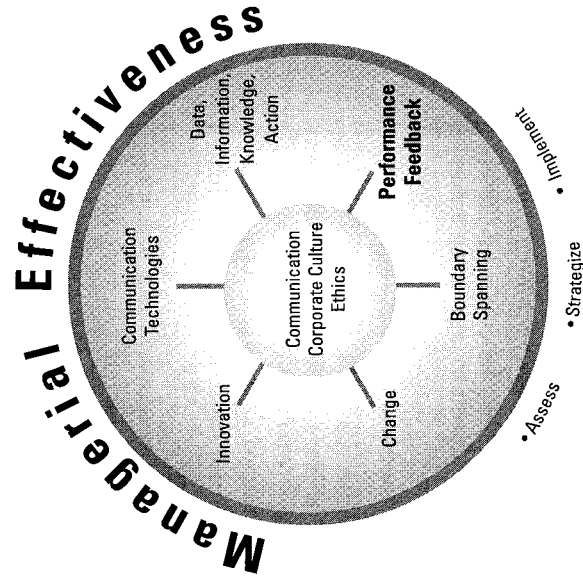


CHAPTER 7

Providing Performance Feedback



Feedback is one of the fundamental facts of life and ideas of science, yet only in the last fifty years have we recognized its all-pervasive presence. The idea is simple: A feedback mechanism registers the actual state of a system, compares it to the desired state, then uses the comparison to correct the state of the system. Feedback is goal-oriented. . . . Movement is the essence of feedback. It implies purpose and progress. Like a walker on a high wire, it continually achieves balance in order to achieve something beyond balance. It can never rest.

—Horace Freeland Judson

What if there was no feedback? What if feedback took a Rip Van Winkle sojourn? Cells would not know when to stop multiplying. The economy would fly out of kilter. Without feedback, the world as we know it would not exist; the high-wire walker would fall. No system can survive without feedback.

Yet, many employees feel that they are expected to do just that. Performance feedback has surfaced as a problem area in every organization in which my colleagues and I have conducted communication assessments. For example, more than 60% of the employees in our database expressed dissatisfaction with the performance feedback system.¹ In interviews with employees, many made comments such as, "Performance evaluations don't really exist here. If they do, I don't know what they look like. It's like pulling teeth." In short, there is probably no more pervasive and perplexing difficulty than how to effectively provide feedback to employees about their performance.

The cynic might ask, "So what?" Does performance feedback actually make any difference? Indeed, I mentioned to one vice president that employees felt they did not get adequate feedback. He responded, "They get their paychecks every two weeks, don't they?" Researchers have a more critical view. Performance feedback has a high correlation with job performance and satisfaction. In fact, employees indicated that performance feedback had a greater impact on their performance than every other communication variable, including the communication climate, coworker communication, and even supervisor-subordinate relationships.² In one study, employees were asked to recall a specific incident that caused their productivity to increase. More than 65% of the employees mentioned some kind of feedback from management, such as a written note of praise from the company president or an extra bonus for effectively completing a challenging task.³ In short, employees like to know how they are doing. For some, feedback serves as a reward or motivation. For others, it provides useful information to correct behavior or a way to build self-esteem. Meeting these sometimes divergent needs requires a sound feedback system and skillful managers. These issues are the focal points of this chapter.

CHAPTER 7: BY THE NUMBERS

54%	of employees say their performance reviews are useless
43%	of employees feel they don't get enough guidance to improve their performance
60%	of employees are dissatisfied with the performance feedback system
43%	of employees are dissatisfied with information about how they are judged
61%	of employees believe their organization tolerates poor performers
43%	of employees say their good work goes unrecognized

Performance Feedback Principles

The following principles provide a solid foundation for the more specific discussion about creating an effective feedback system.

Everyone, Whether They Acknowledge It or Not, Has Performance Standards

In every task, duty, and decision, employees assess their own level of effectiveness. If deemed satisfactory, they seek to maintain it. If they fall short, they make changes. After cyclist Lance Armstrong won his fifth grueling Tour de France by only sixty-one seconds (covering over 3,400 kilometers in twenty-three days), he admitted he was not in optimal condition and vowed to train even harder.⁴ It worked. He rode to a sixth title and an unprecedented seventh. These are very high standards, indeed. There are, of course, other people who are happy to work to minimal standards, hoping to slip by and not to get fired. Clearly, the spectrum of performance standards ranges from the nominal to the commonplace to the extraordinary. Regardless, performance standards are a nonoptional part of the human experience; they guide our behavior, determine our aspirations, and ultimately define our essence. Effective managers take on the challenge of elevating their employees' standards.

High Performance Standards Foster Employee Development and Organizational Viability

Employees generally benefit from high performance standards. Those who are challenged to achieve their potential tend to be more satisfied and productive. Self-actualization, perched atop Abraham Maslow's famous Hierarchy of Human Needs, represents the ultimate desire of employees. The thoughtful philosopher and poet Jacob Bronowski beautifully expressed it:

The most powerful drive in the ascent of man is his pleasure in his own skill. He loves to do what he does well, and having done it well, he loves to do it better.

You see it in his science. You see it in the magnificence with which he carves and builds, the loving care, the gaiety, the effrontery. The monuments are supposed to commemorate kings and religions, heroes, dogmas, but in the end the man they commemorate is the builder.⁵

Most people aspire to fulfill their potential. Companies should not frustrate this desire but seek to encourage it by offering challenging tasks and high standards. To sustain performance in this demanding atmosphere, employees' efforts and accomplishments must be acknowledged, supported, and rewarded.

When not properly challenged, employees lose their motivation and organizations lose their viability. A company will eventually lose market share if competitors can provide better products or services faster or at lower cost. It happens all the time. Just look at what Apple does. With the development of their iPhone, the sales of competing cell phones started to evaporate. Likewise, Apple's iTunes virtual store offers music selectivity and timely service that cannot be duplicated by the traditional CD. When organizations have lower standards of reliability, performance, and service than their competition, the results are inevitable and often terminal. Companies and managers need have no apologies for high performance standards.

All Employees “Receive” Feedback about Their Performance

Even if employees do not receive explicit feedback, they make inferences about the acceptability of their work. From the organizational context, employees extract messages and come to conclusions such as, “No news is good news,” or “I haven’t heard any complaints, so I must be doing OK.” When employees fail to receive explicit feedback, they infer it and continue to perform at levels they deem acceptable to themselves—but not necessarily to their organization. Or to put it another way, a manager cannot *not* “give” performance feedback.

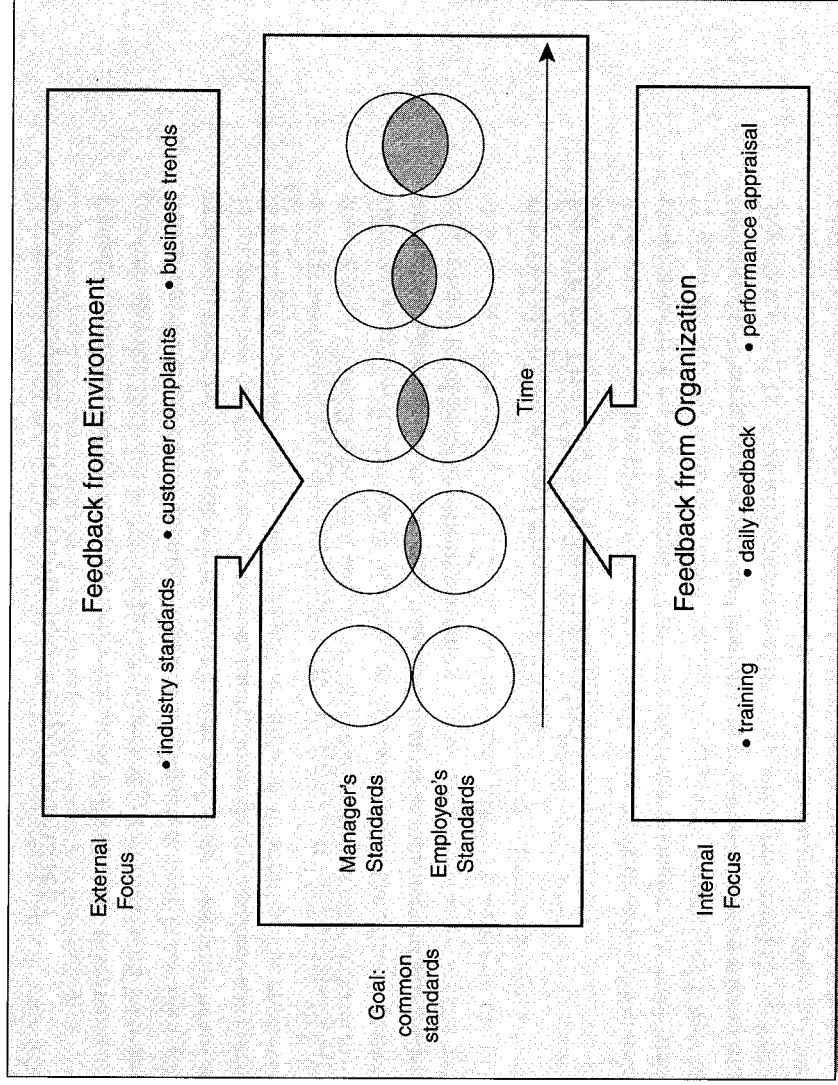
Unfortunately, this inferential method of feedback often encourages employees to make inaccurate speculations. Consider, for example, managers who sugarcoat their feedback by overemphasizing the positive and downplaying the negative.⁶ Employees usually assume the best, in which case true problems go undetected and uncorrected. Or employees may assume the worst, often producing stress, anxiety, and alienation.

The Ideal Feedback System Drives Employees to Identify, Perform, and Commit to the Evolving Performance Standards

Employees and managers do not always share the same standards. New employees often have quite different standards than their managers because of their different backgrounds, training, and experiences. Indeed, researchers have shown that managers have the greatest impact on their employees’ standards, values, and expectations during the initial training period.⁷ After that, employees tend to be more influenced by their coworkers and other organizational factors. As seen in Figure 7.1, if proper selection procedures have been used, employees will share, to some extent, the performance standards of their managers. The training process should result in a more complete sharing of expectations, therefore increasing the degree of overlap. The standards may be altered as situations change, the manager matures, and the employee develops. Yet, the objective endures: close the gap between the standards of the employee and the manager.

The employee must not only know the standards but also perform as expected and be committed to these standards. For example, a professor may set a standard for professionalism in writing, which might include “zero tolerance” for spelling errors. Clearly, the professor can encourage professional writing standards, but exhortations are useless unless the students actually turn in papers of this quality. The professor aims for knowledge, performance, and commitment. Ideally, each student learns the appropriate standards, turns the knowledge into action, and transforms the action into resolve. Likewise, effective managers want their employees to internalize the standards instead of depending on external commentary by others.

Even as employees seek to perform up to the standards, new standards will emerge. Why? Because the competitive environment changes, technology improves, and organizational needs evolve. Thus, managers naturally need to reconsider the usefulness of the current performance standards (see Figure 7.1). Are the present

FIGURE 7.1 Ideal Feedback Process

standards sufficient to meet corporate goals? To be competitive? Have the employees suggested any new standards? These are the kinds of questions that must be asked regularly to ensure the viability of the standards.

Implementing a Successful Feedback System

The principles previously discussed provide a useful background for developing an effective feedback system. There are many systems and methods for providing employees with feedback. Yet, ultimately the success of any system hinges on four basic questions.

1. Do employees know their job responsibilities?
2. Do employees know the standards of evaluation?
3. Do employees receive useful informal feedback?
4. Do employees receive useful feedback from performance appraisals?

There cannot be a weak link in the chain. The answer to each of these questions must be affirmative for the feedback system to work.

Do Employees Know Their Job Responsibilities?

Dynamic organizations tend to experience the most difficulties in this area. Our research revealed that almost 20% of the employees felt unsatisfied with information about their job requirements. Clearly, if employees do not know their job responsibilities, they are probably not doing their job.⁸ How could this happen? Employees may have never read their job descriptions. Or the situation may have changed so much that the job descriptions are outdated. In addition, the employee may get conflicting messages about the actual job duties from coworkers and the supervisor. As a result, effective managers set up some kind of formal mechanism—either in the appraisal interview or in a separate discussion—to ensure that employees understand their job duties and expectations. Either way, employees learn how they are expected to add value to the organization.

Do Employees Know the Standards by Which They Are Being Evaluated?

Research suggests that 43% of the employees are unsatisfied with information about how they are being judged.⁹ For example, one manager at a bank said, “I know my job, my manager knows I know my job, but I haven’t a clue how he evaluates me.” An employee may know her job is to troubleshoot for an engineering division but may be completely unaware of how her performance will be judged. Is it the number of problems she solves that counts? Does the complexity of the problem matter? These are questions about standards of evaluation, not about job duties. Employees need to see the yardstick.

In almost every job, at least a few quantifiable criteria can be discussed with employees. As one performance criterion, a bank teller may have to establish a designated number of new IRA accounts. But there are also qualitative aspects of every job that are equally important. Bank tellers must be concerned with effective customer relations. Some overly enthusiastic behavioral psychologist might argue that even this can be quantified. A few businesses, for instance, insist that the employee smile at the customer a designated number of times while conducting a transaction and conclude with a canned, “Have a nice day.” These dictates may work for robots, but they quickly wear thin with employees and clients. Thus, I do not share in the behaviorist’s mad rush to quantify everything that can be counted. Harry Levinson, a noted management psychologist and clinical professor of psychology at the Harvard Medical School, perceptively commented, “The greater the emphasis on measurement and quantification, the more likely the subtle, non-measurable elements of the task will be sacrificed. Quality of performance frequently, therefore, loses out to quantification.”¹⁰

Consequently, effective managers use a combination of quantitative and qualitative measures in evaluating an employee’s performance. Still, many managers

resist having discussions of their criteria. Why? *First, some feel that specifying criteria inhibits their flexibility in evaluating employees.* So what? The manager's flexibility should be less important than creating a high-performing work climate. Moreover, flexibility usually emerges in the qualitative criteria. *Second, some managers feel ill-equipped to discuss criteria, especially qualitative measures.* Clearly, these discussions are not easy. Some managers may be unable to articulate their expectations and their intuitive sensibilities that are honed by experience. They may also have to commit to a series of discussions with employees rather than a single meeting. Yet, effective managers willingly accept these challenges because they know how energizing well-defined yardsticks can be to employees.

Do Employees Receive Useful Informal Feedback?

In the long run, the day-to-day "pat on the back" or reprimand may have a greater impact on employee performance than any other communication event. Regrettably, most employees are not satisfied with the daily feedback they receive and can relate to an airline employee who said, "[Giving] specific, positive reinforcement is management's worst problem. They can't seem to praise anyone. You'd think it was costing them money." The problem pervades organizations across the spectrum, from service-oriented companies to manufacturing firms. Indeed, more than 40% of the employees in our databank were dissatisfied with the extent to which their efforts were recognized by the organization. There are two primary reasons for this problem.

First, many managers do not take the time to give regular feedback. The inherently different perspectives of employees and managers compound the difficulty. For example, assume that a manager of a twenty-person department decides to spend three minutes every week giving honest feedback to each employee. The manager invests one hour each week in this process. Yet to the employee, three minutes a week is a mere commercial break. Thus, managers almost always overestimate, at least from the employees' perspective, the amount of daily feedback they communicate.

Second, many managers simply do not notice employee performance unless there are difficulties. Managers get more credit for problems solved than problems avoided. No wonder they are quick to comment when employees stumble but slow to praise a job well done. Employees want to be recognized, and they bemoan the "I only hear when things go wrong" managerial philosophy.

Despite these inherent difficulties, the effective manager allocates time to providing routine feedback. As Jack and Suzy Welch say, "You may be running a billion-dollar business, moving resources around the globe, and suavely narrating PowerPoint presentations to top management; but you simply do not have the right to call yourself a manager if you are not regularly telling your people what they are doing well and how they need to improve."¹¹ In the long run, proper feedback actually saves managerial time. Why? Corrective feedback can stop small problems from growing into bigger ones. In fact, the daily pat on the back or minor correction can stimulate employee growth and development.

Do Employees Receive Useful Feedback from Performance Appraisals?

Much ink has been spilled over the issue of performance appraisals. Business journals, periodicals, and books are filled with discussions on how to more effectively conduct the performance review. And with good reason; there is probably no greater area of employee dissatisfaction. In fact, although most organizations maintain a formal performance appraisal process, few achieve their objectives.¹² This disgruntled employee expresses the sentiments of many:

My immediate supervisor felt it was her duty to give me my evaluation as required once a year. It was handed to me with, "I'll discuss it later." When I asked her, "Why not now?" she said, "I don't have time." This was my year's work and it was no big deal! *It was to me.*

Other complaints abound. Unfair rating scales, lack of objectivity, and lack of specific examples to back up the evaluation are just a few of the ones frequently mentioned.¹³ But this does not mean that employees want to avoid the formal appraisal. Employees want this kind of feedback. In fact, despite problems, one survey found that 90% of employees reacted favorably to the concept of a formal evaluation.¹⁴ There are a variety of reasons for problems with appraisal systems, but three are particularly noteworthy.

First, some managers resist the appraisal process because it is used to accomplish multiple goals that are sometimes incompatible (see Table 7.1). One airline we investigated used the appraisal process to simultaneously provide feedback about employees' past job performance, as well as to determine their promotional potential and make salary adjustments. Many of the managers felt the variety of goals encouraged distortions, such as inflated ratings and overly positive comments. Some managers did not want to hurt employees' long-term promotion opportunities, so they made vague general comments. Others were less virtuous. One manager took a Machiavellian approach, giving a troublesome employee high marks to promote him out of his department. That is, of course, one way to get rid of a problem—give it to someone else.

Second, many managers feel compelled to inflate ratings. It might be called the *Lake Wobegon phenomenon*, "where everyone is good-looking and all the employees are above average." Part of the problem lies in the natural competition between different departments. Many managers feel that other department managers rate their employees highly, and if they do not do the same, then their employees will be penalized in the long run. Another part of the problem lies in the meanings attached to the numbers or categories typically used in appraisal forms. In one study, we asked a group of managers from the same company to respond to a series of precise questions about what they meant when they used terms such as *above average*, *average*, and *below average* on their appraisal forms. We found many discrepancies. One of the more striking was the meaning of the word *average*. More than 60% of the managers believed it meant "the employee completed all jobs satisfactorily,"

TABLE 7.1 Potential Objectives of Appraisal Systems

Objective	Concern
Make salary adjustments	Salary decisions are rarely based solely on performance. Factors such as market conditions, length of service, and corporate economic outlook affect the decision.
Determine promotion potential	An employee may perform one job with a high degree of competence but be unsuitable for greater responsibility.
"Grade" past performance	At times, a "grade" may not motivate employees. It may also fail to uncover important reasons for performance levels.
Motivate	Many managers leave out the "bad news" when trying to motivate employees.
Improve performance	Sometimes, managers are so "problem oriented" that they fail to effectively and specifically praise employees.

whereas 37% felt it meant that "performance was uneven, some above average and some below."¹⁵ Clearly, such discrepancies can lead to uneven evaluations.

Third, many managers resist the appraisal process because they feel that they are "playing God." Douglas McGregor expressed it eloquently:

Managers are uncomfortable when they are put in the position of "playing God." The respect we hold for the inherent value of the individual leaves us distressed when we must take responsibility for judging the personal worth of a fellow man. Yet the conventional approach to performance appraisal forces us not only to make such judgments and to see them acted upon but also to communicate them to those we have judged. Small wonder we resist!¹⁶

Understandably, managers try to avoid situations involving the deity-to-sinner kind of relationship. Yet, in many cases, this fear of "playing God" masks a deeper problem of an inability or unwillingness to face conflict.

Regardless of the actual reason for the reticence, managers are destined to "provide" some kind of feedback. That changes the question from "Should I provide feedback?" to "What kind of feedback is useful?" Or, more specifically, "Did my feedback contribute to the employee's growth?" Furthermore, providing objectively based judgments need not imply a divine verdict of a person's worth. The alternatives are worse. Harold Mayfield put the matter in perspective:

Is there one of us who has not kicked himself for some inglorious episode in our human relationships? This risk I believe to be one of the prices we must

pay for any attempt at serious communications. Against it, we must weigh the cost of silence. It, too, leaves scars.¹⁷

Communicating Performance Feedback

Providing effective informal and formal performance feedback may well be the singular characteristic distinguishing the merely adequate manager from the superior one. The skillful manager addresses two essential aspects of this vital communicative task: the method and the message.

The Method

Effective managers carefully hone their feedback to employees. They strategically incorporate the following in the appraisal process.

Use Self-Appraisal and Task-Inherent Feedback. Commissioned salespeople are acutely aware of their sales figures. In this case, a supervisor may not need to comment on the discrepancy between goal and performance level. Rather, the supervisor's role becomes more of a coach and counselor. In fact, researchers have isolated five potential sources of feedback and ranked their utility to employees. The most important, in order, are oneself, the task, supervisors, coworkers, and the organization.¹⁸ Employees are more likely to accept feedback from those who have directly experienced their work and whom they deem objective and credible. No wonder self-appraisal and task-inherent feedback top the list. So the wise course for a manager might be to create mechanisms that encourage employees to conduct self-appraisals based on feedback from the task itself. Researchers, for example, have determined that computer-generated performance feedback often improves production worker effectiveness more than supervisory feedback.¹⁹ Such methods are a subtle way to augment the appraisal process.

Seize Every Opportunity to Provide Employee Feedback. The *One-Minute Manager* has dominated the best-seller lists much longer than the title might suggest. The premise is simple. "Catch" employees doing the right things and tell them. Admonish them on the spot when you find them doing the wrong things. The timing and informality are critical because these one-minute discussions provide helpful feedback in a nonthreatening environment. Corrections can be made quickly and core company values can be specifically reinforced. In fact, several one-minute chats may do more good than the most carefully planned appraisal interview. This may explain why the one-minute manager's advice endures over time.

Decide on a Useful Technique to Formally Assess Employee Performance. Essay evaluations, rating scales, ranking methods, and critical-incident techniques are

just a few of the options.²⁰ The specific objectives of the system should dictate the type of approach (see Table 7.2). If the organization wants to encourage employee growth, then written essays about employee performance would prove useful. To promote a competitive spirit within a sales force, for example, ranking employees may work best. The most widely used approach, rating scales, are the default option.

In recent years, 360-degree reviews have gained popularity. The employee at the hub of a 360-degree review receives feedback from every angle—up, down, and all around.²¹ This may prove invaluable because subordinates, peers, or even customers may be in a better position than supervisors to provide useful feedback about certain issues such as leadership. Moreover, the employee cannot easily dismiss criticism independently garnered from a number of different sources. On the flip side, 360-degree reviews are time-consuming and potentially confusing to the employee. When used widely in organizations, they may encourage gamesmanship

TABLE 7.2 Appraisal Techniques

Method	Strengths	Weaknesses
Rating scale	Allows comparison between employees without forcing distinctions. Easy to use.	Might be disagreement over meanings of the numbers.
Essay	Allows appraiser flexibility to uniquely characterize each employee.	Is difficult to compare employees. Might have variances between raters in level of specificity.
Rank order	Creates clear distinctions between employees. Often used for salary purposes.	Forces unfair or artificial comparisons between employees.
Critical incidents	Focuses on employee behavior. Avoids appraisals of employee personality. Provides specific evidence.	Takes time to record every incident. May cause manager to delay daily feedback. May encourage an overemphasis on the peaks and valleys of performance, rather than typical performance.
360-degree	Provides various points of view. Underscores the importance of all the relationships an employee must effectively manage.	Is time-consuming. May encourage “gamesmanship.” May be potentially confusing to employee.

with such behind-the-scenes deals as “I’ll rate you high, if you rate me high.” It is difficult to be both peer and judge, so many organizations use the 360-degree review for developmental purposes, separating it from the salary review process.²²

Even if managers do not “have a say” in the evaluation methods, they should be aware of the limitations and advantages of the various options. In fact, some managers supplement the mandatory system with other “homegrown” measures.

Regardless of the method used, the organization needs to commit to provide training for the appraisers. This helps ensure that practice harmonizes with purpose. It also cultivates more uniformity and fairness in the rating process by limiting distortions that may emerge from “political games” in the organization. Importantly, training can protect the organization from a potential legal minefield (see Table 7.3). For instance, McDonnell Douglas was sued for laying off an employee who believed that age, not performance, was the determining factor. The court sided with the company because appraisal records showed that her performance was consistently and objectively rated below that of her peers.²³ In short, successful organizations, just like the courts, recognize the value of well-conceived and well-executed performance appraisals.

Discuss with Employees the Exact Purpose of Appraisal Interviews. At the outset of the interview, every employee should be reminded of the appraisal’s purpose as well as how the information will be used. This helps new employees determine what type

TABLE 7.3 Minimizing Potential Legal Challenges

Action	Rationale
Train appraisers to focus on behavioral, observable, and objective evidence.	Training increases perceived fairness in the process and should curtail more subjective evaluations. The courts will not support terminating someone because of a personality conflict.
Use consistent standards and apply them fairly to all employees.	The courts frown on a seemingly aberrant review to justify termination. A history of documented problems is very helpful to support the organization’s case.
Encourage employee participation in the process.	Participation encourages dialogue that could be used to correct misperceptions and misunderstandings that may occur in the process.
Allow employees to respond to reviews.	Distortions in the review process are bound to occur for any number of reasons. Providing the employee the ability to respond in writing acts as a safety valve for the process.
Document the process and review.	Written evidence carries greater weight than a supervisor’s memory.

of information is appropriate to share. Even though this may become a bit repetitive over the years, it helps ensure that employees are continually focused on the objectives. Setting a specific time and place for the interview sends a powerful secondary message that the discussion has great significance. Interruptions, like phone calls, should be avoided. These may sound like small matters, but they often prove significant to employees.

Assign Employees Specific Preparations for the Appraisal Process. Many organizations provide appraisal forms for both the manager and the subordinate, which are parallel in format. The manager rates the employee's performance in designated areas, and the employee rates his or her own performance on a similar form. These documents should be completed before the actual appraisal interview and should include task-inherent measures. This step reinforces the importance of the process while ensuring that employees come to the meeting fully prepared. The two documents can serve as a stimulus for focused discussion on the employee's performance.

The Message

The right method is just one part of the equation. Wise managers also think seriously about the message and tone because they recognize how both influence employee reactions. These issues are discussed in this section.

Contemplate and Capitalize on the Employee's Unique Abilities, Qualities, and Motivations. Traditionally, managers "motivated" employees by rewarding or punishing specific performance behaviors. These behavioral techniques encourage the repetition of the desired behavior. However, repetition may actually become dysfunctional because situations change and novel contingencies arise. There is a better, more strategic approach. Character qualities such as resilience, thoughtfulness, attentiveness, flexibility, discretion, sensitivity, thoroughness, and diligence profoundly affect the quality of organizational life. Any opportunity to reinforce these values should be seized by the manager. But that first requires that managers discern the unique capabilities of each employee.

Great statesmen, like great managers, seem to have special insights into the uniqueness of those with whom they work closely. Winston Churchill, one of the greatest leaders of all time, wrote the following of his rival, friend, fellow cabinet minister, and eventual prime minister:

[Lloyd George] possessed two characteristics that were in harmony with this period of convulsion. First, a power of living in the present, without taking short views. Every day for him was filled with the hope and the impulse of a fresh beginning. He surveyed the problems of each morning with an eye unobstructed by preconceived opinions, past utterances, or previous disappointment and defeats. In times of peace such a mood is not always admirable, nor often successful for long. But in the intense crisis when the world was a kaleidoscope, when every month all the values and relations were changed

by some prodigious event and its measureless reactions, this inexhaustible mental agility, guided by the main purpose of Victory, was a rare advantage. His intuition fitted the crisis better than the logical reasoning of more rigid minds.²⁴

Insights of this sort can only emerge from keen observation, extraordinary sensitivity to a person's character, and contemplation about the individual's uniqueness. Employees receiving this type of praise perceive it as sincere, thoughtful, and significant. This is not enough, however. Otherwise, all biographers would be great statesmen. Leaders must also have the ability to transform insight into action. In addition to Churchill's extraordinary discernment into Lloyd George's qualities, he also demonstrated an amazing perceptiveness into situations where the prime minister would be most effective. Herein rests the challenge for world-class managers. When I asked Paul McCann, the vice president of operations of Appleton Coated LLC, about this issue, he remarked, "Every employee brings a unique set of talents to the job at hand and because of that, each employee must be given a customized evaluation so as to accentuate the positive contributions and develop the areas for improvement. This is the best way to take advantage of the diversity within a working team and ensure that the organization is maximizing the effectiveness of each individual. Trying to shoehorn everyone into the same stale set of objectives can lead to mediocre performance and an unhappy workforce."²⁵

Effective managers have their antennae tuned to the natural motivators of their employees and know how to link the motivators to critical objectives.²⁶ In the appraisal interview in Figure 7.2, the manager fails to pick up on the fact that the employee is highly motivated to provide quality service to the customer. The manager could have linked the benefits of being organized and educating customers on Individual Retirement Accounts (IRAs) to providing better customer service. The manager might have said, "I'm impressed by your commitment to quality customer service. By being organized you can better service the customer. For instance, you will be able to find vital information more quickly, which will translate into speedier service for the customers." Such linkages may be difficult to execute, but they reap great dividends.

Link Specific Behaviors to Valued Qualities and Abilities. The employee who submits an insightful proposal that has anticipated numerous potential objections could be praised for an "excellent report." Such a comment might encourage future reports of this type. But more could be said: "Your report is remarkable. It shows a quality of thoroughness and insightfulness that we value in this organization." The manager reinforces a specific behavior (report writing) but, more important, highlights the quality of thoroughness and insightfulness. Linking the specific behavior to the character qualities encourages employees not only to continue writing quality reports but also to find other novel situations where they can exhibit the desired qualities. The charm of a character quality, like "thoroughness" and "insightfulness," lies in its ambiguity. It can be applied in so many different situations that even the wisest manager could not anticipate all the possible applications (see Figure 7.3). Such an approach brings to bear the naturally motivating creative instincts in people. It has the indelible mark of the human touch.

FIGURE 7.2 Sample Appraisal Interview

Speaker	Dialogue	Commentary
MANAGER:	Hi Chris. Welcome. Please sit down.	
EMPLOYEE:	Thank you.	
MANAGER:	As you know, this is the regularly scheduled performance appraisal that I conduct with each employee. The purpose of this talk is to review your performance during the past year. Actually, there should be few surprises because I've tried to keep you informed throughout the year. You've read over my report, I assume, so I want to spend our time discussing some critical areas and answer any of your questions.	<i>The manager does an effective job of orienting the employee but could discuss how the information in the interview will be used.</i>
EMPLOYEE:	Fine, that sounds good because I do have some questions.	
MANAGER:	I'd like to start with the positive areas. Let me just list your greatest strengths: <ol style="list-style-type: none"> 1. You seem to be able to handle the cash drawer without assistance or errors. 2. You have the ability to explain savings products effectively to customers. 3. Your general attitude toward the job is quite positive. In general, I'm impressed by your abilities after being here only nine months.	<p><i>The manager has clearly thought about the strengths of the employee.</i></p> <p><i>The manager could discuss specific communication abilities that are valued by a company that stresses "customer service."</i></p> <p><i>The manager could isolate a quality, such as enthusiasm, that is essential for the job, and provide examples of how Chris exhibited this quality.</i></p>
EMPLOYEE:	Well, thanks—I've really tried hard. I enjoy working here and that really helps. My coworkers are really a joy to work with—they make it easy.	<i>The employee reveals that coworkers are a source of motivation.</i>
MANAGER:	Now I'd like to explore with you three areas of improvement. First, I've rated you average in organizational abilities. At times, you seem unorganized.	<i>The manager does not bring up specific evidence or the harm done by poor organization.</i>
EMPLOYEE:	Well, I just try to do so much—sometimes I don't take time to keep things organized. I mean, I try to keep my papers straight and stuff—but my priority is on customer service.	<i>The employee sees no relationship between organization and customer service.</i>

(Continued)

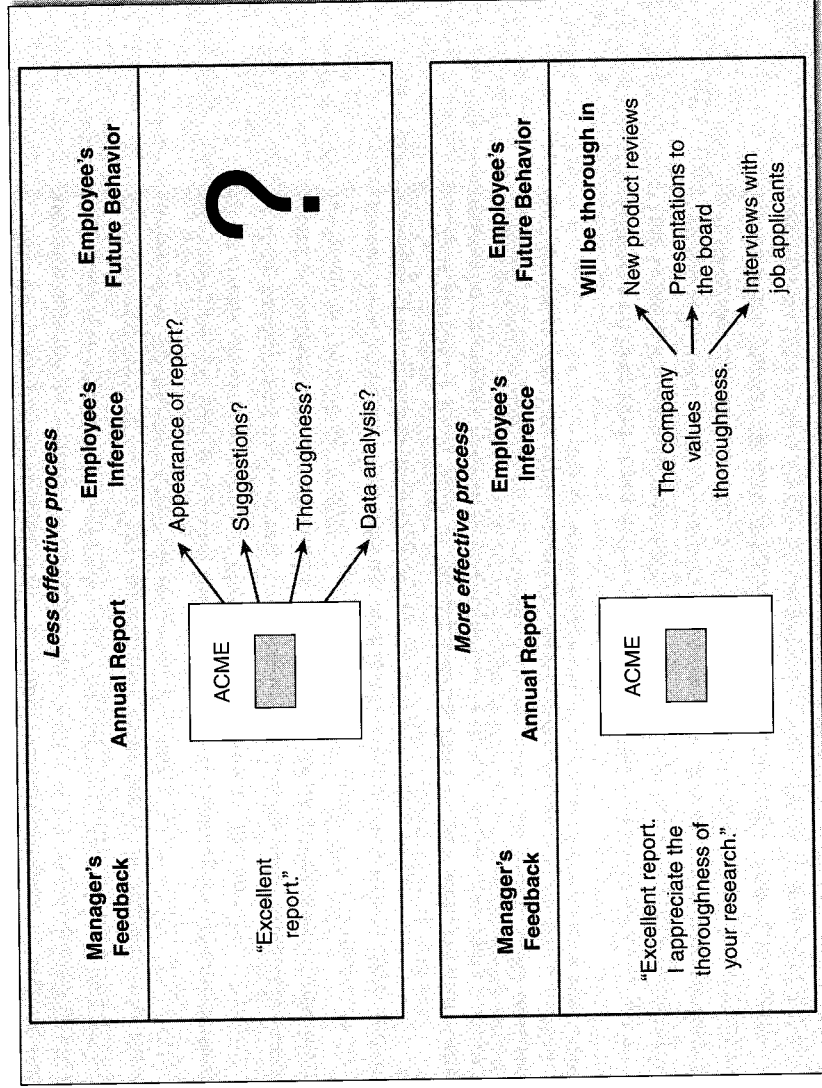
FIGURE 7.2 (Continued)

Speaker	Dialogue	Commentary
MANAGER:	Oh, but I still think some improvement is needed here.	<i>The manager should show some link between organization, working well with coworkers, and effective customer service.</i>
EMPLOYEE:	I've always had this problem and frankly, it seems more important to serve customer needs.	<i>The employee fails to take responsibility for the problem.</i>
MANAGER:	The second area that I'd like to see improvement in is cross-selling. We set a goal of cross-selling seven IRA accounts. You actually sold five IRA accounts. I'd like to see that up to par next year. You know this is a high priority in the business.	<i>The manager ignores the employee's denial and fails to offer useful suggestions. The manager does provide specific evidence to back up this evaluation.</i>
EMPLOYEE:	I know I've kind of failed in that area, but sometimes it's so hard—I feel kind of awkward mentioning it—I just try to be friendly. I don't want to offend the customer. I feel like I really do service the customer effectively.	
MANAGER:	Well, you do, but I'd still like to see more cross-selling. The third area is bringing in new customers. We set a goal of ten new customers—I have only five new customers credited to your efforts this year.	<i>The manager misses the opportunity to link the sale of IRA accounts to customer service.</i>
EMPLOYEE:	You know that goal is practically impossible—all my friends are already customers, and I just don't know what to do.	<i>The employee attributes the problem to the goal, not to self.</i>
MANAGER:	I understand—this isn't really criticism. Overall, you're doing a fine job—I want to emphasize that! For only being here nine months, I'm impressed. Really!	<i>The manager soft-pedals the criticism.</i>
EMPLOYEE:	So you think I'm doing a good job!	<i>The employee seeks out a positive evaluation.</i>
MANAGER:	Yes, basically, yes. You are making progress—I'm pleased. Do you have any questions?	<i>The manager obliges.</i>
EMPLOYEE:	No, it's basically what I expected—I mean you always tell me I'm doing a good job. Thanks.	

Speaker	Dialogue	Commentary
MANAGER:	Well, there are some areas of improvement.	The manager is halfheartedly fulfilling an obligation but is not trying to change Chris's behavior.
EMPLOYEE:	Yes, I know, but basically, I'm doing a good job. I mean I like my job and the people I work with. Is that all?	The employee feels good and sees no need to change.
MANAGER:	Yes, I guess so, except I need you to sign this form.	The manager feels relieved because it's over.

In fact, managers frequently fail to praise employees with sufficient specificity.²⁷ Every manager must be able to confidently answer this question: Can I prove my assessment? The problem usually does not occur on the negative items but, surprisingly, with the positive issues. Typically, praise runs along these lines: "Good job,"

FIGURE 7.3 Linking Praise to Attributes



“Way to go,” or “At-a-boy.” This kind of ambiguous praise tends to be more evaluative than descriptive. Descriptive praise tends to be more effective.²⁸ For example, instead of saying, “You really are effective with customers,” a more useful and descriptive comment might be, “You really have an ability to communicate effectively with customers. The way you smile and ask pertinent questions shows your sensitivity to their needs.” These remarks demonstrate that the manager pays attention to the employee’s performance and recognizes the employee’s unique contribution.

Avoid the Most Typical Appraisal Biases. Table 7.4 reviews a number of factors that may inhibit the clarity of the manager’s thinking about the appraisal process.²⁹ It takes effort, insight, and dedication to overcome these barriers, but the rewards to managers, employees, and the organization alike are many-fold. Leniency is by far the most common bias. *Business Week* reported, for example, that more than 70% of managers admit they have difficulty providing tough performance reviews to underachieving employees.³⁰ Why? Let me highlight two major reasons.

First, managers resist appearing judgmental; consequently, they distort their feedback in a positive direction.³¹ For example, in the appraisal interview in Figure 7.2, note how the manager says, “This isn’t really criticism. Overall, you’re doing a fine job.” On the other hand, employees seek to maintain positive self-esteem and typically see negative information as more positive than it actually is.³² They often attribute problems to factors beyond their control.

Second, poor performers actively try to short-circuit criticism by seeking out positive comments.³³ Note, for example, how in Figure 7.2, the employee implies that there is simply not enough time to be organized. In other words, Chris denies personal responsibility. Poor performers may even build the excuses into their inquiries or ask leading questions about their performance.³⁴ Notice that Chris’s final remarks end with a question that almost begs the manager for confirmation of an overly glowing assessment. Therefore, the manager and employee, by virtue of their predispositions, co-create a process in which each party inevitably draws seemingly reasonable but decidedly warped impressions. Employees “may hold positively inflated views of their organizational performance.”³⁵ But managers frequently have an equally skewed view and feel that employees have a clear understanding of the areas of improvement when, in fact, they do not.

Wise managers resist both of these powerful forces. They seek to control the process so employees have an unclouded view of their performance while carefully avoiding needless damage to self-esteem. Charles Ames, the former CEO of three companies, summarized the manager’s responsibility best:

There is nothing kind about glossing over weaknesses that could be corrected if the individual were aware of them. Nor is there anything kind about deluding someone into thinking that he or she is doing well or has greater opportunities than is actually the case. Failure to be completely honest can easily hurt someone’s chances of becoming an effective contributor. And it may even jeopardize the person’s career. No manager has the right to do that. And if the manager can’t get up the nerve or confidence to talk straight about this, that manager shouldn’t remain a manager—because that person isn’t.³⁶

TABLE 7.4 Responses to Common Appraisal Biases

Bias	The propensity to . . .	Response
Leniency	give overly favorable ratings, even when actual performance lags.	<ul style="list-style-type: none"> • Recognize that the appraisal should focus on employee development.
Severity	give overly negative ratings, even for effective performers.	<ul style="list-style-type: none"> • Be aware of how interpersonal needs affect perceptions of feedback.
Halo	allow highly favorable ratings in one area to influence evaluations in other areas.	<ul style="list-style-type: none"> • Keep accurate records of employee performance and review before providing feedback.
Similarity	give positive ratings to those who have personal characteristics similar to those of the appraiser (e.g., race, gender, age).	<ul style="list-style-type: none"> • Distinguish between evaluating personality and performance.
Central tendency	give average ratings on performance items regardless of actual performance.	<ul style="list-style-type: none"> • Consider how the appraisal affects employee motivation levels.
Primacy	allow first impressions to influence ratings.	<ul style="list-style-type: none"> • Assign employee-specific preparations for the appraisal. • Keep accurate records of employee performance and review before providing feedback.
Recency	allow most recent events to overly influence performance evaluation.	<ul style="list-style-type: none"> • Assign employee-specific preparations for the appraisal. • Keep accurate records of employee performance and review before providing feedback.

SOURCE: Based on M. London, *Job Feedback: Giving, Seeking, and Using Feedback for Performance Improvement*. Mahwah, NJ: Lawrence Erlbaum, 2003.

Criticize Tactfully and Develop a Plan for Improvement. Criticism needs to be handled with equal finesse. Successful critics must clearly state the problem while preserving the relationship.³⁷ Certainly, it should be done in private, with an emphasis on behavioral corrections.³⁸ Managers should distinguish between personality traits, which are most often treated as unchangeable aspects of an individual, and character qualities that anyone can develop. Indeed, criticism of a specific behavioral problem could be couched in terms of acquiring a certain character

quality. Students may be encouraged to spell correctly and use grammar properly by exhorting them to become more professional and show attentiveness to detail. Thus, specific writing skills are related to two qualities (professionalism and attentiveness) useful in a wide variety of settings.

Employees are naturally defensive if they feel their personality is under assault. Yet, if managers deeply ponder the matter, they will often recognize that some basic behaviors are at the root of performance problems. Someone, for instance, might remark, “You are a very stubborn individual.” The insightful manager comments on a specific behavior:

During meetings you need to listen more carefully to others’ ideas and suggestions. You could look at people while they talk and even try to restate their opinion rather than your objections. I personally appreciate the way you stand by your convictions. This is admirable but this could be balanced with a greater sensitivity to others. It is important to be a person of conviction, but it is equally important to know when to use this quality. Now, let’s discuss some action steps. . . .

The employee still might bristle at those comments, but they accomplish a number of objectives: they (a) focus on behavior, (b) attempt to preserve the employee’s self-esteem, and (c) set a path forward.

These are extremely delicate situations, as Buck Rodgers, who served as a marketing director at IBM, noted:

I never thought it necessary to let others know that someone in my department didn’t do his job properly. . . . I entered each of these private conversations with the assumption that both of us wanted to accomplish the same thing: perform our job with the highest degree of excellence possible. And, with a minimum of bruised feelings, correct our mistakes and get on with the job.³⁹

Notice that Rodgers links his criticism to a larger positive context. He structures the criticism so that it’s maximally informative and minimally evaluative.⁴⁰ Moreover, people react differently to criticism. Employees who are confident and have a high need for achievement react more positively. They often actively seek negative feedback in order to improve their performance. Employees with lower self-esteem and achievement needs may become disheartened and discouraged.⁴¹ Clearly, wise leaders, like Buck Rodgers, adapt to these different contingencies.

Finally, Use Past Performance as a Bridge to the Future. While part of the feedback process should be dedicated to an evaluation of the past, managers ought to look forward as well. New contingencies brought on by the inevitable changes in the organization and the competitive environment can be discussed as a focal point for new standards and goals. Skillful managers learn to link employees’ past

accomplishments to future challenges. In the end, the employee, regardless of the course of the appraisal, should be offered the most basic of all human needs: hope.

While at a conference in Philadelphia, I noticed a building a few blocks from my hotel that was being torn down to make way for a new structure. A massive crane with a huge wrecking ball pounded into the building and slowly ripped apart the structure. For five days, this enormous crush of iron on brick went on, and still, the small ten-story structure was only partially demolished. What a contrast to the instantaneous destruction of much larger buildings by the careful placement of dynamite charges at strategic points. In a matter of seconds, even a fifty-story building can be toppled. Unfortunately, many managers thrash into their employees with salvo after salvo of criticism like this massive wrecking ball. They fail to notice employees' unique abilities and motivations, focus on personality characteristics, and do not link past accomplishments to future challenges. The result: the problems remain and the new structure cannot be built. A wise manager, like a demolition expert, discerns those strategic points and quickly removes the offending behaviors, building in the same spot a new foundation for personal and organizational growth.

CONCLUSION

An effective feedback system helps employees learn, develop, and improve.⁴² And it helps the organization align people with goals, optimize organizational performance, and meet ever-changing challenges.⁴³

Several years ago, we conducted a communication assessment in which the company scored considerably below average on every feedback question. Upon arriving at the company to present the results, we walked past an isolated cluster of brown, brittle, and dying shrubbery in front of the company's office. At the time, I thought, "Wow! *This is the perfect symbol for this company's management philosophy.*" The company watered and cared for those bushes about as well as they gave feedback to their employees. The employees had no job descriptions, they had no idea how they were being evaluated, they were never praised, and appraisal reviews had not been conducted in years. The end results were predictable: low job satisfaction, poor motivation, uneven performance, and a host of other communication difficulties. Most companies are not in such severe shape. But every company could pay much closer attention to its feedback system. As any horticulturist knows, this can be done only day-by-day and with the utmost of care by cultivating employees' natural talents.

KEY CONCEPTS

Appraiser bias	One-minute praise
Critical incident technique	Performance standards
Informal feedback	Self-appraisal
Lake Wobegon phenomenon	Task-inherent feedback