



3 DEVELOPMENT PRINCIPLES TO LIVE BY

and how they re-shape performance management 2.0

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As part of the debate over whether to end traditional performance management and where to go from here, one fundamental question that needs to be addressed is whether a single HR- Talent Management system can achieve both *evaluative* and *developmental* objectives? In this brief article, I describe a few of the principles that OD professionals live by and the challenges they present for the designers and overseers of “performance management 2.0.”

“BLOW UP” PERFORMANCE MANAGEMENT

Over the last several months, the list of high-profile companies who have “blown up” performance management (PM) as they (we) once knew it has grown to include GE, Microsoft, Adobe, Gap, Accenture, and Deloitte. These are just the most recent public denouncements of what is certainly a long standing and widely held discontent over PM and appraisal practices. Two years ago, [CEB’s](#) research indicated that upwards of 90% of companies were looking at major overhauls to their PM systems.

These days, it appears that the debate over PM is taking on both on new heights (see Bersin by Deloitte [report](#)) and adding new angles of aerial attack. As an Organizational Development (OD) professional looking in from a semi-outsider perspective, it occurs to me that the latest round of scrutiny has focused on the many ways in which traditional PM systems fail not only from an *evaluative* perspective (i.e., valid appraisal of people), which is old news, but also from a *developmental* perspective. That companies want to invest more in the development of their people makes good sense. Whether this responsibility can or should be housed within traditional HR departments and aligned in other ways with formal PM systems remains to be seen.

I am biased however, to think that PM 2.0 will fail on developmental objectives until the old principles of PM are replaced with a radical new set. Though a much longer list is certainly possible, here are 3 principles that most OD professionals I know live by, and which might provide useful guideposts for PM 2.0... if we are to take the new focus on development seriously.

PRINCIPLE 1: You Can Lead a Horse to Water ...



PM 2.0 needs to turn the concept of who owns employee development on its head. In the past, we have pointed to management, the HR-Talent Management-OD department, and most recently, team leaders (see [Deloitte in HBR](#)) as the owners of the development process. While we talk about the idea that managers need to “develop their people,” from the employee perspective, this makes development feel like something “they’re doing *to* us.” Once the whole activity takes on an odor of compliance, what follows more often than not are check-the-box actions and commitments. There is an art form to giving ownership to employees that will no doubt involve learning new and productive ways to lead the horses to water. And some leaders and some cultures will support these coaching behaviors more than others.

One organization that has been leading this charge is the **Federal Bureau of Investigation**. Rather than focusing their efforts on manager-supervisor engagement in the process, they have recently begun to shift toward fostering *employee* ownership. One practice involves training employees in how to seek, receive, and use feedback. Culturally, they recognize the need to attract and hire the right people for this strategy to be effective.

PRINCIPLE 2: From Big Data to Small Data

Many of the emerging trends of PM 2.0 [so far] have focused on solving the old problems of how to evaluate people, for example, how to fix ratings. As a result, many of the proposed solutions focus on giving bigger and better data to management so that organizations can make smarter decisions about how to compensate and utilize its people. On one hand, this is really good progress!

On the other hand, this progress seems to do little to address the development objectives. While new data-driven solutions are certainly needed on this side too, *what's* needed will likely look very different than the recent clamoring for big data. Instead, it's much more likely to look like small data—informal, ongoing, un-documented, and owned by the individual.

Every coach who has used a 360 with a client knows that there comes a moment-of-truth question when it's time to ask the HR sponsor: "Who will own the data?" The old PM script that gives HR co-ownership of the data is one of the best ways to compromise the individual's ownership of the process and certainly conflates the purpose of development with a new possibility that evaluation will sneak in. Even the best and most well-intended HR partners cannot be expected to "un-see" performance data they've seen, and this can be a problem when it later comes time to weigh in on personnel decisions.

For PM 2.0 to truly prioritize development, organizations will need to add a healthy dose of small data that is owned by individuals and off-limits to corporate. This does not mean that the new systems will lack transparency, but that the modes for achieving transparency will need to be different. For example, the assessment data or feedback can be held and owned privately by the employee, so long as the process also encourages honest conversations about the key insights gained from that data. Those conversations are essential in order to gain the input and support of the boss, co-workers, and HR as the employee embarks on new development priorities and goals. As the next section describes, there is a certain "art form" in the coaching that is needed to guide a person through this process.



PRINCIPLE 3: Feedback Without Coaching Doesn't Work



Freeing managers from the burdens of ownership (*Principle 1*) does not let them off the hook. But it does allow for a shift in how they interact with the process and the skills they will need to build. In the big scheme of things, organizations might get more return-on-investment from PM 2.0 by wrestling a little less with the measurement of performance and a little more with teaching managers how to be good coaches for their people.

Recent [research](#) confirms that providing feedback *without* the adjacent support of a coach leaves a lot of the value in these exercises on the table, and in particular, whether the individual sees growth in him or herself as a leader over time. One reason is that the translation of the feedback into priorities and specific actions is rarely self-contained in the feedback. This takes work and requires not only a motivated individual who wants to change but also a supporting process that builds awareness and alignment with the key people around him or her.

In this respect, PM 2.0 will need to replace the old "compartmentalized" view of individual performance with a wider-lens that also shines a light on key elements of the team, organization, and strategy. The most value will be created when the development strategies for people accurately reflect the specific needs of the business strategy (read J. Boudreau's "*Trouble with the Curve*"). And it seems reasonable to expect *even more* demand on coaching and coaching skills as a more complex view of individual performance and the surrounding context is embraced.

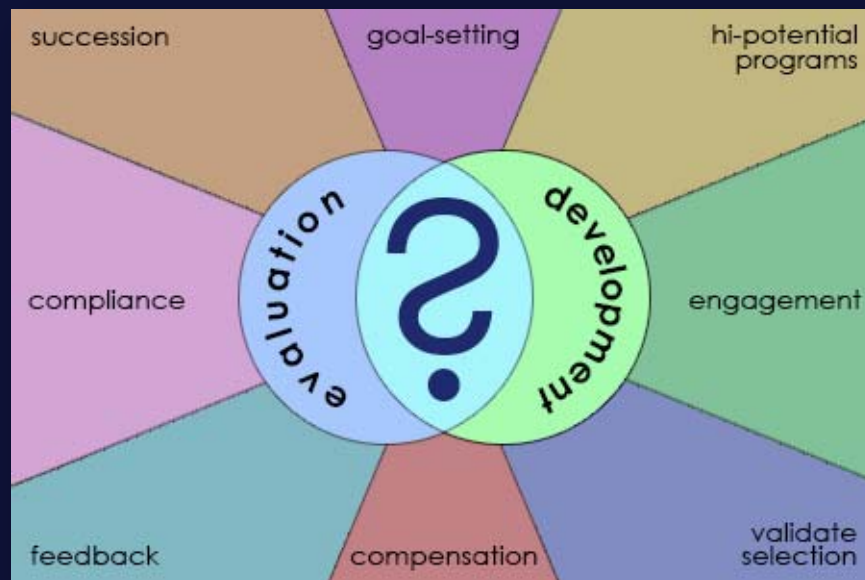
Development *and* Evaluation: A Paradox?

Stanford business professor Charles Bonini described how it is not possible to create a model that is both accurate and useful. A model that is fully accurate is too complex to understand, and thus, we must compromise some accuracy in order to achieve some practical value. This is called “Bonini’s paradox.”

As with the HR sponsor in the 360 moment-of-truth, the designers of PM 2.0 will need to decide what their ultimate priority is. If development is *the* priority, the new systems will need to be engineered with development principles in mind, and the solution will be as much about *changing the culture* as it is about improving the measurement. As my description of each principle has highlighted, these cultural shifts will most likely entail:

- The shift toward employee ownership of development and corresponding changes to how HR and managers support and bring accountability to the process,
- New norms that effectively balance privacy and transparency so that employees can own their feedback and data (e.g., 360 data) while also having the honest conversations needed to allow others to support their progress, and
- A shift in management style and skillset that moves away from “telling and directing” and moves closer to “asking and coaching.”

FIGURE 1



Traditional performance management systems reflect a wide-range of processes driven by an even wider range of stakeholders.

Two foundational aspects, however, are Evaluation and Development. Organizations must **evaluate** performance to put the right people in the right job. Organizations must facilitate **development** to maximize talent and prepare for future challenges.

A key question for PM 2.0 is how to accomplish *both* development and evaluation objectives given their competing principles and priorities.