

Benefits-Based Performance Management

White Paper



review**sn**ap

Overview

Employee engagement is a somewhat overused term. But it is obviously very important for employees to be engaged and to care. A real challenge is getting employees to truly understand why changing their work related behavior is important to them and ultimately to the organization.

Reviewsnap and its parent company Applied Training Systems, Inc. have, over time, examined the impact of the method and type of feedback that employees receive primarily during formal performance reviews, but on an ongoing informal basis as well. In the vast majority of organizations, feedback to employees tends to focus on the overt actions that employees exhibit on a daily basis. Competencies such as initiative, communication, accountability, leadership, dependability and the like are addressed and action plans for improving performance are often a part of the process. And goals are typically centered on performance metrics.

Our observational research indicates that employees start to better understand and then assimilate their own behavior into actions that make them better employees when they have a clearer picture of what is in it for them. David Arringdale, President of Reviewsnap said "Whether we want to believe it or not, people are at least somewhat selfish by nature. And some are very selfish. While they generally want the employer to believe they are eager to do a great job, they are not always that eager to modify their work behavior unless they feel there is a real payoff of some sort for them. The threat of negative consequences (discipline, termination, etc.) often rings hollow depending on the organization's culture. And it usually creates more tension for the employee that can lead to lower productivity."

Accepting that employees need to associate how a positive change in work behavior, regardless of competency, can benefit them in some direct or indirect manner will change how an organization views its performance management process. Although the change doesn't have to be significant, adding employee-centric benefits statements to performance reviews can add a dose of reality, so to speak, to the process for the employee. When employees see and hear how they, and not the organization, will benefit from enhanced performance in particular areas, there tends to be a heightened sense of ownership in the whole review process. Or as Arringdale put it, "There is more take-away value."

What all of this boiled down to for Reviewsnap was the development of a proprietary performance review "add-on" called Benefits-Based Performance Management (BBPM).

The premise behind benefits-based performance management

Organizational culture seems to play a role in how much impact the infusion of personal benefits statements into the review process has on employee performance. For organizations that do an impeccable job of providing feedback on an ongoing basis, preparing reviews and conducting performance review sessions, the incremental impact on performance may be marginal. Why? Because employees are already being effectively coached and the feedback about performance is done on an ongoing basis in conjunction with highly effective performance reviews.

But, as we all know, very few organizations achieve that level of feedback on a consistent basis. Most do a marginal job, at best, on an overall basis and employees often feel somewhat in the dark about their level of performance. Based on this, one might surmise that the first thing that needs to be attacked is the implementation of a more effective, efficient and accountable feedback and review process. And that is an accurate assumption.

Most feedback processes tend to be grounded in discussions about what the employee does well and what they don't do quite as well. Obviously there is substantial variability between managers and supervisors in terms of how well they deliver the messages and how effective they are at coaching. Some employees even view feedback as a selfish ritual on the part of managers and supervisors wanting to get ahead.

But based on observation and feedback over a number of years, it appears that just adding some level of effective feedback about how the employee can benefit from changing their behavior (defined in this case as actions, performance and/or approach) provides enough additional information for the employee that the message hits home with them in a more intense manner. Traditional feedback processes focus on employee performance and goals and how improving performance can have a positive effect on the organization's overall level of performance. In other words, the focus is placed on the organization. While the organization's level of performance is ultimately where the focus should lie, creating incremental improvement in employee performance has always been the path to better overall organization performance.

So the objective here has to be to find the path of least resistance. In this case, the word "resistance" is used in a literal sense. The generally negative manner in which a lot of feedback is provided or the lack of a clear message can lead to literal resistance from employees to comply with managers' directives. Resentment about what can be perceived as an inaccurate reflection of the employee's performance or a particular situation that may have occurred could be one explanation for the push back. This can look a lot like low morale or low engagement levels.

Employees often feel that the organization and the manager are too inwardly focused and not focused enough on their well-being. Obviously when done even reasonably well, employees receive messages about their performance at least somewhat favorably. The problem is that there is a certain level of “noise” during a feedback or review session. That “noise,” as we know, comes in many forms. Unfortunately, too much of the time, the “noise” is in the form of mixed messages, unclear messages, overly negative messages and/or inaccurate messages.

Introducing messaging into the feedback and review process that focuses on how the employee can directly benefit from changing workplace behavior to improve their performance appears to deliver a bigger impact on performance than more standard consequence-based statements. In some manner, a limited amount of feedback and performance reviews may already include some form of benefits statements. But it likely happens more by accident than by plan. The key is to begin developing a culture that focuses not only on the benefits to the organization and the team, but directly on the benefits to the employee as well.

Certainly there are times when the employee has gotten to the point in the disciplinary process that the only real benefit to improved performance is job retention. But that isn't what this approach is about. It is about instilling a culture that is somewhat more employee-centric than what is traditionally the case throughout the organization. It is a fact that regardless of the approach taken, some employees will just never get it. However, Benefits-Based Performance Management is intended to build overall incremental performance improvement and not necessarily to salvage employees who are likely not going to survive regardless of the type of feedback provided.

How BBPM is used in practice

Human nature being what it is the performance review process can sometimes become mundane and unproductive for some employees. As already mentioned, most feedback processes tend to be grounded in discussions about what the employee does well and what they don't do quite as well. And obviously there is substantial variability between managers and supervisors in terms of how well they deliver the messages and how effective they are at coaching.

Managers must be able to carefully convey to the employee not only why it is important, but how enhanced performance will provide actual benefit to the employee. Those benefits in no way have to be monetary, although they can be. They can be a little more abstract. Something like letting an employee know that more production and better accuracy will likely lead to fellow employees perceiving them as a better co-worker and someone they respect and enjoy working with. This alone can engender a fundamental change in behavior in some employees if they actually realize that they may currently be perceived as someone who is difficult to work with and the need to change that perception is critical.

Typically the review process will focus on the hard behavioral changes that must occur. Certainly those must be addressed, but with Benefits-Based Performance Management the benefits to the employee will be addressed as well. In other words, answer the question, "What's in it for me?"

Placing benefits-based statements into a review can tell a story for an employee. Reviewing some examples will help pull this concept together. The following are some simple examples of how specific benefits statements or messaging within a performance review context can be used.

Using the competency categories or groups, initiative, communication and quality of work, three sample benefits statements are shown for each below:

Competency Group:

Initiative Benefits Statements:

- Taking more initiative will better position you to be perceived as someone who has leadership qualities. Good leaders show strong initiative.
- Those you work with will appreciate your willingness to take on responsibility and will likely feel more positive about you as a co-worker.
- Taking initiative to undertake tasks or resolve issues will increase your overall value to the organization, positioning you to enhance opportunities for advancement.

Competency Group:

Communication Benefits Statements:

- Improving your communication skills will likely enhance the perception of co-workers and superiors about how effective you are in doing your job.
- You can reduce your own frustration because you will be communicating more effectively leading to better interpersonal interactions and, therefore, better communication efficiency.
- By improving communication skills, you will better position yourself as someone who may have the skills to lead effectively. Good leaders communicate well verbally and in writing.

Competency Group:

Quality of Work Benefits Statements:

- Increasing the quality of your work will help elevate the satisfaction of other team members as it relates to your work and your value to the team will increase. Increased value is important to an employee's ability to be considered for promotions, wage increases, and overall acceptance among team members.
- Your job satisfaction will increase because you will feel better about delivering high quality work on a consistent basis.
- You will put yourself in a better position to receive merit increases in the future.

These sample benefits statements are only possible statements that can be included as part of a performance review or as part of a feedback session. There is a wide variety of possible statements that can be associated with various competencies.

The important thing to keep in mind about Benefits-Based Performance Management is that this approach introduces subtle differences in how messaging about the need to improve performance is treated in offering feedback to employees. It is not intended to be a drastic renovation of the feedback or performance review process. It is, however, intended to change the way employees receive the message being sent and to move as much as possible from a consequence-based approach to a benefits-based approach.

Impact on Managers

To this point, this paper has focused on the impact on employees. But there is a very important positive impact on managers when benefits-based statements are integrated into the review and feedback process. Managers are sometimes reluctant or apprehensive about completing performance reviews because for some employees low ratings or negative performance comments have to be included and then discussed. It is no secret that some managers don't like to deliver bad news.

What benefits-based performance management allows the manager to do is reframe comments normally viewed as negative into more positive statements. Those statements are intended to convey to the employee how making performance improvements in specific competency areas will benefit them directly. This alone allows the manager more freedom to put a positive spin on the behavioral changes required to enhance performance.

Of course, this doesn't relieve the manager of clearly and concisely communicating to the employee what the performance issues may be. But it does provide managers a tool that will help them feel that they are coaching the employee at a more compassionate and thorough level through their ongoing feedback and the formal performance review processes.

Benefits-based performance management gives the manager a stronger comfort level and makes them more at ease because they understand that they can consistently display a level of concern about the employee generally absent during coaching involving performance issues. A quick example will help illustrate this point.

Suppose the manager is faced with dealing with an issue regarding an employee's ability to work well with others. A comment on the employee's performance review relative to the competency cooperation might look something like this:

"Jim has had a difficult time relating positively and appropriately with co-workers. This has been a relatively recent development. During his first year with the company he appeared to be a positive team player and cooperated well with his team. During roughly the first 9 months of this year he continued this same level of cooperation. However, over the past several months, there have been instances when Jim has had outbursts of frustration and anger during team meetings and other members of the team have reported that Jim has been making negative comments about the team and the company in general. Specifically, during a meeting on July 25th, Jim raised his voice and told a team member that her idea was "idiotic and short-sighted". And again on August 1st during a project update meeting, he sat silent during the meeting and made repeated negative non-verbal gestures such as eye rolls and shaking his head in disagreement. Jim has not come forward to address any specific concerns he might have. In fact, in a conversation with me on August 11th, he was asked if anything might be bothering him and he indicated that 'everything was fine...no problems'. It is imperative that Jim correct this negativity and work hard to become a true team player who displays a high level of cooperation on a consistent basis."

This is typically where a manager would leave things lie in terms of written comments. But benefits-based performance management encourages taking another important step and creates a framework for offering specific statements about how the employee will benefit from changing work behavior. In this case, some possible additional statements might look like this:

“Increasing your level of team-orientation and cooperation will help your fellow team members begin to embrace you as a part of the team again. Having their support is important to your success.”

“Being highly cooperative and supportive of others and the company will better position you as a leader and as someone who understands that teamwork is important to advancing the team and its work. Good leaders display cooperation and support even when they do not necessarily agree with certain things. They voice their disagreement in a professional and positive manner.”

“Making your interactions with fellow employees more pleasant and more productive will help diffuse talk about your negativity and, over time, will help position you as someone who can assume more responsibility.”

The list of possible benefits is much longer, but these few examples provide an idea as to how adding these statements to review comments allows the manager to reframe the initial comments into more positive final comments and adds additional substance to the review. This helps leave the employee with a more positive feeling about the comments and the ratings they support, but equally important is the fact that the manager can share positive outcomes of enhanced performance. Additionally, it gives the manager a way to coach in a manner that is more comprehensive. Not only is the employee getting the information about what is wrong, but he is getting the information about what is in it for him if he improves. This approach makes both the employee and manager feel better about the entire process.

Yes, this approach seems logical and a matter of common sense doesn't it? Some would suggest that many managers already do this. We would argue that most do not and, in fact, many struggle with what to write as general comments to support ratings. Assistive features such as our comment suggestion tool and the benefits-based statements generator are just two of the tools that Reviewsnap is providing to managers to create more fruitful performance reviews and to provide more effective coaching.

Summary

Reviewsnap management felt strongly that its customer base should have access to a tool that managers and supervisors could use to convey the benefits of workplace behavioral change to employees at least during the formal performance review process. That tool is to be integrated into its Web-based performance management system by February 2012. This will augment the system's comment suggestion tool already in place and widely used by users of the software. This functionality will be optional so that system users can turn it on if they want to use it or off if they prefer not to use BBPM.

For more information about Benefits-Based Performance Management™ or the [Reviewsnap](http://www.reviewsnap.com) performance management system, visit www.reviewsnap.com or call toll-free at 1-800-516-5849.

About Reviewsnap

In times like these, growth is *earned* by companies that align their people behind shared goals. If you are working to get everyone on the same page, Reviewsnap is with you. More than performance management software, we offer true partnership through genuine customer service and support. And unlike those other guys who care more about shareholders than customers, we can't sleep at night unless you can. We are all together now. We are your performance management partner. We are Reviewsnap.



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