

STRATEGIES

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SHOPTALK

The Evolving Nature of Change

From The President's Desk

Suzanne M. Miklos, Ph.D.



This Fall, my home improvement projects included having new steel and storm doors put on our house. We hoped to improve the energy efficiency and appearance of our home. The new doors look nice. The improvement made me wish we had done it last year. Yet as I was admiring how terrific the doors look, I realized that we just have to get new siding before winter arrives. Also a patio storm door will need to be replaced because it doesn't match the new doors. And so it goes...

When we make changes in our HR strategies or programs, the same phenomenon occurs. The work is never done. For example, a company striving to become more customer oriented may provide training to its employees. The customized training emphasizes all of the attitudes and behaviors to ensure great customer service. Incorporating feedback and reinforcement for customer service into the performance management system is a logical follow-up to training. In some organizations, service roles are measured on productivity such as calls per hour. These measures are popular in part because they are quantifiable and associated with efficient use of labor costs. However, they may be inconsistent with new expectations of service behaviors, such as doing

whatever it takes to satisfy the customer on their initial interaction. For example, fixing a customer's problem on the first call might be a better measure of new expectations.

Additionally, the organization must then ask itself, "Am I being service oriented to my employees?" Having a difficult-to-understand employee benefits program could be subjecting employees to the same kind of frustration we are asking them to prevent for our customers.

When systems are misaligned or inconsistent, there is a danger of creating cynics among our employees. Yet we can't complete every project simultaneously. Open communication is essential to keep employees aware of the intent and ongoing process of creating alignment. The employees of the organization can often provide good feedback on priorities if asked, "What in our work environment needs to change in order to support and be consistent with our goal?"

Like home-remodeling projects, when introducing a new Human Resource initiative, it is important to take a step back and look at how the new element will impact and align with the existing system.

On-line Strategies

We are pleased to announce the official launch of O.E. Strategies' new web site, www.oestrategies.com. Our site contains a wealth of information about our company, our consultants, and our client services. If you've missed any previous issues of O.E. Strategies' SHOPTALK, you can access our newsletter archives at the site. Soon, we'll post "white papers," summary reports on recent trends and current issues relating to organizational change.





Supervisor's Corner:

Performance Management: Key Points to Take to the Bank

Joelle D. Elicker, Ph.D.

Joelle recently completed a study on performance review effectiveness in a large company.

Performance management systems are designed to appraise, motivate, and support employee development. Given these attractive goals and benefits, it is often assumed that providing feedback will have a positive effect on productivity. A 1996 study found that providing feedback does improve performance *on average*. However, over one-third of the feedback interventions resulted in *decreased* performance. So, what is an organization to do? There are a few key steps your organization can take to make performance management systems effective.

1. Provide a Fair Experience for Employees

How employees feel they are treated in the appraisal process can make a big difference in how they react to the information provided in the appraisal and what actions they take as a result. Perceptions of fairness have been found to influence important work attitudes and behaviors, including commitment to a decision, trust in management, intention to remain at an organization, and sabotage behaviors such as theft.

Dr. Elicker found that employees who were given the opportunity to voice their opinions in the appraisal discussion and who were provided a justification or explanation for the manager's ratings were more satisfied with the appraisal, saw the appraisal as more accurate and useful, and most importantly, reported higher motivation to improve.

Other researchers found training managers as described to the right resulted in greater commitment to a decision and to the work team. The influence of these behaviors was strongest when managers did *not* allow the employee's input to impact the final decision. Even when their comments do not change the final decision, employees feel more fairly treated when they are allowed to express themselves.

An implication of the Elicker study is that managers should be trained to provide an opportunity for voice and justification in appraisal discussions. Managers can be easily trained to:

- Ask employees for their views
- Ask clarifying questions
- Take notes
- Rephrase employees' statements
- Acknowledge individual inputs when communicating the final decision

2. Have Clear Goals and Expectations

The groundwork for good performance management begins long before the first appraisal discussion. When an employee first enters a position, the manager and employee should talk about goals and expectations for performance. Where possible, these can be determined jointly, so the employee feels ownership and a sense of personal commitment to achieving those goals. Training can encourage active employee involvement in creating goals and achieving them.



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3. Provide Training

A foundation of training is one of the most important keys to effective performance management systems. The training should cover more than the administrative process of making ratings and completing forms. Both managers and employees need to understand the purpose of the system, and their role in appraisal. For example, managers need to see that effective performance management can help them achieve their departmental goals and to manage work through others. Learning how to guide a good appraisal discussion can ease manager concerns about providing negative information. On the other hand, by knowing what to expect ahead of time, employees' fears can be minimized. In addition, many organizations are taking advantage of employee self-ratings, which can be explained through training. Allowing employees to present how they see their own performance provides employees with a sense of control and can be a great starting point for discussion.

4. Focus on Results

Feedback should focus on observable behaviors and measurable results – not personal characteristics of the employee. Being able to give specific examples of effective or ineffective behaviors shows the employee concretely what to continue doing and what to change. Documenting employee actions throughout the appraisal period will make it easier to summarize performance when it comes time for the appraisal review.

5. Don't Wait to Provide Feedback!

Don't feel you have to wait until the formal appraisal review to give feedback. Employees need to know right away when they're doing something wrong (or less effective). Communicating on a regular basis keeps both the manager and employee informed about each other's expectations. In addition, it creates an on-going conversation and opportunity to build a strong coaching relationship.

Taking time up-front to include these keys of fairness, clear goals, training, and feedback that is results-oriented and timely in your process design can make a world of difference in the effectiveness of your performance management process.

Driving Performance: A road map to success

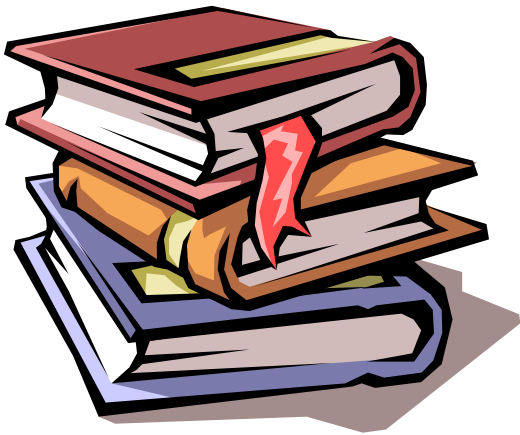
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An Oldie but a Goody!

Book Reviews



The Goal, A Process of Ongoing Improvement

Eliyahu M. Goldratt and Jeff Cox

North River Press, Great Barrington, MA 1992, ISBN 088427-061-0

Told from the plant manager's viewpoint, Goldratt's "The Goal" explores ideas valuable to managing business. Throughout the book, the goal is for the main character, Alex, to increase profitability in a manufacturing plant by reducing bottlenecks.

The effective prescription for Alex's problems is: Identify and explore the system's constraints, and learn to cope and adapt to new conditions. The themes of the story include thinking, making decisions, and modeling.

The book also provides an illustration of the impact of choosing how to measure effectiveness. The processes explored are applicable to a variety of industries, not just manufacturing. This updated edition provides Goldratt's difficulties and lessons learned in creating lasting change.

Recommended for teams involved in process improvement.



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