Pre-Event

- Thank you
- System of Profound Knowledge handout

? Areas you would like to improve about your current feedback/appraisal system

? Issues you may be experiencing with your current feedback/appraisal system

- Sketch a simplified view of your current feedback/appraisal process
Learning is deeper and more durable when it’s effortful.

Learning that’s easy is like writing in sand, here today and gone tomorrow. We are poor judges of when we are learning well and when we’re not.
Retrieval practice

Retrieval practice—recalling facts or concepts or events from memory—is a more effective learning strategy than review by rereading.

...a body of learning do get stronger, when the memory is retrieved and the learning is practiced.

The neural pathways that make up a body of learning do get stronger, when the memory is retrieved and the learning is practiced. Periodic practice arrests forgetting, strengthens retrieval routes, and is essential for hanging onto the knowledge you want to gain.
Trying to solve a problem before being taught the solution leads to better learning...

The popular notion that you learn better when you receive instruction in a form consistent with your preferred learning style, for example as an auditory or visual learner, is not supported by the empirical research. People do have multiple forms of intelligence to bring to bear on learning, and you learn better when you “go wide,” drawing on all of your aptitudes and resourcefulness, than when you limit instruction or experience to the style you find most amenable.
All new learning requires a foundation of prior knowledge.

If you practice elaboration, there’s no known limit to how much you can learn. Elaboration is the process of giving new material meaning by expressing it in your own words and connecting it with what you already know. The more you can explain about the way your new learning relates to your prior knowledge, the stronger your grasp of the new learning will be, and the more connections you create that will help you remember it later.
**EXAMPLE #1 – “BEFORE” VIEW**

"2.8 of 5"

"4.7"

Evaluation of person

Annual review

**EXAMPLE #2 – “BEFORE” VIEW**

People said these things about you, and I agree.

But, it sounds like you didn’t interpret what they said correctly. I’d like to have a conversation with them about those things.

Input providers

Manager

Me

Both sign form. Submit to HR. The top tier gets the biggest pct. raise
A system is a network of interdependent components that work together to accomplish the aim of the system. Management of a system requires knowledge of the interrelationships between all the components within the system and of the people that work in it.

The central problem of management in all its aspects, including planning, procurement, manufacturing, research, sales, personnel, accounting and law, is to understand better the meaning of variation, and to extract the information contained in variation.

The theory of knowledge helps us to understand that management in any form is prediction. The theory of knowledge teaches us that a statement, if it conveys knowledge, predicts future outcome, with risk of being wrong, and that it fits without failure observations of the past. Information is not knowledge.

Psychology helps us to understand people, interaction between people and circumstances...between a manager and their people and any system of management. One inherits a right to enjoy one's work. Good management helps us to nurture and preserve these positive innate attributes of people.

Checklist for a Better Appraisal and Feedback Process

1) Identify and unbundle many purposes
2) “Drive out fear”
3) Ensure feedback will be heard
4) X + (XY) = 8
5) Lessons of the Red Beads
6) Necessary v. Sufficient
7) Avoid unintended consequences
8) 90/30 Rule
9) Motivation: Collaboration, Choice, Challenge
10) Leadership or managing defects?
11) System of measurement v. out of control
1) Brief Review of Each Principle
2) See Application in Two Examples
3) Discuss Gaps and Application

“Score” your current process as we go

One

Identify and unbundle multiple purposes of the feedback process
A system must have an aim that is clear and includes plans for the future.

**Without an aim there is no system**

“The aim is a value judgment
(We are of course talking here about a man-made system.)”

W. Edwards Deming
The New Economics, 2nd Edition, pg. 50
An Initial Step to Improve Appraisal

Unbundle the multiple purposes that current appraisal processes attempt to fulfill

APPRAISAL PROCESS

Unbundling Appraisal

It’s Like Eliminating Batch Processing

Termination & Legal documentation
Feedback
Coaching
Improvement
Compensation
Professional development
Staffing & Promotion decisions

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Why Unbundling is a Useful Alternative

- Multiple, sometimes conflicting, aims exist among the different purposes of appraisal processes
- Some aims, such as compensation or promotion, will dominate the focus and attention of workers
- Structure and timing that works for one purpose does not work well for others, e.g., feedback for learning requires nearly immediate timing whereas compensation conversations, if held, could be annual
1) Identify and unbundle multiple purposes of the feedback process

Bundled – Multiple Purposes

Completely Unbundled – Feedback only

0 1 3 10

Feedback

Two

Drive out fear
“Drive out fear,

So that everyone may work effectively for the company.”

Point 8
“14 Key Principles for Management”
W. Edwards Deming

Two types of fear

*Performance inspiring* or
*Stress inducing*

Which exist in your organization?
John Medina’s 3-part definition of stress is helpful. If all three parts happen simultaneously, a person is experiencing unwelcome stress.

1. There must be an aroused physiological response to the stress, and it must be measurable by an outside party.
2. The stressor must be perceived as aversive. This can be assessed by a simple question: "If you had the ability to turn down the severity of this experience, or avoid it altogether, would you?"
3. The person must not feel in control of the stressor.


---

2) “Drive Out Fear” with **Choice and Control**

<table>
<thead>
<tr>
<th>No Choice, No Control</th>
<th>Choice, Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>10</td>
</tr>
</tbody>
</table>

- Physiological stress response
- Situation perceived as aversive
- Feels no control
- No physiological response
- Choose to be in situation
- Feels control
Three
Four conditions to ensure feedback will be heard

Feedback is Listened to When:

- Provider is viewed as having your best interests at heart
- Provider is viewed as a content expert
- Provider has first-hand knowledge of your performance
- You are ready to hear it
3) Feedback is Listened to When These Conditions Exist

None exist

0

1

2

3

4

All exist

---

Four

\[ X + (YX) = 8 \]

Not should we conduct individual performance appraisal, but can we?
**PRINCIPLE**

A system is a whole that cannot be divided into independent parts

"Dividing a cow in half does not give you two smaller cows."

---

**Performance:**

One equation, Two unknowns

\[ X + (YX) = 8 \]

- **X** Contribution of the individual
- **YX** Influence of the system on the individual's performance
- **8** Represents any outcome of interest, e.g., $8M sales, 8 defects, 8 new products, etc.

Most appraisal processes presume to do the impossible: Solve for two unknowns with one equation.

**PEOPLE + MATERIAL + METHOD + EQUIPMENT + ENVIRONMENT**
Examples of (YX), System Influences*:
Items for which management is responsible

Level of standardization in work received
Helpfulness of leader
Skill level of trainer
Complexity of work to be done
Clarity of process steps
Volume of work assigned in a day
Amount of work in each unit

Clarity of language used to specify terms
Cooperation from internal customers
Number of errors in work received
Percent of work to be performed manually
Percent of work to be done that is automated
Number of items requiring re-work, corrections
Percent of work that is error-free
Number of items requiring interpretation

*This list represents only a portion of all the potential system influences

4) Sources of Performance

Belief in one’s ability to solve the equation

System influences are quantifiable, distinguishable from individual inputs. Individual performance is easily distinguishable from system interactions.

Outcomes are a function of system interactions with the individual

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Five

Lessons of the Red Beads
Observed differences between individuals are the result of system variation.

Improvements in outcomes only come following improvements in the system.
Rating or ranking do not improve performance

Rating or ranking do not predict future performance
The product of individual outcomes and interactions in the system reflects the capabilities of management

5) Red Beads Belong to...

Individuals are held accountable for the sources of trouble associated with their work performance

Management takes responsibility for the sources of trouble associated with their people's performance
Six

**Necessary vs. Sufficient**

---

**Necessary vs. sufficient**

A *necessary* condition is one in whose absence a result is not possible.

A *sufficient* condition is one in whose presence this result is certain.

---

Dr. John T. Edelman

*Ethics and the Pursuit of Excellence*

Presentation to the GM Crowd
“Causes may also include those things which are necessary, but not sufficient for a result to occur. An example is that of an acorn, which is necessary, but not sufficient to produce an oak tree. Other environmental factors must be in place for the oak to grow.”

Russell Ackoff

Creating the Corporate Future
6) Employee Input **Necessary** to Produce Outcome

Employee Input **Sufficient** to Produce Outcome

Employee Input **Insufficient** to Produce Outcome

Employee Input Unnecessary to Produce Outcome

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Seven

Avoiding unintended consequences
Unintended Consequences of Some Feedback/Appraisal Processes

- Available feedback ignored
- Others held responsible for the presence of feedback
- Manager is customer
- Relationships damaged
- Sub-optimization occurring

Eliminating Unintended Consequences of Some Feedback/Appraisal Processes

- Multiple sources of feedback, not only manager
- Employee is responsible for the presence of feedback
- Focus is on customers: internal & external
- Relationships are cooperative
- Contributions to organization-level objectives, outcomes
7) Avoiding unintended consequences

Unaware and not attending to unintended consequences

Aware of possible unintended consequences. Some tests completed to eliminate

Unintended consequences acknowledged. Moves-to-improve tested. Producing good results

0 5 10

- Available feedback ignored
- Others held responsible for the presence of feedback
- Manager is customer
- Relationships damaged
- Sub-optimization occurring

- Multiple sources of feedback, not only manager
- Employee is responsible for the presence of feedback
- Focus is on customers: internal & external
- Relationships are cooperative
- Contributions to organization-level objectives, outcomes

Eight

90/30 rule

It effects everyone
90% of people think that they are in the top 30% of the population.
90/30 Rule ignored
Speaking and Listening misaligned
“Competing” perspectives unrecognized

Alignment on aim and purpose of each person’s contribution.
Operational Definitions in place to evaluate results with agreement.

8) Effect of 90/30 rule
Nine

Motivation’s 3 Factors: Collaboration, Choice, Challenge

Collaboration (Purpose)

Choice (Autonomy)

Challenge (Mastery)
9) Collaboration, Choice, Challenge

- Assess the levels of Collaboration, Choice and Challenge that are present in the processes your project is intended to impact.
- Review the descriptions of each scale and, using those descriptions as a guide, mark your assessment of each factor's level.

<table>
<thead>
<tr>
<th>Low Collaboration</th>
<th>High Collaboration</th>
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<tbody>
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<table>
<thead>
<tr>
<th>Low Choice</th>
<th>High Choice</th>
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<table>
<thead>
<tr>
<th>Low Challenge</th>
<th>High Challenge</th>
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Ten

Leadership or Managing Defects?
Psychology

“Basically, what is wrong is that the performance appraisal or merit rating focuses on the end product, at the end of the stream, not on leadership to help people. This is a way to avoid the problems of people. A manager becomes, in effect, a manager of defects.”


10) Leadership or Managing Defects

Managing Defects

Leadership

0

5

10
Eleven

*System of Measurement or Out of Control?*

Output from feedback processes is often used as if it were a measurement.

*Different feedback providers or evaluators produce different observations*
Most (perhaps all) feedback processes have no measurable capability, because they lack statistical control

“A process is in statistical control when it is no longer afflicted with special causes. The performance of a process that is in statistical control is predictable. A PROCESS HAS NO MEASURABLE CAPABILITY UNLESS IT IS IN STATISTICAL CONTROL. An instrument has no ascertainable precision unless observations made with it show statistical control. RESULTS OBTAINED BY TWO INSTRUMENTS CANNOT BE USEFULLY COMPARED UNLESS THE TWO INSTRUMENTS ARE IN STATISTICAL CONTROL. Statistical control is ephemeral; THERE MUST BE A RUNNING RECORD FOR JUDGING WHETHER THE STATE OF STATISTICAL CONTROL STILL EXISTS. Every observation, numerical or otherwise, is subject to variation. Moreover, there is useful information in variation. THE CLOSEST APPROACH POSSIBLE TO A NUMERICAL EVALUATION OF any so-called physical content, to any count, or to ANY CHARACTERISTICS OF A PROCESS IS A RESULT THAT EMANATES FROM A SYSTEM OF MEASUREMENT THAT SHOWS EVIDENCE THAT IT IS IN STATISTICAL CONTROL.”


Reasons feedback processes do not represent a useful system of measurement

- Contain special causes
- Unpredictable from person to person
- Observations (by a single rater) fail to show statistical control
- Results obtained by different raters cannot be compared
- No running record for judging whether the state of statistical control exists
“The closest approach possible to a numerical evaluation of any... characteristics of a process is a result that emanates from a system of measurement that shows evidence that it is in statistical control.”

- No special causes
- Predictable from person to person
- Observations made show statistical control
- Results obtained by different [people] are in statistical control
- There is a running record for judging whether the state of statistical control still exists

W. Edwards Deming in, Shewhart, Walter A.. Statistical Method from the Viewpoint of Quality Control

11) System of Measurement or Out of Control

Out of Control

System of Measurement
Application

Two real life examples

Before to After

Example #1
Before to After

Example #2

Useful Resources

Alfie Kohn, *No Contest – The Case Against Competition: Why we lose in our race to win.* Recipient of the American Psychological Association’s National Psychology Award for Excellence in the Media.

Boris Groysberg, *Chasing Stars: The Myth of Talent and the Portability of Performance*

Daniel Pink, *Drive: The Surprising Truth About What Motivates Us*


Peter C. Brown, Qarie Marshall, et al., *Make It Stick: The Science of Successful Learning*

Tom Coens & Mary Jenkins, *Abolishing Performance Appraisals: Why they backfire and what to do instead*

W. Edwards Deming, “14 key principles for management” *Out of the Crisis*

W. Edwards Deming, “Operational Definitions, Conformance, Performance” Chapter 9, *Out of the Crisis*


W. Edwards Deming in, Shewhart, Walter A., *Statistical Method from the Viewpoint of Quality Control*

Appreciation for a System. Day 3 IQI/CQI Academy

Establishing Successful Improvement Projects: Selection Criteria, 3 Basic Questions, PDSA Cycles. Day 1 IQI/CQI Academy

Psychology. Day 5 IQI/CQI Academy www.qualityandinnovation.org

Understanding Variation. Day 4 IQI/CQI Academy

Find a partner
Share your current process scores
Discuss ways to apply the 11 principles
Design a test that applies 1 or more of these principles

www.qualityandinnovation.org

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Grand Rapids
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CHECKLIST FOR A BETTER APPRAISAL AND FEEDBACK PROCESS

1) Identify and unbundle many purposes
2) “Drive out fear”
3) Ensure feedback will be heard
4) $X + (XY) = 8$
5) Lessons of the Red Beads
6) Necessary v. Sufficient
7) Avoid unintended consequences
8) 90/30 Rule
9) Motivation: Collaboration, Choice, Challenge
10) Leadership or managing defects?
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**EXAMPLE #1 – “BEFORE” VIEW**

“2.8 of 5”

“4.7”

**Evaluation of person**

Annual review

---

How does this process do when we use the *Eleven Principles*?

“2.8 of 5”

“4.7”

**Evaluation of person**

Annual review

---

**CHECKLIST FOR A BETTER APRAISAL FEEDBACK PROCESS**

- Identify and unbundle many purposes
- “Drive out fear”
- Ensure feedback will be heard
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- Avoid unintended consequences
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- Motivation: Collaboration, Choice, Challenge
- Leadership or managing defects?
- System of measurement v. out of control
ANNUAL REVIEW BECOMES ...

...MONTHLY CONVERSATION
REAR-VIEW-MIRROR EVALUATION OF PERSON BECOMES ...

Evaluation of person

Monthly Conversation

Example #1

EXAMPLE # 1

...STUDY DATA FROM THE SYSTEM ABOUT A KEY CHARACTERISTIC

Examples:
- Sales
- Days difference between Actual & Scheduled Delivery

Control chart
Represents the collective, applied knowledge about the system
Hierarchical Seating of Appraiser across from Employee Becomes...

Monthly Conversation

Example #1

Partners Working Together, Facing a Shared Objective

Monthly Conversation

Example #1
WORDS AND THOUGHTS SHIFT FROM REAR-VIEW-MIRROR ASSESSMENT...

“2.8 of 5”

“4.7”

Example #1
Eleven Principles to Improve Your Organization’s Feedback and Performance

MONTHLY CONVERSATION

...PREDICTION, TESTING, STUDY, LEARNING, IMPROVEMENT

Questions, possible tests...

Experiences, ideas, new theories to test...

Example #1
Eleven Principles to Improve Your Organization’s Feedback and Performance
How does the new process do when we use the *Eleven Principles*?

**CHECKLIST FOR A BETTER APPRAISAL — FEEDBACK PROCESS**

- Identify and unbundle many purposes
- "Drive out fear"
- Ensure feedback will be heard
- \( X + (XY) = 8 \)
- Lessons of the Red Beads
- *Necessary v. Sufficient*
- Avoid unintended consequences
- *90/30 Rule*
- Motivation: Collaboration, Choice, Challenge
- *Leadership or managing defects?*
- System of measurement v. out of control

**EXAMPLE #1**
Before to After
Example #2

CHECKLIST FOR A BETTER APPRAISAL AND FEEDBACK PROCESS

1) Identify and unbundle many purposes
2) “Drive out fear”
3) Ensure feedback will be heard
4) X + (XY) = 8
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EXAMPLE #2 – “BEFORE” VIEW

People said these things about you, and I agree.

But, it sounds like you didn’t interpret what they said correctly. I’d like to have a conversation with them about those things.

Both sign form. Submit to HR. The top tier gets the biggest pct. raise

How does this process do when we use the Eleven Principles?

- Identify and unbundle many purposes
- “Drive out fear”
- Ensure feedback will be heard
- \( X + (XY) = 8 \)
- Lessons of the Red Beads
- Necessary v. Sufficient
- Avoid unintended consequences
- 90/30 Rule
- Motivation: Collaboration, Choice, Challenge
- Leadership or managing defects?
- System of measurement v. out of control
CORPORATE SCHEDULED ANNUAL REVIEW BECOMES ...

...SELF SCHEDULED ANNUAL REVIEW
Managers as Collectors, Interpreters, and Providers of Feedback...

Self-scheduled.
At least annually before company deadline.

Standard ?s
1) _______ X
2) _______ X
3) _______ X
4) _______ X
5) _______ X
6) _______ X
RATING SCORE

...is replaced with employee selected sources of direct feedback.

Customers
Co-workers
Manager
Suppliers

Self-scheduled.
At least annually before company deadline.

Standard ?s
1) _______ X
2) _______ X
3) _______ X
4) _______ X
5) _______ X
6) _______ X
RATING SCORE
Eleven Principles to Improve Your Organization’s Feedback and Performance

EXAMPLE #2

STANDARD CORPORATE QUESTIONS, REVIEW OF YEAR-OLD GOALS, RATING SCORE...

CUSTOMERS
CO-WORKERS
MANAGER
SUPPLIERS

...IS REPLACED WITH A 4-QUESTION SURVEY

CUSTOMERS
CO-WORKERS
MANAGER
SUPPLIERS

4-Question Survey Responses

1- Keep Doing?
2- Stop Doing?
3- Start Doing?
4- “How I’ll Help You”
ANNUAL GOAL OBTAINMENT AND RATING MEETING WITH MANAGER...

1- Keep Doing?
2- Stop Doing?
3- Start Doing?
4- "How I’ll Help You"

CUSTOMERS
CO-WORKERS
MANAGER
SUPPLIERS

Self-scheduled
At least annually before company deadline

EXAMPLE #2
**Manager-as-Source of Annual Rating and Goals...**

- Keep Doing?
- Stop Doing?
- Start Doing?
- "How I’ll Help You"

Self-scheduled at least annually before company deadline.

**...Moves to Co-Created and Co-Written, 1-Year Developmental Plan**

- Keep Doing?
- Stop Doing?
- Start Doing?
- "How I’ll Help You"

Self-scheduled at least annually before company deadline.

**Example #2**
How does the new process do when we use the Eleven Principles?