embrace the values of valid information, transparency, free and informed choice, internal commitment to decisions, transparency, and empathy, each will experience performance gains. The employee's performance improves because he or she is working on the right things and feels the support of the manager, and the manager's performance improves because his or her coaching conversations are having positive effects on employee performance. This, in turn, reflects positively on the manager's approach to leading and guiding others.

### **Behaviors that Support Mutual Learning**

The governing values and assumptions of the mutual learning mindset form the backbone of the Performance Coaching Conversation and the Annual Performance Analysis and Planning Conversation. Translating these values and assumptions into the interactions between the parties of this partnership is the required next step if mutual learning is to occur, which leads to performance improvement. Let's end this chapter by examining these enacting behaviors, which are deeply anchored to the values and

assumptions of mutual learning and which enable the manager to successfully guide the employee toward great performance through well-crafted Performance Coaching Conversations and Annual Performance Analysis and Planning Conversations.

Based on the work of Argyris, Schön, Putnam, Smith, and Schwarz, we have identified 10 enacting behaviors or strategies that, when practiced by those interested in mutual learning, have a profound and positive effect on both the individual's effectiveness and the individual's relationships with others.

**Share all relevant information.** Managers and performers can only make informed decisions with the GPM Cycle when they have all the necessary information. Good problem solving and decision making within the GPM Cycle depends on a full airing of information regarding expectations, measurement, frustrations, anxieties, opportunities, hopes, and so forth. This requires both manager and performer to actively participate in dialogue with each other to say what they are thinking, what they know, and how they each view the situation before them. Within a coaching conversation, sharing all relevant information also involves either party saying “I don't have an opinion” or “I don't have anything to add to what you have offered” rather than remaining silent and causing the other person to *wonder* if the person is sharing all relevant information.

**Identify and test assumptions and inferences.** This enacting behavior pushes back on the common tendency for us to make assumptions and inferences about others and then fail to actually verify whether these assumptions and inferences are true. The mutual learning mindset requires that when we make an assumption about someone else's motivation or intentions, we stop and verify whether we have assumed or inferred correctly instead of taking our assumptions and inferences as fact.

Within the GPM Cycle, when a manager observes a performer making statements, making decisions, or taking actions, it is essential that the manager not make assumptions or inferences about or speculate on the performer's intentions or motivations. The manager needs to verify his or her assumptions and inferences about the other person. This enacting behavior first involves the manager *identifying* when he or she is making an assumption or inference, then testing the assumption or inference directly by asking the other person for more information. The best way to do this is simply by asking the performer for more information: “*When you missed the deadline for completing the report, I assumed that you didn't understand the importance of the due date. Was that a correct assumption on my part or have I missed something? What caused you to miss the deadline?*”

**Suspend judgment.** In our normal conversations, we tend to make quick value judgments about what others have said or done. We view others' statements or actions as good, bad, right, wrong, foolish, bold, brutish, bullying, caring, and so forth, often without hard data behind our conclusions. When we fail to suspend our judgments about others, we tend to create a self-sealing, self-fulfilling unilateral control mindset that becomes a barrier to insight, learning, and the discovering of the real factors underlying problems and challenges. Using the mutual learning mindset within the GPM Cycle, an effective manager must test his or her assumptions and suspend his or her judgments about the performer. By suspending judgments, the best managers put enough distance between their judgments and themselves to free them from having to act on or be influenced by them.

**Share your reasoning and intent, and inquire into others' reasoning, intentions, perspective, knowledge, and experience.** When we share our reasoning and intent with others and inquire into others' reasoning and intent, we honor the governing value of transparency. When both party's thinking and reasoning are transparent, we are far more likely to discover common ground and fields of mutual interest.

When used by a manager within a coaching conversation, this enacting behavior enables the performer to see how a manager reached his or her conclusions and judgments and to then explore areas of the manager's reasoning, especially when the performer may have reasoned differently. When managers explain to their performers *why* they think the way they do about something or why they made the statement they did, it enables the performers to better understand the basis for the managers' words and actions and their purpose or reasons for doing something. The second half of this behavior involves managers actively *inquiring* into the performer's reasoning, intent, perspective, and so forth. When people genuinely inquire into another person's reasoning and intentions, they are able to better understand and appreciate what lies behind the other person's words and actions. Mutual learning naturally evolves from the rich dialogue that emerges from this sharing of reasoning and intentions and an appreciation of divergent experience and backgrounds.

**Listen for understanding.** The mutual learning mindset depends on the skill of reflective listening, with a focus on understanding and appreciating another's perspective. When we are engaged with others in conversation, true understanding of each other's perspectives and interests is only possible through reflective listening.

During a coaching conversation, reflective listening involves paying attention to what lies behind the words of the other party. The listener then "mirrors," or paraphrases, what is learned back to the speaker in such a way that demonstrates his or her understanding. Reflective listening enables the speaker to confirm or disconfirm what the listener understood, leading to a deeper understanding of what the other was saying and thinking. A manager benefits from reflective listening behavior by gaining insight and a better understanding of why the performer is thinking and acting as he or she does. An employee benefits from this critical behavior in two ways: by knowing that he or she has been truly heard and by better understanding why the manager is thinking and acting as he or she does.

**Focus on interests, not positions.** Rather than focusing on positions (which we tend to defend and hold), this enacting behavior helps us focus on better understanding by sharing our *interests* and exploring the interests of others. Our interests reflect the underlying needs and desires we have in a given situation. When we focus on exploring interests, we are more likely to end up with win-win solutions. Based on the important work *Getting to Yes* (1991) by Roger Fisher and James Ury of the Harvard Negotiation Project, this behavior, if practiced well, enables us to move beyond argument, posturing, and win-lose dichotomies and toward win-win outcomes.

When both the manager and the performer focus on understanding each other's *interests* during the coaching conversation, uncovering root causes of and discovering solutions to performance problems is far easier. If, instead, both parties focus on their *positions* (for example, I am right, I am your boss, You are wrong, My view is what counts, and so forth), they would tend to *defend* and protect these

positions, which profoundly limits their understanding, agreement, and learning, and makes a win-win outcome much less likely.

**Develop shared meaning of key words, concepts, ideas, events, decisions, and actions.** Giving specific examples in our interactions with others (for example names, dates, times, places, the meaning of key terms or concepts, and so forth) assists in providing information that is relevant to the conversation and enables people, in turn, to clarify their understanding and make an independent judgment on the validity of the example. As a result, when we use specific examples in our conversations with others, we are more able to have an informed discussion on the issues before us.

Within Performance Coaching Conversations, one of the most critical behaviors for both the manager and performer is developing shared meaning of specific dates, times, places, and key words or concepts (that is, for vague terms such as commitment, success, *great* performance, or acceptable) related to the employee's performance. When there is agreement on these events, words, concepts, and so forth, both the manager and performer are able to work from a shared understanding of the events and words instead of drawing different conclusions and going off in different directions. On matters related to employee performance, going off in different directions can have serious consequences for both the performer and the manager.

**Share decision making and action planning.** When we act unilaterally, we attempt to impose “our way” and our will on others. Unfortunately, although we may feel righteous and true in our actions, this approach does little to build effective relationships with others. Even when we act unilaterally using softer language and actions, if we insist that our way is the only way, communication, understanding, empathy, and trust will inevitably deteriorate. Bringing shared decision making and action planning into managing the performance of others involves managers working *with* their employees to jointly decide on a plan of action.

Rather than imposing their way of thinking on the performer, then, managers share their own ideas and the reasoning behind them and invite the performers to share their thoughts and inquire into their supporting reasoning. Based on the shared understanding that emerges from this conversation, the manager and performer then jointly decide the next logical steps that each should take. This enacting behavior is premised on one of the core tenants of Goal Theory, by Edwin Locke, which postulates that involvement in setting goals, rather than having goals imposed without explanation, tends to form a higher commitment to the goal (Locke and Latham, 2002).

You might wonder why a manager, with all of the organizational authority to be unilateral in this relationship, would choose anything other than the unilateral approach—especially on matters related to performance improvement. Although a manager certainly has the right to choose the unilateral approach, it is not an approach that leads to a strong partnership for performance, good communication and understanding, or increased commitment by the performer to great performance. Our objective in all of our coaching conversations and in the entire partnership for performance is to guide the employee toward great performance; therefore, we need to use a collaborative decision-making approach that maximizes the employee's participation in and commitment to their own improvement plan. Yes, the unilateral approach is always an option for a manager—but it should be the option of *last* resort.

**See the parts, understand the whole.** By gathering all valid information in a given situation, we can appreciate the pieces of the larger puzzle and make an informed choice about what to do next. Mutual learning, however, moves beyond the parts, to consider the larger context and the fabric of the whole. People are moved to make decisions and take action in their lives based on pieces *and* the whole. By understanding the whole, instead of looking only at the parts, we can begin to appreciate why people do what they do. The larger context of their lives is as much responsible for their decisions and actions as a specific event or circumstance. When we see things holistically, we tend to be more empathetic and understanding toward others and, therefore, more open to their experience, perspective, insights, and so forth.

Within Performance Coaching Conversations, it is essential that the manager sees the performer's decisions and actions in this larger context. Focusing on specific behaviors and actions is an important part of every Performance Coaching Conversation, but understanding the larger context can help the manager gain greater insight into the array of causes that leads the performer to think, decide, and act in specific ways. When the manager understands the whole—all of the forces and factors that influence the performer as he or she approaches a task—the manager will be able to know how best to intervene and help the performer get back on track.

**Use critical reflection to examine deeply held beliefs and behavioral patterns.** Critical reflection is the capacity to think deliberately about something in such a way that our underlying beliefs are open to challenge and change. Socrates once said that “the unexamined life is not worth living.” When forced by his prosecutors to choose between giving up his life or being banished from society and dialogue with others, he chose death (Plato, *The Apology of Socrates*, 28c). Socrates valued a close examination of his beliefs and the beliefs of others more than his life. He challenged us to critically examine our deeply held beliefs and behavioral patterns in such a way that we are aware of their power and role in our life and are then able to entertain and explore alternative beliefs and behaviors that may be more facilitative of understanding and learning.

Critical reflection, when used by managers within their Performance Coaching Conversations, compels those managers to challenge closely held beliefs (about themselves and others) and question the behaviors that they tend to use without thinking. The result of such deep inquiry can lead managers to personal insights as well as openness and receptivity to different ways of thinking, acting, and relating to others. Through the opening created by critical reflection, managers can learn new information from performers and entertain alternative ways of seeing their performers and the performance challenges that they face.

## **The Challenges of Achieving the Mutual Learning Mindset**

Most of us readily use the mutual learning mindset in our everyday relationships. We want to infuse our relationships with honesty, compassion, open-mindedness, and learning. Somehow, though, in the actual reality of most of our lives, our behavior tends to belie our words: We are generally unable to consistently act in ways that truly focus on mutual learning. Although most of us want to replace the unilateral control mindset with the more forward-thinking mutual learning mindset, doing so is often very difficult. In spite of themselves, people tend to use the unilateral control mindset because they

have been socialized by their families, schools, and workplaces to use this approach to human interactions. Despite the misunderstandings, false assumptions, illusion of control, and erroneous judgments that spiral out of the unilateral control mindset—and the resulting conflict, frustration, discord, and unhappiness it creates—we continue to use this counterproductive approach. This happens because most people remain unaware of an alternative, such as the mutual learning mindset, and their surrounding culture tends to operate from a unilateral control perspective (Argyris, Putnam, and Smith, 1985). Finally, moving toward a mutual learning mindset is difficult because it involves more than just adopting a short list of behaviors to memorize. Changing from a unilateral control mindset to a mutual learning mindset involves altering the underlying set of values and assumptions that structure how we engage the world. Changing our behaviors is relatively easy; changing the underlying values behind these behaviors is far more difficult.

As a result, introducing the mutual learning mindset will not be an easy task. A great way to begin pushing back against the unilateral control mindset autopilot for your organization is to introduce a compelling alternative. Performance Coaching Conversations are a key strategy for creating understanding and providing direction to people throughout your organization, so this is the place to begin. By integrating the mutual learning mindset into the conversations throughout the workshops that follow, you begin laying down fundamental infrastructure that reinforces an alternative to the unilateral control mindset. The transformational alternative you will offer managers and employees alike through these workshops will significantly improve the quality of the performance conversations that occur throughout the organization.

In this expansive chapter, we have explored the Great Performance Management Cycle, discussed the role of manager and performer within this cycle, examined the purpose of performance reviews, and identified some common problems with the traditional review. We then offered an employee-centered alternative to the review process called the Performance Coaching and Annual Performance Analysis and Planning Conversations—conversations that are centered on communication, understanding, and mutual learning, leading toward great performance. Finally, we introduced a new mindset that, if adopted by both managers and performers, has the potential to transform the quality of the interactions, decisions, and intentions that occur within the partnership for performance. Our mutual learning mindset, as well as the governing values, assumptions, and enacting behaviors that bring this mindset to life, represent a powerful new approach to dialogue that strengthens the working relationship between the manager and the performer and leads to improved performance in each.

Once you have assessed your organization's performance management culture and infrastructure and defined the key competencies you'll focus on developing in leaders, managers, supervisors, and employees, you're ready to take the first steps in designing your performance management, performance coaching, and performance review programs.



## What to Do Next

- Develop your strategies for gathering data on leader, manager, supervisor, and employee perceptions of performance management, coaching, and reviews as practiced in the organization.

- Work closely with the team that is responsible for managing or designing the organization's overall performance management system. Share what you are learning through your assessment and offer your insights into ways to strengthen the performance management system. Work with this team to decide on the core performance management competencies to be developed in your training initiative.
- Begin developing ideas for integrating the key insights, mindsets, and approaches from this chapter into your performance management research. Your challenge will be to bring together the best thinking on performance management and reviews with your organization's culture and current practices.