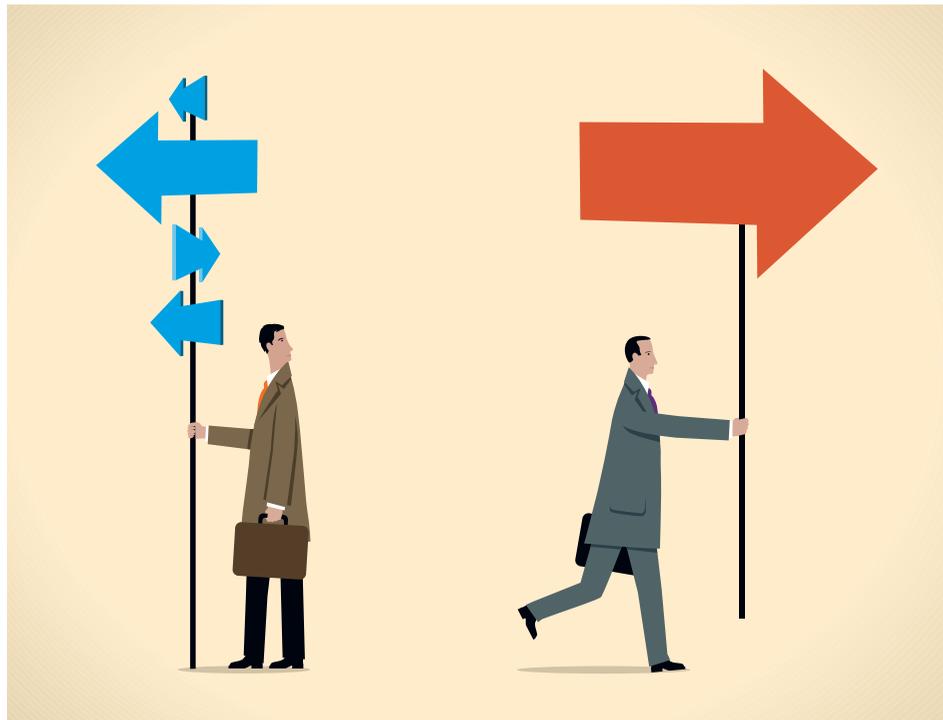


Ten Performance Management Process Gaps

(and How They Negatively Impact Employee Intentions)



By Drea Zigarmi, Dobie Houson, Jim Diehl, and David Witt

Performance planning, coaching, and review are the foundation of any well-designed performance management system, but the results of a recent study suggest that leaders are falling short in meeting the expectations of their direct reports. Researchers from The Ken Blanchard Companies® teamed up with *Training* magazine to poll a cross-section of human resources and talent-management professionals. The purpose was to determine whether established best practices were being leveraged effectively. The survey found gaps of twenty to thirty percent between what employees wanted from their leaders and what they were experiencing.

A Quick Look at the Performance Management Process

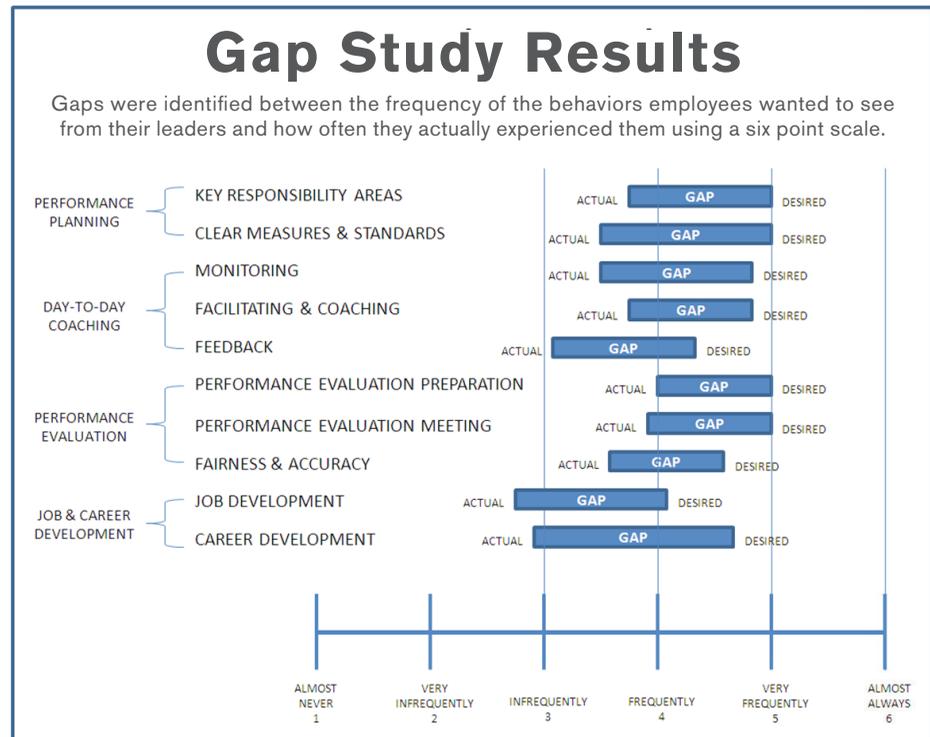
A performance management process is composed of three main activities:

- **Performance Planning**—where goals are set and standards established
- **Day-to-Day Coaching**—the day-to-day interactions managers have with their direct reports, where leaders monitor performance and facilitate progress through coaching and feedback
- **Performance Evaluation**—the traditional annual performance review, where employee performance is evaluated against yearly goals

For this study, each of the three areas was measured using a 70-question assessment designed to evaluate sub-factors of each larger construct. The survey measured responses using a six-point scale ranging from Almost Never and Very Infrequently on the low end to Very Frequently and Almost Always on the high end. Gaps were identified between the frequency of the behaviors employees wanted to see from their leaders and how often they actually experienced them. Percentages were calculated by comparing the summated size of the gap against the summated range of responses for that particular factor.

Questions about key responsibility areas and clear measures and standards were asked as a part of the Performance Planning construct. Questions about monitoring, facilitating and coaching, and feedback were asked as a part of the Day-to-Day Coaching construct. Questions about performance evaluation preparation, performance evaluation meeting, and fairness and accuracy were asked as a part of the Performance Evaluation construct. Additional questions were asked about job development and career development, as they commonly occur in the context of overall performance management.

SURVEY RESULTS



Performance Planning Factors

- **Key Responsibility Areas**—respondents indicated a gap of 1.3 points on the six-point scale (28 percent) between what they would like to see happening in this area and what they were currently experiencing. This included discussing, prioritizing, and agreeing on the functions of the job and why they are important. It also included taking the time to hold planning meetings that result in the setting of clear, specific goals as well as allowing the team member to participate in the setting of goals and deadlines for achievement.
- **Clear Measures and Standards**—respondents reported a 1.6-point gap or 34 percent between real and ideal in this area, which included clarifying how goals are to be measured and allowing for input from the direct report. This section included employee perceptions of the degree to which measures used to assess performance are fair and appropriate. It also included ensuring that measures are appropriately challenging and that performance measures once set—while not easy—can be achieved with hard work.

Day-to-Day Coaching Factors

- **Monitoring**—respondents reported a 1.4-point gap in this area or 31 percent. This included perceptions of how well the leader examines information and tracks progress throughout the year before reaching conclusions about an employee's performance. Also measured were progress toward goal achievement, discussions about what is happening in the organization, and perceptions of how well informed the leader was regarding the quality of the relationships the employee had with others in the organization.
- **Facilitating and Coaching**—respondents reported a 1.1-point gap existed in this area or 25 percent. This included perceptions of direction and support for getting things done or access to the resources needed to get them done. Perceptions of how the leader helped the respondent accomplish performance objectives by being available, removing barriers, and listening and partnering to improve performance instead of evaluating were among the behaviors measured.
- **Feedback**—respondents reported a 1.3-point gap in this area, which corresponded to a 32 percent gap between real and ideal levels. This included perceptions about the degree to which a leader provides the direct report with regular, timely information on his or her performance progress. It also included the degree to which the leader enables the direct report to assess his or her own progress and performance. Specific behaviors queried included comparing work to the standards set in the performance-planning process and modifying goals when priorities or resources change. It also measured the degree to which the leader sets an example by making it easy for the employee to give feedback.

Performance Evaluation Factors

- **Performance Evaluation Preparation**—respondents identified a 1-point gap, which translated to a 24 percent gap between what they wanted and what they were experiencing. This included the degree to which the leader personally prepares for performance evaluations and the degree to which they provide time for the employee to prepare as well. Specific behaviors included the leader providing direct reports with an opportunity to assess their own performance prior to the scheduled evaluation, thoughtfully considering strengths and weaknesses, and a willingness to modify assessments during and after the meeting.
- **Performance Evaluation Meeting**—respondents identified a 1.1-point gap in this area, which also translated to a 24 percent difference. This section looked at the performance evaluation meeting itself and specific leader behaviors, such as clearly stating the purpose and goals of the review, listening openly to employee explanations and concerns regarding their performance, and discussing strengths and weaknesses by using observable examples of behavior as opposed to comments about character or personality. This section also asked respondents to evaluate the degree to which their boss encourages discussion about reactions and suggestions concerning strengths and weaknesses.
- **Fairness and Accuracy**—respondents indicated a 1-point gap in this area, which translated in this case to a 31 percent gap. This section took a deeper dive into perceptions that a leader is fair and accurate in his or her assessment of the employee's performance. Specific behaviors included the degree to which a leader shares how the decision on an employee's overall performance level was determined and whether the leader asks direct reports to rate their own performance and then discusses that self-assessment during the performance evaluation meeting. It also looked specifically at whether direct reports can appeal a disputed evaluation without fear of reprisal.

Job and Career Development Factors

- **Job Development**—respondents indicated that a gap of 1.4 points existed or 29 percent. This section looked at respondents' perceptions that their immediate manager conducted performance planning in a way that resulted in at least one developmental goal that would help a direct report progress in their current job. It asked respondents to evaluate the frequency with which their leader discussed job assignments that will help to broaden the direct report's job experience and knowledge. It also asked respondents to evaluate how often their leader discussed the training needed to improve their performance during the current performance period and whether the leader makes time and resources available to help the employee get the training they need.
- **Career Development**—respondents identified that a very large 1.8-point gap existed in this area—almost 39 percent between the levels of real versus ideal conversations happening. This final section asked respondents to evaluate the degree to which their leader prepares them for career advancement—even if it means losing them as a good performer in their current role. It asked respondents to evaluate the degree to which their boss understands the steps that must be taken to prepare the direct report for career advancement, explains the organization policies and procedures that impact career development, and discusses the potential career opportunities for the direct report. It also specifically asked if the leader clarifies the steps a direct report needs to take and whether the boss feels the steps are fair and reasonable.

CORRELATIONS TO INTENTIONS

As a part of Blanchard's ongoing research into the factors that build or detract from an engaging work environment, the survey also looked at the correlations between each of the gaps and how they impacted respondents' intentions to perform at a high level, apply extra discretionary effort when required, be a good organizational citizen, stay with an organization, and recommend it to others as a good place to work.

The research found significant correlations between the sizes of the gaps as reported by respondents and lowered intention scores—especially in the areas of intent to apply discretionary effort, intent to remain, and intent to endorse the organization to others.

This is an important finding. Earlier research had established the predictive power of intentions and found a significant correlation with subsequent behavior. The results of this gap study highlight the link between an employee's perceptions of an organization's performance management process and his or her intentions to stay with an organization, recommend the organization to others, and apply extra effort when needed. By identifying similar gaps in their own organization's performance management process, leaders at all levels can begin to target and improve areas that are identified as falling short of employee expectations.

RECOMMENDATIONS FOR LEADERSHIP DEVELOPMENT

Performance management is a key leadership responsibility. This survey suggests that significant gaps exist between employee expectations and what they are experiencing at work. Left unaddressed, these gaps represent a drain on overall organizational vitality through lowered employee intentions to stay, endorse, and apply discretionary effort as needed.

For leadership development professionals, these study results provide an opportunity to take a more targeted approach to improving perceptions in each of these areas. For example:

1. Take a look at the overall design of your performance management process. Are managers following best practices in setting goals that are specific, motivating, attainable, relevant, and trackable? What percentage of employees have current goals listed? Have leaders conducted an internal assessment to measure the degree to which employees feel that their goals are effective in directing and motivating their performance?
2. Take a second look at the amount of time your managers are spending with their people. The Ken Blanchard Companies advocates that leaders meet with their direct reports a minimum of twice a month to discuss progress toward goals and address employee needs for direction and support. Monitoring progress and providing feedback are two of the key ways for a manager to stay involved and partner with an employee to achieve goals. Both activities directly influence improved performance.
3. Review your performance review process. In many organizations, goals are set at the beginning of the year and not seen again until the review process at the end of the year. Blanchard has identified that a best practice is to conduct a series of mini-reviews throughout the year—every 90 days is the recommended standard. This allows leaders to make midcourse corrections, eliminates any surprises for individual employees, and keeps the partnership between manager and direct report strong and vibrant.

About The Ken Blanchard Companies®

With more than three decades of helping leaders and organizations, more than 18 million books in print, programs offered in more than 12 languages, and clients across six continents, The Ken Blanchard Companies is recognized as one of the world's leading training and development experts. Our groundbreaking thinking and memorable learner experiences create lasting behavioral change that has measurable impact on the organizations with which we work—companies that wish to develop leadership capacity, improve workplace cultures, drive organizational change and strategic alignment, and become high-performing organizations. Using a collaborative diagnostic process, we help identify each organization's unique needs and business issues, and then help to develop an appropriate leadership strategy to drive results and profits.

As the innovator of Situational Leadership® II—the most widely used leadership development system in the world—our behavioral models add a situational context to the training experience so individuals learn to be more productive in real-world scenarios and make the shift from learning to doing more quickly and effectively. Learning takes place through both instructor-led and virtual experiences offered by our worldwide network of consulting partners, trainers, and coaches.

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4. Don't forget job and career development. Growth opportunities at the job and overall career level are important drivers of employee work passion and one of the better ways that leaders can show team members that they care and are invested in them. Be sure that all performance review conversations include time for a discussion on ways that employees can improve their skills in their current role and also what the steps are that they can take to continue to advance in their careers.

A renewed focus on performance management can have significant results on the performance of an organization. Give your performance management system a review—and if you find similar gaps, address them for higher levels of employee work passion and performance.

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