



Dynamic performance management

How to deliver more, with less, forever

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Meet The Mind Gym

The Mind Gym transforms performance by changing the way people think.

Recently we have helped our clients, such as Accenture, British Gas, O2 and Pfizer:

- Increase customer satisfaction by 13% (compared to 6% increase in control group)¹
- Lift employee engagement by 26%²
- Boost value of opportunities in sales pipeline by 47%³
- Improve employee retention by 20%⁴

We have worked with over 40% of FTSE 100 companies and at any one time we are working with more than 25% of these to deliver transformational improvements.

For more on what The Mind Gym can do for you, please visit www.themindgym.com or call us on UK: +44 (0)20 7376 0626 or US: +1 646 495 5081.



1 Customer service programme with helpdesk agents, engineers, support staff and team leaders at leading technology firm (May to June 2010).

2 Grass-roots intervention to engage 3,000 managers in mission and vision of large energy firm (March to September 2010).

3 Customised sales summit with New Business team in UK-wide distribution company (April 2008).

4 Series of bite-size workouts to help colleagues deal with a large restructure in one of the UK's foremost electrical retailers (May 2005).

Executive summary

The magic bullet

There are few win-wins left in the management toolbox. Dynamic performance management is one of them.

The research is unequivocal. When it comes to return on equity, revenue growth, profitability and employee turnover, performance management delivers remarkable results for next to no investment. But only if it's done well.

Bad performance management costs a lot and delivers little. Why? Managers focus on forms, systems and processes. What they need to focus on is the quality of their conversations.

Dynamic performance conversations

At The Mind Gym we've analysed over 50 independent academic studies, consulted leaders in a dozen leading businesses,⁵ and drawn from the lessons of 10 years' work with 40% of the FTSE 100 to identify the five vital ingredients for dynamic performance conversations:

- 01** Stretching goals with fortnightly feedback
- 02** Consistent differentiation
- 03** Commercial coaching
- 04** Job crafting
- 05** Employees take responsibility

Dynamic performance management is grounded in science, backed by practical experience and easy to implement. Even better, it needn't cost a penny.

So how can you get it?

The Mind Gym can help. Our white paper outlines:

The business case for dynamic performance management	Page 2
A ready reckoner to see how your organisation is already doing against the five key ingredients (also available online)	Page 4
The five key ingredients explained	Page 7
A best practice template for performance management process	Page 27
A guide on how to implement	Page 29

Read on and transform performance management in your company from dysfunctional to dynamic.

5 Reckitt Benckiser, Bank of NY Mellon, EDF Energy, Homeserve, Starbucks, Rothschild, O2, Xerox, SSP, Wates, Mace Group.

The business case

Top performers do it

An employee who gets a performance review more than once a year is three times more likely to work for a top performing company than for one of the weaker brethren.

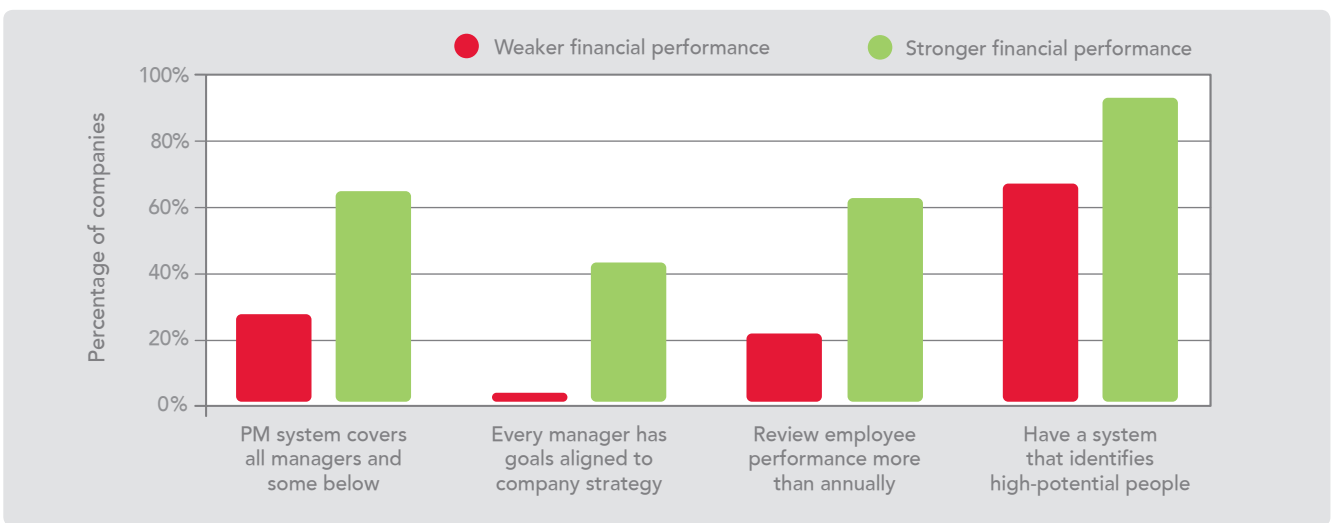


Figure 1: Performance management practices according to financial performance.⁶

Indeed, on almost all commercial measures including return on equity, revenue growth and increase in net income, the strongest performing companies are much more likely to have dynamic performance management (fig. 1).

In addition, a recent survey⁷ of 5,560 HR and business leaders from 109 countries found that performance management was ranked the second highest HR capability by high performing companies (as measured by revenue and profitability growth), but only ninth by low performers.

But it's not just companies that benefit from dynamic performance management. Customers and employees are significantly better off too (fig. 2).

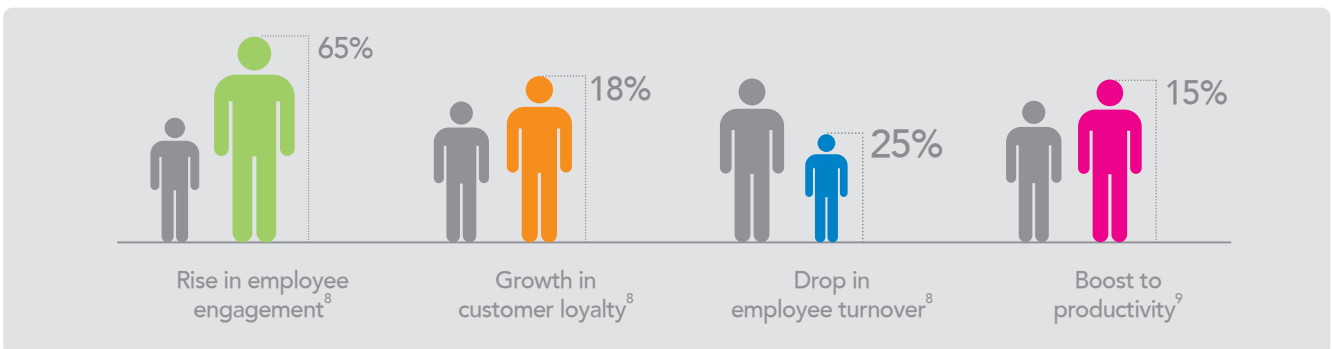


Figure 2: Impact of Dynamic Performance Management on employers and customers.

6 Fitz-enz, J. (2007) "Financial impact of HRM", Workforce Intelligence Institute.
 7 Strack, R., Caye, J-M., Lassen, S., Bhalla, V., Puckett, J., Espinosa, E., Francoeur, F., Haen, P. (2010) Creating People Advantage: How Companies Can Adapt Their HR Practices for Volatile Times, Boston Consulting Group & World Federation of People Management Associations.
 8 Mortimer, M. (2006), "Performance Management: Work Worth Doing", Quintiles Transnational & SuccessFactors.
 9 Becker, L. (1978) Joint effect of feedback and goal setting on performance – Field-study of residential energy-conservation, Journal of Applied Psychology 63: 428.

Breakthrough performance

Employees whose managers excel at people development perform 25% better than those with managers who struggle with developing others.¹⁰ 16% of the impact is attributed directly to the development of an individual's skills and capability. The other 9% comes from a more positive attitude because the individual feels that their manager is investing in them.

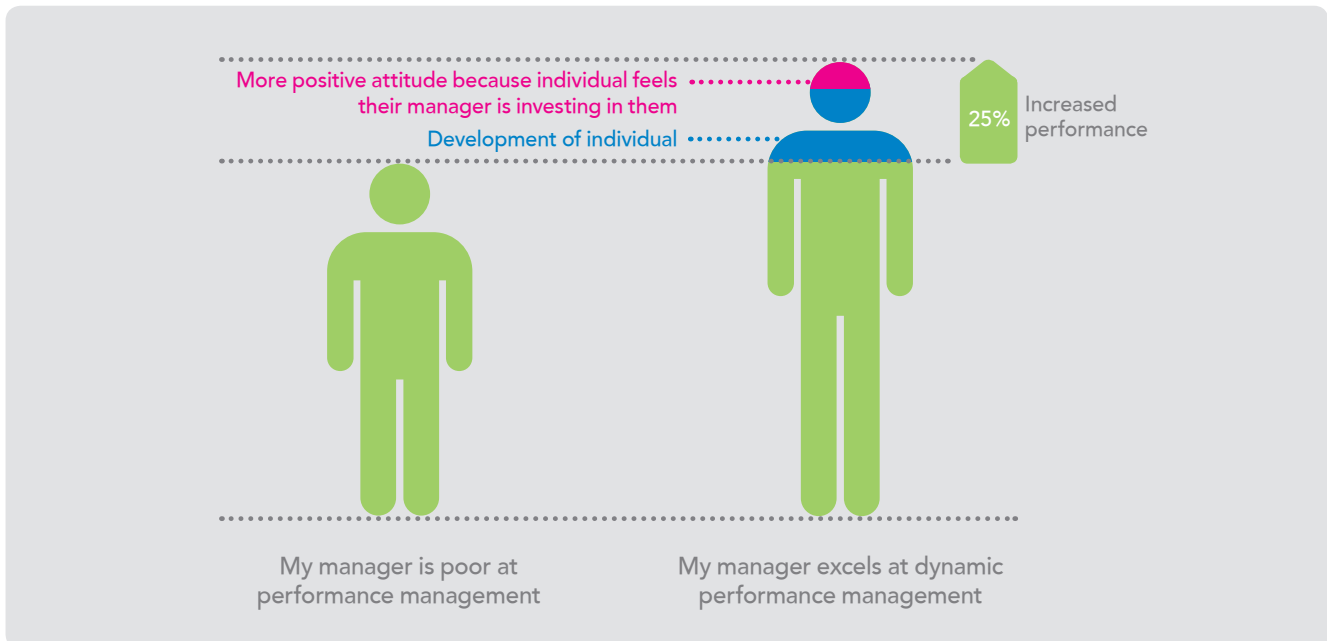


Figure 3: Performance improvement due to line manager's ability at people development.

The FBI's Chief Learning Officer, James Trinka¹¹ conducted a study on what differentiates the absolute best (and their managers) from the rest.

Managers are short on time and resources, Trinka mused, so what are the small activities that make the biggest difference to their team's performance? Armed with 80,000 data points, he discovered that only five of the Gallup Q12™ predicted breakthrough performance.

These five are all related to feedback, coaching and career development – critical elements of dynamic performance management:

- Q4** In the last seven days, I have received recognition or praise for doing good work.
- Q6** There is someone at work who encourages my development.
- Q12** This last year, I have had opportunities at work to learn and grow.
- Q11** In the last six months, someone at work has talked to me about my progress.
- Q7** At work, my opinions seem to count.

Dynamic performance management is also crucial to the success of every other people investment. Get it right and you'll multiply your return on everything from learning and development to recruitment, compensation to employee communication. Get it wrong and the most pioneering talent, leadership and graduate programmes in the world will see their half-life collapse to just a few weeks. In fact, you might as well not bother.

¹⁰ Corporate Executive Board, 2006. Learning and Development 2003 Employee Development Survey; Learning and Development Roundtable research; HR leadership Council research.

¹¹ Trinka, J. (2005), Industrial and Commercial Training Volume 37 Number 3.

Do you have the magic bullet?

What we should do and what we actually do can be worlds apart. To find out how your organisation fares against the five ingredients, take the following assessment to get an immediate indication.

Think about what your people **actually do today** to identify how dynamic performance management already is in your organisation.

How many individual contributors:

	0-24%	25-49%	50-74%	75-100%
01 Have goals that are written and measurable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
02 Can explain how their goals fit with company strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
03 Have at least fortnightly conversations with someone relevant to discuss their performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
04 Feel that they receive three times as much praise as criticism/'improvement' feedback	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
05 Know what they need to do to get a top performance rating	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
06 Are NOT surprised by what they learn in their annual review	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
07 Believe that their manager assesses performance in the same way, regardless of their mood	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
08 Believe their manager gives them plenty of useful guidance on how to perform better	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
09 Believe their manager gives them valuable, impartial career advice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10 Know their career opportunities in the company for the next 12-24 months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11 Give feedback to their peers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12 Proactively ask their manager for support and career guidance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13 Believe they are as responsible as their manager for the quality of performance conversations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14 Feel that their future at your organisation looks bright	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How many managers:

15 Use more than half the available annual performance ratings across their team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16 Discuss proposed performance ratings with other managers first to ensure consistency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17 Spend more time sharing ideal future performance with team members, than reviewing past performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18 After any coaching conversation, agree specific actions and follow up within two weeks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19 Stretch top performers to 'excellent' rather than 'very good' performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20 Have conversations about underperformance within two weeks of first noticing it	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21 Encourage team members to shape their roles based on their strengths	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22 Actively partner team members with different but complementary skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23 Feel comfortable discussing career options outside of the organisation with high performers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24 Sell the benefits of performance management to the individual (e.g. grow faster, enjoy work)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How many managers' managers:

25 Check on the frequency and quality of review conversations



Add up the total number of ticks in each column

--	--	--	--

Multiply the number of ticks by these weightings

0	1	2	3
---	---	---	---

Total for each column (number of ticks x weighting)

0			
---	--	--	--

Add up the three final boxes to give your total performance score (out of 75)

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If you score 60 or above, your performance management is dynamic and delivering you business results. Calculate your individual ingredient scores to see where you can continue to build on this success.

If your score is 59 or below, there are key practical things you can do to make your performance management more dynamic. Calculate your individual ingredient scores to see which ingredients you need to stock up on.

Individual ingredients score

Add up the weighted scores you got for each ingredient

Ingredient	Questions	My total score on these questions (out of 15)
Stretching goals and fortnightly feedback	1, 2, 3, 4, 25	
Consistent differentiation	5, 6, 7, 15, 16	
Commercial coaching	8, 17, 18, 19, 20	
Job crafting	9, 10, 21, 22, 23	
Employees take responsibility	11, 12, 13, 14, 24	

If you score 11 or less in any of the ingredients, this aspect could benefit from a boost.

Your answers here give you a good estimate of what is happening. If you want the real picture of how dynamic performance management is in your organisation, this assessment is available online to send out to all of your individual contributors and managers.



01

Stretching goals with fortnightly feedback

This element of dynamic performance management has a more direct and immediate effect than all the others. It's also the easiest to grasp. All managers need to do is:

- Set goals that stretch but don't strain
- Give frequent feedback on performance against these goals

It's really that simple. And there's plenty of evidence to show that it works.

Experiment #1

Chhokar and Wallin monitored the safety performance of employees in a factory over a 10-month period. There were three phases to the study: training, goal setting, and feedback of different frequencies. An employee was considered to be working safely when they scored 'safe' on 100% of the behavioural safety items on a checklist.

Training and goal setting boosted employees' performance but the set goal level was only reached after feedback was provided. Even more interestingly, the feedback was just as effective when it was given every two weeks as every week.



Figure 4: Impact of fortnightly feedback on performance.¹²

¹² Chhokar, J. & Wallin J. (1984) Improving safety through applied behaviour analysis, Journal of Safety Research 14 (4).

Why not once a month?

Chokar and Wallin then tested whether feedback could be given less frequently than once a fortnight without affecting performance. When there was no feedback for five weeks (between weeks 27 and 32) the safety performance dropped by 17%, even though the training and goal setting continued. This gives a strong indication of what happens if feedback is given only monthly. Figures 1 and 2 (earlier) show the financial impact of giving feedback only annually.

Experiment #2

Households were set a target for improving the energy efficiency of their home. Half were set a target of 20% improvement, the other half 2%. Each group was further split into two: those who received a regular visit to be told how they were getting on and those who were left to their own devices until the end of the trial.

The results are emphatic (see fig. 5). The group with the stretching goal and the frequent feedback delivered a 15% improvement. The next best was just under 6%.

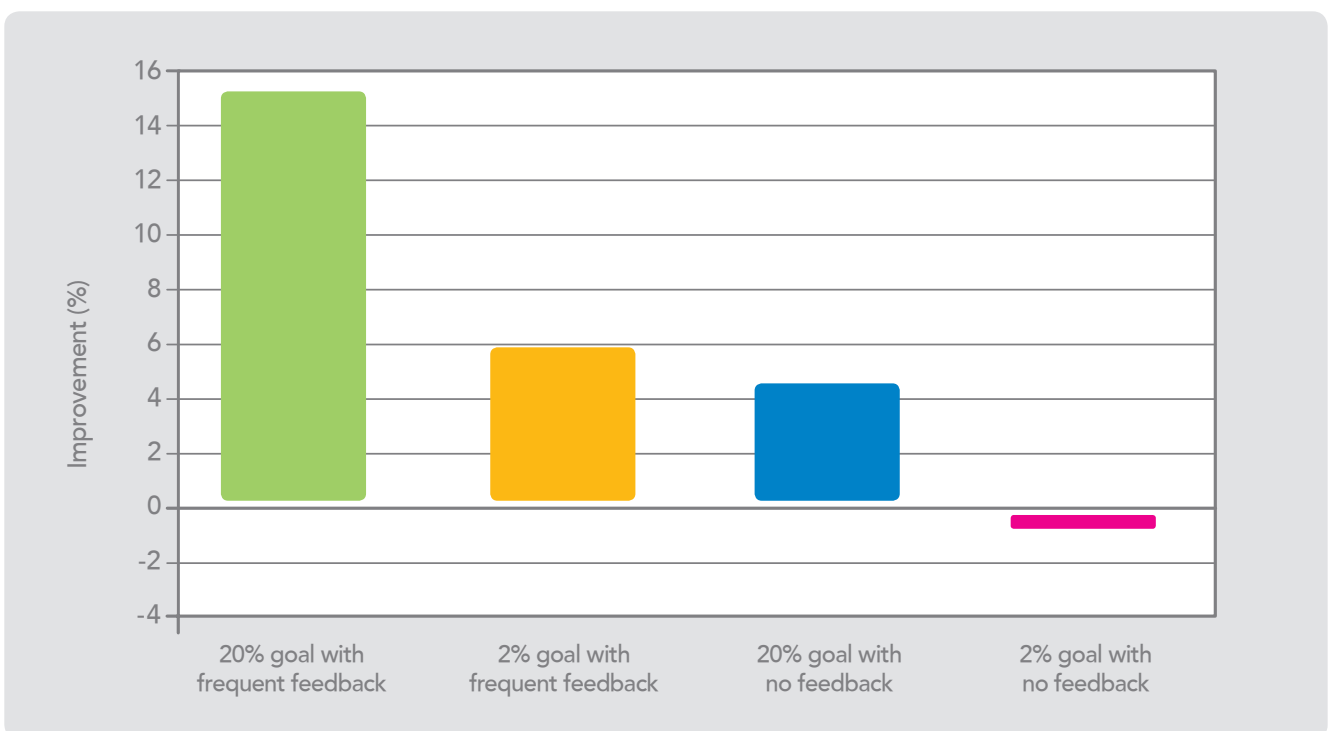


Figure 5: How performance varies with different goals and feedback.¹³

What does a good goal look like?

For goals to be effective, we need to be able to agree whether they have been hit, exceeded or missed. That means they are specific and measurable.

Some roles are easier to measure than others. Sales people usually have revenue targets or at least call and conversion rates; in call centres the measure may be average call times. Customer service can be measured, though less robustly, with mystery shoppers and surveys.

When the output is less easy to define (a PR role which is about keeping the company out of the media), or the causal link more blurred (the impact of a junior admin role on client service and repurchasing), it can be harder to agree on measurable goals.

In these cases we should imagine what life would be like if the job was being well or poorly done. These imaginings can then be turned into indicative figures (percentage of journalist enquiries that ended up in published stories). They can also incorporate the views of others.

¹³ Becker, L. (1978) Joint effect of feedback and goal setting on performance – Field-study of residential energy-conservation, *Journal of Applied Psychology* 63: 428.

These internal customer/peer/boss views are most valuable when supported by examples. An IT support manager may have a goal about percentage time the system was functioning and the speed of resolution for queries (both measurable), but could also have a goal about the percentage of employees who feel that they have the IT equipment to do their job well, supported with examples of when it does and, more critically, does not deliver.

Give praise: a racing certainty

When it comes to changing behaviour, the nearest thing to a racing certainty is praise. Tell someone specifically what they did well and the impact it had and they are very likely to repeat it.

Research by the Corporate Leadership Council¹⁴ found that fair and accurate informal feedback increases performance by 39%, and formal reviews with an emphasis on strengths increases performance by 37%. In contrast, formal reviews that emphasise weaknesses decrease performance by 27%, and regular informal feedback with an emphasis on weaknesses decreases performance by 11%.

According to the Losada ratio,¹⁵ the average, ideal ratio is three pieces of praise for one piece of constructive feedback, although this will depend on the individual's psychological make-up. As a rule, it's better to err on the side of over-praising (most people only take in a proportion of the praise they receive).

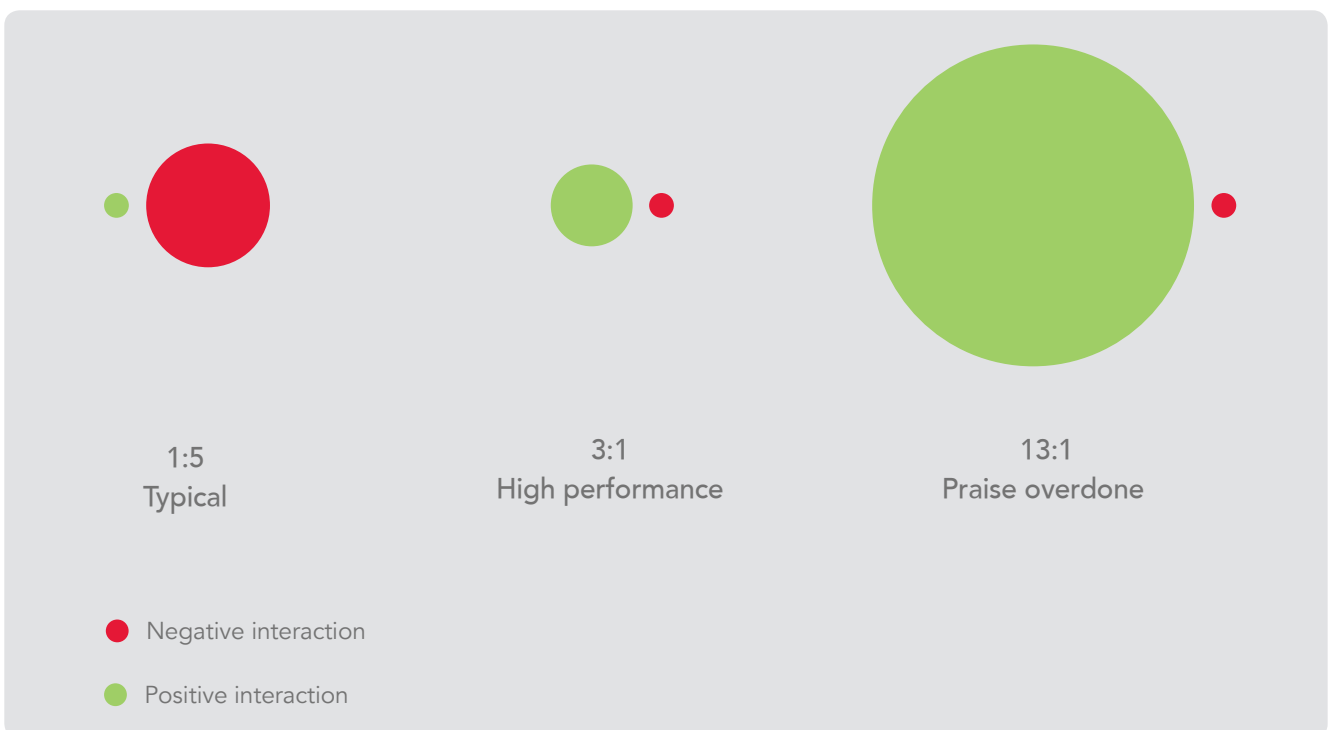


Figure 6: Showing optimal ratio of praise to counsel.

Stretching goals and frequent feedback are the 101 of dynamic performance management. Alone, they will deliver significant productivity gains. However, to get full value, you'll need more.

14 Corporate leadership council (2002) Building the High-Performance Workforce, Corporate Executive Board.

15 Fredrickson, B. L. & Losada, M. (2005). American Psychologist, 60 (7) 678-686. Positive affect and the complex dynamics of human flourishing.

Giving responsibility

JustGiving, the UK's first online fundraising website, has doubled the size of its team in the UK and US in less than 12 months.

The senior leaders and investors strongly believe that in order to keep innovating and finding new ways to make donating even easier, they need a culture where everybody behaves like an owner of the business. The DNA of this culture is frequent, fearless, honest feedback given in the moment by all. Teams are encouraged to dedicate a portion of any meeting to feedback, so that there is usually no need for separate, lengthy one-to-ones with managers.

Each person is encouraged to think about what they need to do to excel in their role and add value to the business in the next three to six months and keep that to hand on a simple one-pager. As part of this, each person decides with their team leader what their individual contribution will be to their team goals, which in turn are clearly linked to the business' strategic priorities. In a fast-paced, entrepreneurial environment, business priorities change constantly and people are encouraged to adapt and flex their objectives in response to this. No generic competency frameworks or rigid job descriptions here.

It is the individual's responsibility to choose the three or four people that will be able to give them the most valuable feedback on their contribution for the next six months (peers, customers, charities and team leaders). At the start of the review period the individual contacts their feedback sources, attaching their goal one-pager, and asks them to give regular, in-the-moment feedback on their progress against these goals, as well as a short written summary at the end of the six month period. The reviewer's form consists of simply: hits, misses, strengths and areas for development. Much less time on form filling, much more time spent on rich review conversations.

Since implementing this approach, JustGiving has seen a significant increase in their key engagement indicators:

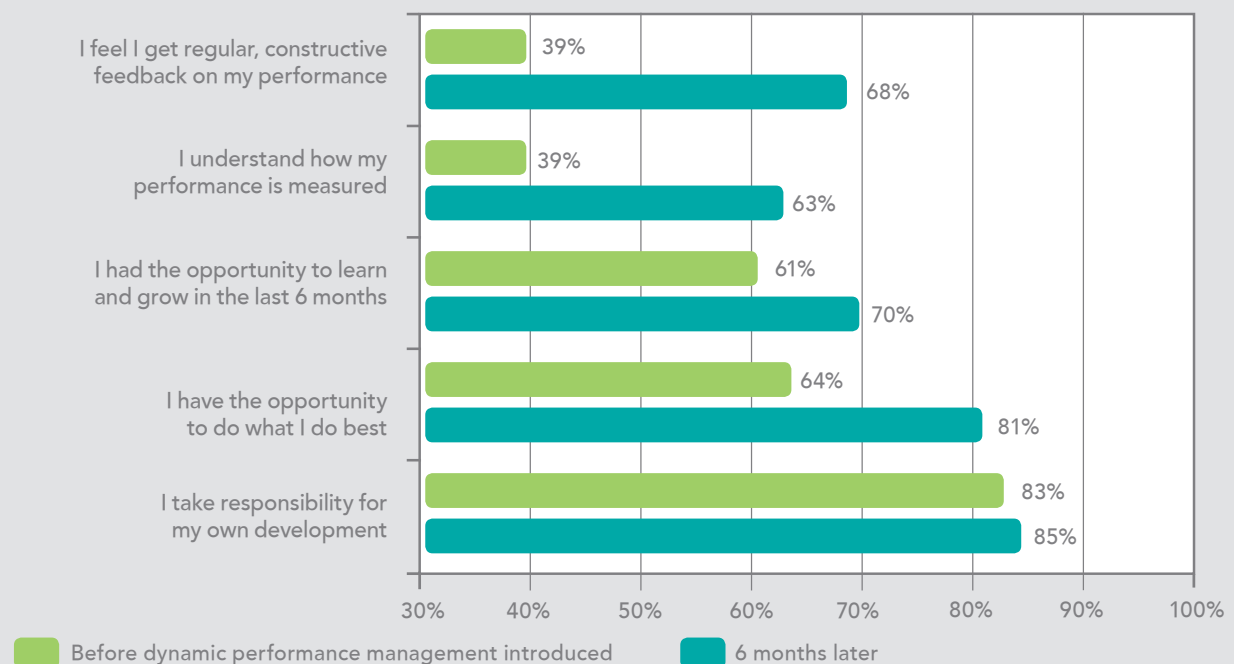


Figure 7: Increase in engagement metrics at JustGiving after implementing dynamic performance management

JustGiving believe that it is not their role to motivate people, they specifically hire people who are self-motivated. Hence 83% of all employees took responsibility for their own development, even before dynamic performance management was introduced.

It's not fair

'Fair' is one of those words that means whatever you want and so ends up meaning nothing very much.

Is it fairer to give a pay rise to the best performer, the hardest worker, the longest server, the most loyal ambassador, the person most in need, the person who has gone longest at the same pay level or the person who's been promised a pay rise? There is no answer to this question that will not upset someone's sense of fairness.

Instead of 'fair', which is interpreted through the eyes of the recipient, we prefer 'just' – as in consistent and justified according to the rules and mores of the people administering it.

'Just' performance management must meet three criteria:

- 01 Guided differentiation
- 02 Consistent ratings irrespective of who's giving it
- 03 Manager's mood does not impact score

Equally, this is not the whole answer. There is an unavoidable tension between justice and mercy. Most people want clear rules so they know where they stand and are confident their peers won't be getting preferential treatment. But they also want to be treated as an individual and have the rules bent for their particular needs ("I can't believe after all I've done for this company they can't show any flexibility....").

Optimal performance management conversations are based on justice but give managers the latitude to show mercy. The degree to which they can do this will vary by company, role and function. The greater the system delivers on the three criteria for justice, the greater the capacity for managers to show mercy without undermining performance.

Social loafing

Social loafing is a pernicious virus that may well be spreading across your team as you read these words.

It occurs when someone feels that others are making less effort than them and are getting away with it. Maybe they aren't chasing their sales prospects as hard, or are slower at getting back to customers. Critically, their manager doesn't appear to have noticed the underperformance and so they are no worse off as a result.

Gradually, those who were working hard start to ease off: "If she/he gets away with it, why can't I?" As others follow the slacker's example, the slacker is then inclined to ease off even more (to maintain the differential) and the downward spiral of effort continues.

This phenomenon was investigated by Norbert Kerr and Steven Bruun.¹⁶ They asked people to pump air through a container to create a certain level of pressure. The participants who worked on their own were successful on about 90% of trials and were rewarded.

Some participants worked with a partner whose performance, unknown to them, was fixed.

If the participant felt that their effort made no real impact, as the work of the 'team mate' meant that they always got the reward, they began to make less effort and their performance fell by 25%.

Conversely, if their 'team mate' appeared not to be pulling their weight (free riding), the participant felt like a sucker and would ease off. This also led to a 25% drop in performance. Interestingly, the fall in performance was much less if they thought the 'team mate' was failing due to a lack of ability rather than a lack of effort.

The most effective vaccine against social loafing is dynamic performance management, with a particular focus on consistent and just differentiation.



¹⁶ Kerr, N.L., Bruun, S. E. (1983) Dispensability of member effort and group motivation losses: Free-rider effects. Journal of Personality and Social Psychology. Vol 44(1), 78-94.

01 Guided differentiation: one size fits no-one

When everyone gets a '3' or a 'meets expectations', i.e. everyone is equally 'great', psychologists call it the centrality bias.¹⁷ The mean score is around the middle of the range and the standard deviation is small. This leads to lower average levels of performance (see, for example, the previous explanation on social loafing). Paul Polman, CEO at Unilever, recalls that when he joined "incentives were based around the average. If you look at the last 10 years, everyone got the average, so the company was average. Our new system has more differentiation, so there is a higher upside and higher downside".¹⁸

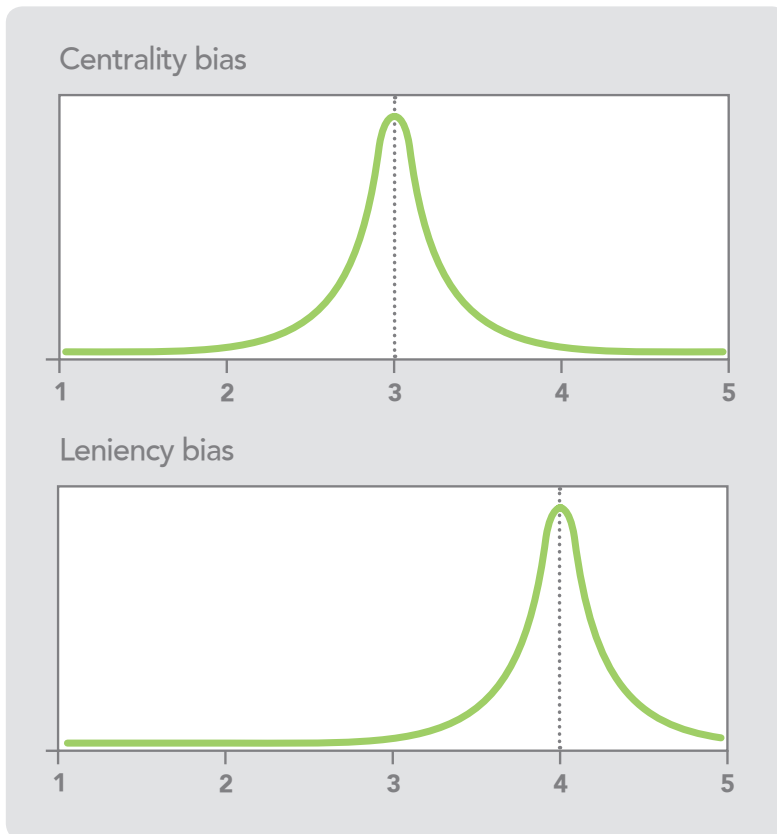


Figure 8: Demonstrating centrality and leniency bias. (Prendergast 1999; Bretz, Milkovich and Read 1992)

The negative effect on performance is even greater when this is supplemented by the leniency bias,¹⁹ where managers tend towards the top of the range. In this case the standard deviation remains low but the mean is higher. When almost everyone receives a top grade, almost everyone will make significantly less effort in future.

Perhaps more remarkably, these biases are as likely to occur whether the group of individuals being assessed has very different capabilities or roughly the same. In a separate 'laboratory' experiment, managers were found to score people according to the same pattern (e.g. following a centrality or leniency bias) whether the group they were assessing performed roughly the same as each other or radically differently. The actual performance made little if, any difference, to whether or not the manager differentiated in his/her assessment. The cultural norms and what the managers were used to made all the difference.²⁰

Whatever the assessment scores suggest, the evidence emphatically shows that not all employees are the same.

A professional who performs at one standard deviation above average will be 96% more productive than an individual performing one standard deviation below average. In financial terms, this performance difference would result in a £48,000 yearly productivity bonus, based on a £50,000 yearly salary.²¹ Outside the corporate world, a separate study revealed that the 10 most prolific composers produced 40% of the 'master works' in classical music.²²

The 'one score for all' can be interpreted by employees as (a) the leadership lacks backbone (b) there is no benefit in outperforming (c) we're all the same to them. Not the impression most leaders want to make. So, if we want to raise performance we need to differentiate.

17 Prendergast, C. (1999) The Provision of Incentives in Firms, *Journal of Economic Literature* 37 (1).

18 Interview in 'The Sunday Times' 8th August 2010.

19 Bretz R, Milkovich G, Read W. (1992) The current state of performance-appraisal research and practice – concerns, directions and implications, *Journal of Management* 18(2): 321-352.

20 Johannes Berger, Christine Harbring and Dirk Sliwka (2009) Performance Appraisals and the Impact of Forced Distributions. An experimental investigation

21 Schmidt, F.L., & Hunter, J.E. (1998). The validity and utility of selection methods in personnel psychology: Practical and theoretical implications of 85 years of research findings, *Psychological Bulletin*.

22 Moles, A. (1958). *Information theory and aesthetic perception*. Urbana, IL: University of Illinois Press.

I'm above average

Research shows that 80% of us see ourselves as above average.²³ This is a result of the 'self-enhancement bias' – the tendency for us all to rate ourselves higher than someone else would. While, of course, it is statistically impossible, this does pose a challenge: how do I tell half my team that they are below average without demotivating them?

The answer lies in focusing the below average performers on what they can do better and not explicitly comparing them to other people. The research demonstrates that only high performers are motivated by comparisons with their peers.²⁴ No surprise really.

Don't force it

A common dilemma lies around whether to introduce forced distribution. Forced distribution entails agreeing in advance the proportion of the team/division/company who will be rated in each category (often a five point scale). Companies usually introduce this to make managers differentiate.

It will certainly provide a shock to the system and, if an urgent change is needed, may well be the right thing – research suggests there are positive gains in the first year. But don't stick to it. In the medium term, performance will be negatively affected by a rigid form of forced distribution.

The optimal performance results come from consistent differentiation.

This means that differentiation in performance is recorded with different 'scores' and that the decision lies with the manager (and manager's boss and peers – see 'inter-rating', later). The HR professionals can then collate this data to see if the centrality or leniency bias is creeping in, and advise divisional heads accordingly. In most cultures, this softer approach can be extremely effective. You might call it 'guided distribution'.

Explanation

Managers who have veered away from quantitative ratings and differentiating between different levels of performance tend to do so because they want to avoid difficult conversations.

But, since one of the benefits of differentiation is to stimulate an honest conversation about performance, it's vital that the manager both takes responsibility for the assessment (avoiding comments like "I wasn't allowed to give you the rating I think you deserve") and explains the reasons why.

The best managers do it already. The rest may intellectually realise it's important but keep putting off the conversations because, rather like starting or sticking to a diet, while the pain is immediate, the gains are not.

The solution lies in giving managers the knowledge, the tools and the confidence to have these potentially tricky performance conversations, not just at the moment of assessment but on a regular basis. Constant communication also means fewer surprises for the individual and so less trickiness come annual review time.

There are plenty of tools and techniques to help convey unappealing messages (focus on specifics rather than identity, keep to the facts), as well as ways to handle rebuttals ('that's not fair...') and emotional fallout (tears, sulks). Most managers don't know (or remember) them and could do with burnishing their skills (see our programmes, later).

Once they've built these skills and their confidence, differentiating across different levels of performance will be one of the most useful levers they have to pull.

Assessment becomes unjust when it depends on who's giving it or what mood they're in at that particular moment.

23 Hoorens, V. (1993) "Self-enhancement and Superiority Biases in Social Comparison" in European Review of Social Psychology 4, Ed. W. Stroebe and Miles Hewstone, Wiley.
24 W McColskey, MR Leary (1985). Contemporary Educational Psychology.

02 “My manager’s meaner than yours”

The best way to achieve consistency across managers is inter-rating. This involves getting those who are doing the assessing in a (virtual) room together.

Each manager suggests a performance rating for each member of their team and explains why. The group then debates all the individual decisions until they agree that each rating is fair in comparison with the others.

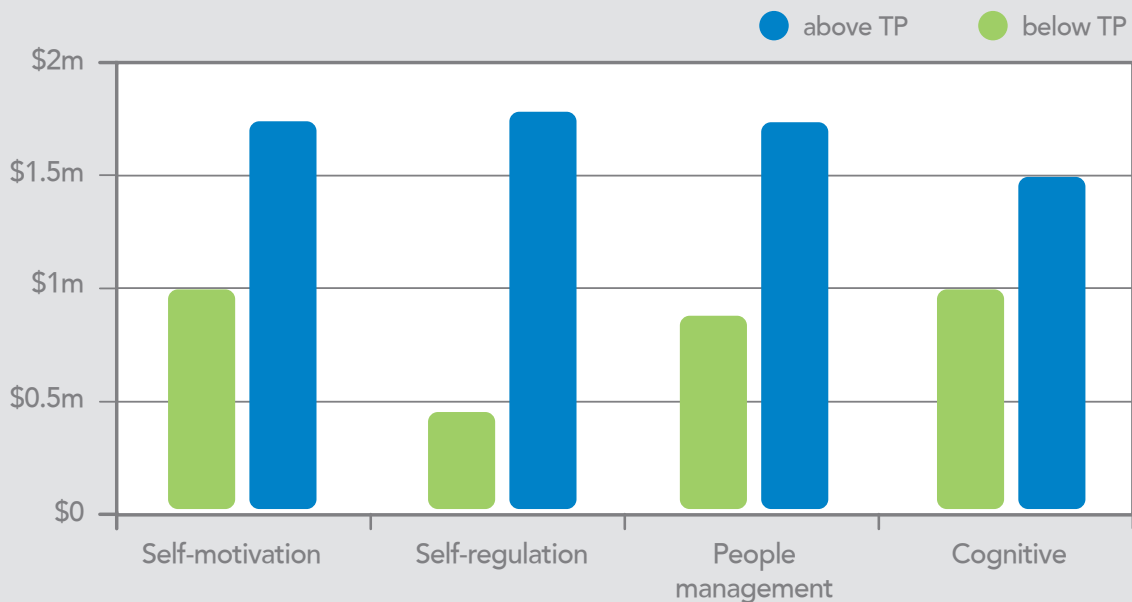
The value of this discussion is actually far greater than the equitable performance scores themselves, though they have great value in themselves. The extra gain comes from the shared understanding among managers of what ‘excellent’ and ‘very good’ look like. This means they can better explain decisions taken outside their span of management and they are likely to give more consistent feedback during the year.

Ideally, goals are also subject to inter-rating to ensure that there is a similar level of stretch for each employee. While this might seem time-consuming during a period already dominated with performance discussions (usually, the year-end review), given the importance of setting stretching goals and the role they will play in the inter-rating at the end of the six months/year, it’s an investment that will pay off handsomely.

03 “My manager’s moody”

More damaging than different managers making different assessments, is when the manager’s view of performance has little to do with the outcome and a lot to do with what he or she is feeling at that particular moment. In these situations, the difference between ‘job well done’ and ‘start over again’ can be down to whether the manager has just come out of tough budget negotiation or won a new contract. Far from just.

One of the most significant correlates with strong performance among partners in management consultancies is emotional self-regulation²⁵ (see fig. 9). The ability to control our emotions is a great strength in all parts of our lives: it keeps lovers together, children feeling secure and extends our life expectancy. In the particular area of performance management it is vital. It means that our team members feel fairly treated because their score is more likely to be based on what they have achieved.



TP = the tipping point, the point at which the behaviour has been demonstrated sufficiently by a partner to create outstanding financial performance.

Figure 9: Impact of self-regulation on annualised profits for partners at a management consultancy firm.

25 Boyatzis, R. E. (2006). Using Tipping Points of Emotional Intelligence and Cognitive Competencies to Predict Financial Performance of Leaders. *Psicothema*, 18, 124-131.



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03 Commercial coaching

The science of sales is going through a significant shift. Once upon a time, sales people would simply talk about the benefits and features of their services. Then the pendulum swung to needs-based selling, where the sales person would ask the customer about their needs. The idea was that the customer would realise of their own accord, that they wanted the seller's service. However, needs-based selling is passing its sell-by date (to be covered in a later white paper).

The most current thinking on sales effectiveness lies with commercial teaching. The salesperson guides the customer by presenting what they think the problem is (based on their extensive research), before tailoring it with the customer to suit their specific situation.

Coaching is going through a similar journey. Way back when, managers would tell people what they should do differently. Then the coaching pendulum swung the other way. The manager would barely speak except to ask coaching-style open questions. They might have great expertise, but in this model they would rarely show it.

Dynamic performance conversations are much more inclined towards 'let me teach you something as your more experienced manager'. Incisive questions play an important role but the manager is there just as much to bring insight and propose suggestions.

The Mind Gym upskilled 36 area managers and 384 branch managers from a leading telecommunications firm in the art of commercial coaching. Mid-way through the programme we asked the branch managers: 'have you received coaching from your area manager?' and 'has your performance at work improved?' The results show a strong positive correlation between the two.

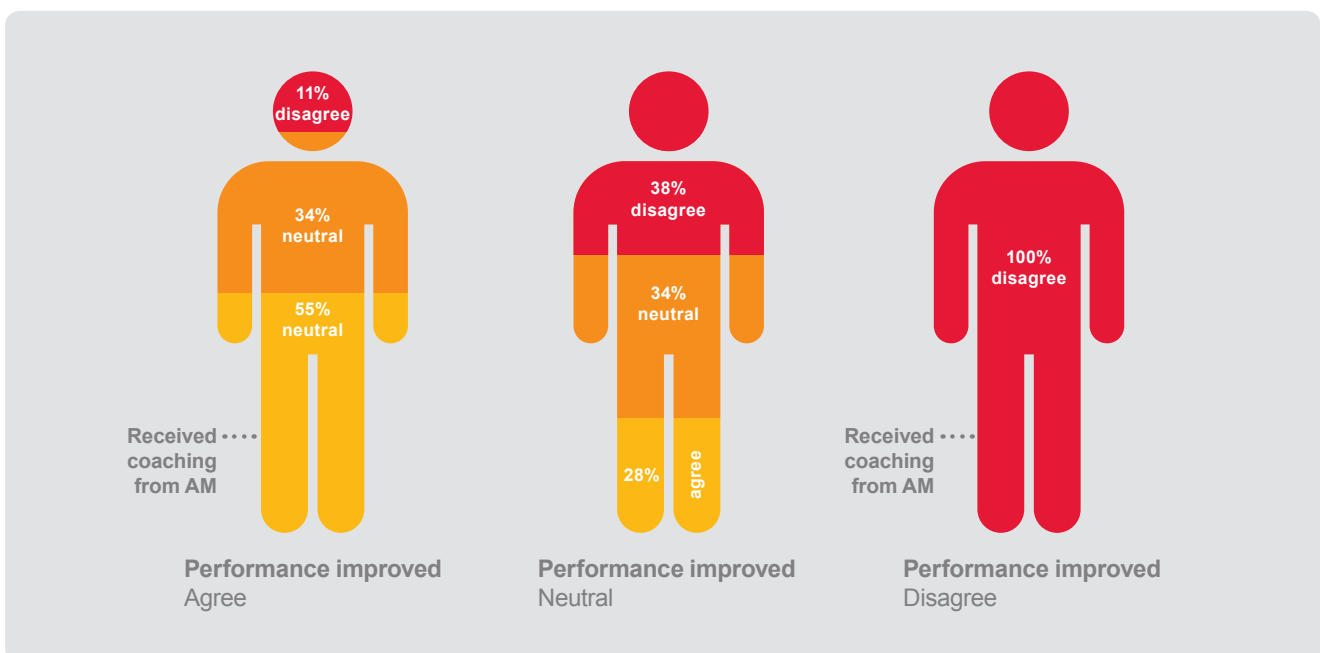


Figure 10: Impact of commercial coaching on performance in leading telecommunications firm (2010).

But of even greater interest is that in the period that the commercial coaching was rolled out, the branches ability to hit their revenue targets rose by a whopping 29% (statistically significant $p < 0.5$). Other benefits included a 4% increase in customer experience and a 7% increase in the mid-year engagement pulse score 'there is someone at work who actively encourages my development' (both statistically significant rises at $p < 0.5$).

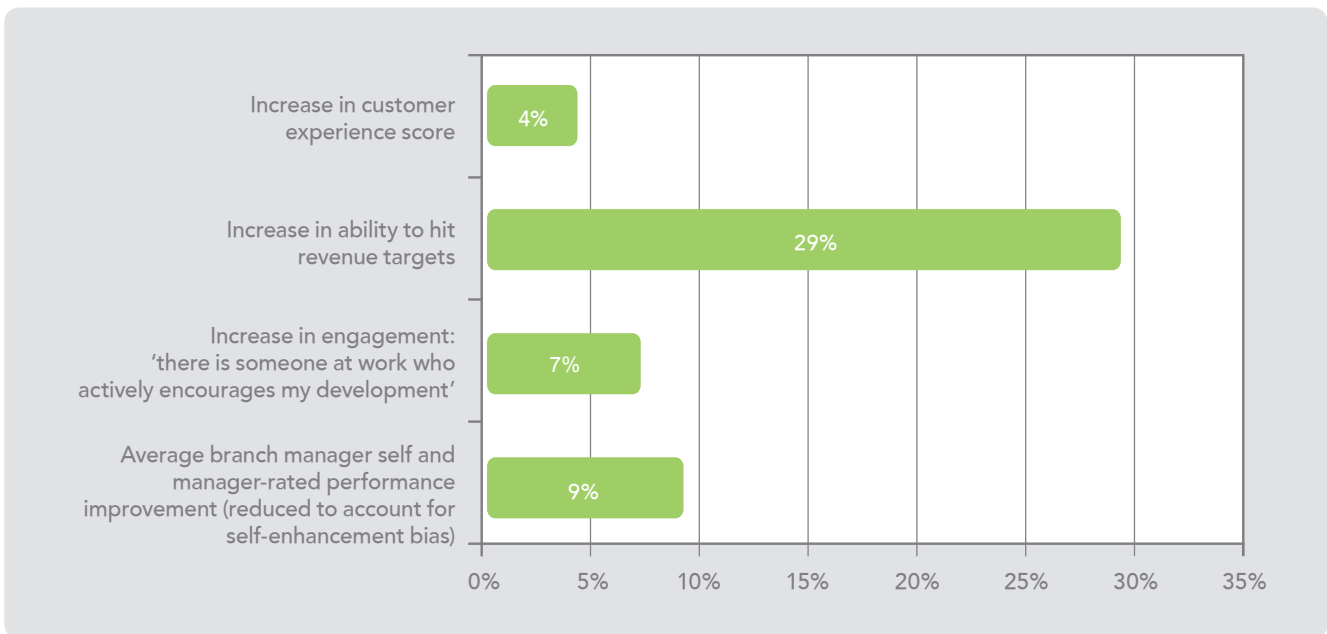


Figure 11: Increase in KPIs during 6-month period that The Mind Gym rolled out commercial coaching in leading telecommunications firm.

Future first

The coaching questions we do ask should be focused on the future. Future-focused coaching has been shown to deliver results faster and more comprehensively than traditional coaching techniques.

While orthodox coaching gives weight to what has/has not been achieved in the past, and the lessons that can be learnt, future-focused coaching asks managers to concentrate on two questions: What would happen if it did work? What steps do you need to take to get there?

There is plenty to explore through each question and, in many cases, the greater the granularity the greater the chances of insight and transfer. I.e. the individual really understands what to do differently and then does it.

Entering into dialogue

There is a colloquial meaning for 'dialogue': two people having a chat. There is also a much more specific, psychological definition. It is this second version that brings a rare power, intimacy and insight to performance conversations.

The psychologists'²⁶ 'Dialogue' is a specific kind of conversation that allows both parties to explore and unearth issues. It involves reciprocal listening and speaking with the explicit intent to build a set of ideas together. Two people who are 'in dialogue' resist the temptation to attack, compete, or retreat when a new idea is introduced by the other person. They do this by learning a series of skills that promote openness and collaboration.

The happy news is that those who are skilled at dialogue are healthier and have stronger immune systems.²⁷ Even better, from a productivity perspective, effective dialogue is one of the most powerful tools in the box and will improve almost any performance conversation.

Dialogue, like mediation or playing the drums, is easy to do badly. The trick to doing it well lies in learning the skills, applying the techniques and practising a lot.

²⁶ Isaacs, W. (1999) Dialogue and the Art of Thinking Together: A Pioneering Approach to Communicating in Business and in Life. Bantam Doubleday Dell Publishing Group.

²⁷ Kiecolt-Glaser J, Glaser R, Stowell J. Perceived stress and cellular immunity: When coping counts, Journal of Behavioural Medicine, 24(4): 323-339.

There's plenty to master – more than we can possibly include here – but these five tips will help steer you in the right direction.

- 01** Adopt the right mindset. You're aiming for empathy, openness and honesty. But, most importantly, you must really want to achieve a productive outcome for both you and the other person.
- 02** Share the facts as you see them and explain how the situation makes you feel. Be ready to debate the facts – you may have them wrong – but don't let the other person disregard or challenge your feelings. If they do, let them know that you won't accept it but avoid direct criticism. Try: 'I don't feel heard' rather than 'you don't listen'.
- 03** In turn, and applying the same principles, let the other person share the facts as they see them and how they're feeling. If they make a provocative comment about you, let it pass.
- 04** Within the conversation that follows, resist the temptation to attack or retreat – doing either could end the dialogue. If you feel yourself attacking, stop, take a breath and return to the facts or your own feelings. If you're starting to retreat, ask for space to share your views. Remember, if you opt out of the dialogue it will end without a productive outcome.
- 05** Help coax the other person back from a retreat by asking questions and listening attentively. Quell attacks by acknowledging their concerns and reconfirming the positive outcome that you want to achieve.

Dialogue is critical for performance conversations because it shows that the manager is open to listening and to working together. Almost immediately, dialogue brings down people's defences. In the longer-term it also builds trust and helps managers and reports develop solutions together that can transform performance.

And dialogue is just as effective whether we're dealing with an under-performer or a company star. Managers of low performers can use dialogue to confront specific performance problems rather than dismissing the individual as unredeemable. For high performers, dialogue encourages open conversations about what's possible, which keeps their motivation and dedication high.

Dialogue works

A family medicine centre in Virginia introduced dialogue as part of their performance management process.²⁸ The approach entailed 'dialogic' discussions between team members and managers about performance goals, using a set of probing questions to open up dialogue.

Following the implementation of this approach, 100% reported that they felt clear about their goals for the year, 100% indicated they had a better understanding with their manager and 84% reported they had a better understanding of the link between the department's mission and goals and their personal role in making it happen.

In this case, promoting dialogue gave a structure for performance management conversations and delivered overwhelmingly positive results.

On the world stage, effective dialogue united all the key parties in post-apartheid South Africa and allowed them to transition peacefully into democracy. If it worked for South African conflict resolution, it should work in the tensest of performance situations too.²⁹

28 Rollins L, Slawson D, Sim S, Galazka M. (2007) Using a supervisory dialogue process in the performance management of family medicine faculty, *Family Medicine* 38(3): 201-7.
29 Kahane, A. (2004) Solving tough problems: An open way of talking, listening and creating new realities.

Tell

- Manager tells people what to do.

Ask

- Team member encouraged to find their own solution.
- All open questions.
- Predominant focus on the past and what can be learnt.

Educate

- Spend more time discussing what the ideal future looks like than reviewing past performance.
- Apprentice relationship.
- 'Dialogue' on issues where views strongly differ.

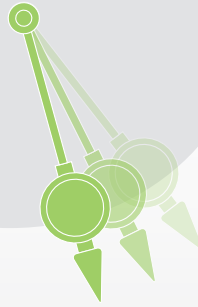


Figure 12: Showing the shift towards more commercial coaching.

04 Job crafting

We're at our most productive when we're doing something that we want to do and that plays to our strengths (which is often the same thing). Dynamic performance management creates this situation for as many people as possible as often as possible.

Set up to succeed

A key tool for this is to employ the kratisto principle. This is based in ancient Greek logic and was at the heart of Alexander the Great's expansion plans. It means building a formidable team by matching tasks to people's strengths.³⁰

There are three practical ways to set up your team so that people are more inclined to play to their strengths:

Role fluidity

Different people relish different challenges. The person who loathes the idea of presenting at a sales pitch may love the challenge of writing the proposal or pricing it keenly. When objectives are crystal clear, specific tasks can more easily be assigned to suit different appetites.

Role shaping

Even though job descriptions tend to be fixed, a judicious manager can usually find space to shape a role. This could mean new responsibilities and, with it, a different status in the team or it can simply be formalising what is already happening. The critical element is that the individual is more motivated as a result.

Complementary partnering

This means finding the perfect partner: where would Archie Norman have been without Allan Leighton when he needed to turn around a floundering ASDA? Johnny Boden without Julian Granville? Brent Hoberman without Martha Lane-Fox? You don't need the respective geniuses of Lennon and McCartney to form a complementary partnership. The trick lies in forming teams with dissimilar but complementing aptitudes.

Shaping the team so that everyone feels they are working with the grain will not only improve performance but also boost engagement. That means people will be more likely to stay with their manager and others will be keen to join, too.

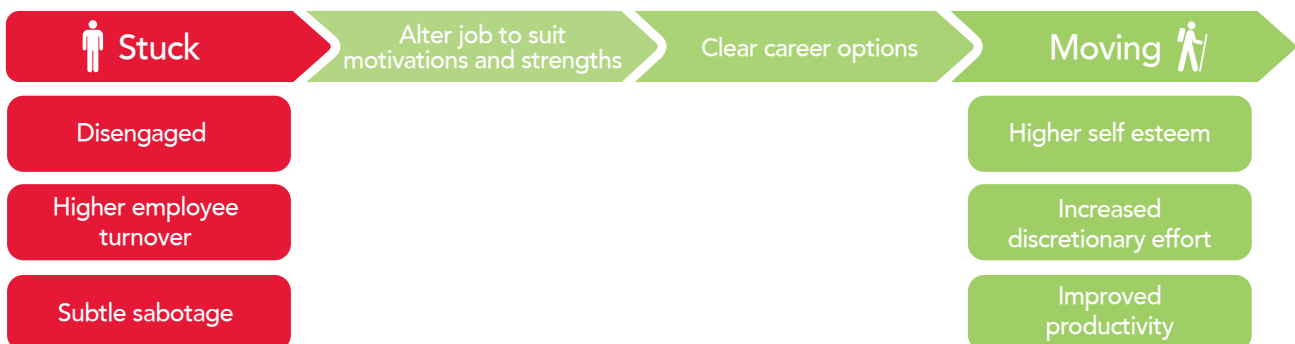


Figure 13: The benefits and key stages of job crafting.

³⁰ Linley, A. (2008) Average to A+: Realising strengths in yourself and others.

Job crafters are doing it for themselves

Job crafters³¹ are people who adapt their role to make it play to both their strengths and motivations.

In an insurance call centre, The Mind Gym encountered job crafters who took three complementary approaches to shaping their work around themselves, changing the shapes of the holes to suit their own particular pegs. They did it in the following ways:

- a) They altered task boundaries. One woman who liked looking after people volunteered for the additional duty of helping new joiners settle in quickly. She took the role very seriously, including bringing them homemade scones and working beyond her normal hours to help them when they were stuck.
- b) They modified relationships, i.e. spent more time with people they wanted to spend time with. A young man volunteered to help with induction because he liked spending time with people who were keen to learn. A woman with considerable years' experience, opted to work on the 'appeals' desk as she relished calming unhappy customers and trying to convert them into loyal advocates.
- c) They changed their perception of their roles so they saw what they were doing in a different light. One of the longer serving members of the team began to talk about his role as 'taking the hassle out of people's lives'.

Responsibility for playing to strengths doesn't just lie with the manager. The individual also has plenty of opportunity to shape their working life. Dynamic performance management helps them realise this and gives them the tools to do something about it.

Getting unstuck

Harvard Business School Professor, Rosabeth Moss-Kanter suggests that people in organisations divide into two major categories: 'the moving' and 'the stuck'.³² The 'moving' can see how their working life can progress and what the next steps look like. The 'stuck' can only see more of the same.

An exhaustive study found that being stuck leads to lowered aspirations, diminished self-esteem and disengagement. This leads to higher turnover and destructive activity, such as petty griping or subtle sabotage. The good news is that people can relatively easily move from one state to the other (although the less good news is that the traffic is two-way).

When promotions are scarce and budget cuts mean there's little hope of pay rises, 'moving' needs to mean more than moving up the hierarchy. Managers must broaden the definition of progress.

This may include new skills, new cultural experiences, new ways to balance home and work (more/less travelling), study leave and/or sponsorship, secondments to a new area of the business or even a sabbatical outside the organisation.

The key to getting people unstuck is to show them how their future can be different and what they can do to make it so.

Taking a malleable view

Do you think of intelligence as something we're born with that is fixed, or do you think it can grow and be improved with discipline and practice?

Researchers at the University of California, Berkeley, conducted an experiment to see what difference these two different attitudes could make. A group of MBA students were set a negotiation task and given a week to prepare. When they returned a week later, just before they were about to conduct the negotiation, they were randomly allocated into two groups.

³¹ Wrzesniewski, A., & Dutton, J. E. (2001). Crafting a Job: Revisioning Employees as Active Crafters of their Work. *Academy of Management Review*, 26, 179-201.

³² Kanter R, and Brinkerhoff D. (1980) Appraising the Performance of Performance Appraisal *MIT Sloan Management Review* 21(3): 3-16.

Each group was read a paragraph of about 50 words. One group was told that negotiation is a fixed skill that we acquire in childhood and that doesn't change – you're either good at it or you're not. The other group was told it is something you can get much better at with practice.

The maximum score for the negotiation exercise was 13,200 points. The group that was told that negotiation is a fixed skill scored 3,332 points. The group that was told it was a malleable skill scored on average 6,300 points.

Numerous other studies have confirmed the finding that those with a malleable view of capability (be it negotiation, intelligence or even playing the violin) greatly outperform those with a fixed view.³³

This has two important implications for performance management:

- Managers need to believe in the ability of their people to learn and grow. This means not only giving them things to do that they are good at but also putting them in situations where they have the chance to learn.
- Individuals need to realise that they can grow. This, above all, will get them unstuck.

Shaping futures

"If he knew what she wants he'd be giving it to her" sang the Bangles in 1986.

The challenge for many of us is knowing what we want from our career, lifestyle, relationship or, in some cases, our dinner. While a manager would generally do well to steer clear of their team's diets or love lives, they do need to understand what the people they are managing want to achieve at work.

This insight will help the manager:

- Frame current work and goals in a way that appeals to the individual's existing motivations.
- Offer coaching and support that the individual will consider especially helpful.
- Build trust and, potentially, gain a lifelong supporter (which may help in unexpected ways later on).

As a result, both parties can form an enduring pact, to their mutual benefit: "I will help you achieve your career/life goals if you help me deliver the results I need."

Nothing motivates like an appeal to self-interest.

There are three stages in this journey, as we discuss in the following three sections.

What do you want?

The conversation about career or lifestyle goals isn't usually the first conversation a manager has with their direct report, and rightly so.

The initial priority needs to be delivering results. Research shows that trust is built fastest by initially focusing on completing tasks together.³⁴ So, since a level of trust and mutual respect is required to make the career conversation productive, it pays to have passed through some tough challenges and chalked up a few successes together first.

However, after three to six months of working together, a manager should be discussing career/lifestyle aspirations with their report. So why do so many of us put it off? Perhaps it's because it requires a level of intimacy not yet achieved in the relationship or a level of foresight and certainty about the future the manager doesn't believe they have.

Whatever the worry, such conversations are a key part of dynamic performance management and can't be ignored. If you're struggling, these tips should help you on your way.

- To ease you both in, give the initial conversations a narrow focus, e.g. what do you want to have achieved here in a year's time? Only as both parties gain in confidence and trust should it move into wider and deeper areas for the individual.

³³ Carol Dweck, 'Mindset: the new psychology of success', Ballantine Books, 2007.

³⁴ Kramer (1996) Trust in Organisations: Frontiers of Therapy and Research, Thousand Oaks, London and New Delhi.

- Put the interest of the employee first. In this conversation you are an 'independent coach', trying to do the best to help the individual uncover what is good for them, even if this means leaving the company.
- Listen very, very attentively. The clues may not be obvious but they will be there. And they will be seen and heard only by a manager who is giving their full attention. That means no email pinging, no Blackberry buzzing, no thoughts about your next meeting allowed.
- Allow the conversation to go into whatever areas the individual chooses (unless they are clearly inappropriate) and refrain from suggesting what you would want in the same situation. The individual may want to spend more time at home, feel like they're achieving something worthwhile, make a lot of money, be respected by their peers, complete a marathon and plenty more. A manager's job is to get the individual to share as much of this as possible.
- Ask from time to time 'what is it about this that makes it something you want to do?' The aim is to uncover the motivation that sits behind the goal. Someone may want to run the marathon to get fit, to raise money for charity, to be with friends, because they like setting themselves tough goals, because they're bored or because they're going through a re-evaluation of their life. What they want to achieve may matter less than why.
- Don't try to do it all in one go. Build insight over a series of conversations.
- Empathise when the individual gets stuck (which they invariably will) and don't try to rush them. Help them by, for example, exploring when the individual feels that they are at their best or giving examples of what others have done and asking how much these options appeal.
- Capture key points, replay them to check they're correct, and always be happy to change them as the individual changes his or her mind.

Some people know exactly what they want: "I want to be country head by the time I'm 35!" Most are rather less certain. When well handled, the effect of this (series of) conversation(s), will mean the individual feels clearer, more motivated and, often, grateful.

What can we give you?

Everyone deserves to know what a 12-24 month journey in the company for them could be. This may look like a career path, a personal skills development journey, a reward track or a combination of these and more.

Critically the individual needs to understand what they can realistically aspire to and what they need to do in order to achieve it.

If the earlier conversation on career/life aspirations has been had, it will be a lot easier for the manager to shape a journey that appeals to the individual.

How can you realise your ambitions?

The concluding phase, and one that manager and individual will keep coming back to, is the plan to realise the ambitions. This is likely to include milestones along the way with certain rewards/credits when they are met, as well as a development plan on how to build skills, experience and confidence.

The bulk of the responsibility for this will lie with the individual, but the manager may also need to make some commitments, e.g. the type of work the individual will be given, the amount of coaching the manager will provide, access to decision-making, freedom to experiment.

The plan is a form of contract. Both agree on what needs to be achieved, what each person will do to make sure it is, and what each will get in return.

This piece in the dynamic performance management puzzle starts to shift the burden from being largely on the manager's shoulders, with 'parent-child' exchanges, to being a joint responsibility, with 'adult-adult' exchanges between the manager and the employee.

As a result of this shift towards 'adult-adult' exchanges, the individual will feel more trusted, more respected and more motivated. In turn, their performance will increase and the demands on the manager will reduce.

And so, the virtuous performance management circle is formed.

Employees take responsibility

In some places, performance management is associated with under performance, as in 'you're in performance management', which is unequivocally a bad thing.

In others, it's seen as another duty for the put upon line manager. We've already explored some ways to help these managers fulfil their performance management responsibilities with verve and guile.

But, the traffic isn't just one way.

To build sustainable performance management, everyone needs to take their share of responsibility.

This is why it pays to sell in the personal benefits of great performance management to the individual. Don't bother them with the business case (see page 3) or more than you need to with the corporate rationale ('we want to create a high performance culture'). They won't care. Instead, highlight how their involvement in performance management will help them learn more, grow faster, get promoted sooner, worry less, achieve more, enjoy work or whatever it is that you think they want.

It's in your hands

It is also worth showing the individual how they can shape their experience of work, starting with the premise that they have at least as much control over it as their manager (which comes as a surprise to most).

At its most basic, this may mean coming to their manager with their own view of their performance. At its more advanced it can include developing their own career plan and engaging their manager so he/she validates it and takes on shared responsibility for making it happen.

In one case study with a professional services firm, 100 people took part in a two-hour session on how to shape their future career. The results demonstrated that even such a short intervention can have a significant impact.



Figure 14: Poster you could use to sell the benefits of PM to individuals.

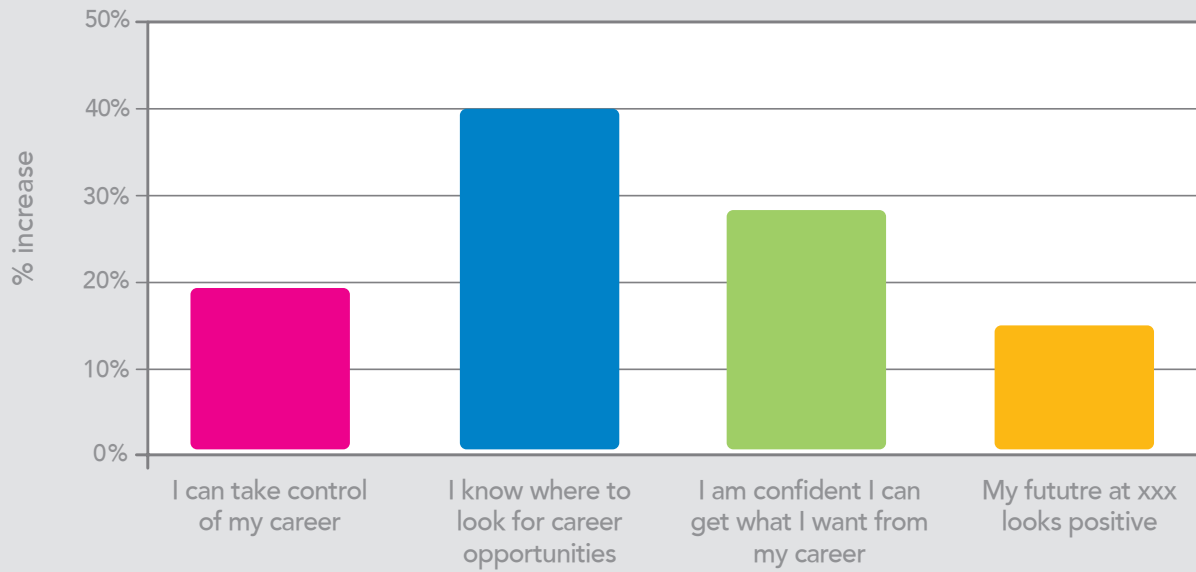


Figure 15: Impact of The Mind Gym intervention on Global Employee Survey results (2007).

Ultimately, performance management is about conversations. There is no limit to the levels of mastery we can reach in order to manage performance to maximum effect. These five ingredients are not the whole story. Equally, those organisations that invest in them will receive a disproportionately high return.

Performance management process

Dynamic performance management places clear, candid, constructive conversations at the centre of transforming performance. However, to realise the full benefits, it is dependent on having a robust and consistent process which provides the foundation. Without it, the conversations will flounder.

A dynamic performance management process will have the following:

- Annual reviews with quantitative ratings. The annual reviews are written up and stored centrally.
- Written input from direct reports/peers/customers (usually as part of the annual review).
- Frequent, informal feedback conversations between manager and individual, and peer-to-peer.
- More formal performance review either quarterly or at the half year to discuss career progression, skills development and/or performance.
- Stretching, written, measurable outcome goals that are directly linked to the overall department/company goals and are reviewed at least quarterly. These are supplemented by development goals, i.e. the new skills and capabilities that are needed to achieve the outcome goals.
- Inter-rating by managers to ensure that annual ratings (and, ideally, annual goals) are fair across peers.
- Deliberate differentiation of performance with different, quantified performance ratings.

The process might look like this:

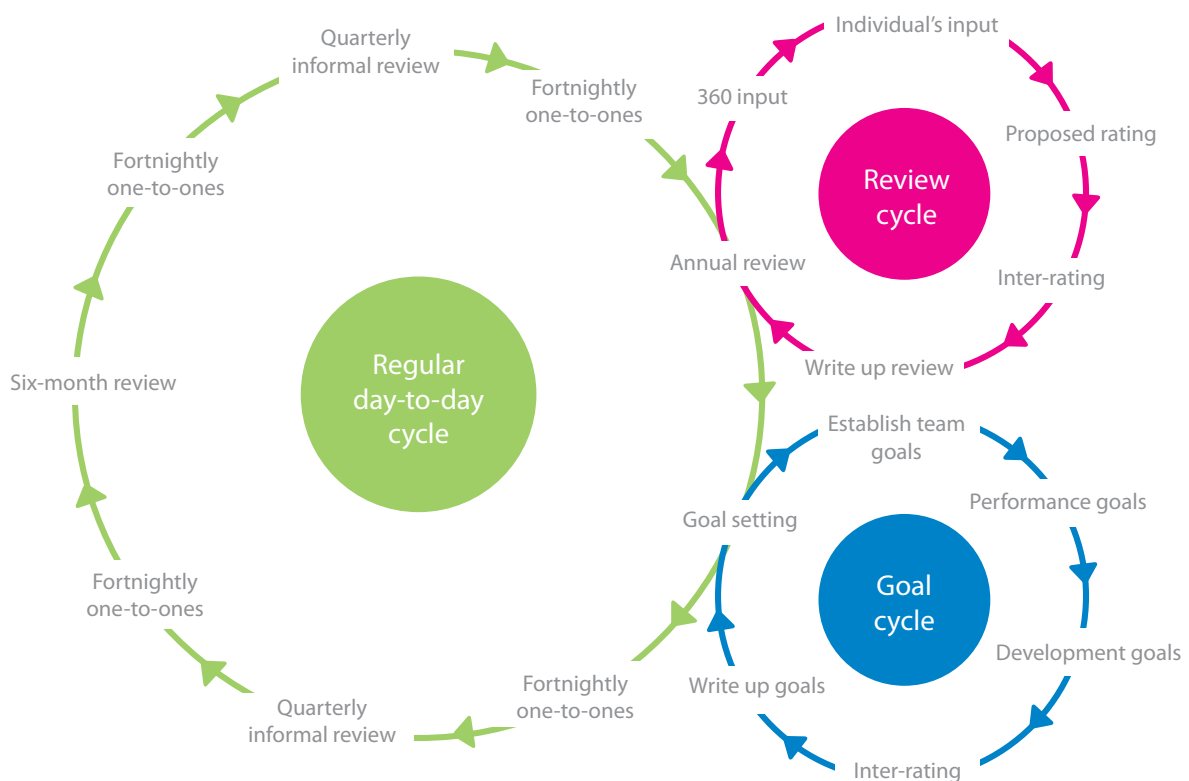


Figure 16: Dynamic performance management process.



How The Mind Gym can help

The Mind Gym has delivered dramatic improvements in performance management in a wide range of companies from global investment banks and consumer goods companies to leading UK retailers, telecommunications companies and one of the world's largest outsourcers.

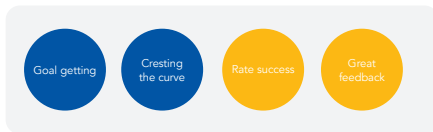
Goals, feedback and consistent differentiation

Challenge

In an organisation fresh from a complex merger, performance management was no longer correlated with financial performance. Managers lacked the capability to manage performance, conduct appraisals and drive change.

Solution

A series of performance management workouts were delivered to 1,000 participants in over 11 countries. Sessions were delivered both face to face and virtually.



Results

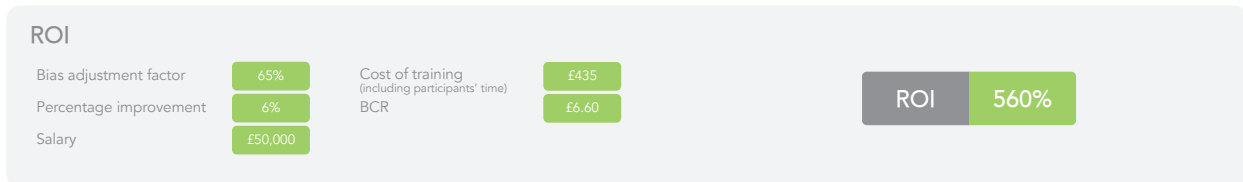
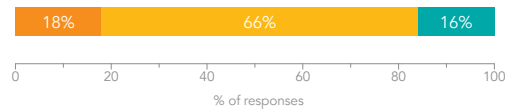
1000 participants

● strongly agree ● agree ● neutral ● disagree ● strongly disagree

I've been able to successfully apply the knowledge and skills learnt from the workouts to my job.



I learnt new knowledge and skills from the workouts.



Commercial coaching; poor performance

Challenge

A leading name in the UK retail industry had previously shied away from dealing with under-performance. In an economic downturn however, under-performing is not an option.

Solution

U-turn performance was offered to all people managers in the head office to give them the skills they need to turn underperformance around and retain their successful position in the industry.

300 people took part.



Results

4 weeks later

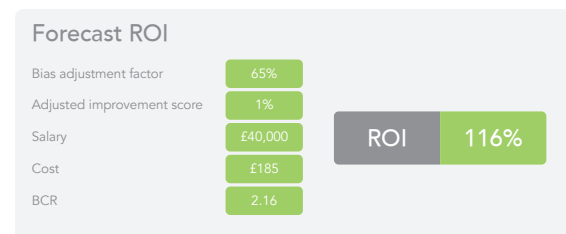
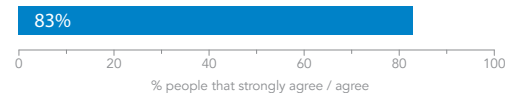
I know how to manage under-performers and help them turn their performance around.



I am confident in my ability to manage under-performers / performance.



I have applied what I learnt in the workout.



The Mind Gym's Solution



Figure 17: Overview of The Mind Gym's solution.

Diagnose

Two online diagnostics reveal the strengths and significant gaps for organisations and individual managers at delivering the five ingredients.

A Organisation reality check

- Sent to all employees.
- Report on how organisation scores against five ingredients.
- Output used to tailor programme to real (not assumed) needs.

B Individual insight

- Sent to managers going on programme and their team for upward feedback.
- Personal debrief on quality of their performance conversations against five ingredients.
- Programme description.
 - Either list of DPM learning bites your organisation is running for individual to self-select.
 - Or recommended individual learning journey.



Figure 18: Output of individual insight diagnostic highlighting which ingredients to focus on.

Engage

Professor Robert Brinkerhoff suggests that 80% of the failure rate of learning interventions is due to poor engagement and poor post-event sustainment.³⁵ This explains why so much of the good advice on how to have great performance conversations is never acted on.

Few managers get excited by the prospect of performance management training. The trick is to hook them in by appealing to self-interest. Essentially, explaining what's in it for them.

With help from The Mind Gym, one bank did a desk drop with an envelope on which was written:

Inside this envelope is a racing certainty

Inside, it read: "When it comes to changing behaviour the nearest thing to a racing certainty is praise. Find out how to give it so people do just what you want, every time."

This brought in enough managers to kick-start the programme, which is now in its fourth year.

Different campaigns work for different audiences. Here are a couple more that have tempted sceptical managers to take part:



Figure 19: Enticing engagement campaigns.

As important as the internal marketing is the engagement of the managers' managers.

The most effective implementation of dynamic performance management starts with them. Engaging the managers' managers may consist of a series of conversations to explain the aims of the programme and their role in making it a success, through to a dry run of what their managers will experience.





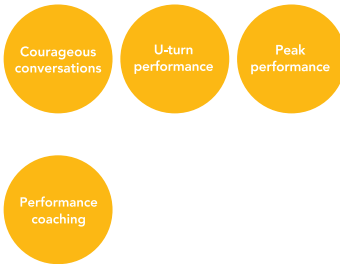





In our eyes, it is almost impossible to under-invest in this area.

35 Brinkerhoff, R. (2001) High impact learning, Perseus Publishing.

Learn

Programme content

The Mind Gym's Workouts, Live Actions and Go Larges are designed to boost managers' confidence and competence. The majority of the Workouts can also be delivered online, for groups of up to 12 people, in a virtual classroom. This is a selection from those that have already delivered great impact. New sessions can be built expressly for your needs.

Five key ingredients	Workouts ³⁶	Live actions ³⁷	Go larges ³⁸
Stretching goals with frequent feedback			
Consistent differentiation			
Commercial coaching			
Job crafting			
Employees take responsibility			

³⁶ A 90-minute, interactive workshop packed with practical tools and techniques.

³⁷ A 90-minute 'real play' based on specially designed scenarios that managers will recognise from their day-to-day working life.

³⁸ A 60-minute, high impact, high energy and high participation talk for large groups.

Programme structure

The programme structure will be designed to meet your needs. For maximum effect it will consist of a series of short modules with inter-session tasks ('action challenges') between each.

Example A: Distributed Bite-Size sessions

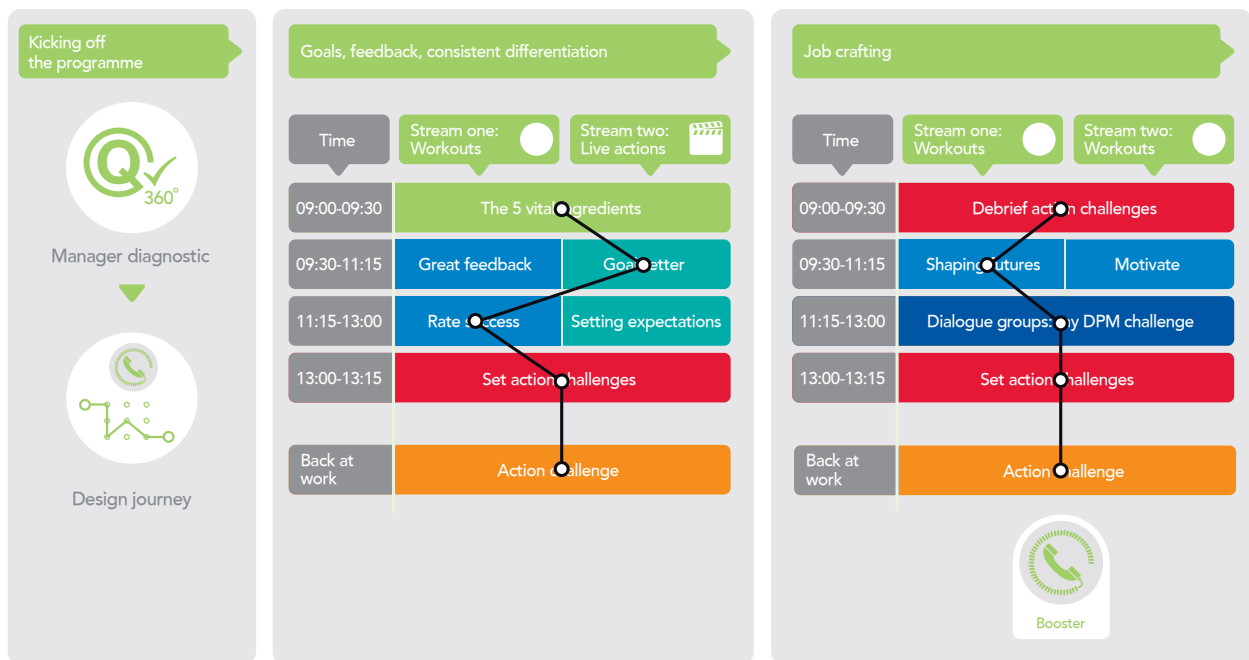
Managers



Colleagues



Example B: Summits



Evaluation

The ROI of dynamic performance management is huge and can be calculated using a combination of Jack Phillips' and Robert Brinkerhoff's methodology.³⁹

Chain of impact

Level of impact	Typical current state	Ideal future
ROI	<ul style="list-style-type: none"> • ROI not measured. 	<ul style="list-style-type: none"> • Forecast ROI calculated. • Value created is substantially greater than cost.
Business results	<ul style="list-style-type: none"> • Average productivity levels. • Average levels of employee engagement. • Higher than desired levels of absenteeism and employee turnover. • Senior roles typically recruited for externally. 	<ul style="list-style-type: none"> • Increased productivity. • Increased employee engagement. • Decreased absenteeism. • Decreased employee turnover. • Decreased spend on recruitment due to surge in internal promotions to senior roles.
Behaviour	<ul style="list-style-type: none"> • Goals are not measurable, stretching or clearly linked to strategy. • Performance feedback is confined to monthly catch-ups at best. • Everyone scores the same at review time, so people leave or slack off. • Inconsistency between different managers; and between same manager depending on mood. • PM is seen as a box ticking exercise. • Traditional coaching takes too long to deliver results. • Individuals are confined to rigid job descriptions that do not bring out their best performance. • Individuals feel unclear how to get what they want from life (or what that even is). • Responsibility placed either on HR or with line managers (and not with individuals). • Managers don't frame PM in a way that excites individuals. 	<ul style="list-style-type: none"> • Managers and individuals agree stretching goals with frequent feedback on progress against these. • Inter-rating meetings between managers on goals and review scores to ensure consistent, just differentiation. • Commercial coaching: the manager uses his expertise to guide, teach and question. • Job crafting: adapting roles and tasks to build on strengths and facilitate long-term aspirations. • Hand over responsibility to the person being managed, by 'selling' PM as something that will help them grow faster/ earn more/ enjoy work.
Knowledge and skills	<ul style="list-style-type: none"> • Managers know how to complete the PM forms. • Individuals don't think about taking control of their performance management. 	<ul style="list-style-type: none"> • Managers know how to have dynamic performance management conversations. • Individuals are inspired to take ownership of their performance management. • PM is perceived as a crucial lever to drive business results.
Reaction to intervention	<ul style="list-style-type: none"> • Not perceived as a valuable use of time. 	<ul style="list-style-type: none"> • Feel it is pioneering, useful, rigorous & engaging.

We will create a comprehensive evaluation presentation ready to show to your internal stakeholders demonstrating:

- Impact on business metrics.
- Increase in performance and forecast ROI.
- Robust case studies.
- Recommendations for continuous improvement.

We will share the results at 'The beginning'; a face-to-face or virtual session with the managers' managers, and hand over responsibility to them to keep the ingredients alive.

³⁹ Phillips, J., Phillips, P., Stone, R., Burkett, H. (2006) The ROI Fieldbook, Butterworth-Heinemann; Brinkerhoff, R. (2001) High impact learning, Perseus Publishing.

Problems with current performance management initiatives

- One size fits all.
- Feels like the company is just trying to get more out of us.
- A whole day out of the office
- Content is based around out-of-date learning fads.
- Learning events are fun (sometimes) but nothing changes back at the ranch.
- Budgets cut and programme scope diminished because not seen as a business imperative.

The Mind Gym's solution

- Personal diagnostic leads to individual insight and unique learning journey.
- Intriguing engagement campaign positions the programme as something to get promoted sooner/ make life easier.
- Minimal time off-the-job and maximum retention of knowledge and skills.
- Content is based on pioneering scientific research on what works
- On-the-job action challenges and observations by managers' manager ensure transfer to the work place
- Robust evaluation clearly demonstrates value to key internal stakeholders.



Intrigued?

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