

Personnel

Performance appraisals that actually improve performance

Adopting a “values and system performance process” will help bring the best out of your organization as a whole.

Ah ... the annual employee performance appraisal. It's a popular tool of many business owners (85-90% of all organizations use them), although it's also one of the most frustrating and ineffective. As a matter of fact, Wally Hauck is working hard to make sure the traditional performance appraisal, in its current form, could become downright obsolete.

Why the current performance appraisal isn't effective

Other than a firing, the performance appraisal meeting is the

most disliked task of managers today. Why is the current performance appraisal tool so frustrating and ineffective? To better understand, it's helpful to identify what a performance appraisal really is—and why it often doesn't work.

“Performance is the way in which someone functions, while an appraisal is a process to evaluate or judge,” said Hauck during a December teleseminar with green industry consultant and author Jeffrey Scott. “The typical performance appraisal is a dreaded, mandatory event that rates individual performance for a specific time period—usually a year,” Hauck adds. By changing some of these characteristics we can make it more effective.”

Hauck tells a story to illustrate: “I love Dunkin' Donuts coffee. Nearly every morning I will pick up a large cup just before a client meeting. I always order a large decaf—and I don't like sugar. For years I ordered my coffee with this process: ‘May I have a large decaf, cream no sugar?’

About 10% of the time I would get sugar. They were always friendly about replacing the coffee, it was just a hassle to go back and replace it.

“One day I ordered a coffee, got in my car and headed to my appointment. I tasted the coffee and sure enough, it was with sugar. I got angry. I decided to go back and complain loudly about how they don't seem to hire people who can speak English. By the time I got to the store the realization of needing to confront the store manager with my emotional outburst gave me pause. Perhaps my process was not working. Why was I mentioning sugar at all if I didn't want any sugar? I decided at that moment to change my process. I began asking for a ‘large decaf, just cream.’

“In the four years since I changed my process, I have not gotten sugar once. As it turns out, our brains have a difficult time hearing a negative. If you ask someone to stop thinking about pink rabbits, they will think about pink rabbits. If you ask for

Take-Home Points

- > Employee performance/mistakes could be the result of a process or systems flaw
- > Focus on improving systems and processes to improve both individual and team performance
- > Provide immediate feedback, and brainstorm as a team to improve processes

no sugar, they will hear sugar. It was the mention of sugar (the process) that caused the problem. The Dunkin' Donuts worker was not the root cause. Once I changed the process, the problem disappeared."

This illustrates why Hauck believes performance appraisals are often counterproductive and result in the following:

- **They blame the person and ignore the influence on that person by the process** – He was going to blame the Dunkin' Donuts employee.
- **Blame creates anxiety** which stops creative problem solving (innovation).
- **They focus on the person, not the process** – Being angry at the employee takes the focus off the real root cause and prevents us from identifying real solutions (not mentioning sugar).
- **They create unintended negative consequences** – Employees looking for a good rating in their performance appraisal may hide mistakes to prevent a lower rating. They may also withhold information from co-workers to compete for bonus money.

"While the traditional appraisal tries to improve the quality of the individual parts (employees), the systems approach tries to improve the quality of interaction between all parts—therefore making the team better as a whole,"

Hauck explains. An example of this is how the quality of the interaction between Hauck and the Dunkin' Donuts employee was improved to reduce waste. Simply

evaluating the performance of the Dunkin' Donuts employee misses the influence of Hauck's communication on that employee's performance.

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When Employee Behaviors Don't Match Company Values, Raise a 'White Flag'

Employees and managers can provide feedback to each other using the "White Flag" process. The White Flag is a metaphor for, "Don't attack me, I have valuable information and am just here to help." Here's how it works.

When an employee or manager observes behavior that is inconsistent with company values, they have permission to approach the person and assume they are unaware of what they did. They ask, "Are you willing to hear feedback on the values?" If there is too much emotion, they wait for a better time. If the employee says "yes" they can then explain what they saw and/or heard. They can explain how it does not fit the agreed upon values. They say, "I just wanted to let you know." They provide any clarification if needed. And they say "thank you!"

The White Flag enables feedback in a safe and caring environment for the purpose of learning. It's not for the purpose of evaluating the employee—it's for the purpose of providing insight to the employee on any deviations to the standard and learning how to change the processes. The White Flag feedback is the consequence of not following the values. More importantly, it provides the opportunity to discuss the real root cause which most likely can be found in the process. ■

"White Flag" is a registered trademark of Supertraining Inc.

A new approach to optimizing employees

Implementing this concept requires the contractor to take a whole new look at employee performance. Then, to really improve performance and get the most out of your team as a whole, Hauck says business owners should adopt the "values and system performance process." Under the systems approach:

- Managers focus on improving processes in order to improve

both individual and team performance.

- Evaluating employees is avoided because it often destroys motivation, commitment and risk taking.
- "Pay for performance" is also avoided to prevent competition and the hoarding of information.

This new, effective approach can then do the following:

- Create personal responsibility and accountability
- Provide instant feedback through coaching, not criticizing
- Improve individual challenge and performance
- Accelerate "de-selection" by non-performers (in other words, they decide to leave the company)

- Improve team results

Values & Systems Issues

There's another concept employers must come to understand when adopting this mindset. When there is an issue in an organization or with an employee, it is either a "values" issue or a "systems" issue.

A "systems" issue means

there is a flaw in a process or company policy that is resulting in mistakes. For instance, damage to turf could be the result of a mower operator not having proper training. A crew forgetting tools could be the result of a poorly organized shop and/or lack of a morning checklist. Even a lack of motivation, which might seem like a personal employee issue, could very well be a systems issue; not providing adequate training, feedback, incentive, etc. It's your responsibility to fix the system so these issues aren't recurring and destructive to your company.

On the other hand, a "values" issue means that the employee is behaving in a way that is out of sync with the accepted norm of the company. This disconnect is caused by the employee, not by the process. Values issues might include lying, yelling, passing blame and not accepting responsibility.

For example, if the Dunkin' Donuts employee had purposely added sugar just to spite Hauck, that would have been sabotage, which is a values issue. Instead, the real problem was a systems issue; he was getting Hauck's verbal instructions confused.

Immediate feedback leads to increased accountability

An effective way to increase accountability is to provide immediate feedback to the employee on any values issue (see "White

Flag” sidebar on previous page). The effective strategy for systems issues is to brainstorm, as a team, and implement a process change just as Hauck did by stopping the use of the word “sugar” in his ordering process.

This strategy offers two major benefits. First, it provides a constant flow of new ideas to improve critical processes such as “getting the right tools to the job process” or “the clean-up process” etc. Secondly, it provides the owner of the business with a way to detect those who belong in the organization (those who share the organizational values) and those who do not belong. Asking those who do not share the same values to leave can save management time and increase profitability.

Start by clarifying your values—and the behaviors you expect

To start using the values and systems performance process, begin by clarifying the values of your organization—and do it by describing the exact behavior you expect (see sidebar on this page for an example).

By clarifying the values, asking your people to follow those values, “raising a White Flag” when values are broken, and then brainstorming a process change with your team so the values don’t continue to be broken, your organization can shift to a “systems way of thinking.” It will take some time and getting

used to. But anything worthwhile does. In the end, it can bring the best out of your organization as a whole. **PRO**

Wally Hauck is a nationally known speaker and facilitator. His company, Supertraining Inc. in Milford, CT, is a source of insight for organizations and individuals to improve cooperation. Wally's Values and System Model helps leaders who struggle with morale and attitude problems to improve performance and make more money with less effort. For more information, visit wallyhauck.com.

Jeffrey Scott is a green industry consultant and runs the innovative “Leaders Edge” peer group. He has also just published the book “The Referral Advantage: How to increase sales and grow your landscape business by referral.” Visit jeffreyscott.biz for more information.

For a thorough discussion on the subject of setting company values, look for the Online Feature entitled “Company Values” at promagazine.com.

EXAMPLE: The Value of Integrity

Below is Wally Hauck’s example of one of the typical key company values: integrity. It describes the specific behavior Hauck recommends being adopted by everyone in the organization. Employee behavior must match this value, or a flag should be raised immediately (see ‘White Flag’ sidebar on previous page).

NOTE: Hauck says you will likely need to tailor your company values to your unique circumstances and business plan, soliciting input from all key “influencers” in your company. For a thorough discussion on this subject, look for the Online Feature entitled “Company Values” at promagazine.com.

At any rate, below is a great starting point when it comes to the universal value of “integrity”:

- Make only agreements you intend to keep
- Act upon your agreements to the best of your ability
- Communicate when you can’t keep agreements to those who need to know
- Communicate openly, honestly and responsibly; say what you mean and mean what you say—and don’t say it mean (tone of voice)
- Admit when a mistake is made and look at the system as a team for a solution (no blame, make no excuses, no complaining)