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Let's make performance management work for new hires: They are the future

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Why spend valuable resources on a performance management (PM) system that does not work for anyone? There is plenty of evidence that legacy PM practices are not meeting the needs of organizations as businesses move away from individual productivity metrics as a measure of success toward team-based indicators of innovation and creativity. The death knell for traditional practice of PM was sounded by the Corporate Leadership Council in 2012, when they declared that over 90% of workers and managers indicated that their PM system failed to deliver expected results and many indicated their processes are both ineffective and inaccurate.

So, what are the options? Simply abandoning the practice of PM is not viable. Many of the mechanisms of Human Resources Management (HRM) rely on PM data to operate. We see the following as the top ten rationales for having a viable PM system: (10) competitors are doing it, (9) maintain records for regulators and attorneys, (8) justify compensation decisions, (7) reward high performance, (6) identify problems, (5) tell people how they are performing, (4) track individual performance over time, (3) maintain media reputation as a best place to work, (2) establish due diligence of management, and (1) attract, hire, and retain the best talent. But, a new HRM initiative and system will be expensive and organizational resistance to change can be expected. So, what might be a smarter strategy?

LET'S EXPLORE THE CONTEXT

The HRM responsibility is to answer present and future needs for talent in the organization within the constraints of time and budget. This means the need for talent is a top business priority. Today, many support functions are called upon to

demonstrate their utility. Competent top management requires that each function continually show its advantage or business value proposition. Nowadays, firms are hiring specialty companies to handle some or all of the HR services. Due to a lack of positive metrics, one service increasingly assigned to specialty HR firms is PM systems. Fortunately, as shown by Temple, a counterpoint trend shows that the demands of organizations have shifted to creating innovations in products by doing what people do better than machine systems.

In this manuscript, we review the published post mortem on HRM PM Systems and offer a solution that takes advantage of the counterpoint organizational change that is already in process. Additionally, we outline what we see as an opportunity for HRM professionals to expand their portfolio of skills while taking a leadership role in the 21st Century change agenda, driven by the generational social experiment that is producing the new age millennial. We will detail this perceived opportunity, but first, the bad news.

BAD NEWS

Historically, the primary function of HRM has been (1) monitoring, (2) mentoring, and (3) motivating employees. Today, specialized data handling and consulting firms seem to be preferred. A major factor in their decision lies in continued failure of traditional practice to perform any of the three functions as expected. For example, employees and managers do not agree on performance evaluations at fiscal dates (monitoring), employees do not receive proper professional development as either individuals or teams (mentoring), and few employees accept company contingent rewards (motivation). In contrast, modern HRM technology advances have

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produced a new world of enhancements offered by specialized data handling, administration science, and organizational design.

Compounding these problems, managers at all levels are coping with direct reports that have millennial goals and receive no or inadequate executive coaching support via HRM. According to Bock, managers understand they want the same characteristics of work as their followers: (1) purpose beyond charity, (2) engaging and secure work, (3) flexible and mobile work, (4) high performing team players, (5) professional careers, and (6) multiple interesting jobs over their career. These mutual drivers can produce interest in innovative charismatic project partnership based on unique, strategic alliances.

An important question is, why can not managers and their direct reports agree on follower performance? They work closely together in terms of physical, cognitive, and emotional time and space, but research and practice reports are uniformly finding that the present system is not working as expected. Many different studies have found that PM reviews were dreaded, of little value, and highly demotivating for even the highest performers. Overall, researchers and executive coaches find the promise of higher engagement and performance has failed. Both HR managers and researchers generally blamed the performance rating process and examined different ways to agree on goals for the coming year, rate how well the goals were met and communicate results. This collective research effort concluded that no positive results were found. Management by objectives seemed like a good idea but is seen as ineffective. Results were negative in terms of reasonable agreement between raters and those rated. The final results for abolishing PM were that employees received no performance feedback. This cannot be the answer. If we must keep the present system, only small improvements can be expected, at best. We argue there is a need for a PM system that requires leaders and followers to adjust their separate conception of jobs and come to a dyadic meeting of minds.

Currently, engineers and professionals with the latest training, coached into project teams of partners, appear to be the best hope for the future. The best seek new management systems focused on designing, assembling, hiring, and training teams for continuous PM, admitting that team managers cannot be expected to do two full-time jobs because they are trained to do only one. The two full-time jobs are to be manager of a team and leader of it at the same time. This reality has many implications. Once the duties of team managers and leaders are listed, the issues become clear. When a person accepts the job, serving both functions successfully demands a choice to be made. The choices use to be weighted in favor of the job of manager not the job of team leader. Learning and practicing the job of manager is trained in Business College and that of leader is trained in Organizational and Behavioral Psychology. These are different knowledge bases and very different jobs. Viewing teams only from the perspective of a manager is an obsolete practice and the PM methods that grew out of that perspective are similarly obsolete. New methods must be developed to match the new team architecture that supports the emergent organizational and behavioral model of innovative and creative workplaces.

THE GOOD NEWS

Autonomous, cross-disciplinary, and collaborative project teams are foundational for creating and sustaining innovation. An organizational culture inspired in collaborative team design and workforce planning can change from patching the old system to creating a new one for the future. An HR system focused on collaborative design can help to create and support an innovative and flexible PM system to balance innovation and operational excellence. These new team structures include the following roles: (1) authorized executives, (2) team coaches, team leaders, and team members. Authorized executives provide organizational support to team coaches and help in sharing best practices among the organization's coaches. Also, they interact with coaches to make sure teams are working to achieve organizational goals. Team coaches are trained (certified) individuals who facilitate the interaction between team leaders and team members. Coaches are assigned to teams as needed by the organization and considering the coaches' strengths and recent performance. Coaches do not have a hierarchical role over the leader/team; they serve to monitor the relations between leaders and members. Also, coaches are tasked with making sure that individuals taking on a leader role develop the necessary skills and behavior that are consistent with it. Finally, team members are individuals assigned to a group of people having a common task. They work together, guided by their leader, to accomplish the assigned goal. Once the goal is completed, their performance is assessed by other team members and the team leader. The leader provides specific, negative, constructive feedback to each team member, considering the input provided by all team members. Once a member has met with his/her leader to discuss performance, he/she is assigned to a new team/project. The new leader receives the feedback each of his/her new members received from their previous leader. This is all kept and updated in a computer automated system. Similarly, team leaders are given PM feedback by their coaches and coaches by their authorized executives. This system will provide real time feedback and coaching and the flexibility to assign incumbents to projects based on their competencies and up to date feedback.

The practical implications for PM systems is that when project team members experience the shift in mindset to a design culture as they are developed into partners, they tend to agree on each other's performance during a PM review and briefing. We recommend that organizations experiment with a "new organizational structure", focused on attracting, processing, educating, empowering, engaging, and retaining the best. This architecture obsoletes current PM practices and drives transformative change in leadership communication, performance feedback, and company-level outcomes. This may save talent management strategies. Under current practice, the disconnect between team player and direct manager was over determined by a lack of trustworthiness. Without trust, creativity withers, and talented employees will look elsewhere for career satisfaction.

A game-changing discovery in Human Relations suggests a psychologically valid and practical new way to operate a successful PM system, based on project teams as profit-and-reward centers with embedded executive coaches and pro-

protocols that ensure all are on the same page. These big data findings produced a new set of basic insights for PM. The new dynamic model of intrinsic, intra-, and inter-team performance and rewards begins with the design of a team-based system having an executive coaching staff trained in the new team-centric ways of advising the entire life-cycle of teams. This means to go from (1) designing, through (2) staffing, (3) training, (4) sharpening performance of team, (5) evaluating performance, (6) rewarding, and (7) retiring. The coaching staff becomes designer, trainer, and advisor of each team and liaison with the executive responsible. The three-way communications and decision networks are facilitated by information technology (IT) teams. The flow of communications is designed to make performance information available and transparent for team leaders, members, and coaches. The top 10 coaching department actions in organizations are: (1) Establish strategic business case for internal coaching, (2) secure internal coaching champion or sponsor, (3) secure internal coaching resources, (4) define internal coaching services and parameters, (5) hire and train initial internal coaches, (6) define an internal coaching project plan, (7) design an internal coaching program measurement process, (8) develop internal coaching standard operating procedures, (9) pilot the internal coaching program, and (10) market internal coaching services to clients and stakeholders.

Teams are one of the dynamic elements executing the purpose of “conscious capitalism” to serving all stakeholders. Two others are executive coaching teams and intra-team contracts. These elements influence each other as they progress toward their purpose. At the team-level, each team player has an employment contract and later develops an interpersonal team agreement with the team leader, the coach, and other players. Once the project is assigned, each team operates autonomously. Each team has a leader, a number of team specialists, and a coach embedded. The process of team development involves the traditional employment contract, training, and performance, all with the advice of their coaching staff. In this model, teams interact to become “a wolf pack on the hunt”. All teams operate flexibly once they negotiate their purpose. The pack leader has the full responsibility to perform the accepted project until completed or changed. In this process, coaching begins with assignments to team and proceeds through training, sharpening, and PM, including compensation. Like our hungry wolf pack, our teams are coached to avoid harm, learn from the mistakes of others, and use the latest methods. Coaches instruct, counsel, intervene, and cheerlead team players throughout the entire life-cycle of the team.

From an HRM point of view, executive coaches are the point of human relations service for the organization. Instead of being held out of profit-and-reward operations, like distant support services, HRs are embedded in operations to make a difference at the front end of team processes. One analogy that applies is a team well served by an embedded coaching staff competing with a team learning by trial and error. The traditional PM model cannot reasonably compete with the new coaches’ design of teams.

Team players experience the following: attraction to a company via internet, hire, assignment to a team, training of both leader and followers by assigned coach, initial role in

team, interpersonal sharpening of team, new PM, and compensation. A major change from traditional practice is the training as a team by an executive coach. These new training methods involve all team members, including the leader, in the expected process of successfully negotiating interpersonal team contracts with each other. Each contract must be fully agreed on by both parties. The goal is to develop high quality partnerships between each pair. That means $N(N - 1)/2$ unique pairs in a team where N is the size of the team. This means dyadic (two person) partnership alliances between each pair of team members including the team leader. After the contracts are agreed on, the coach works to test and strengthen them. The intended result is to develop a team of partners who share team preparedness and effectiveness. Once these agreements are tested and refined, the model predicts that teams with a larger proportion of these “partner” quality agreements will respond to promised mission-based incentives with follower performance, better than teams with lower proportions of “partners.”

The training process is supported continuously and visibly by the executive responsible and the team trainer. The team leader’s role changes from trainer of strangers to associates and managers of associates to team partners, and finally leader of a team with partners sharing leadership functions. Next, teams are promised particular incentives for mission accomplishment and fulfill the incentive, and receive the incentive. Using the new PM process, agreement is reached on team performance by all and individual team player contributions to team performance are rated by the team. After this, promised incentives are present with ceremony and team perceived trustworthiness of both management in general and team leadership in particular is enhanced. Team partners receive larger incentives than associates, associates receive more than strangers, and this achievement is transparent. Explanations are expected and welcomed and exceptional performance is published and made public.

TEAM-CENTRIC COACHING APPROACH

Team-Centric Coaching (TCC) approach is based on the facts that employees routinely accept and follow their freely agreed contracts. Moreover, the concept of “employment contract” between an organization and an individual is generally understood to be only a rough guideline of deliverables. The new concept is that of an “interpersonal” contract between team leaders and players. They are rooted in mutual personal identity and shared leadership in a team context as a partner. The team is seen as a triad of leader, players, and coach. Following the sports analogy for the present, after the hiring, coaches intervene to negotiate interpersonal team contracts with players. The operation of a team filled with such negotiated contracts is charismatic. Teams with a greater proportion of partners have a huge advantage.

The proportion of contract players is the coach’s job and they take pride in the development of partners within their team. Interpersonal team contracts are based on agreement of shared respect for competence, trust in character, and benevolence in personality. They serve as reciprocal agreements that depend on and tend to generate respect, trust, and generous humor. When players agree on mutual goals,

they remind each other of this when necessary. They help each other grow in knowledge and skill. In other words, they act as partners. A coach can call “time out” and suggest different tactics when the team is faltering. Coaches and players work collaboratively on continuous improvement, and when they overcome a challenge, players and coaches rejoice. Players, coaches, and leaders agree on members’ contributions to the team and leaders and players do the same for their coach. In work organizations other than sports, laws and regulations inhibit team leaders from approaching a player without an invitation to talk about career matters. Many of these laws define crossing the line when a player “feels uncomfortable.” New team architecture will drive changes to these constraints. Here are some coaching ideas for those in charge: (1) Begin by offering an executive coach relationship, (2) respect team members and build competence and trust, (3) practice benevolence and patience, (4) communicate in cultural language, (5) celebrate small gains, (6) instill team as “psychological profit center”, (7) seek continuous growth and flexibility, and (8) enable continuous engagement in projects.

CONCLUSION

HRM professionals have a game-changing opportunity to take a leadership role in advancing the innovation and creativity movement in their workplace while fixing one of the most troublesome of HR processes—PM. It is accepted that team-based organizational structures and collaborative decision-making processes form the architecture of the future workplace. A design mindset and methods populate this architecture to achieve the next wave of

competitive advantage through innovation that organizations are counting on from millennial talent. HRM Professionals can engage in advancing this positive business case for change by assuming the role of coach/leader in a TCC context, facilitating the creation of interpersonal contracts between team leaders and team members, and working across the team lifecycle to sustain and continuously improve team processes and methods.

In order to be effective change agents, HRM professionals will need to get trained in executive coaching principles and practices, as well as in the latest thinking and practices of a design-focused team culture. Education in the values, issues, priorities, and preferred work environments of millennial workers is also a recommended learning agenda to ensure alignment with the latest in talent management strategies.

By following the approach we suggest in this paper, HRM leaders can more successfully align HR PM strategy with existing business priorities for innovation, gaining executive recognition and avoiding what could be an expensive and lengthy battle to upend current PM standards and practices. HRM professionals can expand their skills portfolio and satisfy a growing need within the new collaborative design teams that increasingly are the major decision-making structures in business enterprises. By taking on the role of coach and facilitator of team processes, HR professionals can more fully support management, enable the establishment of team contracts, improve the work flows within teams, and achieve the eventual institutionalization of continuous team performance conversations and monitoring that will replace the dreaded annual performance appraisal and its inevitable negative outcomes.



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