

Q¹²® ELEMENT: Q11

In the last six months, someone at work has talked to me about my progress.

Each employee excels in at least one area. Too often, managers prefer to focus on areas that need improvement instead of areas of excellence. Gallup's research shows that greater gains are made by building on talent, as opposed to trying to improve weaknesses. When both the manager and the employee identify a task at which the employee truly excels, they can work together to create a development plan that supports the individual's full learning potential, positioning the employee to make his or her greatest contribution to the organization.

For all the complexity of performance appraisals — the balanced scorecards, the 360-degree feedback, the self-evaluations and forced grading systems — the statement that shows the best connection between perceptions of evaluations and actual employee performance is remarkably simple: “In the last six months, someone at work has talked to me about my progress.” The statement does not specify that the discussion be an official review, but an appraisal can be one ingredient in creating the requisite feedback. The two are related, but not synonymous. More important to the employee and to the business is that he understands how he is doing, how it is being perceived, and where his work is leading. In some ways, this statement is a long-term complement to the Fourth Element of managing, which focuses on more immediate “recognition and praise.”

There is nothing wrong with a formal evaluation process per se, and much to recommend it. Roughly seven in 10 working Americans say their company has a formal performance review process. The odds of creating high engagement are better, but far from perfect, in businesses with a formal process. The deadlines, the forms and the threat of Personnel or a boss coming after them appear to force the issue with front-line managers, making many have a progress meeting with employees where none would have taken place otherwise (serendipitous encounters in the men's room notwithstanding). Companies that implement or tighten appraisal procedures typically see an increase in the Eleventh Element from poor to modest levels, but they never achieve high levels on the strength of appraisals alone.

Four out of five employees whose companies have a formal review system feel it is fair. However, these perceptions are strongly affected by what happens between the appraisals. The proportion feeling the system is fair drops to two-thirds if they feel no one has talked to them about their progress. Conversely, if a manager can maintain a strong, regular discussion of progress, nine in 10 workers will consider the review system fair.

The consequences on either end of the scale are important. Where a manager is regularly checking in with an employee, she is more likely to consider herself properly compensated for her work, more likely to plan on staying with the company, and more than twice as likely to recommend the company to others as a great place to work.

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When compared with business results, the Eleventh Element turns out to be particularly powerful in driving productivity and safety. Business units in the top quartile on this element realize 10 to 15 percent higher productivity and 20 to 40 percent fewer accidents than bottom-quartile business units. Yet less than half of employees in the global database strongly agree that someone talked with them about their progress in the last six months. Even among executives and senior managers, more than two-fifths do not strongly agree that someone has talked to them about their progress in the last six months.

On a purely functional level, an employee appraisal is quite simple. Observe her progress over the course of the year, record it carefully on the company-supplied form, inform her at the required interval of the results, and expect her to make the necessary corrections to improve next time around. If only she were a machine, the program would work perfectly. In practice, a good performance evaluation is a form of interpersonal art that requires managerial talent and careful preparation. Whether the employee feels she has a voice in the process — the Seventh Element of “my opinion counts” applies here as much as it does anywhere else — is even more crucial than the functional aspects of her participation. A manager must maintain a delicate balance between giving candid, objective feedback and not crushing the employee’s spirit and confidence. The research indicates that positive feedback charges up a worker, but negative comments sap the job of some of its intrinsic motivation. Comments from peers or subordinates must be interpreted carefully, filtered of grudges, jealousy, and erroneous observations. A good

reviewer needs to avoid the natural inclination to give too much weight to the outcome regardless of whether the employee did the right thing to get there or just got lucky.

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This summary is a revised excerpt on this Q¹² element from 12: *The Elements of Great Managing*.