A common sense approach to helping your people grow and succeed

“In a public survey Deloitte conducted recently, more than half the executives (58%) believed their current performance management approach drives neither employee engagement nor high performance.”


Many companies have based their performance management system on a method that was developed decades ago. Given the amount of change that has occurred, it’s no surprise that these rigid and standard systems are frequently labelled as outdated. Instead of motivating better performance, organisations are increasingly finding that these methods are having the reverse effect.

Progressive organisations like Microsoft, Gap, Adobe, and Deloitte have already begun to replace their performance management systems with more dynamic, flexible approaches that are person-centred and focused on growth and development.

We need to transition performance management from being obsessed with process to obsessed with people

The philosophy of work is much different than it was decades ago. Modern organisations are ‘flatter’ and increasingly becoming more fluid and dynamic. Rigid performance management systems are no more than artefacts of the traditional top-down organisation. These methods generally favour systems and processes. However performance is actually the result of a complex combination of human factors – with organisations made up of collections of people, not cogs in a machine, who need an ‘adjustment’ or a ‘tune up’ every now and then.

A Gallup survey with more than 1.4 million employees from around the world reported the following as the most commonly selected reason for explaining high performance by team members:

“At work, I have the opportunity to do what I do best every day.”

Helping people develop their strengths and using them in the organisation to good effect is becoming a key goal of performance management. Yet traditional performance management models tend to be evaluative, rather than strengths-focused, leaving all but the most successful employees considering their weaknesses.

This is largely due to early twentieth century traditional approaches assuming people are rational, logical beings, always able to respond to performance feedback and information in a consistent and rational way (and in their best interests).

People who have delivered these traditional performance reviews know that employee reactions vary significantly and are often at odds with the feedback they are given.

Not only is this style of performance review out of date – there are other
problems. For instance, they can be excessively time consuming and expensive, with hours spent completing forms, holding meetings, and creating rating systems.

While this may tick a few boxes, it is not developing the employees’ careers or increasing organisational performance.

**Challenging old beliefs – from assessment to conversation**

These concerns about the contribution of ratings-based performance reviews are not new:

> “The aim of reviewing the subordinate’s performance is to increase his effectiveness, not to punish him. But apart from those few employees who receive the highest possible ratings, performance review interviews, as a rule, are seriously deflating to the employee’s sense of worth . . .”

*Harvard Business Review (July 1959)*

Leading organisations are discovering that timely conversations about performance can be far more effective than scheduling a single year-end review.

Rather than formally assessing what has happened in the past and setting annual goals, these more informal conversations can bring clarity for both parties and provide the type of continuous feedback and coaching that drives engagement and improved performance in the here and now.

> “Once-a-year goals are too “batched” for a real-time world, and conversations about year-end ratings are generally less valuable than conversations conducted in the moment about actual performance.”

*Harvard Business Review (Apr 2015)*

This is how leading organisations are understanding and driving performance across their organisations.

**Performance vs Potential**

Performance isn’t the only measure useful to understand an organisation’s talent pool. Each employee’s potential for promotion (within 12 to 24 months) should also be considered.

When plotted on a matrix the interplay between performance and potential (and how this can inform talent management) emerges.

When an employee’s performance and potential have been discussed during an effective performance conversation, managers can better understand where their team sits and how to get the best out of them moving forwards.

> **High performance and high potential:** an employee who is both a high achiever and has a lot of potential is likely to thrive on a challenge or stretch target. Employees in this quadrant may also want to be considered for promotion, and failing that, could look for these opportunities elsewhere if not provided in their current organisation.

> **High performance and low potential:** an employee who performs well, but would be unlikely to succeed at a higher level and is not motivated towards promotion is likely to continue to consistently perform in their current role. Managers of employees in this quadrant can remove barriers that hinder performance and enable ongoing delivery.

> **Low performance and high potential:** employees in this quadrant may be new in their role, or just not yet performing. They seem likely to be high...
performers in the future, but are currently adjusting to the organisation or from a recent promotion. To reduce the period of low performance, upskill and develop employees in this quadrant quickly through mentoring, coaching, a buddy system or formal training.

» Low performance and low potential: each of these quadrants is context-driven, meaning that the organisation, the job and the person need to be considered. For employees in this quadrant, managers should consider whether the job is the right fit for the person. This is a helpful conversation to have during a performance discussion, rather than to make assumptions in isolation of the employee in question.

While this four quadrant rating system is helpful for managers, having the conversation can be more challenging. Neuroscience sheds light on how leaders can have performance discussions with their people that address their social-cognitive needs.

The neuroscience of having performance conversations (NeuroPower RELISH model)
The latest insights from neuroscience indicate that there is six Social Cognitive Needs common to all people.

These needs provide a new ‘lens’ through which to view many aspects of professional and organisational performance. The RELISH model outlines these needs and creates the foundation for more effective performance conversations:

Relatedness
Humans have evolved to be part of a group, and to feel that this group is cohesive, fair and safe. The brain immediately wants to know what its role is, to feel relevant, and to see how it aligns with expectations. Ignoring this need will create a confusing and even threatening environment.

Leaders need to clarify their own role in the conversation, the employee’s role in the conversation and the purpose of the discussion. This helps employees feel respected, valued and trusted.

Expression
Most professionals are taught not to express their emotions, so they tend to mask them; but emotions have a habit of rising to the top and taking control. The brain needs to express emotions to function properly and it is important not to bury them. By attempting to control emotions, or becoming a slave to them, we lose cognitive capacity and our ability to think!

Leaders need to manage emotional reactivity by encouraging individuals to acknowledge and ‘label’ their emotions, diminishing their intensity and impact, and creating a more constructive environment for two-way feedback.

Leading the Pack
Status, recognition, and independence are long-term motivators for performance. Employees need to feel personally successful. Recognition for work well done and a sense of status triggers the release of beneficial neurochemicals like dopamine. Goals therefore need to be achievable and achievements celebrated.

Leaders need to work with individuals to set achievable goals, targets, or KPIs. A skilled leader will recognise individual aspirations and motivations, and try to align them with the team’s goals for a shared competitive advantage.

Interpersonal Connection
Our brains need to feel understood, supported and connected to others on a personal level. They have a mirror neuron system dedicated to helping us interpret and understand others. Being able to empathise is linked to our ability to form meaningful relationships with others. Without this there is no sense of cohesion, support, generosity, or collaboration.

Leaders need to listen and empathise with the individuals they are talking to rather than simply dictating the conversation. Nobody can receive and give feedback at the same time.

Seeing the Facts
People need to feel that they can make sense of the world and are tracking their progress. The brain self-regulates and constantly responds to external feedback through visual processing, explaining why we often need to ‘see it to believe it’.

Leaders need to demonstrate to individuals how they can clearly track progress towards the agreed goals or KPIs to maintain motivation. Only track the most important elements of performance to maintain focus.

Hope for the Future
Once individuals understand the team, their role in it, and what is expected of them, they need to know where they are heading. Many organisations get this wrong: without addressing the previous five social-cognitive needs, the vision is likely to fall on deaf ears. If de-motivation and disengagement is rife, the individual will not care what’s coming next, but if these needs are met, the brain will anticipate a positive future state.

Leaders must communicate what the next steps are; when the next meeting will be and why; and where things are heading both for the individual and the organisation as a whole.

Understanding and applying these needs helps leaders create more open communication channels and more opportunities for generating the types of conversations that will enhance motivation, create more cohesive teams, and ultimately lead to improved performance.

Leadership needs to break down the mental and emotional barriers of mistrust, fear, and even animosity that employees often feel before any success can come from performance management.
Addressing each of the social-cognitive needs can help leaders achieve this, by providing individuals with:

- A clear sense of their roles and value in the group
- The freedom to express who they are and how they feel
- A clear sense of what they excel at and what sets them apart
- The ability to draw on their strengths and leverage from other people
- The ability to track progress and see incremental improvement
- A hopeful picture of the future

This will engender trust instead of suspicion, promote ‘buy-in’ to the process instead of apathy, and generate constructive conversations instead of awkward silence.

**Summary: Focusing performance conversations on development and success**

Conversations that address these needs and are focused on coaching and developing employees are valuable and meaningful to both parties.

This will mean some change to the way that managers approach these conversations.

It needs to be more continual, collaborative, and development-focused; addressing the fundamental building blocks of human behaviour, considering the role that emotions play in people’s performance, and taking into account how the brain really works: RELISHing performance conversations.

**Recommended steps for organisations:**

1. Clearly define how people can succeed in your organisation – what people need to focus on
2. Articulate how this focus changes as people move up through the organisation – standards of leadership mindset and performance
3. Implement regular, simple and more human-centred performance conversations based on these standards
4. Use data from these conversations to respond to the learning and development needs of your people rather than mandating a one-size-fits-all approach
5. Effectively manage the flow of talent through the organisation based on a clear and timely understanding of the performance, potential, personal and professional goals of your people