Let’s *Abolish* Performance Appraisal

Maria Milanetti, CHRP, ACPC
Our Focus Today

- Job performance is not about filling out a form
- Forms can be restrictive, scores over-emphasized
- Talent cannot be developed by ticking boxes
- *Don’t let the paperwork put you in a box*
- Today’s discussion - how to really have an effective performance and development conversation (*not appraisal*) so that your employees can focus on what is really important
  - to them
  - and to the organization
What do you think?

1. How many of you would be in favour of abolishing performance appraisals?

2. How many of you are happy with your performance appraisal process?

3. How many of you like
   – your rating system?
   – your method of appraisal?

• Let’s discuss…
Alarm Bells are Sounded When we Ask

• Have you had a performance review in the past 12 months -- Only 58% have
• Our organization’s performance review system provides valuable feedback - 48% said it didn’t
• Employees don’t receive surprise feedback at the end of the year -- 52% say they did
• Our performance review system builds trust between managers and their people -- less than 50% agreed

Source: First Break All the Rules – Buckingham/Coffman
The Mechanics of Performance Appraisal
“Performance Appraisals are an instrument for social control. They are annual discussions, avoided more often than held, in which one adult identifies for another adult what three improvement areas to work on over the next twelve months… If the intent of the appraisal is learning, it is not going to happen when the context of the dialogue is evaluation and judgement.”

- Peter Block -
Facts About Appraisals

- A mandatory procedure, documented in writing
- Administered by the boss, to hold you accountable
- Requires you to commit in writing to your goals
- Placed and preserved in the employee’s file for years
- Mandates that the employee sign it
- Is used to make important decisions – about pay, advancement, promotion and layoff
- Is tied to and/or used in conjunction with formal discipline
The problem is that the Appraisal Process is too often based on *Theory X vs. Theory Y Management Dogma*.

*Theory X – Parent – Child* 

*Theory Y – Adult – Adult*
“The Form” in All Its Glory

• Five to eight different experiences personally
• Work with companies in my current role on their performance, competency and appraisal systems
• All systems are invented, as are all of the cures
  – i.e. calibration, revised scoring systems, attachment of objectives to division objectives
• All are well meaning, some are punitive, many feel that way
Developing Talent Not About Ticking Boxes

- At MarchFifteen we primarily develop and assess talent
- It is a difficult matter to get your mind around
- People’s egos are in the balance
- We are mindful as business psychologists that people need to feel good and helped through the process
- This is standard, *decent human behaviour*
- *Often it is lacking in organizations*
Human beings are self-motivated
We don’t motivate them by evaluating them
  – although we may keep them in check
So what will motivate them?
Emotional intelligence work would tell us that we motivate them by moving them or inspiring them

$E \ [mot] \ ion \quad [Mot] \ ivation$

Root Latin verb motere “to move”
David Rock’s Work on Social Neuroscience

- **Status** – refers to one’s importance relative to others
  - peers, co-workers, friends, supervisors
- **Certainty** – refers to one’s need for clarity and the ability to make accurate predictions in the future
- **Autonomy** – is tied to a sense of control over the events in one’s life and the perception that one’s behaviour has an affect on the outcome of a situation
- **Relatedness** – concerns one’s sense of connection to, and security with another person
- **Fairness** – refers to a just and non-biased exchange between people
“… research has shown that humans have a fundamental need to belong, are incredibly sensitive to their social context, and are strongly motivated to remain in good standing with their social group and avoid social exclusion.”

-- Heatherton 2011--
Managing a Reaction

- Event
- Interpretations
- Response
- Result
Performance Appraisal Systems

• Provide either a negative or neutral response
  – except for those who are judged by them to be doing very well

• What we are looking for is a system that can motivate people, or be a net positive influence

• Coaching conversations are the ideal
  – we do not often have a workforce that has the skill to deliver on “coach approach” appraisals and development conversations

• The idea of “coaching” once or twice a year is almost an oxymoron
  – coaching takes place regularly over time
No Standard Approaches to Appraisal

- **Personalities differ in how they take in situations** – based on levels of testosterone, competitive tendencies, stress
- We are all different -- but *we all want to do well* – in terms of our place in the social hierarchy
- So given the current system that is often set up to put 50% or more of your employees at a “meets expectations” rating – *we are not pleasing a full half of the workforce on a regular basis*
Parts of the Brain

- Prefrontal Cortex
- Limbic System
  - Amygdala
  - Basal Ganglia

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Prefrontal Cortex

- Function: to understand, decide, recall, memorize, inhibit, reflect, deep thinking
- The Prefrontal Cortex is very fickle and tires very easily
- Can only hold 4 items at a time, and degrades with each number of times over 1
- Coaching (without advice giving) is like having a bonus Prefrontal Cortex!

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Increase the Ability of Employees to Learn

- Repeat out loud what we are learning
  - Increases speed of learning
  - Increases ability to apply the learning
- Take advantage of “spacing impact” by having more, but shorter, sessions spaced 1 day-week apart
- Incorporate “real time” feedback whenever possible
- As soon as you repeat an activity 3 times, the Basal Ganglia start to take over

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Those Pesky Emotions

- Experienced in the Limbic System
- An overly aroused the Limbic System impairs brain function
  - Including recall, understanding, deciding, memorizing, inhibiting
  - Over time – over arousal increases the load on the brain and your threshold for additional threats lowers
- *Suppressing emotion* makes us dumber and raises the blood pressure of our observers!
- *Reappraisal (thoughtful reframing)* thickens the neural networks between the prefrontal cortex and the Limbic System
- *Labeling the emotion* reduces Limbic System activity, but talking about it increases Limbic System activity

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The only way to control the Limbic System is through *Reappraisal* (the earlier the better!)

- **Reinterpreting** – This isn’t really so threatening
- **Normalizing** – Oh, now I understand
- **Reordering** – It’s not as important as x
- **Repositioning** – I see it from another perspective

- Try out the new “emotional intelligence” – Increase emotional vocabulary
Mindfulness

• Paying close attention to the present in an open and accepting way
• Mindfulness changes the structure of our brains
• Mindfulness isn’t difficult, what is difficult is remembering to be mindful
Engagement and Performance

Tension and Productivity – The Inverted “U” of “Ustress”

- Healthy tension
- Brain arousal
- Productivity
- Healthy fatigue
- Exhaustion
- Health problems
- Tension/Stress
Performance and Goals

- People perform better when they are happy
- Exercising willpower significantly reduces our brain’s ability to process and think
- Focusing on the problem increases Limbic arousal
- We focus on problems because our brain likes certainty
- Attention and expectations literally rewire the brain

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Performance Goals and Tips

- Focus on the Desired Outcome – not the problem
- Answer the bigger “higher up” question
- Don’t focus on history or details
- Simplify
- Get the goals out of the head
  - create visuals
  - limit number
- Group your goals into core themes
- Generate curiosity and intrigue to enhance motivation - Mine the “emotional advantage”
- Try the “Imagine yourself a year from now” perspective for entrenched challenges

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• My neighbour took me up on an offer to help him to fill out his performance appraisal form
• Once he was able to see the connection between what he does everyday and this form – there was a huge relief – but it did take some convincing!!
• A visual for him would have been a stroke of brilliance!!
The Importance of Relatedness

• The brain needs social connections, a feeling of being safely connected to others
• Safe connections with others are vital for healthy collaboration
• People are classed as friend or foe quickly
  – with *foe* as the default in the *absence* of positive cues
Helping Others

- Advice makes the advisor feel better and the advisee feel dumber!
  - But to stop giving advice takes energy
- Feedback generates a threat response
- Self-generated insights make the brain much happier
  - Help the other person notice their own subtle connections
    - Tell me your goal in one sentence
    - What quiet hunches do you have?
    - What do you think is worth trying next?

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A small family doctor in rural Wisconsin – Dr. Bob

A new HR Manager came in and implemented a Performance Appraisal System

He explained his nurses were outstanding
  – if anything happened that was not right they would always discuss that item *on the day it happened*

*Dr. Bob was forced to make recommendations in the appraisals for improvement*
  – the relationships predictably deteriorated
Observations on Appraisal & Performance

- CEOs and HR people resist changing the linear system of appraisals that ensures it will control performance
- Appraisals continue because everyone else does them
  - And because we don’t trust so we need a system to show evaluation
- Performance discussions are important, and learning must occur
  - But appraisals do not contribute much to the improvement of systems or individual performance
- The best idea we have come across is to step away and to implement an alternate system
  - Less structure, and much more employee involvement, more values based
#8. They will eliminate the annual performance review

- Study done with **American Express** found that only 48% of companies give performance appraisals
  - Millennials often ask “why do I have to wait a whole year to get feedback?”
  - They want feedback to be given in real time - tweets!
  - Instant gratification and learning drives them
- **Adobe**, last year, abolished its performance appraisal
  - They now have “check-in conversations” with their employees and have saved 80,000 hours of time
- **Juniper Systems** – has done something similar
Example – Juniper Systems (1)

- Hires and encourages its employees in four ways
  1. Career plans – looks for “J Players”
  2. Connections – how do they connect with the work?
  3. Capabilities – what can they add / build?
  4. Constraints – what is stopping them?

- They designed these systems based on what they learned in part – from David Rock’s research on the brain
Its “Performance System” is made up of four principles:

1. Goal Alignment
2. Relative Laddering
3. Compensation
4. “Conversation Day” – 2x a year and “co-created”

88% of employees find this helpful (95% participate)
Our Final Challenge to You

- Is it possible to have a Performance System (take away appraisal)
  - That motivates employees?
  - Improves their performance
  - Makes their brain stay connected instead of going into “not good enough mode”
- This is what the new work world needs to create and work on
Thank you!

Questions?

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References

