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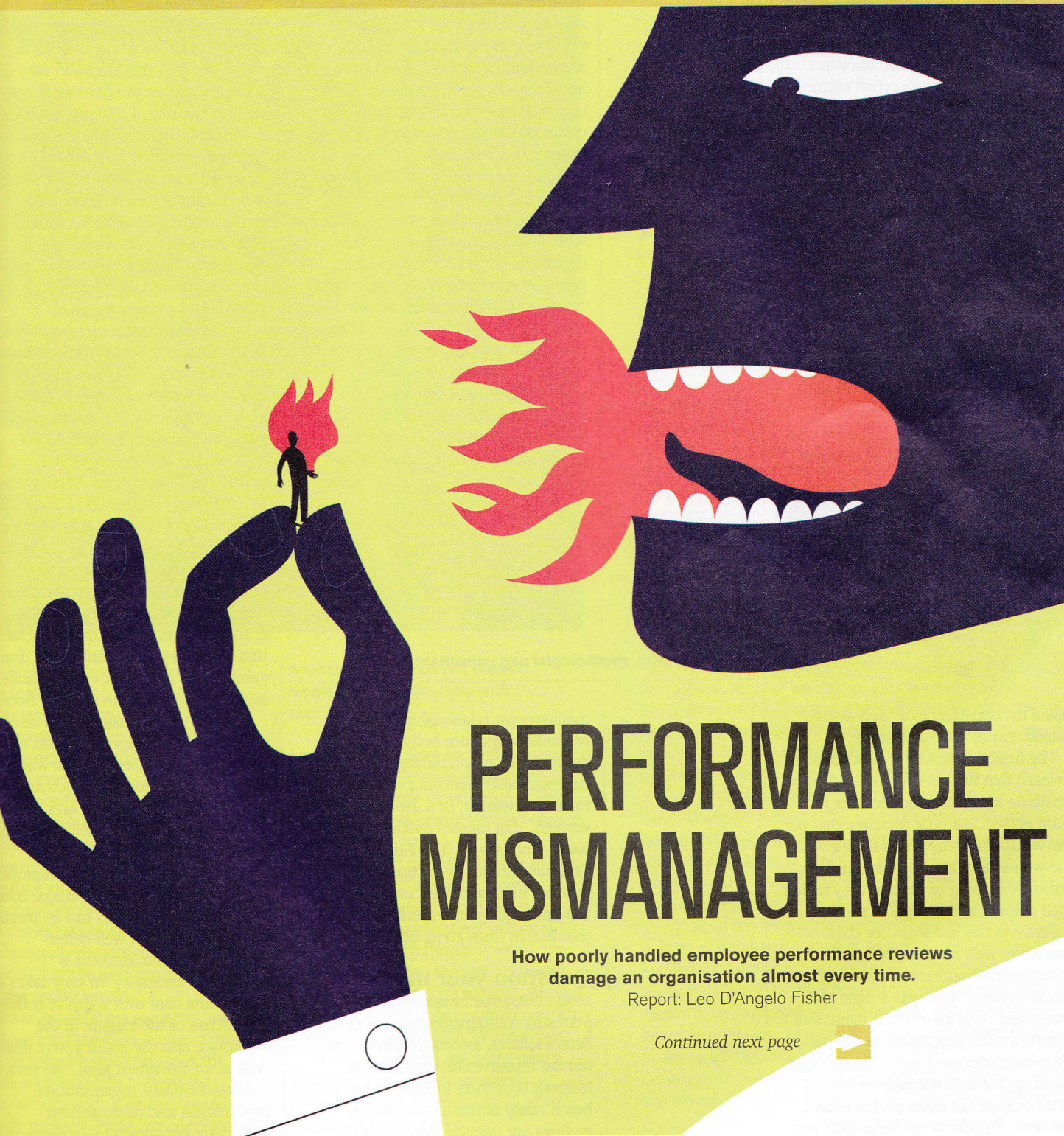
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LEADERSHIP



HOW LEADERS DO BUSINESS



PERFORMANCE MISMANAGEMENT

How poorly handled employee performance reviews
damage an organisation almost every time.

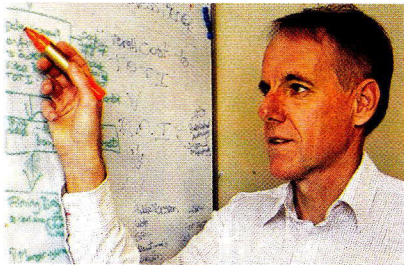
Report: Leo D'Angelo Fisher

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When the marketing executive, a seasoned professional with 20 years' experience, came back from her lunch break 15 minutes late, she was stunned to find herself being rebuked by her manager in front of her colleagues. When she countered that she had worked an extra two hours earlier in the week, she was ordered into her boss's office where she was told there was nothing special about her working late – all her colleagues did it – and that her “outburst” was typical of someone who had never been a team player.

The relationship between the executive and her boss, never close, soured until finally she was informed, in the presence of the company's human resources director, that she was to be “performance-managed” and was issued with a set of performance indicators by which she would be appraised. As well as having to endure the overbearing scrutiny of her manager, the marketing executive was humiliated when her colleagues were



The annual cycle of performance reviews doesn't make sense: something done annually doesn't constitute feedback.

Graham Winter, psychologist and consultant

asked to contribute to a “360 degree” assessment of their co-worker.

The besieged executive was horrified to learn that her colleagues believed her to be arrogant, aloof and not a team player. She now surmises that her fair-weather colleagues could see who the winner and loser of this bitter ordeal was going to be, and they nailed their colours to the mast accordingly.

This was the last straw for the executive, who resigned before the performance-management process had run its course. “This was a tight-knit group and I was new to the team, and I wasn't one for long nights at the pub after work because I had a family to get home to, but it never occurred to me that I was on the outer to that extent,” she says. “Suddenly my behaviour, my

loyalty and even the quality of my work was being questioned.”

Performance management is a one-on-one process between manager and staff member to overcome poor performance, non-compliance with workplace policies or unacceptable behaviour in the workplace. Employees are monitored as they work towards agreed goals and indicators, including regular “performance discussions”, but critics argue that the process amounts to “glorified bullying”.

Funny they should say that. From January 1, amendments to the Fair Work Act will include provisions against workplace bullying, but not before employers successfully lobbied the previous government to ensure that “reasonable management action carried out in a reasonable manner”, including performance management, was excluded from the definition.

What constitutes “reasonable” remains to be tested, but workplace lawyers and consultants agree that poorly conducted performance-

damage an organisation, performance management will do it almost every time,” he says. “Managers seem to think it's a disciplinary process; they see it as an opportunity to attack or undermine an employee. It's a vindictive, targeting measure which managers use as a way to beat an employee over the head and they don't quite appreciate the damage that it does to the rest of the organisation.”

In the example above, the manager and his team members used the process to gang up on an unpopular colleague, but Holland says poorly handled performance management usually alienates employees who feel threatened when a colleague is singled out. Performance management is ostensibly a process aimed at rehabilitating a team member whose performance or behaviour has slipped, but a skittish workplace, feeling the pressure of cutbacks and demands for greater productivity, may fail to see such interventions as positive.

According to a report by the Australian Psychological Society, *Stress and Wellbeing in Australia Survey 2013*, 47 per cent of working Australians cited workplace issues as a source of stress.

“Performance appraisals and performance management are often handled badly and the casualty is trust,” Holland says. “Employees feel that managers don't trust them, don't value them, and that's when morale and motivation go through the floor.”

Holland says managers who resort to performance management need to ask themselves how the situation was allowed to deteriorate to such an extent. In many cases, he says, managers confine themselves to annual performance reviews rather than regular informal chats with employees in which emerging performance issues and employee concerns can be picked up and acted upon well before performance management is considered necessary. “It only takes a five-minute chat over a cup of coffee to get a sense of the climate in the workplace and the issues you're dealing with at an individual level,” he says.

Adelaide-based organisational psychologist and management consultant Graham Winter, director of

management relationships can resemble workplace bullying, the definition of which hinges on “unreasonable behaviour directed towards a worker, or a group of workers, that creates a risk to their health and safety”. The Fair Work Ombudsman has even thought it prudent to issue a “best practice guide [for] managing underperformance” to ensure that lines aren't blurred.

Question your motives

Most companies have at least one performance-management horror story. Peter Holland, associate professor of human resources management at Monash University in Melbourne, has heard many of them – and happy endings are rare. “If you want to



team-building consultant Think One Team International, laments that performance systems, including performance management, will remain in vogue despite providing so few obvious benefits. "The annual performance review is one of the most talked about, least changed human resources practices in business. It's an absolute sacred cow," says Winter, three-time chief psychologist for the Australian Olympic team. "The annual cycle doesn't make sense: something done annually doesn't constitute feedback, but the performance review remains unchallenged."

Winter argues that managers, many of whom are promoted on the basis of their technical proficiency, lack the communication skills to have the conversations with staff that would identify problem areas, set expectations

Academic Peter Holland prefers regular five-minute chats with staff over coffee.

and reduce the need for performance management. He urges corporate clients to institute monthly, or at least quarterly, formal conversations between managers and staff.

He says it's "cowardly" for managers to "hide behind" annual reviews to raise issues of underperformance. Performance management is typically the final step in a flawed system. "By the time you get to the performance management stage, it's too late. At this stage, it's largely about compliance; it's a process to go through," Winter says.

"If you've reached the point where someone is being performance-managed, eight times out of 10 what

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LEO D'ANGELO FISHER

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A LEADER'S LEADER

Paul Keating: vibrant, vivacious, visionary. He was prime minister between 1991 and 1996 and, before that, from 1983, arguably Australia's most reformist treasurer. For anyone who laments the paucity of leadership, originality and big-picture thinking in today's Canberra, the ABC's interview series, *Keating*, will at once cause pangs of nostalgia, regret (that we felt we could let him go in 1996), depression (that his like might never be seen again) and anger (that party machines feel they can lumber us with today's crop of colourless clods).

Keating was: utterly fearless as a holder of high office; craving power because with power comes the opportunity to implement change for the better; an impatient, inquiring intellect dismissive of fools interested only in the status quo; an electric parliamentary performer; a leader who understood the power and legacy of speech-craft; a man of style, impeccable grooming and refined tastes who was never less than a man of substance; a leader who remained true to his roots, values and sense of mission.

At 69 – can that really be? – Keating remains true to the highest values of leadership and personal integrity. Still passionate, electric, a master of the burning phrase, Keating understands that although he is no longer prime minister, he is still a leader with the authority, and responsibility, to set agendas and enliven debate.

Keating remains a public figure but strictly on his terms. When he speaks out – not infrequently with that familiar sense of mischief – it is always to make a pointed contribution to public discourse. His maxim is simple: if you're going to say something, make it count. It's a message today's mealy-mouthed political leaders should heed before Australians completely switch off.

After all these years, there is no ignoring Paul Keating, the warrior prime minister who challenged Australians to rethink their place in the world and what it means to be Australian, who dared us to embrace a future as a republic, who shook us from our indifference to displaced indigenous Australians.

They don't make them like Paul Keating any more, and we are the poorer for it.

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will be in the manager's mind is that if at some point they have to front the industrial tribunal [for unfair dismissal] they will have a documented process to fall back on." Winter hopes that as the imperative to increase productivity continues, corporate leaders will come to understand that the relationship between managers and their reports is critical to achieving greater productivity.

Good intentions buried

Performance management has a "negative connotation", Adelaide performance coach Jo Saies agrees, but she believes that in most cases this is due to a failure of process. Saies and her firm PB Performance

Bringing up an inappropriate outburst that occurred nine months ago in a once-a-year appraisal is not fair on the employee and nor is it effective.

Jo Saies, PB Performance Coaching

Coaching provide training in performance management skills, and advise companies on setting up processes that will ensure confrontational and stressful performance management scenarios are avoided. Bad experiences, she says, can usually be attributed to the fact that managers lack the skills and the confidence to have productive conversations with staff.

"Managers are expected to manage performance so it's important that they are provided with the skills and support to fulfil that role.

"My personal interest is in coaching managers to have conversations with staff individually and frequently, and to be comfortable having those conversations.

"Bringing up an inappropriate outburst that occurred nine months ago

in a once-a-year appraisal is not fair on the employee and it certainly isn't effective."

The director of Melbourne-based leadership consulting firm Ampersand Advisory, Norah Breckveldt, says "performance feedback" is critical to managing and improving performance, but good intentions are often buried in HR red tape. Breckveldt, who has worked as a corporate head of HR in the financial services, supply chain and manufacturing sectors, says poorly designed performance systems are the bane of management.

"When I was in corporate HR, the single biggest HR issue for managers and executives was the performance appraisal system; they pretty well universally loathed it because it was bureaucratic, time-consuming and a real pain to administer," she says.

One of her first priorities when joining a new company as head of HR was simplifying existing performance appraisal systems and very often designing new systems from the ground up.

"HR people often over-engineer performance appraisal systems which causes resentment. Poorly designed, overly bureaucratic systems can be demotivating and cause employee disengagement, so simplifying these systems is critical," Breckveldt says.

"Well-designed performance systems, including regular informal feedback conversations, can be a very powerful way to align executives and employees to the business's objectives."

But Breckveldt echoes the common sentiment that managers typically avoid informal performance conversations because they lack the skills – or because they fear the risk of litigation – and rely on the safety of predictable annual performance appraisals.

Performance management is the last resort in correcting an employee's performance or behaviour, she says, "but by this time a lot of damage has been done". Breckveldt recommends weekly or fortnightly "catch-ups" between managers and their reports. "All it takes is a 15-minute informal conversation and you have the basis of a trusting relationship," she says. "It's not that difficult." **BRW**



WORKSPACE

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BOSS OF YOUR BRAIN

It is a frightening thought, isn't it? The person who pays you, who rules your workplace, can also reach inside your head and twiddle your neurons.

They can, because leaders set the tone in organisations and reward the behaviours they like, so they have a huge influence on how their employees work and think, says Dr Connie Henson, a consultant in leadership development.

"The environment shapes your brain and your boss shapes the environment you work in. The culture is mostly formed by what the leaders say and do."

What neuroscientists know is that the brain is "plastic" and that repeated thought patterns create physical changes in the brain (an idea popularised by Dr Norman Doige in *The Brain That Changes Itself*).

The impact of this in the workplace is that coaching, nurturing leaders will help produce confident, innovative employees. Overbearing bosses will produce workers whose only aim is to cover their own backsides and they will be more prone to ill health.

"Managers who rule by fear have an impact on people's thinking – not just how they feel, but how they think", says Henson. "They develop thinking patterns, neurological patterns that are shaped by that environment."

If the first time you put forward a "left field" idea your boss tells you that such suggestions are not the way things are done, you will be reluctant to try it again. Yet, giving those wild ideas "air space" sometimes sparks something incredible for the organisation, she says.

Henson has co-written a book, *BrainWise Leadership*, with Pieter Rossouw and has a PhD in counselling psychology.

The good news is that, precisely because the brain is plastic, most people leaving a bad workplace for a good one will be able to adapt back into more positive and productive behaviours.

If people are in an unhealthy environment, they should get out if they can, she says. However, if it is just one person spoiling an otherwise good job, they may be able to wait them out and develop good relationships elsewhere in the organisation.