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Sean Connolly
President and CEO: Conagra Brands
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How many lightbulbs does it take to change a person? One, and you’re holding it.

Employees can change. Problem is, they generally don’t. Why? Because most talent managers lean on the same old, same old instead of strategies and tactics that are scientifically proven to ignite professional growth.

This edition of Talent Quarterly, our first-ever High Performance Issue, is filled with bright ideas to transform your middling contributors into high performers. Here’s a preview:

- I know a little about performance and change management because I literally just wrote the book on it: *8 Steps to High Performance: Focus on What You Can Change (Ignore the Rest).* In our exclusive except, on page 28, you’ll learn about the “flexible 50 percent”—the performance factors you can control. They’re not what you think.
- In “The Bad Boss and the High Performer,” on page 32, we reimagine what it means to be a high-performing manager. Productive leaders may deliver big wins, but at what cost? That’s a number you should know, argues Debra Corey.
- Yes, culture drives performance. And yet, most companies are getting it wrong. Why? In “Fill These Gaps, Fix Your Culture,” on page 15, Brian Kropp, Ph.D., and Jessie Knight reveal the three canyons you must cover, stat.
- In “What’s Talent Got to Do with It?” on page 44, Robert E. Ployhart, Ph.D., presents new research that definitively explains the link between talent and performance. It’s more complicated than you probably realize.

And that’s just the beginning. We also blow up the performance-by-potential paradigm (page 38), reveal why so many high-performing entrepreneurs grow up to be low-performing leaders (page 18), and explore the latest contagion to infect senior leaders—an unwillingness to hold others accountable (page 58).

Hope you enjoy the issue. Let me know how we’re doing by emailing me at marc@talent-quarterly.com.

Marc Effron
Founder & Publisher, Talent Quarterly
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Being Freelance and Female Doesn’t Pay

Even when women work for themselves, they still earn less than men.

THE GENDER GAP IS AT IT AGAIN. Self-employed women earn 28 percent less than men who work for themselves, says a new report from Freshbooks, an accounting software firm. According to the data, female freelancers pull in an annual average of $56,184, while guys in the same position make $77,540 per year. Despite the disparity, 70 percent of the women say they make more on their own than they did as full-time employees.

What’s behind the imbalance? The women say that to win and retain clients, they have to work harder and charge less than their male counterparts.

Dispiriting figures be damned, the findings show up to 13 million women still plan on switching over to freelancing by 2020. Why? More than half believe they won’t reach their full potential if they remain as staffers, and 63 percent say they’ll advance their careers at a faster pace if they forge their own path.

And it’s not all bad news on the salary front. In some freelance professions, the tables are turned: Self-employed women in marketing, communications, media, and IT tend to earn more on average than men, per the report.

TO BOOST PERFORMANCE: GIVE THE CARROT, DON’T DANGLE IT

Most managers reward their teams at the end of a project. But dangling proactive bonuses may lead to better performance, suggests new research in the Journal of Personality and Social Psychology.

When scientists offered employees a reward at the beginning of a task, it kindled their sense of enthusiasm and enjoyment more than the promise of a “job well done” once the mission was complete.

Sounds counterintuitive, right? After all, it’s tough to keep your eyes on the prize when you win it right away. But for work activities, when you’re already getting paid anyway, immediate rewards seem to galvanize you more than delayed ones, according to the study authors.

Working 9 to 4:20

The percentage of U.S. employees who tested positive for drugs in 2017—the highest rate since 2008, says a new report from Quest Diagnostics. While opioid use rates are dropping, cocaine and marijuana rates are on the rise.
Percentage of employees who worry what a colleague may think about their social media posts, per a poll from digital workplace firm Igloo. More than 50 percent say they’ve refrained from posting due to a coworker connection.

SAY THIS, SOUND SMART

Presenteeism

(noun): The practice of going to work despite being sick or unwell—a play on absenteeism.

USE IT: "Presenteeism really hurt our performance during flu season."

Team Maladaptation

(noun): The failure to adjust to new changes and challenges.

USE IT: "We need better training practices to prevent the kind of team maladaptation we’re experiencing."

Job Craft

(verb): To construct or shape a work identity based on job tasks, job relationships, and the other "raw materials" of a given role.

USE IT: "Through savvy job crafting, Kelly has really thrived in her latest post."

Side Jobs Don’t Hurt Employee Performance

But for a moonlighter’s family, it’s a different story.

TURNS OUT THE OLD SAYING IS TRUE: The more you have to do, the more you get done. People who work two jobs don’t show any drop-offs in performance compared to single jobholders, finds new research in the Journal of Business and Psychology. Moonlighters are also equally committed to both of their employers and no less engaged when working with colleagues, the study found.

More than 7.2 million Americans hold two jobs, according to the study authors. Many employers have strict rules that prohibit workers from simultaneously slumming it elsewhere, but the study suggests those policies are misplaced—especially if they’re crafted with the assumption that another gig will lead to employee burnout or a lack of productivity.

Dual jobholders do face one obvious downside: higher levels of work-family conflict. The average one-job worker clocks 38.6 hours a week, while a typical moonlighter logs 46.8, says the study. That 8-hour difference undoubtedly cuts into family time, causing tension and stress.
Will Break for Food

Leaving your desk for a quick lunch is good for your stomach, sanity, and company.

TEN YEARS AGO, you probably took lunches at local cafes with your colleagues. These days, it’s more like munching on leftovers at your desk while toggling between Excel tabs. The lunch break as we know it is long gone—and that might be bad for business.

New survey results from Tork, a global hygiene and health company, reveal 38 percent of North American workers don’t feel encouraged to leave the office for lunch. Meanwhile, 20 percent of employees worry their bosses will regard them as slackers if they step away from their desks to eat.

Their assumptions may not be far off. The survey shows 34 percent of bosses consider weighing how often an employee takes a lunch break when evaluating that person’s performance. Plus, 22 percent of managers admit that they think workers who regularly grab a bite to eat outside of the office don’t work as hard as those who stay.

The consequences could be costly. Organizational Dynamics research finds lunch breaks boost employee productivity and reduce burnout. And 90 percent of the people surveyed by Tork say these breaks help them feel ready to seize the rest of the afternoon.

Lead when it comes to lunch and your people will follow. Once a week, invite the team out to a Yelp-approved spot. (No shop talk!) Someone else can pick the place the following week.

Q&A

ASK HR HARRY
I’m afraid I’m a fraud. My colleagues are clearly more competent and qualified than I am. Should I flee the scene before I’m found out?
—Sam G., Brooklyn, NY

Don’t go AWOL yet. You’re probably struggling with “imposter phenomenon,” or the feeling that you’re not cut out for your role. People who experience it tend to be high achievers who are actually awesome at what they do. But they don’t take on new work challenges out of fear they’ll fail. Do this: Tell an admired coworker how you’re feeling. Chances are she’ll voice similar self-doubts. Then, sign up for a tough new task. Once you discover you have the chops to crush it, your fears will fade away.

THE LEADERBOARD

Stacey Cunningham, President, NYSE
Glass ceiling, shattered: In May, Cunningham was named president of the New York Stock Exchange, making her the first woman chief in its 226-year history. (When the NYSE was founded in 1792, women couldn’t even vote.) Not bad for the former intern.

Elon Musk, Founder, Boring Company
Tesla has had a rocky year, and Musk himself is in hot water for his behavior on Twitter. But you can’t keep an eccentric showman down. Musk also announced a deal with Chicago to build a high-speed commuter tunnel linking the Loop to O’Hare. The future is now, and Musk is the ringleader.

Akbar Al Baker, CEO, Qatar Airways
Al Baker recently said a woman couldn’t do his job because it’s “very challenging.” He quickly claimed his statement was a joke and taken out of context, but not before rival airlines rightfully slammed him—and pledged to solve the aviation industry’s gender imbalance problem.
The Easiest Way to Become the World’s Best Boss

Forget cheap tricks and embrace your family.

WHILE MANY AMERICAN workplaces are increasingly adopting family-friendly policies, some professions still emphasize nose-to-the-grindstone, all-hours job commitment without regard for home life. Bad move: Supervisors who don’t support their employees’ family needs may end up being disliked and ostracized by them, say researchers from the University of Illinois Springfield.

As an awful bonus, the company’s bottom line could also suffer. When bosses are treated with hostility by their employees, they tend to distrust those workers and see them as threats to their status, finds unrelated research from the University of British Columbia.

This could lead to managers withholding valuable advice and coaching, which ultimately hurts organizational performance.

As the head honcho, it’s your job to stop the first domino from falling. Demonstrate your respect for your employees’ family needs by encouraging flexible work schedules and dumping outdated company rules that frown on last-minute vacation requests.

Better yet, leave at 5 p.m. on the dot: You’ll send the message that your team members don’t have to stay after hours, say the Illinois researchers.

The remote worker:
Chuck Vadun
The role: Communications Director at Fire Engine Red, a marketing firm serving the education sector.

1. Pick Up the Damn Phone
Slack is fine for hacking through small details. “But if you’re looking to coach your direct reports or deliver more detailed feedback on their work, it’s better to call them,” Vadun says. Nuance is often lost in written communication, and exchanges that require a lot of back-and-forth can stretch for a dozen messages.

2. Be Generous with Praise
Remote work is rewarding, but isolating. You can’t replicate the fist bumps that happen organically in an office. “People want to feel appreciated,” Vadun says, “so sometimes I’ll send a quick IM on a Friday to tell a team member, ‘Thanks for all the great work this week.’” These small, supportive gestures make a huge difference.

3. Schedule Regular 10-Minute Check-Ins
“Remote-team managers who fear losing control often veer into telling their team how to do tasks,” says Vadun. But no one likes to be micromanaged. To track progress without driving everyone mad, schedule short, twice-weekly Skype check-ins with each member. You’ll stay in the loop—and they’ll stay sane.
8 STEPS TO THE PERFECT MEETING

We set millions of dollars on fire each year thanks to inefficient, untimely, poorly executed meetings. Here’s how to schedule and captain a powwow for optimal impact and minimal time-wasting.

1. **Huddle Up at 8 a.m.** During the hour leading up to a meeting, employee productivity tends to tank. Why? People don’t think it’s worth starting a complex task when they have an obligation coming up, shows a new study in the *Journal of Consumer Research*. First-thing meetings eliminate this lost time.

2. **Serve Coffee in the Conference Room** Group participation increases and people rate one another’s interactions more positively when everyone has had coffee, says Ohio State research. That’s because java helps you stay on task and feel more alert. Swing by Starbucks and pick up a box of gourmet joe.

3. **Keep Your Presentation to 18 Minutes or Less** That’s the maximum length for TED Talks, after all. People have a limited capacity to stay focused and engaged, according to Carmine Gallo, author of *Talk Like TED*. If you drone on for an hour, you’re guaranteed to lose your audience.

4. **Ditch the Chairs** If you’re brainstorming, stretch your legs. Standing helps people feel more enthusiastic and engaged when tasked with creative group processes, finds research from Washington University in St. Louis. Meet in a park or in front of whiteboards where everyone can scribble out their ideas.

5. **Nix the Laptops, Too** For starters, email is the ultimate distraction. But Princeton University researchers have also found that people can better grasp the content of a presentation or meeting when they take notes by hand instead of typing on a tablet or computer.

6. **Keep the Invite List Short** Many employees are quick to loop in anyone and everyone who could conceivably get something out of a meeting. Instead, invite only those who absolutely must attend to ensure the meeting’s success, argues a report in the *Harvard Business Review* (HBR).

7. **Hold the Reins** People love to talk, even when they have nothing to say. These tangent-starters can kill the momentum of your meeting. When someone’s leading your rendezvous off the rails, politely interrupt and say that you have a lot to cover before your time concludes, advises an HBR report.

8. **Assign Action Items** Successful meetings conclude with clear follow-up objectives, suggests a Small Group Research study. Thinking about what participants will need to do after the meeting will help you sharpen its focus and thrust. Make sure those action items are clear to all participants.
Any amateur economist will tell you that this isn’t good for business.

So how can your organization boost its productivity and get back to the promised land? By increasing your employees’ discretionary effort. As a leader, it turns out you can leverage a whole lot of it.

**What Is Discretionary Effort?**

We’ve successfully measured discretionary effort simply by asking employees if they believe their work environment is one where people want to “go the extra mile.” We know that by aggregating the results of that item by supervisor, we can obtain a reasonably accurate prediction of the level of discretionary effort in that group.

We recently created a productivity index where we asked employees to rate the effectiveness of their group on five dimensions:

- Is the work well planned and organized to get things done efficiently?
- Is non-value-added work kept to a minimum?
- Are problems resolved quickly?
- Do systems and processes make it quick and easy to get work accomplished?
- Are meetings a productive use of time?

In Figure 1, you’ll see the results of 7,181 employees working in 483 teams. The graph illustrates a simple takeaway: As discretionary effort increases, so does productivity. And after analyzing the variance, we’ve found a highly significant trend between the bottom and top levels of discretionary effort.

How much can a leader sway the level of discretionary effort that employees are willing to put forth? To find out, we gathered data from over 340,000 workers. We assessed their level of discretionary effort and had them rate the effectiveness of their manager in 49 critical leadership behaviors. These behaviors, culled from a batch of more than 2,000, have proven to be most...
effective at identifying exceptional leaders and highly correlated to organizational outcomes like customer satisfaction, turnover, profitability, sales, and engagement.

We then aggregated the results from the direct reports by manager, so that we had inputs from 65,412 leaders, with an average of just five members on each team. In Figure 2 (next page), you’ll see the correlation between a leader’s overall leadership effectiveness score (the average of the 49 behaviors) and the percentage of direct reports who indicated the highest willingness to “go the extra mile.” It’s clear that leaders can and do have a dramatic impact on a direct report’s willingness to give extra effort and work harder.

The worst leaders only bring out extra effort from about 15 percent of their employees; that percentage increases with every decile that leadership effectiveness does. The best leaders, meanwhile, have 70 percent of their reports ready and willing to work harder. Consider the atmosphere and environment in a team where 70 percent of employees are fully committed. Now contrast it to a team with 15 percent. Where would you rather work? Some might argue that discretionary effort has much more to do with the characteristics and attitudes of the team member rather than the team leader. We submit that the results of relying only on the team members’ attributes is closer to about 15 percent. When considering these findings, keep in mind this is a huge data set, where each decile in the leadership effectiveness ratings represents over 6,500 leaders.

How to Be the Most Effective Leader for Your Team

To understand which behaviors encourage discretionary effort, we examined data from more than 340,000 direct reports and correlated their discretionary effort ratings with their ratings on the 49 behaviors. Based on this analysis, we selected the top 20 behaviors, which we then factor-analyzed to identify eight factors that have the most influence over a leader’s ability to enable discretionary effort.

Here are those eight factors, listed in the order of the strength of their correlations. As it turns out, every great leader must:

1. INSPIRE AND MOTIVATE OTHERS
   » There are two fundamental avenues that leaders often use to motivate others: pushing (driving for results) or pulling (inspiring and motivating). Pushing is plenty effective—but not all the time.
   When we analyzed this same set of leaders, we found that 64 percent were rated higher on their ability to push than their ability to pull. Only 27 percent of the leaders analyzed were rated higher on their ability to pull, and 9 percent were equally rated. While the majority of leaders are better pushers, unfortunately it’s their ability to pull that unleashes discretionary effort in direct reports.
   Leaders who effectively pull know the best strategies for exciting and energizing their teams. They make a positive emotional connection and generate a desire to accomplish goals rather than feelings of obedience or obligation. Inspired teams feel like they’re working on an important mission.
   On the other hand, leaders who push their teams create the feeling that work needs to be done, and direct reports have to do it—or else. The twist? When you release your team’s discretionary effort by inspiring them, the work that needs to be done gets done—happily.

2. HELP TEAM MEMBERS EMBRACE STRETCH GOALS
   » The power of stretch goals seems strongly influenced by how they’re created. A leader can conceive an extremely challenging goal and then announce it to their team as a final decision. The weight of such goals may feel smothering, but they have no choice.
   When people work in a fearful environment, they often temporarily work harder, but only when the source of fear is hovering nearby.
   Here’s a different approach to establishing a stretch goal: Involve your team members in deciding what could potentially be accomplished. This means treating them with respect and dignity. When they embrace the goal of their own volition, they’ll be more passionate about the challenge—and even prouder when they crush it.

3. RESOLVE CONFLICT QUICKLY
   » Some leaders use competition to motivate. The problem? When left
more likely to elicit more discretionary effort within their team. It’s simple: People work harder for a manager whom they respect and like. That starts with building a foundation of trust, which happens when your team believes you’re knowledgeable and inclined to make good decisions. Team members trust a manager who fulfills commitments and performs with reliability and consistency.

6. HAVE STRATEGIC PERSPECTIVE » When team members understand the strategy—and have a direct line of sight between their work and that strategy—they release more discretionary effort. Clarify where you’re all going, and how you’ll all get there. If your employees are confused and don’t know the direction to follow, they’ll slow down or stop moving altogether.

7. DEVELOP OTHERS » A manager who is dedicated to developing his or her team invariably generates a much higher level of discretionary effort. Team members, in turn, put forth extra effort when they see that they’re gaining new information or learning new skills. They greatly appreciate the leader who takes interest in them and deliberately provides work assignments that enable them to grow.

8. HAVE THE COURAGE TO CHANGE » Making a change is often a two-step process. It begins with a manager seeing something that isn’t working properly or has room to improve. The second step: implementing the change by taking action. Unfortunately, many leaders see the problems and the opportunities, but they don’t take that second step.

Why? It’s simple: Because making big changes requires big courage. Team members often feel their organizations are stuck and that they spend their days doing unnecessary busy work. So be bold: If you challenge unproductive practices and actually change them, you’ll undoubtedly move your organization forward.

Figure 2: Leadership Effectiveness Boosts Employee Effort

Overall Leadership Effectiveness

% of Employees willing to “Go the Extra Mile”

1st - 10th 11th - 20th 21st - 30th 31st - 40th 41st - 50th 61st - 60th 61st - 70th 71st - 80th 81st - 90th 91st - 100th

unfettered, that competition leads to conflict. Mix in the normal tensions that arise when people with different backgrounds and personalities work together and conflict always abounds.

We’ve found that conflict doesn’t release discretionary effort. Instead, it encourages people to do just enough to keep their jobs. But when leaders step in to resolve conflict, greater discretionary effort emerges.

4. COMMUNICATE OFTEN AND CLEARLY » There was a time when managers talked about communicating on a “need-to-know” basis. The basic premise was to limit the amount of communication and confine it to what the employee needed to know to execute their job. But this philosophy completely ignored the motivational power of people being well-informed.

Fortunately, many leaders have since adopted an open-book management style. You should help your team members make sense of their jobs and solve problems they didn’t anticipate; treat them like adults instead of children; and give them the maximum amount of information possible.

5. BUILD POSITIVE RELATIONSHIPS » Leaders who are effective at building positive relationships with others are

Take the Discretionary Effort Challenge

We know that there are vast reservoirs of creativity, ingenuity, and a desire to contribute within every employee. But sometimes they stay bottled up until a great leader comes along and uncaps them. While productivity improvement is a complex outcome, you have the power to unleash your team members’ discretionary effort and help them accomplish something great—and lasting.

JACK ZENGER is the co-founder and CEO of Zenger Folkman, a professional services firm providing consulting and leadership development programs for organizational effectiveness initiatives. He is the co-author of seven books on leadership, including Speed—How Leaders Accelerate Successful Execution.

JOE FOLKMAN is the co-founder and president of Zenger Folkman. He is a highly acclaimed keynote speaker at conferences and seminars the world over. His expertise focuses on a variety of subjects related to leadership, feedback, and individual and organizational change.
FROM FOOD PRODUCTION and distribution to the provision of health care and national security, we rely on social organizations to support practically every facet of our lives.

These organizations generate immense power, but that power can also be a source of massive harm. If a leader who lacks moral character has the significant discretion to act—discretion denied to people lower in the organizational hierarchy—the company could irrevocably change for the worse. And hundreds of thousands of people could feel the ripple effects.

There are several distinct moral challenges associated with the exercise of organizational leadership. Unfortunately, not all leaders are up to these challenges. It’s your job to screen them out to save the future of your organization—and maybe the world.
aggression isn’t free; victims retaliate and the law intervenes.

In criminological terms, there are credible deterrents. But as we move up organizational hierarchies, the deterrents become less credible and the cost of aggression fades away. Consequently, bullying, sexual predation, persecution, torture, and mass murder can result.

The examples here begin with the allegations facing Harvey Weinstein and extend to Adolf Hitler and Joseph Stalin, and the horrors they perpetrated.

The problem: The literature on organizational justice mostly concerns how leaders administer justice. This might seem to be a benign challenge, but not managing it properly can be very costly to organizations. People care about justice. When they perceive matters to be unfair, they withdraw their commitment to organizational citizenship—a commitment on which all organizations depend. This leads to depressed morale, lowered motivation, and resentment-driven sabotage.

The examples here begin with the allegations facing Harvey Weinstein and extend to Adolf Hitler and Joseph Stalin, and the horrors they perpetrated.

The problem: The literature on organizational justice mostly concerns how the recipients of justice react. It doesn’t tell us much about how to actually deliver justice in a manner acceptable to those recipients.

Think about the claims that competing candidates make when running for political office. There will typically be a contrast in the values the candidates endorse, like freedom versus equality. Whoever is elected then has an obligation to promote those values.

Leaders need to be clear—to themselves and others—about their value priorities. If they aren’t, they risk decision-making paralysis.

Organizations exist to do something, and achieving that mission is the responsibility of the leadership. Mission failure is also a moral challenge; it’s too often due to incompetence. However, the problem ultimately isn’t the limited competence of leaders, but their failure to acknowledge their limits.

Complex organizations require expertise beyond the capacity of any single individual, and good leaders have the humility to recognize this and seek expert advice from others. Bad leaders, on the other hand, refuse to admit any limits to their omniscience.

The results can range from corporate collapse and financial ruin for thousands of investors, to the catastrophic failure of health care organizations, to battles lost with massive casualties, to the economic ruin of entire countries, to mass starvation.

Leaders have a moral obligation to avoid collateral damage when pursuing the organizational mission. The injuries resulting from unsafe working practices are about seven times those resulting from criminal assaults. Avoidable deaths from occupational accidents and diseases are between five and seven times as frequent as deaths by homicide. And evidence collected by U.S. federal agencies shows that about 20 million Americans are injured or killed by unsafe consumer products every year.

Corporate executives may not intend these consequences, but they’re foreseeable, and often foreseen. Remember the Ford Pinto and Thalidomide?

The most difficult moral challenge is to use the opportunity provided by leadership of a powerful organization to address grievous wrongs and injustices, root out corruption and oppression, and face down tyrants. The list of leaders rising to this challenge is depressingly short. One reason may be that the complex causal linkages in social systems are difficult to grasp, and interventions designed to fix one problem often have other unintended consequences.

Why are we so often poorly served by our leaders? I’ve noted some of the reasons above, from the corrupting consequences of opportunity to the lack of effective deterrence. But another reason lies in the processes of leader selection.

The extensive psychological literature on leadership selection and evaluation is largely irrelevant, because it assumes the selection process is rational and empirical—like assessment center methodologies, for example.

In the real world, however, leaders are chosen via processes that are heavily top-down. That means politics and technical competence usually beat questions about the moral integrity of candidates.

But make no mistake: Character matters to your employees, customers, and shareholders. Don’t learn the hard way.

Nicholas Emler, Ph.D., is a professor of social psychology at the University of Surrey and the author of several books, including Self-Esteem: The Costs and Causes of Low Self-Worth.
WE CAN’T STOP TALKING about culture these days. An analysis of earning calls since 2010 shows culture is easily the most discussed talent issue—mentions of the topic have increased by 12 percent annually. The more that organizational cultures appear in headlines, the more we examine culture’s criticality to a firm’s reputation and success.

How have HR heads responded to this scrutiny? By investing more time and resources in managing culture, naturally. These efforts tend to focus on people, like generating buy-in among current employees and bringing in new employees who are good fits for the culture. More than 80 percent of organizations currently use these two approaches and, by our conservative estimates, are devoting an average of $2,200 per employee per year to support their culture-management strategy.

Despite all this time and investment, only 31 percent of HR leaders agree their organizations have the necessary culture to drive future business performance. What’s holding us back?

We spent 10 months investigating this question through a large study composed of interviews with more than 100 HR leaders, a benchmarking survey covering nearly 200 organizations, and a workforce survey of more than 7,500 global employees. We discovered that the key differentiator underlying cultural performance isn’t choosing a particular culture, but getting employees to demonstrate the culture organizations need—whatever that might be.

Our analysis revealed three key workforce gaps around culture:

1. **Knowledge gap:** Employees lack awareness of the culture the organization needs (69 percent of organizations).

2. **Mindset gap:** Employees don’t believe in the culture the organization needs (87 percent of organizations).
3. **Behavior gap:** Employees don’t engage in behaviors related to the culture the organization needs (90 percent of organizations).

In studying these gaps, we discovered two important facts that are fundamental to how HR heads should approach culture management.

First, we must improve knowledge, mindset, and behavior simultaneously. Organizations that have low scores on these factors and increase just one of them will see no improvement in financial performance.

Second, organizations must boost knowledge, mindset, and behavior for all employees, and not just particular segments. Companies with higher levels of dispersion—that is, widely varying levels of knowledge, mindset, and behavior across employees—have lower employee performance compared with those with low dispersion.

We’ve termed the combination of knowledge, mindset, and behavior as Workforce Culture Alignment (WCA). Organizations that have plenty of WCA achieve higher performance against revenue goals, hiring and retention targets, employee performance, and public reputations.

To determine the best way for organizations to increase their WCA, we conducted an extensive root-cause analysis. This revealed three common challenges, each of which affects knowledge, mindset, and behavior:

1. Few organizations really understand their culture.
2. Leaders aren’t actually driving the culture.
3. Employees don’t know how to operationalize the culture.

Addressing these challenges for the entire workforce requires us to take a broader approach—focused on changing enterprise-wide systems and processes—that differs from the more people-focused approach we’ve traditionally used. We worked with best-in-class organizations to identify these specific steps HR leaders can take to tackle each challenge.

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**STEP #1**

**GAIN ACTIONABLE CULTURE INTELLIGENCE THROUGH EMPLOYEE-LED DIAGNOSIS**

To create a culture that supports growth, it’s not enough for organizations to know what culture they need—they must also clearly understand the current culture and whether it needs to change.

The problem is only 10 percent of HR leaders are confident their organizations have this knowledge. The typical approaches to culture measurement—characterized by periodic gathering of data on culture satisfaction and HR or business leader interpretation—fail to provide organizations with the insight they need because of three limitations:

- **Insufficient data:** A narrow focus on satisfaction with the culture fails to capture important details of what the culture actually looks like.
- **Outdated data:** 85 percent of organizations assess culture annually or less frequently, leaving many heads of HR with out-of-date information.
- **Confusing data:** Mechanisms like surveys leave little room for context, nuance, or clarification, so leaders who lack insight on lower levels or who feel pressured to craft particular culture narratives can easily misinterpret results.

To address these limitations, the best organizations are shifting to employee-led culture diagnosis by monitoring how employees experience the culture and involving them directly in interpreting culture input.
Unilever is a great example of an organization making this change. Inspired by the marketing team’s consumer-listening success, Unilever’s HR team is experimenting with ongoing “cultural listening,” or tapping into publicly available data to get more rapid and ongoing feedback about the culture.

The talent analytics team then analyzes the data and projects it in real time to viewing screens in the office of the CHRO.

**STEP #2**

**EXPAND LEADER ROLE-MODELING**

Despite 78 percent of organizations relying on leader role-modeling as a key component of their culture strategies, few are confident the practice is having the desired impact. Our research has identified three key elements of effective leader role modeling:

- **Say**: What leaders communicate about culture.
- **Behave**: How leaders personally demonstrate the culture.
- **Operate**: How leaders manage business operations (like budgets, processes, and policies) in line with the culture.

The addition of the “operate” element, which goes beyond simply focusing on what leaders say and do, reveals why so few organizations see desired results from their investments in leader role-modeling. Organizations and leaders are most focused on the lowest-impact element.

It’s not enough for leaders to espouse the culture; they must also create an environment that enables everyone to live the culture. But more often than not, out-of-date processes create barriers that hinder the organization’s culture.

Beyond providing tools and creating accountability, organizations must provide leaders sufficient resources to address systemic barriers to desired cultural norms.

RTI International, for example, tackles the challenge through its “maximize impact” culture team. Tasked with removing process- and budget-related barriers to the culture, this team is equipped with dedicated time and money, including its own budget code.

In addition, the team has the authority and expertise to make those changes happen. The VP of financial planning and analysis and SVP of human resources chair the team, bringing their influence, credibility, and decision-making authority to the pursuit of necessary budgeting and policy changes.

**STEP #3**

**EQUIP EMPLOYEES TO APPLY CULTURE IN THEIR DAY-TO-DAY WORK**

Finally, organizations must help employees operationalize the culture every day. We know organizations invest in high volume and variety of culture communication, but that investment has failed to remove two employee-cited barriers to living the culture day to day:

- **Translation barrier**: Employees struggle to translate the culture into the specific context of their day-to-day roles and responsibilities.
- **Tensions barrier**: Employees frequently encounter cultural tensions they don’t know how to address.

Unsurprisingly, the number of employees who struggle with each of these barriers increases significantly as you move deeper into lower levels of organizations. If communication efforts haven’t addressed these challenges, what will? The best organizations remove the translation barrier by moving ownership of context-specific translation to employees themselves.

The Gates Foundation, for example, provides a framework that individual teams use to customize dos and don’ts for each of its four firm-wide values. This process allows teams to create their own vision of how those values should manifest in their day-to-day roles while staying aligned to the organization’s overarching cultural priorities.

The framework also serves as a decision tool to guide behavior in high-stakes moments that are most likely to test employees’ cultural alignment. Removing the tensions barrier doesn’t necessarily mean removing tensions, but it does ensure employees are equipped to manage tensions they encounter in their work.

Your organization can create a culture that performs by maximizing WCA. To reinforce knowledge, mindset, and behavior together for all employees, you must shift your culture focus from the people to the process.

The process-focused playbook emphasizes pursuing entirely new ways of understanding the culture, maximizing leaders’ impact on it, and helping employees operationalize it.

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You Started a Company. But Can You Lead It?

Why do some entrepreneurs see more long-term success than others? The answer begins—and ends—with personality.

BY JORGE E. FERNANDEZ

In this article, Jorge E. Fernandez, a consultant with the Hogan Coaching Network, examines entrepreneurs using the Hogan Personality Inventory (HPI), which describes the bright side of personality; the Hogan Development Survey (HDS), which describes the dark side; and the Motives, Values, Preferences Inventory (MVPI), which describes personality from the inside.

By assessing bright-side personality of employees, you can determine how people work, how they lead, and how successful they will be.

By assessing dark-side personality, you can recognize and mitigate performance risks before they become a problem.

And by assessing values, you can understand what motivates people to succeed and in what type of position, job, and environment they will be the most productive.

Here’s how an entrepreneur’s personality and values specifically affect the success of their organization—and the people they lead.

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IF THERE’S ONE THING that’s certain about free market economies, it’s that nothing is certain.

In an open and free market system, the customer is king, for it’s the customer who decides value. The tricky part of this equation, of course, is that customers are also varied and unpredictable. It’s in these rough waters that entrepreneurs must learn to swim. If not, they’ll sink.

Entrepreneurs assume, through plenty of trial and error, all the risks entailed in building an enterprise. In fact, they must compete against established organizations with much greater resources, raise capital, attract the best talent, deal with government agencies, and create world-beating new products or services.

When entrepreneurs succeed, societies reap the fruits of progress. Neither longstanding industries such as railroads, nor nascent ones like Internet startups, would be conceivable without them.

The reality is that most new businesses fail. So what, exactly, distinguishes an entrepreneur who is capable of starting and maintaining a business from one who ultimately wipes out?

As a rule, productive entrepreneurs are exceptionally creative. They constantly seek to innovate and continually strive to bring to life something different. As you’d expect, the focal point of entrepreneurs naturally varies.

Apple founder Steve Jobs was a ridiculously effective promoter who was keenly focused on the mass market. Polaroid’s Edwin Land was a gifted inventor with a sharp product focus.

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**Figure 1: Hogan Personality Inventory Scale Definitions (The Bright Side)**

<table>
<thead>
<tr>
<th>SCALE NAME</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustment</td>
<td>Calm and self-accepting</td>
</tr>
<tr>
<td>Ambition</td>
<td>Self-confident and competitive</td>
</tr>
<tr>
<td>Sociability</td>
<td>To need or enjoy social interaction</td>
</tr>
<tr>
<td>Interpersonal Sensitivity</td>
<td>Perceptive, tactful, and sensitive</td>
</tr>
<tr>
<td>Prudence</td>
<td>Conscientious and conforming</td>
</tr>
<tr>
<td>Inquisitive</td>
<td>Creative and interested in problems</td>
</tr>
<tr>
<td>Learning Approach</td>
<td>To value learning for its own sake</td>
</tr>
</tbody>
</table>

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PHOTOGRAPH BY ISTOCK
Amazon’s Jeff Bezos divines a fresh organizational blueprint that owes to his sharp focus on service and process instead of product.

Conversely, hired-hand managers seek efficiency, continuity, and stability. They’re concerned with fixing existing problems, which is essential to actually running a business instead of merely building it. What, then, happens when founding entrepreneurs need to manage the business?

Most often, they’ll run the business as if they’re in perpetual startup or crisis mode. Their presence around the office and in the board room inevitably becomes distracting, disorderly, demoralizing, and draining.

Ironically, the biggest obstacle a healthy, growing business often faces is the one-person management team at the top. For proof, let’s consider the case of William Durant, the legendary founder of General Motors.

At his core, Durant was a whirlwind super salesman. The high-school dropout-turned-hustler focused on making new acquisitions in new markets and lived for sealing the deal. All the important details, it turned out, could wait until later. By 1919, GM was a labyrinth of nearly 20 divisions and various brands ranging from Buick Motors to Frigidaire Corporation.

Astoundingly, Durant himself was overseeing more than 70 factories in over 40 cities in the United States alone with at least 50 operating executives reporting directly to him. As you might expect, he had no time to spare seeking the board’s blessing before making his next move.

Eventually, a downturn in the economy precipitated the end of Durant’s tenure. Alfred Sloan, who came to GM by way of one of Durant’s acquisitions, became president in 1923 and remained chief for 33 years.

In that time frame, GM became a model for all other corporations, nonprofit organizations, and even government entities. Interestingly, Sloan embodied many of the qualities—like curiosity, efficiency, studiousness, and discipline—found in Hogan Assessments’
TO MANAGE OR NOT TO MANAGE

Here's the reality: Entrepreneurs tend to be pretty poor managers. (Raise your hand if you've ever reported to one.) And the more successful their business becomes, the more they have to deal with the pesky issue of management.

Serial entrepreneurs usually solve this problem by leaving management to others. In the meantime, they quickly move on to the next game-changing project. More commonly, entrepreneurs attract cofounders, who assume positions with different requirements. Most entrepreneurs divide responsibilities between those with internal focus and external orientation, while others take on the challenge of managing the enterprise head on.

Dell founder and CEO Michael Dell claims “opportuneurs don’t do as well as entrepreneurs.” In his mind, entrepreneurs succeed when they’re truly committed to the venture and actually know something about the subject matter.

By Dell’s definition, Durant would qualify as a capital-O “opportuneur.” Incredibly, the GM founder went from cigars to cars to refrigerators to restaurants—all ventures in which he didn’t have a background. This only serves to confirm that he was an exceptional salesman, a trait successful entrepreneurs have in common.

The Executive Connection is a CEO group based in Australia with 1,200 members. When Hogan Assessments asked the organization to nominate the best-performing members in terms of financial and business growth, it turned out 55 of the top performers had started their own business.

These founder CEOs are often known for assuming risk, anticipating trouble, questioning existing assumptions, and challenging the rules (see Figures 3 and 6). Moreover, they’re often abrasive, irreverent, eccentric, and impatient, but they also persevere in the face of opposition (see Figures 2 and 5).
JORGE E. FERNANDEZ is a consultant with the Hogan Coaching Network. He has more than 25 years of experience in the areas of management education, executive and organizational assessment, and team building.

As such, they take charge in crises.

But these executives also break the entrepreneurial mold in that they rely mainly on perception and intuition. In fact, they put practicality ahead of creativity and prefer a tactical approach to a strategic one (see Figures 1 and 4). They don’t chase a vision—they chase the results.

In a study conducted at the University of Maryland, researchers found that practical intelligence can make the difference between an entrepreneur’s success and failure. This means that entrepreneurs who are more likely to stay in business aren’t especially innovative. Rather, they’re apt to take risks, able to sell anything, and they have financial ambition in spades.

Those who join them must be prepared to deal with their unapologetic insensitivity, tempestuousness, and wild notions—all in the name of a golden business opportunity (see Figures 3 and 6.) Sure, their emotional intelligence may be weak, but their business acumen is very strong.

Our data demonstrates that all entrepreneurs aren’t created equal. Only a vital few (those inclined to learn by doing) are more likely to create successful businesses that reduce unemployment, make markets more competitive, stimulate economic growth, and test unusual ideas.

In the future, researchers should consider looking into the results obtained by founder entrepreneurs with practical intelligence versus the more creative counterparts with limited or no first-hand experience.

Given the impact that productive entrepreneurs have on free market economies, the pursuit should be well worth the effort.

Figure 5: Hogan Development Survey: How Entrepreneurs and Managers Compare

<table>
<thead>
<tr>
<th>HPI Scales</th>
<th>Entrepreneurs M</th>
<th>SD</th>
<th>Managers M</th>
<th>SD</th>
<th>t</th>
<th>p</th>
<th>η²</th>
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<tr>
<td>Excitable</td>
<td>2.96</td>
<td>2.56</td>
<td>1.85</td>
<td>1.91</td>
<td>-3.13</td>
<td>.003</td>
<td>.015</td>
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<tr>
<td>Skeptical</td>
<td>5.37</td>
<td>2.06</td>
<td>3.65</td>
<td>2.09</td>
<td>-6.15</td>
<td>.000</td>
<td>.055</td>
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<tr>
<td>Cautious</td>
<td>3.50</td>
<td>2.26</td>
<td>2.45</td>
<td>2.31</td>
<td>-3.19</td>
<td>.001</td>
<td>.015</td>
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<tr>
<td>Reserved</td>
<td>4.72</td>
<td>2.08</td>
<td>3.63</td>
<td>1.90</td>
<td>-4.38</td>
<td>.000</td>
<td>.029</td>
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<tr>
<td>Leisurely</td>
<td>4.87</td>
<td>2.41</td>
<td>4.08</td>
<td>2.01</td>
<td>-2.73</td>
<td>.007</td>
<td>.011</td>
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<tr>
<td>Bold</td>
<td>7.39</td>
<td>2.37</td>
<td>7.63</td>
<td>2.48</td>
<td>0.70</td>
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<td>.001</td>
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<tr>
<td>Mischievous</td>
<td>6.83</td>
<td>2.15</td>
<td>5.28</td>
<td>2.29</td>
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<td>.034</td>
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<td>Colorful</td>
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<td>2.60</td>
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<td>2.76</td>
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<td>.029</td>
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<td>Imaginative</td>
<td>6.80</td>
<td>2.20</td>
<td>6.01</td>
<td>2.39</td>
<td>-5.31</td>
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<td>.042</td>
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<tr>
<td>Diligent</td>
<td>8.57</td>
<td>2.38</td>
<td>10.16</td>
<td>1.82</td>
<td>4.79</td>
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<tr>
<td>Dutiful</td>
<td>6.46</td>
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<td>8.43</td>
<td>1.97</td>
<td>7.10</td>
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<td>.072</td>
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</tbody>
</table>

Note: Entrepreneurs N = 55; Managers N = 598

Figure 6: Motives, Values, Preferences Inventory: How Entrepreneurs and Managers Compare

<table>
<thead>
<tr>
<th>HPI Scales</th>
<th>Entrepreneurs M</th>
<th>SD</th>
<th>Managers M</th>
<th>SD</th>
<th>t</th>
<th>p</th>
<th>η²</th>
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<tr>
<td>Aesthetic</td>
<td>33.76</td>
<td>7.81</td>
<td>34.63</td>
<td>8.10</td>
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<td>.431</td>
<td>.000</td>
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<td>Affiliation</td>
<td>49.56</td>
<td>5.36</td>
<td>50.83</td>
<td>4.10</td>
<td>1.75</td>
<td>.086</td>
<td>.000</td>
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<td>Altruistic</td>
<td>47.39</td>
<td>6.33</td>
<td>51.89</td>
<td>5.37</td>
<td>5.22</td>
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<td>Commercial</td>
<td>46.54</td>
<td>5.42</td>
<td>47.94</td>
<td>5.56</td>
<td>1.86</td>
<td>.064</td>
<td>.000</td>
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<tr>
<td>Hedonistic</td>
<td>41.44</td>
<td>6.10</td>
<td>37.27</td>
<td>6.62</td>
<td>-4.62</td>
<td>.000</td>
<td>.002</td>
</tr>
<tr>
<td>Power</td>
<td>50.36</td>
<td>4.91</td>
<td>50.35</td>
<td>5.49</td>
<td>0.00</td>
<td>.997</td>
<td>.000</td>
</tr>
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<td>Recognition</td>
<td>39.30</td>
<td>7.29</td>
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<td>7.93</td>
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<td>.001</td>
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<td>Scientific</td>
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<td>7.75</td>
<td>41.74</td>
<td>7.70</td>
<td>3.77</td>
<td>.000</td>
<td>.002</td>
</tr>
<tr>
<td>Security</td>
<td>36.06</td>
<td>7.19</td>
<td>46.45</td>
<td>6.45</td>
<td>10.61</td>
<td>.000</td>
<td>.013</td>
</tr>
<tr>
<td>Tradition</td>
<td>45.72</td>
<td>4.85</td>
<td>48.31</td>
<td>6.83</td>
<td>3.26</td>
<td>.001</td>
<td>.001</td>
</tr>
</tbody>
</table>

Note: Entrepreneurs N = 55; Managers N = 8,490
research, I discovered that top performers adopt several working practices that enable them to produce more value for each hour they work. These practices explain 66 percent of the differences in performance among the 5,000 workers; that means a person who masters the principles can easily move from a bottom-quartile performer to a top-20 percenter.

Naturally, these results have huge implications for HR professionals. Ready to take action? Follow these steps to lift your organization’s managers and employees to greater heights than ever before.

STEP #1
FIX A HUGE BUG IN PERFORMANCE MANAGEMENT

Most performance management systems follow a simple, but wrong-headed approach: set goals, specify metrics, measure progress, evaluate,
and reward accordingly. The problem? This approach misses a crucial first step. Many people don’t ask one vital question before they craft their goals for the year: What value can I create in this role?

Here’s an example to illustrate the difference between value and goals: A logistics manager in a large company selling electronic instruments was being measured on the percentage of shipments that left his warehouse en route to corporate customers. The HR partner helped set the goal, implemented the metric, and tracked his performance.

The manager did well: 99 percent of the shipments left the warehouse according to the company’s schedule. The HR system logged him as a top performer, and he should be in line for a promotion based on the traditional performance management practices (set goals and metrics, track them, and reward accordingly). But this process is inherently flawed.

When the CEO surveyed the customers, they reported that only 65 percent of the shipments arrived on time, according to when the customers needed the equipment. One third were too late. The warehouse manager was measured on an internal goal (percentage leaving the warehouse on time) that didn’t match the customers’ needs. One is a performance management goal and the other is a value-oriented target. Value is defined as benefits created for the recipients of work, be they customers, suppliers, or colleagues in other departments.

Value is very different from productivity. A person’s work productivity equals output of work divided by hours of input. The value of a person’s work equals benefits to others multiplied by quality and efficiency.

The logistics manager, for example, would score high on work productivity, with 99 percent of his shipments leaving the warehouse on time. But the value of his work would be measured at just 65 percent, or the number of shipments that were received according to the customer’s timeline. While the logistics manager was very productive, he didn’t excel in value creation.

To create a high-performance organization, HR leaders must set objectives and targets toward value creation and away from what I call “goal-focused” or “volume metrics.” What shocked me is how prevalent volume metrics have become (see Figure 1). We equate performance with accomplishing loads of tasks, but never question whether those tasks actually maximize value.

This is also the case in many HR organizations. Managers complete performance evaluations and training seminars without always asking whether those activities create value. Ticking off boxes of “work accomplished” isn’t the same as creating value. Busyness isn’t an accomplishment, and neither is spending hours on end in meetings.

As an HR leader, what can you do? The first step is to conduct a “metric audit,” asking whether current goals, KPIs, and metrics throughout the company are volume metrics or value-creating metrics. Next, you need to work with your internal clients to revamp the metrics.

The logistics manager in the example above needed to shift to the key metric of “percentage of deliveries arrived according to customer delivery needs.” That, of course, will lead him to change how work is done internally to deliver on this new metric.

I’ve worked with a number of top teams to fix this bug, and HR and business leaders sometimes find it difficult to embrace value-creating targets. Yes, value metrics can be harder to track, and thus businesses often fall back on tracking volume metrics because they’re simpler to measure.

For example, it’s much easier to

![Figure 1: The Difference Between Goals and Values](image-url)
know how many training seminars HR conducted last year or how many entries the sales team made in the company’s CRM system.

But tracking what can be measured—and ignoring metrics that create the most value—surely isn’t the best way to create a high-performing organization.

You need to invent new ways of tracking the most important value-creating activities in a company. In the case of the logistics manager, HR needs to survey customers to find out the percentage of orders delivered when the customers need them.

With the new technologies available today—and a healthy dose of creativity—this can be a lot easier than you think. You can use tools like online customer surveys, existing data, and internal customer assessments.

For example, if you run a training seminar on communicating effectively, don’t just ask the participants whether they found it useful; survey their bosses or peers three months later and ask whether those participants have become better at communicating in meetings and presentations.

**STEP #2**

**FIX MISGUIDED CORPORATE TRAINING**

Organizations are spending vast sums of money upskilling their talent, which is crucial in today’s disruptive world where employees and managers need to constantly learn new skills. But some companies are wasting their money.

**How do top performers learn?**

According to my study, they embrace the “learning loop” idea, which differs markedly from traditional offsite workshops and training seminars. In a typical offsite training workshop, employees show up in a conference room and listen to lectures, try hands-on exercises, and participate in discussions. Then they go back to work and hopefully apply some of those new skills.

A salesperson, for example, might learn new negotiation tactics, participate in role playing, and hopefully try out some of the techniques the next time she negotiates with a customer. This sort of training has been going on for decades, and recent online training systems are just a continuation.

While this approach can certainly be effective, the key problem is that the training in the classroom is divorced from the job itself, so there’s no learning while working. In contrast, the learning loop idea follows what top athletes do: They tweak a practice while working, measure the effect, get instant feedback on how to improve, tweak the practice again, and repeat as many times as necessary.

Let’s take a look at our sales negotiating example. In a learning loop, the sales professional tries a new technique in real time (like asking the customer a different question), measures the effect, and gets feedback from an experienced colleague who is attending the sales meeting. Then she tweaks the technique based on the feedback, and so on.

In the data set of 5,000 people, those who practiced the learning loop placed 15 points higher in my performance ranking than others. If a salesperson is currently performing in the top quartile of salespeople in her company, mastering the learning loop would allow her to climb to the top 10 percent, emerging as an outstanding sales rep.

While attending lectures or reading books can help employees learn information like product knowledge, most of what people need today is how-to knowledge, or what we often call soft skills. The learning loop approach particularly makes sense for these skills, such as how to manage people, prioritize, negotiate, and run meetings.

What are the implications of the learning loop for HR leaders? First, training programs need to be reinvented; it’s not enough to simply put content online. Instead, you must design a whole new way of learning.

Consider how managers can be better at running meetings, including how to incite better debates in decision meetings. We worked with companies and broke that overarching competence into specific micro-behaviors.

These are practical nudges that a manager can implement in meetings, like “start by asking a non-leading question,” “ask for dissenting views,” “assign a devil’s advocate,” and “scrutinize the three most important assumptions.”

We developed a smartphone app that fed these nudges once a week to managers, who also used the app to solicit feedback from meeting participants. The digital technology enabled managers to practice the learning loop and continuously learn while working.

The second big change HR leaders need to implement is to replace annual performance evaluations with rapid, instant, and informal feedback. Learning on the job requires that a person gets immediate feedback—not just once a year.

Imagine if Roger Federer’s tennis coach observed his serve for a year, then sat down with him for the annual performance review and said, “Last year you
served a tad too much to the left. Can you try to serve a tad more to the right next year?” Absurd, right?

As an HR leader, you must cultivate a culture where people become accustomed to receiving ongoing, timely, and informal feedback. It doesn’t have to be elaborate; in the app we used, feedback comments were limited to 140 characters, which a person can provide in between meetings.

Above all else, you need to train people to receive and give good feedback—and make technology available to simplify the process.

While rapid, informal feedback can in theory coexist with an annual performance review, I’ve found that the two practices don’t work well together. Too often, people wait until the annual review to give and review feedback. Better to ditch it altogether, as leading companies like Accenture, Adobe, and Deloitte have done.

STEP #3
PRACTICE DISCIPLINED COLLABORATION

In my research, I found that many managers and employees collaborate in two ways. And they’re both wrong.

The first sin, under-collaborating, is well known as the “silo problem”: People stick to their own department, business unit, or geography and fail to work with others across the enterprise to create better customer service, build better innovations, and transfer best practices to improve efficiency.

One culprit is again the metric system; HR organizations help instill silo-specific metrics in each business unit, like sales targets, and people focus on achieving that unit target and neglect working across the organization.

To combat this problem, HR and line managers often overdo it by pushing “more collaboration,” believing that more is better. They focus on volume metrics by measuring the number of collaboration projects started, the number of cross-sell activities, and the number of committees and task forces in which people participate.

When it’s successful, that’s when over-collaboration sets in, which causes employees to spend an enormous amount of time in meetings. People fly around the world to share ideas without focusing on delivering results. Both sins destroy value and lead to an under-performing organization.

Top performers, meanwhile, pursue “disciplined collaboration,” which lies in between the two extremes. In one company that I advise, the head of HR used the five discipline rules I created to conduct an audit of the various cross-business collaboration projects in her company (see Figure 2). She enlisted the help of product developers and managers to score a dozen projects according to the five success factors and discovered that most of them ranked well below where they needed to be.

The culprit: There were too many collaboration projects going on, and almost all of them were under-resourced. The consequence: People became suspicious that the other businesses wouldn’t deliver on their commitments, as they hadn’t allocated enough staff to those projects.

The HR leader helped forge a prioritization of all the projects, so that only the most important and valuable ones proceeded and were fully staffed. This in turn lifted the performance of cross-business collaboration activities.

In this instance, the HR leader acted as an objective business partner to help drive better collaboration in the company. You too can conduct such audits and help the line operations collaborate more effectively. Focus on prioritizing collaboration projects that add value, and then strengthen those that remain.

Rapid feedback and annual performance reviews just don’t mix. Better to ditch the yearly check-in altogether.
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HOW TO BE A HIGH PERFORMER

Discover the scientific steps to landing the promotion—and
SOME PEOPLE BEGIN their careers with a clear performance advantage. They may be smarter than you, come from a better socio-economic background, be physically attractive, or have helpful personality characteristics. Each of those factors is scientifically proven to help someone perform better than you. Those combined items predict up to 50 percent of anyone’s individual performance, according to academic research.

Let’s call those things the “fixed 50 percent” because they’re largely unchangeable once we’re adults.

Of course, there are no guarantees. A great-looking, highly intelligent, naturally hard-working, not-too-offensive person from a middle- or upper-class background may enter their career with a head start, but they may still fail miserably. If that happens, it won’t be because they didn’t start with a healthy advantage.

This isn’t fair, of course, and it may make you believe that high performance at work is largely out of your control. Fortunately, that’s just the fixed 50 percent. You control every other factor that drives your performance, from your capabilities and behaviors to the size of your network to your personal development. We know about those
Why Be a High Performer?

A GOOD PLACE to start our discussion is to answer the question, “What’s the benefit of being a high performer?” High performance will get you more of what you value, whether that’s flexibility, opportunity, pay, power, or recognition. It creates the foundation for a successful career. It gives you access to parts of your company that you wouldn’t otherwise see. These benefits happen because organizations love high performers. They understand that high performers create and sustain successful companies.

They’ll work hard to identify their best performers and give them more time, attention, development, and compensation to make sure that they’re engaged and that they don’t leave.

The company’s additional investment is smart because science says high-performing employees deliver anywhere between 100 percent and 500 percent more output than their average- or below-average-performing coworkers. They contribute more, so they get more. That doesn’t mean average performers are worthless, but they’re unlikely to receive the same investment as top performers.

As an employee, you should also care about being a high performer because it gets you closer to your next promotion. While there’s no guarantee that you’ll get the next big opportunity only because of your strong performance, you will be much better positioned than others.

If you think your organization is different, that it values everyone equally or that high performance isn’t its primary concern, consider a recent study on corporate culture published in Harvard Business Review.

In this study, more than 100 companies were asked to select their dominant culture style from among eight categories. Their choices included cultures dominated by caring, purpose, enjoyment, and others. In 89 percent of those companies, they defined their dominant culture style as “results.” Results mean performance. Culture styles like purpose or learning were selected by 9 percent and 7 percent of respondents, respectively. This reinforces that almost every organization’s primary concern is high performance.

I also know how much companies value high performance because I advise the world’s largest and most complex companies on this topic. Our consulting firm creates strategies to identify high performers, develop them, and keep them highly engaged. Companies understand the massive benefits that high performers produce, and they want more of them, now. They want to invest in selecting and growing their best talent and to upgrade (that typically means fire) those who will never be high performers.

What’s Really True About High Performance

WHEN YOU TRY to understand what’s proven to increase performance, it’s easy to be distracted by the daily barrage of non-scientific stories on the topic (“Relax Like a Pro: 5 Steps to Hacking Your Sleep”) and the clickbait links that ask if actions like starving ourselves will make us more focused at work. (Note: The Yale University researchers’ answer to that question was yes.)

Those stories typically have little to do with real science, or they highlight a juicy finding or two out of context. Either way, they don’t give you any practical guidance about how to apply those nuggets of information.

It pays to be cautious even when someone claims that something is “scientifically proven.” In the New York Times bestseller Outliers, Malcolm Gladwell wrote a chapter based on scientific research that said anyone could master a skill with 10,000 hours of practice. The media broadly retold that story,
and it’s been cited more than 6,000 times in scholarly books and articles. Unfortunately, it’s not true, and other scientists quickly proved that less than one third of someone’s performance is due to their hours of practice.

If you want to be a high performer, you need to be a cautious consumer of these claims. To assess whether a statement about high performance is believable, sort that statement into one of three categories: Is it research, science, or conclusive science? You’ll need to decide which level of proof you require to believe a claim.

**RESEARCH:** A consulting firm conducts a study and reports the results, often to support a product or service that it sells. Its findings may be true, but there’s no independent verification. The consulting firm typically won’t allow anyone to verify if its claims are true.

**SCIENCE:** Someone conducts a carefully designed experiment to test a hypothesis (i.e., if we select job candidates based on their intelligence, we will get higher-performing employees). They publish their research process and findings in a peer-reviewed academic journal. Others can read about that experiment and draw their own conclusions about the findings.

**CONCLUSIVE SCIENCE:** Other scientists conduct the same experiment described tens or hundreds of times. Almost every time, the conclusions are the same. This is a very strong suggestion that the findings are conclusively true and is the strongest level of proof. Each of the eight steps is based on conclusive science: I use the terms “science” or “research” in the book when referring to concepts or examples at those lower standards of proof. I’ve included hundreds of citations so you can review the actual research, science, or conclusive science that prove the eight steps.

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**So, What Are the 8 Steps to High Performance?**

**What Do You Control** that’s scientifically proven to improve your performance? The conclusive science suggests eight steps that will help you be a high performer:

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**Step #1:**

**Set Big Goals**

Goals have incredible power to focus and motivate us; more focus and motivation positions you for high performance. In the book, I explain how to identify the few goals that matter and stretch your expectations for what you can deliver. You learn the ideal type of coaching that will help you hit your elevated performance expectations.

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**Step #2:**

**Behave to Perform**

All behaviors are not created equal. In the book, you’ll learn which behaviors you’re most likely to display, how to avoid going off the rails, and how to change your behaviors to the ones that drive high performance. You’ll also learn how to identify the behaviors that your company values most.

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**Step #3:**

**Grow Yourself Faster**

You’re more likely to be a high performer if you’re more capable in the areas your company cares about most. You’ll learn the optimal balance of experiences, education, and feedback that will accelerate your development. You’ll create your own personalized experience map to accelerate and guide your development.

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**Step #4:**

**Connect**

The old saying isn’t completely true, but who you know does matter, and the strength of your relationship with them matters even more. You need to learn how to build a powerful network inside and outside of work, even if your introverted nature makes that your number one fear.

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**Step #5:**

**Maximize Your Fit**

People deliver best when they “fit” their work environment; that means a misfit can turn a potential high performer into an average one. In the book, I explain how to identify the scenarios in which you fit best and how to change your fit to improve your performance.

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**Step #6:**

**Fake It**

You may have heard or read about being a genuine or authentic leader. In the book, I explain why fake you is sometimes better for higher performance—and how to adjust your behaviors to what’s ideal for success at different points in your career.

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**Step #7:**

**Commit Your Body**

Your body plays a powerful role in your ability to deliver, and it’s the only performance lever that you completely control. Sleep supports high performance, as does regular exercise and a healthy diet.

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**Step #8:**

**Avoid Distractions**

Understanding which advice—no matter how many books it’s sold—is simply not helpful can be a challenge. To that end, this step is to know and avoid the performance fads that suggest easy answers to difficult performance questions that distract you from the proven steps.

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**The Eight Steps** are straightforward but not easy. They require that you have the interest, commitment, and passion to be a high performer at work. If that’s your vision, then your path is clear.

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The Bad Boss and...
The High Performer

Productive leaders deliver big wins to your organization, but at what cost? It's time to reassess how we define high performer. // By Debra Corey
can all spot a cartoonishly bad manager from a mile away. Movies like The Devil Wears Prada, Working Girl, Office Space, and Horrible Bosses depict fictional caricatures of bad bosses who have seeped into the collective public psyche. They disarm us and prompt us to say, “I could never have a manager that bad.”

Well, there’s a chance you already do. Bad managers exist in real life, too, and they might be lurking in your company and playing a large part in disengaging your employees.

The problem with bad bosses is that they often aren’t readily apparent because they’re frequently praised and promoted for being high performers. Worse, you may not want to admit that they’re bad because they hit targets, bring in revenue, and are critical to the success of your organization.

But there’s a problem with managers like this: They’re often toxic and ruin the lives of those around them. They micromanage, don’t listen, take credit for the hard work of others, and display demotivating behavior. Worse, they rarely reflect the mission and values of your organization. Yet, because they get the work done, their harmful behavior remains hidden—or hidden in plain sight by an unwillingness to acknowledge it.

So let’s acknowledge it. We can’t allow this type of behavior to continue. We can’t keep pretending that bad bosses are good bosses. It’s bad for your employees, and it’s bad for your business.

It’s time to reimagine what it means to be a true high-performing manager. It’s time to look beyond traditional ways of assessing managers by examining how they impact people and organizations. And most important, it’s time to infuse good managers into your company.

THE DEFINITION THAT LET US DOWN

A HIGH-PERFORMING MANAGER isn’t someone who performs well. It’s someone who inspires and supports others to perform well. Sure enough, you already know this. Companies tout this notion a lot, though there’s always a but. And you know what it is.

Despite what they know, many organizations nonetheless fail to consider the impact on others when assessing the performance of their managers. And not because of a lack of desire to do so. It’s because we still appraise managers within the conventions of a flawed approach to performance management. This happens in two ways.

First, many companies focus myopically on individual goals and performance. “But what about the kinds of jobs where measuring someone’s output isn’t about counting the number of widgets they produced, but rather … how they managed a
team or influenced others or helped people collaborate better?” asked Red Hat CEO Jim Whitehurst in a 2015 Harvard Business Review article.

Indeed, as a manager, it’s not all about you anymore. While your individual achievements are obviously still important, your ability to engage your direct reports and other colleagues should be the primary factor in determining your managerial effectiveness.

Second, organizations often prioritize execution over people-oriented skills and behaviors when assessing workers. Yet, research by Jack Zenger and Joe Folkman reveals that leaders who simultaneously drive for results and have people skills are more likely to perform better. Again, most companies will say that how is at least as important as what work gets done, but the reality is that gauging qualitative measures is tough. It’s simply far easier to focus on output over input.

It’s also dangerous, because it can breed bad managers who can wreak havoc by disengaging their people and negatively impacting the bottom line.

Gallup research shows that managers account for as much as 70 percent variance in employee engagement scores. That’s important because highly engaged business units realize a 17 percent increase in productivity, a 21 percent increase in profitability, and a 41 percent reduction in absenteeism. Talk about hitting business objectives.

And yet we still promote managers based on their success as individual contributors, which doesn’t necessarily account for their ability to manage, engage, and inspire others. In fact, Gallup also says that companies pick the wrong people to manage 82 percent of the time. That’s a statistic you’d never tolerate in any other aspect of your business. Imagine if an airline’s planes fell out of the sky 4 out of 5 times. Actually, don’t.

It’s therefore no surprise that only 30 percent of employees are engaged, a statistic that has barely budged for a decade, according to Gallup. In another 10 years, that number will remain the same, unless we finally redefine what it means to be a high-performing manager.

TIME FOR A NEW DEFINITION

WE MUST LOOK beyond individual execution to account for a manager’s ability to engage others with the right people skills. In Good Boss, Bad Boss, Stanford professor Robert Sutton defines good bosses as “acutely aware that their success depends on having the self-awareness to control their moods and moves, to accurately interpret their impact on others, and to make adjustments on the fly that continuously spark effort, dignity, and pride among their people.”

You might be thinking: What about all the notorious jerks who successfully led companies?

Sure, they may have been effective, but it’s not clear if they were successful because of or despite their serious dark sides. Here’s what you should be thinking: What if they had been more like the type of boss Sutton describes? Could they have been even more successful?

Admittedly, the answer may be hazy, but it’s worth pointing out that Gallup research finds that great managers “motivate every single employee to take action and engage employees with a compelling mission and vision. They have the assertiveness to drive outcomes and the ability to overcome adversity and resistance. They create a culture of clear accountability. They build relationships that create trust, open dialogue, and full transparency. They make decisions based on productivity, not politics.” You may notice that being a jerk isn’t on that list.

Additionally, when companies can increase their number of such talented managers and double the rate of engaged employees, they achieve, on average, 147 percent higher earnings per share than their competition. Therefore, the correlation between business results and good managers—those who increase employee engagement with positive behaviors—is stronger than the correlation between business results and jerks. In other words, creating good managers isn’t just a nice sentiment—it’s good for business.

CREATING GOOD MANAGERS ISN’T JUST A NICE SENTIMENT. RESEARCH SHOWS IT’S ALSO GOOD FOR BUSINESS.

IT’S ALSO TIME FOR NEW EXPECTATIONS

SO WHAT ARE THESE people skills that we want high-performing managers to demonstrate to help increase the performance of those around them?

In the new book I co-wrote with Glenn Elliott, Build It: A Rebel Playbook for World-Class Employee Engagement, we note that today’s leaders “are recognizing that how they are perceived by their employees is as critical as how they are perceived by their bosses. Positional authority has been weakened; today, leaders have to genuinely care about their people.
because they now run the double risk of being fired by the boss or being rejected by their own staff.

Included in the book are the results of Reward Gateway’s recent study of 350 millennials, which produced a multidimensional picture of what people want and expect from their leaders. We asked respondents to state and prioritize the leadership traits that they most respected and valued. Here are the results:

1. Own and live company values.
2. Communicate openly and early.
3. Inspire people to reach higher.
4. Own their mistakes.
5. Recognize big wins, small wins, and hard work.
6. Trust people.
7. Make the right decision, not the popular decision.
8. Add value to their teams, helping them to succeed.
9. Have courage to be naked and visible.
10. Take care of people.

These results show the criteria employees are looking for in a leader have changed drastically over the years. People once expected high-performing managers to achieve financial results, but “hit revenue targets” isn’t in this top 10. Sure, leaders are hired to deliver results, but increasingly, to be effective, their teams have to see the value that they add. Teams need coaching and development, and they want to see their leader marshal the resources they need. Without that, leaders quickly lose the confidence of their people. Employees expect their leaders not to be perfect, but to certainly be human.

As Microsoft CEO Satya Nadella said, “I keep beating the drum [that] management is here to serve the workers. We have to get people at the bottom not to take any bullshit. We have to be in touch with all of them. We have to get the best from everyone.”

Today’s workforce—and not just millennials—expects leaders to be different in three ways:

> **1. Be human.** This speaks to the importance of taking responsibility and being brave enough to show your human side, warts and all. Employees expect leaders to show empathy as well as overall care, concern, and commitment to their teams. This also involves being honest, saying you’re sorry, and admitting when you’ve made a mistake.

> **2. Be aware.** Being aware—of both yourself and of others—is really about the need for leaders to understand the impact they’re making on their teams by role-modeling company values, communicating in an open and honest way, trusting employees to do the right thing, and recognizing them for their efforts. It also involves understanding what happens if these things aren’t done in the right way or are neglected.

> **3. Be a coach.** The role of a leader has changed from being one-dimensional and “lead and control” to that of a more multidimensional role of a coach who helps employees develop their full potential by guiding, instructing, and providing encouragement.

If you want your employees to engage with their managers, and if you want your business to be successful, then you need to throw out old ways of looking at the performance of leaders and enable managers to flourish as modern leaders. Hire the right people, develop them to have these new skills and behaviors, reward and recognize them for delivering not
WHAT’S A GOOD BOSS RIGHT NOW?

YOU MIGHT BE NODDING your head in agreement with everything you’ve just read. But when it comes to changing the way you appraise managers, well, now you might be shaking your head. That’s because, as mentioned earlier, reforming performance management to assess managers on the right people skills isn’t easy. Still, it’s necessary. And it takes time.

But that doesn’t mean you can’t take other impactful steps to develop high-performing bosses right now. One way you can do this is by creating a culture of recognition. There’s plenty of research that shows recognition is an impactful driver of employee engagement. For instance, The Aberdeen Group found the best way top-performing organizations improve employee engagement is through employee recognition programs. All of which is to say that recognition isn’t just good for employees—it’s also good for the bottom line and building managers who are high performers.

Further research by Reward Gateway shows that the top two reasons people leave their jobs is because of poor management and not being recognized for their contributions. Indeed, 80 percent of managers already say they have a culture of recognition, while 90 percent of senior decision-makers believe their company is doing enough to recognize people who demonstrate organizational values. Great news, right?

It would be if employees felt the same. More than 60 percent of employees think leaders should be thanking people more regularly, and 70 percent believe their motivation and morale would improve if their managers thanked them more often.

The silver lining: This shows that managers and employees already acknowledge the importance of recognition. It’s just that employees want more of it.

By closing the gap, managers have the power to create a more engaged workforce that results in improved organizational effectiveness. Simply put, recognizing colleagues isn’t something that high-performing managers happen to do—it’s something they have to do. It’s integral to the very definition of being a high performer.

So is being a good communicator. More than ever, employees are demanding visible, accountable, and valuable leadership that rests upon open and honest communication, which in turn helps the entire organization perform better.

Yet 69 percent of managers say they are uncomfortable communicating with their employees, according to research from Interact. That means they’re not high-performing managers.

Strong statement? Maybe. But if we’re truly committed to saying communication skills are integral to being a high-performing manager, then we can’t be timid about giving people a pass for lacking such skills. At the same time, we must also help these managers by encouraging them to do the following:

1. Stop the lies. Lying to your staff, telling half-truths, withholding information, and compulsive under-communication will destroy trust and kill employee engagement. You must help your managers put an end to these old ways of communicating.

2. Make room for dissent and diversity of opinion. High-performing managers listen constantly, so give them the skills and confidence to start doing this. It includes valuing different opinions and creating teams that include people of varying perspectives, as well as developing multiple channels for employees to share their views, ideas, and concerns on an everyday basis.

3. Default to transparency. As Helen Craik, Reward Gateway’s co-founder and architect of our early culture, liked to point out, “Be as open with your people as you can, as early as you can. Employees are much more likely to go to bat for something they understand.” Show your managers the power of transparency, and equip them to use it over and over again as a communication tool.

CAN GOOD BOSSES BE LOW PERFORMERS?

THAT’S A QUESTION WE rarely ask, and for good reason. Because we know the answer is no. We know this because we understand that poor performance and being a good boss are entirely incongruous. Why, then, is the answer to the opposite question—can bad bosses be high performers?—not just as plain? Why have you just read through multiple pages exploring this question?

The answer is because for too long, we’ve misunderstood what it means to be a high-performing manager. We’ve taken for granted that a manager’s foremost responsibility is to engage others to spur their performance. But it doesn’t have to be this way. It’s time to develop, nurture, reward, and support managers who recognize others, communicate effectively, and demonstrate the necessary people skills to help those around them succeed.

Can bad bosses be high performers? The answer should now be undeniable: No. And to quote Miranda Priestly, Meryl Streep’slegendarily demeaning boss in The Devil Wears Prada, “That’s all.”

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Sick of the performance-by-potential paradigm? So are we. Let’s replace it with something better.
No matter how hard we try to ditch performance ratings—and many organizations have made valiant attempts—we just can’t quit them. Psychologically, whether we like it or not, companies need ways to segment the best from the rest and distribute rewards, resources, assignments, and promotions accordingly. And performance ratings are still the easiest method for differentiating talent.

One such wildly popular method is the 9 Box talent management model, where one side is performance (the X axis in a matrix from low to high) and the other is potential (the Y axis from low to high). When it comes to determining future leadership potential, however, performance alone isn’t enough. Past behavior may indeed be the best predictor for future performance, but we know from the latest theory and research in the field of industrial-organizational psychology that the concept of leadership potential is far more complex than that.

If predicting potential was so easy, we wouldn’t see highly successful leaders frequently rise to their level of incompetence, or successful executives from one company transplanted into another fail so regularly. So in the context of high potential identification, it should be time to drop the use of performance ratings all together. The problem? We’re not there yet.

In a recent benchmark study of top development companies, my colleagues and I found that 75 percent use these types of indicators. Sure, performance “gets you in the game,” as we’ve been saying around the offices of PepsiCo for years, and it’s an important gatekeeper to potential. But it’s hardly the leading indicator of one’s ability to take on bigger roles in more complex environments.

So why are we still so enamored with current and past performance when predicting potential? Because sometimes it’s all we have, and we’ve been lulled into believing it works. Until it doesn’t.

Performance is one of two core dimensions in the 9 Box framework, which is intended to drive different talent management outcomes. But if potential and performance are essentially synonymous, then isn’t the 9 Box actually a one-dimension approach? We call this the performance-by-potential paradigm, and it’s arguably the biggest reason why so many talent management processes fail to identify and place the right types of leaders for succession.

When senior leaders ask their HR colleagues, “Why do our high potentials fail to deliver?” is it because the definition of potential was based on current performance, not future capabilities? It seems like an obvious answer, yet remains constantly overlooked.

What we need instead is a new way of framing the 9 Box model for differentiating talent, with performance as a gatekeeper to entry into the tool, not a dimension for classification and follow-up actions. If someone isn’t performing well, they aren’t performing—period. And if they’re doing well, then let’s consider their long-term potential using something else that’s more valid.

Great, you say. So what are the other options? The answer depends in part on the goal of your talent segmentation process and the level of rigor you’re willing to adopt.
What follows are three different alternatives to the classic 9 Box model, ranging from the relatively simple to the more comprehensive and targeted. Each has a fundamental purpose in answering the following question: Potential for what? And each relies on some talent classification scheme that’s already present, however muddled it may be.

And remember: The focus here is on throwing out the performance side of the 9 Box—not the potential side. That’s a complex discussion for another time.

**Solving for Talent Ownership: Potential by Mobility**

*This approach* to segmenting talent is easy to implement and solves one of the most basic operation issues with respect to talent management process: Who owns the talent and the associated development and movement?

It also helps end another fruitless debate that many organizations continuously have: *Should we require someone to be mobile to be a high potential?* Given the talent landscape today, with newer generations less willing to move whenever the company taps them on the shoulder, this is an important issue that needs to be solved.

How does it work? It’s simple enough. First, create a basic three- or four-category mobility framework. Here’s one that we’ve used effectively in the past:

1. **Global**: Mobile to any location in the world. The organization is supportive of those moves.
2. **Regional**: Only mobile to locations within certain areas (U.S. only, Latin American only). Again, the organization is supportive of these types of moves.
3. **Local**: Not mobile and needs to remain in his or her current location.

You could easily use an alternate framework—let’s say global, U.S., non-U.S., and local—as long it’s a simple combination that enables better action planning and ownership rights as a result. The point is to figure out what works for your organization.

Once you have this model in place, gather preferences from employees about their mobility (if you don’t have them already) and classify talent accordingly (potential by mobility). Next, segment the boxes according to ownership.

Typically, the global high potentials will be the assets owned by the enterprise talent function, while regional high potentials might be controlled by country presidents and their HR leaders. The one additional consideration for discussion in talent reviews is whether or not the organization is supportive of the mobility preference.

So, for example, just because someone is deemed a high potential and he indicates he’s mobile anywhere in the world, you might find in a talent review with senior leaders that some wouldn’t be willing to take the risk in certain cultures, functions, or roles. Thus, that individual becomes regional talent or perhaps not a high potential at all if the discussion forces a deeper review. Then you’re having this discussion: *Would you really take them since they’re ready to go anywhere?* But that’s the point.

The other nice thing about this method is that you don’t lose sight of the local high potentials in your organization, as is often the case when overemphasizing mobility. The list of high potentials is always maintained, even if their mobility is limited and their development and career progression is owned at the local level. This way potential is pure and careers can be managed locally if appropriate and desirable.

Equally important: If one day a local high potential’s circumstances and preferences change, he or she won’t struggle to get back on the list. This is perhaps an even greater benefit to the talent pools who may have taken time off for specific periods in their careers but want to ramp up later, like working mothers and fathers. This way, they won’t have to prove themselves all over again.

What are the downsides? First, this approach relies on mobility information gathered, which is false. Collecting that data, keeping it up to date, and ensuring its accuracy can all pose challenges at times. After all, people may tell you what they think you want to hear.

Second, while the framework clarifies ownership and keeps the local high potentials top of mind, it doesn’t add new information to the future potential identification process. For that we need more data—and the next approach.

**Solving for Future Success: Potential by Behavioral Science Insights**

*This framework* can take many forms, but it really gets to predicting future success—i.e., the true nature of leadership potential. Depending on the robustness of the assessment tools used (measurement reliability and validity), the process can range from basic to extremely sophisticated and powerful in its approach.

As you might expect, the more design work and rigor we place in collecting data and insights on leaders, the better the predictive power and development insights we can obtain. Finding the right balance between quality data and complexity is the key to a successful implementation.

But once a behavioral insights program is established and existing ratings of potential (as defined by leaders) are compared with assessment insights data, the results can be eye-opening. This can be
very helpful in highlighting potential sycophants in the mix, as well as identifying exceptional talent that might be suppressed or hidden for a variety of cultural, political, or situational reasons.

This is what the traditional 9 Box was meant to do: It’s essentially organizational perception of potential (politics) versus the reality of potential as measured (data).

So how does it work? First, you need a set of leadership competencies and behaviors that measure future success. Having a core set of values is useful for ensuring the right culture is in place, but they’re not always enough.

While developing the leadership competencies of the future can take some time, once you have a new model or framework ready, you select the tools (like surveys and tests) that measure these competencies in the most valid and reliable ways. The best approach is to use more than one tool to avoid the biases and challenges associated with any single measure.

While 360 feedback, for example, is perhaps the most popular survey process, sometimes it can be gamed if individuals are allowed to select only people who will provide favorable ratings, like their friends.

This can be offset by other tools like business simulations, personality assessments, structured interviews, situational judgement, or even cognitive tests, depending on the level of sophistication and rigor being employed.

It’s important to note that the quality of the insights generated is directly proportional to the rigor of the tools being used, and the capability of those talent management professionals who are interpreting the data.

The bottom line: You need to make sure whatever tools you select have the right properties to be legally defensible if you’re making decisions based on the data generated. This is where I-O psychologists can play a particularly helpful role in designing your systems.

As for the downsides, this approach requires some knowledge and upfront design work to get the system right. Simply using any tools without establishing their validity adds risk to an organization’s decision-making process. Plus, these tools aren’t always the shortest or easiest to complete for participation. After all, you’re collecting data that actually predicts some powerful results, so the robustness does matter.

When done well, however, this approach has the potential to significantly improve an organization’s overall talent management processes and really pinpoint where future potential sits, and where the organization is placing barriers to deploying great talent. It’s the best method for uncovering hidden gems that would probably otherwise be overlooked.
Solving for Succession and Placement: Potential by Future Destination

This is the most targeted approach to classifying future leaders that an organization can apply. Here, the emphasis is truly being placed on “potential for what?” in comparison to the general high potential classification. The framework is most useful at more senior levels in the organization, where succession needs are prioritized over long-term planning horizons.

It’s also particularly helpful in organizations that have adopted a more generalist leadership framework within their functions and are looking to make a determination about each individual’s destination role.

In the finance function, for example, it can help classify potential based on those leaders who can go all the way to CFO, versus those who might have specialist paths to controller or treasurer as their senior-most positions.

For marketing, it might be used to segment classic marketers destined for CMO roles versus those with GM potential and interest to take on broader line positions. While an analysis of candidate slates can provide some of the same insights, by classifying talent this way, it’s easily apparent whether you have the right mix of specialists and generalists in any given function and which destinations are best covered by what types of talent.

Since this model requires a deep understanding of the talent needs for each function across the organization, the first step is ensuring you have a strong handle on the functional capabilities needed for the future of the business.

Unlike the first two methods, the focus here is on segmentation by knowledge, skills, ability, and career interests, so you’ll need detailed information at both the job level and from the individuals in the talent pool.

Again, validated assessment tools are the best method for measuring these capabilities. But even simply understanding where people want to go and which types of destinations the organization has in mind for them (specialist or generalist) can be helpful.

Once the framework has been created and the right types of data collected, it’s a simple enough task to classify R&D or IT talent, for example, based on expertise and interest versus general leadership trajectory. The key is making sure you know which capabilities you’ll need in the future and how to measure them among those currently in the functions.

The results can be powerful when you see that you have a group of marketers, for example, who all want to be GMs, but none of whom have the right balance of skills to take on these types of roles.

For those with considerable potential, it would indicate that significant (and perhaps urgent) development steps are needed to get them ready if they’re ever going to ascend to the GM roles desired in the future. Classifying talent this way can also really help with an organization’s short-term buy-versus-build strategy.

As with any model that relies on data, the tools used to measure capability need to be valid and accurate. But the real challenge is figuring out what the capabilities of the future are going to be.

It takes courage and thought leadership to create a future state vision that provides the framework for defining what success will look like as you build this type of approach.

But get it right and you’ll take a major step toward ensuring the next generation of senior leaders are being placed in the right development experiences to close the gaps needed for them to reach their full potential.

How to Put It All Together

When it comes to talent management, we’re all looking for the silver bullet that will deliver the single answer of who is and isn’t a high potential. It’s never that simple. Having a high-quality performance management system is critical for driving performance today, but it isn’t particularly helpful in identifying future skills, capabilities, or potential. This is where other types of data and frameworks have more value to talent management efforts than annual performance ratings used in traditional 9 Box models.

These three approaches can help organizations get significantly better at classifying their talent and taking action (development or otherwise) from their talent management reviews. While some require more effort than others to establish, the most important commonality is that data is key to providing insights, which in turn drive outcomes.

And while the three alternatives have been presented as distinctly different models, you can easily combine them if you want to truly apply an integrated approach. The key determinants of success are how the level of sophistication of the organization, the quality of the data being collected, the capability of those using the data to generate the insights, and the most pressing underlying strategic business and talent issues facing your firm.

No matter which new approach you choose, the old performance-by-potential paradigm is dead. Welcome to the future.

ALLAN H. CHURCH, PH.D., is the senior vice president of talent assessment and development at PepsiCo. Prior to his role at PepsiCo, he served as an external OD consultant working for W. Warner Burke Associates and several years at IBM in the Communications Measurement and Research and Corporate Personnel Research departments.
WHOSE TALENT IS IT ANYWAY?

Individual talent can drive company performance, but new research suggests that organizational “talent” has an even bigger impact.

BY DAVE ULRICH
WHOSE TALENT IS IT ANYWAY?

Individual

Organization
YOU’RE OBSESSED WITH TALENT. We know this because you’re reading this magazine. Talent keeps you up at night. Talent fires you up in the morning. Every aspect is a thrill ride: how to find it, nurture it, keep it, and reap all the rewards of it.

This infatuation has been going on for at least two decades, and we’ve all learned so much. But what next? Where is talent trending? What new issues will drive us for the next 20 years and beyond?

To take two steps forward, it’s sometimes helpful to take a step back. So to determine where to focus our attention going forward, let’s look at why talent matters in the first place—and to whom it matters the most.

Then comes the fun part: deciding how to best transform talent as we know it to create sustained organizational cultures for decades to come.

THE WAR FOR TALENT: WHAT ARE WE FIGHTING FOR?

In the ongoing War for Talent, we’ve introduced many innovations in how firms bring people into an organization, move them through, and appropriately move them out. For an exhaustive refresher, I’ve chronicled many of these innovations in Figure 1.

Whew, right? While these innovations illustrate that the field of talent management is still burning with creativity, inventing new practices isn’t enough for talent to leave a sustainable business impact. That’s why it’s important to see the impact of these talent advances on key stakeholders. Without defining what it means to win, the War for Talent is aimless.

Talent isn’t just about following a best practice—it’s how that practice delivers value to others. Hiring or training someone who fails to deliver value to key stakeholders is like preparing a meal without knowing what the customer wants to eat or playing a sport without keeping score. It’s useless.

Moving beyond fighting the talent war to winning it requires a clarity on talent outcomes that deliver value to the right recipients. It’s not enough to build on strengths; we must use those strengths to strengthen others. And it’s not enough to measure the amount of training or staffing; we must measure the impact of training on key organization outcomes.

Competencies matter to the extent that they affect key business outcomes. In our HR workshops, when we ask people to identify what they want to learn, they often list the talent innovations in Figure 1.

We then invite them to answer the “so that” query for their learning objective: “I want to learn about mentoring, coaching, or positive accountability so that...” This query focuses on the primary outcomes and stakeholders of talent practices.

The chief stakeholders for talent outcomes have traditionally been inside the organization; investments resulted in greater employee productivity and well-being and organizational strategic success. But going forward, the value of talent will also come from how talent choices affect those outside the organization—especially three emerging stakeholders.

TALENT STAKEHOLDER #1: BOARDS OF DIRECTORS

Boards are the boundary spanners between what happens inside and outside an organization. They’re elected by shareholders to represent their interests as they select the CEO and oversee management.

Most board governance responds to regulation that encourages transparency and consistency. Much of the board work is done in committees: an audit committee to review the financial decisions, a governance committee to oversee policies, and a compensation committee to review the reward philosophy and choices.

In a 2016 meeting at the National Academy of Corporate Directors conference, a group proposed that the compensation committee be expanded and changed to become the talent, leadership, and culture committee. This committee would have a charter to evaluate the organization’s processes around leadership, succession, compensation, talent review, culture, and talent risk management. Today, the compensation committee responds to the following proxy charter.

In the annual proxy statement, a company must disclose information concerning the amount and type of compensation, the criteria used in reaching executive compensation decisions, and the relationship between the compensation practices...
and corporate performance.

The summary compensation table is the cornerstone of the SEC’s required disclosure on executive compensation. The summary compensation table provides, in a single location, a comprehensive overview of a company’s executive pay practices. In addition, the compensation discussion and analysis (CD&A) section provides narrative disclosure explaining all material elements of the company’s executive compensation programs.

In the future, a talent, leadership, and culture committee would provide the board a broader perspective on all the issues listed above. Thus, compensation becomes a part of an overall talent, leadership, and culture assessment rather than the only reported items. By focusing on public disclosure of talent, leadership, and culture, the board can better monitor the antecedents of future performance and mitigate talent risk.

### TALENT STAKEHOLDER #2

**CUSTOMERS**

In the past few years, we’ve argued that leaders are most effective when their behaviors reflect customer promises. When a firm brand translates to a leadership brand, leaders create more value for targeted customers as well as employees. The essence of a customer focus is that employee sentiment is a lead indicator of customer sentiment. Customer net promoter scores are likely correlated with employee commitment scores.

Because employee attitude shapes customer attitude, the talent practices listed in Figure 1 should be designed and delivered with customers both in mind and in practice. For example, customers can be involved in setting standards for who is hired, invited to refer potential candidates, and included in the screening process. Customers can also be involved in designing, delivering, and attending training programs, as well as participating in reward systems.

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**Figure 1: Talent Choices in the War for Talent**

<table>
<thead>
<tr>
<th>Talent Domain</th>
<th>Talent Practice</th>
<th>Example of Talent Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IN</strong></td>
<td><strong>Bringing the right people into the organization</strong></td>
<td></td>
</tr>
<tr>
<td>Talent Practice</td>
<td>Example of Talent Innovation</td>
<td></td>
</tr>
<tr>
<td>Set standards: What skills do new employees need?</td>
<td>- Focus on future customer and investor requirements</td>
<td></td>
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<tr>
<td>Source candidates: How do we find new candidates?</td>
<td>- Create positive employee brand social media</td>
<td></td>
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<tr>
<td>Screen candidates: How do we know if this is the right candidate?</td>
<td>- Use behavioral event interviewing and multiple interviewers</td>
<td></td>
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<tr>
<td>Secure candidates: How do we create an employee value proposition?</td>
<td>- Create customized job offer</td>
<td></td>
</tr>
<tr>
<td>Orient candidates: How do we help them succeed?</td>
<td>- Have mentoring programs</td>
<td></td>
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<tr>
<td><strong>THROUGH</strong></td>
<td><strong>Moving people through the organization</strong></td>
<td></td>
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<tr>
<td>Talent Practice</td>
<td>Example of Talent Innovation</td>
<td></td>
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<tr>
<td>Workforce plans: How well do we have a workforce plan for our employees?</td>
<td>- Turn strategic goals into desired competencies</td>
<td></td>
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<tr>
<td>Training and development: How do we help existing employees improve?</td>
<td>- Emphasize work task plan</td>
<td></td>
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<tr>
<td>High potentials: How do we invest in high potentials?</td>
<td>- Learn from work experience, training, and life experience</td>
<td></td>
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<tr>
<td>Career and promotions: How can we help employees manage their career opportunities?</td>
<td>- Set criteria and create individual development plans for high potentials</td>
<td></td>
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<tr>
<td>Manage performance: How can we build positive accountability for employees?</td>
<td>- Offer employees tailored career path</td>
<td></td>
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<tr>
<td>Allocate rewards: How do we use rewards to reinforce the right behaviors?</td>
<td>- Simplify performance process and emphasize positive conversations</td>
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<tr>
<td>Engage employees: How do we capture the hearts and minds of our employees?</td>
<td>- Help managers coach and communicate more than command and control</td>
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<tr>
<td><strong>OUT</strong></td>
<td><strong>Removing people from the organization</strong></td>
<td></td>
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<tr>
<td>Talent Practice</td>
<td>Example of Talent Innovation</td>
<td></td>
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<tr>
<td>Retain key people: How do we keep our best employees?</td>
<td>- Use financial rewards to send signals of what matters</td>
<td></td>
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<tr>
<td>Remove appropriate people: How do we take out people in a positive way?</td>
<td>- Use non-financial rewards to capture employee commitment</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Remove key people: How do we keep our best employees?</td>
<td>- Help employees find personal meaning from their work by creating a positive employee experience</td>
<td></td>
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<tr>
<td>Remove appropriate people: How do we take out people in a positive way?</td>
<td>- Create tailored employee value propositions for key employees</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Do strategic downsizing, not across-the-board cuts</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Move quickly and fairly for those who leave</td>
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</table>
Imagine an airline hands out $100 coupons to its most frequent fliers. These aren’t for the customers; instead, the frequent fliers can give the coupons to the airline employees who offer them the best service. Essentially, the airline is opening its performance system and bonus to key customers. It doesn’t cost the airline more money since it’s only a small percent of the overall bonus pool, but it bonds key customers to service-oriented employees.

In some of the emerging organization design work, customer-focused teams are being used to create rapid innovation. In each of these cases, talent choices and actions include real customers so that employees aren’t just the “employees of choice,” but the “employees who customers would choose.”

**TALENT STAKEHOLDER #3 INVESTORS**

Many investors are increasingly looking to predict and capture long-term value from a company. This requires looking beyond the financial results (earnings, EBITDA) to intangibles (strategy, brand, technology, and systems) to talent, leadership, and culture.

In our research, we found about 35 to 40 percent of a firm’s market value was tied to financial results; 30 to 35 percent was tied to intangibles (strategy, brand, supply chain); and 25 to 30 percent was related to quality of leadership (surrogate for talent). The quality of talent should show up in investor confidence to deliver intangibles and consistently create financial results.

In the book *Leadership Capital Index*, my colleagues and I offer a framework and tool that investors can use to measure the quality of an organization’s leadership. To demonstrate the impact of non-financials on firm market value, talent managers can prepare a graph of how their firm’s price-earnings (or price-to-book) ratio compares to their top competitors over a significant period of time. Price-earnings (PE) shows the market value of earnings. Talent managers can prepare this chart to show the intangible value of their firm versus competitors.

For example, in Figure 2, we show that Apple’s PE ratio over a decade was 22.0. The company’s top four competitors, meanwhile, had an average PE ratio of 14.6. This means that about 50 percent (22-14.6 = 7.4/14.6 = 50) of Apple’s $750 billion market cap is due to the intangibles. If leadership, or talent, is about 30 percent of this intangible value, then the value of talent to Apple is about $110 billion (30 percent of $375 billion).

Talent managers can prepare these charts to communicate the value of the intangibles and talent to the business. We’ve prepared dozens of these charts, with some showing a firm’s talent premium (like Apple) and others showing a firm’s deficit. These charts enable talent managers to link their work to investor value.

But even when investors recognize the variance in market valuation due to talent, they often lack a rigorous way to understand and track it. Talent managers need to prepare a simple, but robust way to discuss talent with investors.

When we interviewed investors, they agreed that people matter and that talent management processes should affect their valuation of the firm. Talent managers can rely on what we call the Leadership Capital Index, a quantified measure of quality of the organization’s leadership, to give investors confidence in quality of leadership overall and talent in particular.

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<tbody>
<tr>
<td>Apple</td>
<td>38.8</td>
<td>30.8</td>
<td>43.5</td>
<td>15.8</td>
<td>20.6</td>
<td>18.0</td>
<td>11.6</td>
<td>12.1</td>
<td>13.9</td>
<td>14.9</td>
<td>22.0</td>
<td>749.7B</td>
</tr>
<tr>
<td>IBM</td>
<td>16.8</td>
<td>16.0</td>
<td>15.1</td>
<td>9.4</td>
<td>13.1</td>
<td>12.7</td>
<td>14.1</td>
<td>13.3</td>
<td>12.5</td>
<td>10.3</td>
<td>13.3</td>
<td>160.5B</td>
</tr>
<tr>
<td>Samsung</td>
<td>10.2</td>
<td>12.3</td>
<td>13.1</td>
<td>21.1</td>
<td>-</td>
<td>7.1</td>
<td>10.9</td>
<td>8.3</td>
<td>7.3</td>
<td>7.5</td>
<td>10.9</td>
<td>157.2B</td>
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<tr>
<td>HP</td>
<td>34.7</td>
<td>18.9</td>
<td>18.9</td>
<td>11.2</td>
<td>16.4</td>
<td>11.4</td>
<td>7.8</td>
<td>-</td>
<td>10.7</td>
<td>15.3</td>
<td>16.1</td>
<td>70.08</td>
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<tr>
<td>Lenovo</td>
<td>22.8</td>
<td>-</td>
<td>26.9</td>
<td>4.7</td>
<td>-</td>
<td>22.4</td>
<td>16.9</td>
<td>18.3</td>
<td>17.2</td>
<td>15.5</td>
<td>18.1</td>
<td>13.98</td>
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<tr>
<td>Average of non-Apple</td>
<td>21.1</td>
<td>15.7</td>
<td>18.5</td>
<td>11.6</td>
<td>14.8</td>
<td>13.4</td>
<td>12.4</td>
<td>13.3</td>
<td>11.9</td>
<td>12.2</td>
<td>14.6</td>
<td>100.4</td>
</tr>
<tr>
<td>Difference between Apple and non-Apple</td>
<td>17.6</td>
<td>15.1</td>
<td>25.6</td>
<td>4.2*</td>
<td>5.8</td>
<td>4.6</td>
<td>(0.9)**</td>
<td>(1.2)</td>
<td>2.0</td>
<td>2.8</td>
<td>7.4</td>
<td></td>
</tr>
</tbody>
</table>

*Worries about Jobs’ health become investor concern and many rumors spread. Bloomberg mistakenly publishes Jobs’ obituary.
**Jobs granted medical leave in January and resigns in August for health reasons. He passes away six weeks later.
One firm reports employee productivity and wellbeing indicators to investors, another reports succession data, and another is working to report the leadership capital index. Talent managers might prepare presentations on talent for investors, which could be 10 to 15 percent of investor calls or road shows. This might mean that talent managers prepare talent metrics as part of the investor calls, or perhaps work to help investors recognize the quality of leadership within the organization.

Most companies traditionally limit exposure to only the CEO, CFO, and their investor relations professionals. Then there are companies like Buffalo Wild Wings, who, in a play to give investors more confidence in future earnings, intentionally offers access to its broader leadership team.

The restaurant chain hosts an investors day, where the entire leadership team plays a role in sharing direction and strategy; adds the COO to the Q&A portion of quarterly earnings calls; and has other C-level leaders (including the CHRO) join the CFO on investor visits to show leadership depth. Through this experience, investors have more confidence not just in the CEO as a leader, but in the systems that create future leadership.

Investors who want asymmetrical data on a firm’s future performance will come to rely more on assessments of talent and leadership. General managers and HR professionals who want to win the War for Talent will increasingly focus on the value of leadership and organization systems that create a pipeline of talent that can be appreciated and tracked by investors.

This overlooks the central contribution of, well, organization to make the organizational whole greater than the sum of the parts. Only when we integrate and leverage function of organization can we create sustained competitiveness.

**WHAT IS ORGANIZATION?**

“Organization” can be defined in many ways. When we ask participants in workshops to draw an organization, they almost always draw some form of hierarchy with boxes for roles and responsibilities. In today’s rapidly changing business world, the challenge of building the right organization complements the challenge of growing talent.

One big challenge in building the right organization is that there are related concepts, terms, and prescriptions that require clarity. For a simplistic view of the evolution of organization thinking, see Figure 3. It shows that the most recent metaphor for organization is about organization as capability.

The organization’s capabilities repre-
sent what it’s known for, what it does well, and how it allocates resources to win in its market. Organizations should be defined less by their structure and more by their ability to establish the capabilities required to serve customers in ways that competitors can’t readily copy.

Organization capabilities might include responding to or serving customers, driving efficiency, managing change, collaborating both inside and outside, innovating on products and business model, accessing information, and establishing the right culture.

While organizations can have many capabilities, culture is likely a key capability for future success. The most common view of culture is that it represents the pattern of shared beliefs and values that affect how people think and act in the organization. In this regard, the image of culture is the roots of the tree or the iceberg below the surface of the water.

Pivoting to the right culture focuses what the organization should be known for by key customers and uses this desired, aspirational, idealized external identity to shape internal thought and action. Culture is less the historic roots of the tree and more the fruit and future roots that the tree produces; culture is less that which is hidden under the water, but the direction where the iceberg is headed.

It’s interesting to note that the Chartered Institute of Auditors (IIA) has prepared recent documentation to help auditors monitor culture, which is obviously a part of what makes an organization.

The IIA uses two approaches to audit culture. First, it incorporates culture into traditional audits through techniques like root cause analysis, identifying the origins of how problems lead to bad actions. Then it connects problems across audits. Second, the IIA audits cultural indicators across the organization using individual behaviors as surrogates for culture.

The IIA’s report focuses a great deal on ethics and values. Values are obviously a part of culture, but not the only part of a much broader view of culture as collection, action, and capabilities. In addition, IIA auditors lament that “the use of gut feel plays a part in the audit of culture, and this is likely to take many internal auditors out of their comfort zone as they are used to reporting on hard facts.”

Traditional auditors may be moving out of their comfort zone when assessing culture, which opens the door for talent managers to gain some responsibility in formal auditing.

With this logic, managing talent matters, but turning individual competencies into organization capabilities matters even more. Culture, then, becomes a critical capability that shapes what an organization is known for and how it operates in the marketplace. Culture helps make the organizational whole greater than the individual parts.

**WHY DOES ORGANIZATION MATTER?**

The evidence of organizations mattering more than individuals comes from many sources. Historically, only about 20 percent of films that win the Academy Award for Best Picture also win for Best Actor or Actress. In the NBA, the team with the top scorer wins the NBA championship only 15 percent of the time—just 5 percent if you don’t include Michael Jordan.

When Jordan led the league in scoring and his Chicago Bulls didn’t win the NBA championship (four times), he averaged 34.55 points per game. In the six years Jordan led the league in scoring and won the championship, he averaged 30.5 points per game. Great talent matters, but organization matters more. Individuals can be champions; teams win championships.

There are relatively few research studies of the impact of organization versus individuals on firm performance. We recently conducted research on competencies of HR professionals (individuals) and capabilities of HR departments (organizations) and their relative impact on busi-

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**Figure 4: The Value the HR Department Creates for Stakeholders**

<table>
<thead>
<tr>
<th></th>
<th>Business Performance</th>
<th>External Customers</th>
<th>Investors and Owners</th>
<th>Communities</th>
<th>Regulators</th>
<th>Line Managers</th>
<th>Employees</th>
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</thead>
<tbody>
<tr>
<td>Individual Talent</td>
<td>7.7</td>
<td>19.8</td>
<td>12.2</td>
<td>17.8</td>
<td>22.4</td>
<td>15.3</td>
<td>16.2</td>
</tr>
<tr>
<td>Capabilities &amp; Activities of HR Departments</td>
<td>31.0</td>
<td>46.5</td>
<td>52.4</td>
<td>52.8</td>
<td>41.7</td>
<td>60.7</td>
<td>59.8</td>
</tr>
<tr>
<td>Other Variables (e.g. Strategy)</td>
<td>61.3</td>
<td>33.7</td>
<td>35.4</td>
<td>29.4</td>
<td>35.9</td>
<td>24.0</td>
<td>24.0</td>
</tr>
<tr>
<td><strong>Multiple Regression (r²)</strong></td>
<td>45.2</td>
<td>52.5</td>
<td>49.5</td>
<td>39.5</td>
<td>36.9</td>
<td>51.6</td>
<td>57.2</td>
</tr>
</tbody>
</table>

Columns total 100
ness performance. We found that across 1,500 organizations, organization-level activities explained about four times much of the variance in business performance than the knowledge and skills of individuals.

The value created for key stakeholders from individual competence and organization capabilities was equally profound, with the organization level issues explaining much more stakeholder value than individual competencies (see Figure 4).

The results are remarkable. Organization capabilities are four times as important as talent in predicting business performance (7.7 percent to 31 percent) and this same ratio applies pretty much equally when serving different stakeholders.

These findings imply that the war for (individual) talent may be less critical than the victory that comes through organization capabilities. Culture is one of those key capabilities.

**WHAT DOES CULTURE MEAN?**

It’s important to be clear about what culture means and how to manage it. Culture has become a Rorschach test for those interested in organizations. The concept clearly matters, but it’s impossible to articulate or define with any unified precision.

We propose a three-stage evolution of defining what culture means. Phase 1 is culture as seen through symbols, rituals, stories, and other organization events. Employees experience these cultural artifacts when they enter an organization.

Phase 2 is culture as seen through how it shapes the way people think, behave, and feel in the organization. Culture shows up in the values, norms, unwritten rules, emotional responses to, or flows of how things are done in a company. This is the prevailing concept of culture today.

Phase 3 defines culture as the identity of a company in the mind of key customers (and investors), made real to all employees throughout a company. This means that an outside view of culture (as defined by key customers) shapes the right culture, or the one that creates value for customers. This doesn’t ignore values, but it ensures that there’s profit and merit in the values because they shape customer expectations and actions.

When employee actions are consistent with these external promises and perceptions, a winning culture follows. That’s when the promises made to customers—the ones that create an identity in the marketplace—shape and transform employee behaviors inside the organization to ensure that customers realize these promises, reinforcing the customers’ comprehension of company culture.

Thus, Southwest Airlines wants to be known for low prices with a fun experience; Marriott for exceptional service; Apple for design and simplicity; Google for innovation. These firm brands or identities should then become the essence of each company’s culture.

Each of these phases of cultural definition affects employee engagement. In Phase 1 (symbols), employee affect comes from organizational events. In Phase 2 (values, beliefs), engagement comes from enacting the organization’s values.

In Phase 3 (outside-in), employees are engaged in actions that increase customer share by creating culture-based customer bonds. Employees may be engaged in a host of behaviors, but when they’re engaged in fulfilling promises made to customers, their engagement has positive business impact.

Going forward, a company’s ideal culture should be defined by its desired external firm brand or identity. The collective way of thinking, behaving, and feeling (employee engagement) within the company is the internal cultural manifestation of external (branding) promises.

To leverage culture, it isn’t enough to have or recognize cultural artifacts (Phase 1) or to shape how people feel, think, and act (Phase 2), but to ensure that people feel, think, and act consistent with promises made to customers and other key stakeholders (Phase 3).

When these internal employee actions are embedded within the organization systems and processes, culture becomes a key capability that helps organizations win. With an outside-in perspective, general managers and HR professionals make sure the internal culture and HR processes through which the ideal culture is created and sustained directly reflect the external brand promise. Thus, a marketing manager should become a close confidant of any shrewd talent manager.

Talent becomes one of these key processes because it ensures that each employee fits with the desired culture. This means that talent should reflect the brand or identity of the firm in the marketplace as translated into the right culture and right capabilities.

Leadership brand exists when an employee looks at his or her leaders and sees in their behaviors the promises made to customers. Embedding the leadership brand originates in the selection, development, evaluation, and promotion of leaders who reflect the culture. Leadership brand leads to an employee brand where employee engagement becomes the norm.

No one denies the importance of talent. After all, organizations don’t think—people do. But organizations shape how people think, feel, and act. With this in mind, we envision two emerging talent agendas. The first is showing the impact of talent on boards, customers, and investors outside the organization, and the second is pivoting from just talent to organization and culture.

A robust future talent agenda delivers both internal and external outcomes for both individuals and organizations.

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What’s Talent Got to Do with It?

No one disputes that talent and performance are linked. Problem is, no one could prove it either. Until now. //\\

BY ROBERT E. PLOYHART, PH.D.
So here’s what I say: Prove it. Show me the value of talent! I don’t mean to claim talent isn’t a valuable resource. But there usually isn’t any corresponding evidence to back it up. Where’s the data to suggest talent adds value?

This is a very difficult question to answer. The single greatest cost for most firms is human capital. Generally accepted accounting principles (GAAP) require human capital to be recognized as a cost. Thus, based on GAAP, there’s no formally recognized and agreed-upon mechanism to demonstrate talent adds value. All you can do is hope that talent is adding value because you’re spending money on it.

We know cost is an imperfect indicator of quality. For example, if a firm invests heavily in a selection process that doesn’t enhance applicant quality, then other business leaders get frustrated, even though on paper the firm has significantly “invested” in talent. If we don’t quantify the value of talent other than showing that we’re spending a lot of money on it, it shouldn’t be a surprise that other business leaders get frustrated with HR.

There’s a better way to demonstrate the value of talent—and your firm is probably already collecting all the data needed to do it. My suggestions describe the kinds of principles that high-performing firms abide by to maximize the value of talent.

My recommendations are based on a simple principle: good data informs good decisions. The approach I advocate is based on a bedrock of psychological science, analytics, and business strategy (see Figure 1). It seeks to quantify the quality of talent, and link quality to key strategic and operational metrics. It applies analytics to inform smart decisions.

I don’t know about you, but I’m tired of being told that people are our most valuable resource. We hear this constantly at press briefings, shareholder meetings, and executive presentations. Maybe it’s because I’m skeptical by nature, or because I embrace the scientific method as an academic researcher trained in industrial organizational psychology. It doesn’t matter. “People are our most valuable resource” ranks right up there with other unconditional statements like “trust me” and “I know talent when I see it.” I know B.S. when I hear it.
Good data means high-quality data—not data that tells you want you want to hear. Not all kinds of talent are equally valuable to every strategy, and not all HR practices offer the same return on investment.

My approach merges economics and psychology. It recognizes that different types of talent resources emerge in different business units, jobs, and locations.

It recognizes talent resource flows in a value chain from generic talent (i.e., talent that’s mobile across firms, like education) to specific talent (i.e., talent for a firm’s strategy and customers, see Figure 2). The framework offers actionable insights to identify where in the value chain HR interventions will offer the greatest return and impact.

**How to Demonstrate the Value of Talent**

1. **High-performing firms marry talent to strategy and competitiveness.** The key to gaining competitive advantage is differentiating your firm’s products or services in a way that generates above-normal returns.

Research shows that talent is an important determinant of competitive advantage, but whether it’s the most important remains an open question. Nevertheless, science helps substantiate the claim “talent is a valuable resource” by explaining how and why this may occur.

First, your firm’s collective talent is difficult, if not impossible, to copy by a competitor (outside of a direct acquisition). Second, it takes a long time to develop the necessary talent resources to achieve a firm’s strategy. Third, each firm should have a unique value-producing strategy, and thus the talent needed to deliver on that strategy is also likely firm-specific.

Firms that do an exceptional job of marrying talent and strategy, like Google and Southwest Airlines, realize talent is a part of the strategy, not a consequence of strategy. Think of talent as the music in a Broadway show like Hamilton. If you change the music (the talent), the play changes in profound ways. The music is the play. Talent is the strategy.

In fact, research is demonstrating that firms can be differentiated from each other in terms of the average personality characteristics of employees. For example, the employees in some firms are, on average, more conscientious (or extraverted) than the employees in other firms. This is because employees are attracted to firms that are similar in their characteristics and values, and they’re more likely to remain in those firms. This process of similarity is known as attraction-selection-attrition, and it leads firms to be more homogeneous in terms of their employee characteristics over time.

Sometimes, personality homogeneity is good for performance. Sometimes, it’s not. But the point is that the average personality of employees within a firm contributes to differences in employee performance and job satisfaction, as well as organizational-level differences in performance. You can actually predict performance differences between firms based on the average personality traits of the employees within those firms. Note that we’re not talking about homogeneity in terms of demographics or diversity; only personality.

2. **High-performing firms start with performance and end with talent.** HR managers have a bad reputation (partly deserved) for not thinking like business people. An HR leader can’t be effective without first being a business leader. Yet I’ve seen many instances where the HR person leads with an HR story rather than a business story. Or, when pressed to show evidence of business impact, the HR person will list a large number of HR-focused metrics, like cost-per-hire or percentage trained.

While HR metrics that focus on efficiency or effectiveness are important for HR leaders, they don’t necessarily demonstrate business impact. They may convey activity, but they don’t convey impact. Demonstrating HR activity or costs is easy, but where can you find evidence that HR is contributing to profits? Where can you find evidence that HR adds real value to the firm?

The key isn’t to start with HR, but with the business. Which metrics does the firm track to monitor its strategic and operational performance? Where’s the firm betting on a growth strategy or new market strategy, and which metrics are the indicators of success? These are the relevant performance metrics that must be linked to talent resources.

In one project, my colleagues and I worked with a large big-box retailer to examine the impact of its frontline retail workforce. In that firm, stores (and their managers) were tracked according to a few specific metrics, primarily same-store sales and controllable profit. Thus, we started with these outcomes as the target, and then asked, “How does retail talent contribute to these outcomes?”

Even though we had access to individual job performance, we didn’t focus on it, which would be the typical approach. Rather, we used statistics to take the
measures of employee quality (employee scores on selection tests measuring service orientation), and created store-level composites of talent quality.

We then linked store talent quality to same-store sales and controllable profit. The results: For every standard deviation increase in a store’s talent quality, there was a 6 percent increase in same-store sales and nearly $60,000 in controllable profit. Suddenly, the value of enhancing frontline retail talent becomes clearer.

High-performing firms use talent for the business, not for HR. The big-box example highlights that firms should use talent to drive business outcomes. One implication is that the nature of a firm’s talent should be used to inform strategy. The other is that the types of talent a firm needs should change as the strategy or competitive environment changes. This kind of talent flexibility is one of the factors driving growth in the gig economy for professionals. However, even among the full-time workforce, there’s evidence to suggest talent matters to a firm’s competitiveness.

To illustrate, a former doctoral student and I modeled the effects of rigorous selection and training practices in 359 South Korean firms for 12 years that included the Great Recession. We linked talent practices to growth in firm productivity and profit (earnings before interest and taxes). We provided empirical evidence that firms who were more selective in hiring, and provided more internal training, generated greater profit growth before, during, and after the Great Recession, even after controlling for industry, size, and prior profit. The effects were in the millions in profit growth.

But this isn’t a simple relationship. We found the effects of selection and training were conditional on the nature of the economy and broader competitive environment. Training was more impactful on profit growth before the recession, but rigorous selection was more important in helping firms recover faster from the downturn. Apparently, firms that could more effectively acquire new skills were able to adapt and reconfigure their workforce to a new economic landscape, and consequently generated greater profit growth after the recession.

The fact that quantitative relationships demonstrated that talent practices were linked to yearly profit growth is obviously the most important story. However, this study also showed that different types of talent—generic or specific—were more important at different times, depending on the broader competitive and economic environment. This means HR can’t simply be focused on HR-centric outcomes.

HR will always push for rigorous selection and training, because doing so positively impacts its goals. But when viewed from the perspective of the business, the question becomes at which times, and in which competitive environments, do investments in selection or training provide the greatest return? This is a business-centric question with an HR solution.

High-performing firms know talent when they see it—because they measure it. One of the most important contributions psychology has made to business is the development of psychological measures and statistical methods for evaluating assessment scores.

Today, there are a broad array of great psychological measures that span intelligence, cognitive ability, personality, work values, attitudes, engagement, and interests.

Some measures also combine basic traits into constellations useful for predicting performance in specific domains, such as emotional intelligence, customer service orientation, and managerial potential. High-performing firms thus don’t rely on the “I know talent when I see it” adage, but instead operate on an “I know talent because I measure it” axiom.

However, what you measure is as important as measuring it well. In my opinion, there are three broad sets of human characteristics that all firms should assess—always, unconditionally, and without fail—because they capture the talent DNA of a firm. These three parts capture the “can do, will do, and how do” aspects of talent:

- **Competence.** Frequently called human capital, competence represents the collective knowledge, skill, and ability of a firm. It captures whether the workforce “can do” the required tasks.

- **Engagement.** This blends attitudes with ambition. It captures whether the workforce “will do” what’s required.

- **Culture.** It’s been said many times that culture eats strategy for lunch. I find this...
to be very accurate. Culture captures the “how do we do things around here?” aspect of talent.

High-performing firms rigorously measure and monitor these three characteristics. They know they’re mutually reinforcing, and a shortage in one area often can’t be made up by strengths in another area. Fortunately, most firms already capture this data.

Culture and engagement can be assessed using annual surveys, pulse surveys, or some of the newer methodologies that employ digital media.

Competence can be measured using test scores collected as part of the hiring process, or scores on training and development programs. Many firms only track competence using indicators such as experience, educational credentials, or HR data such as percentage of employees who complete X number of training modules.

These can be acceptable, but there’s nothing better than having data based on professionally developed assessments measuring latent competence. If you want high performance, then you need sound measures of competence, engagement, and culture so that you know you have high-quality talent.

5 High-performing firms apply analytics to quantify talent’s value and impact. » Everything that I’ve recommended thus far is based on the assumption that rigorous analytic methods will be applied to uncover relationships between talent, operational performance, and strategic outcomes.

Why shouldn’t we? Statistical models, when appropriately applied and interpreted, will enhance decision making. I often hear that firms want to employ talent analytics, but don’t know where to start or how to do it. But if you peel back the onion, you quickly discover that the root cause is a mistaken belief that analytics require highly sophisticated, big-data methods that can only be understood by data scientists.

I take a different perspective and respond with a question: What analytics can you apply today that will meaningfully improve the quality of your talent decisions? The answer involves statistical methods that can be as simple as correlation and regression.

Here’s an example where my colleagues and I applied analytics to model a talent value chain. In a quick-service restaurant chain, we wanted to see how talent quality within each restaurant (indexed by the percentage of employees who scored high on a selection test) was related to the percentage of training employees completed, which in turn was related to customer satisfaction, and ultimately financial performance. That looks like this:

Generic Talent —> Specific Talent —> Customer Satisfaction —> Financial Performance

(This is a variation of Figure 2)

Further, we modeled these relationships using a sample of 238 restaurants over 10 quarters. In this manner we could see how changes in one part of the value chain would cascade to other parts of the system. We found restaurants that selected higher-quality employees provided a better return on training (i.e., more employees completed advanced training).

In turn, training had a strong effect on customer satisfaction, which ultimately contributed to growth in productivity and financial performance. In fact, a 1 percent improvement in hiring cascaded to a 2 percent improvement in financials.

The analytics we employed in this study are called path analysis and are used to model sequential relationships among variables. Path analysis sounds sophisticated, but it’s based on correlation and regression. Plus, it was first developed back in the 1920s, so it’s hardly a new big-data approach. Turns out simple methods can still tell us a ton about talent.

These recommendations are characteristic of high-performing organizations. Follow them and you’ll move from well-intentioned “talent is our most valuable resource” to “let me show you how, where, and when talent adds value.”

High-performing organizations set aggressive goals and rigorously monitor their progress toward them. The same rigor and discipline applied to finance, accounting, marketing, and operations, can—and should—be employed by HR. The data are available and the analytics don’t need to be complicated or cutting-edge. You can learn a lot about your firm’s talent with correlation and regression.

I’m frequently asked to name firms that do this well, and the truth is I don’t have an answer. There are a number of firms that have exemplary talent management practices and are leading HR organizations. They’re to be admired and modeled, but even these firms don’t follow all of my recommendations.

Therein lies the opportunity: Which of you will be the first?

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THE ACCOUNTABILITY

Why do so many managers let poor performance slide? It isn’t to coddle their employees—it’s to protect their own reputations. Too bad everyone loses in the end.

» BY ROB KAISER
Regardless of its causes, it’s time to start talking openly about the accountability crisis: How extensive is it? What impact does it have? And most importantly, what the heck can we do about it before it swallows us whole. ¶ Maybe it’s a product of the strong emphasis in today’s organizations on attracting, engaging, and retaining employees. When top talent is hard to come by, it’s understandable that managers may want to cut employees some slack. Maybe it’s because companies are increasingly networked, flat, and matrixed and the blurred lines make it hard to assign responsibility to any one individual. Or perhaps the unpredictability of a VUCA world makes it difficult to be certain about why things don’t go as planned.

**HOW WIDESPREAD IS THE CRISIS?**

To better understand just how widespread the lack of accountability is, I compiled a large database of 360 ratings of managers. For ratings to be included, a focal manager had to have been evaluated by his or her manager, at least three peers, and at least three direct reports.

The resulting sample includes nearly 7,500 upper-level managers (from middle managers up to C-level executives) who work mostly in big, publicly traded companies—largely from the United States and Europe, but some from Asia Pacific, Africa, the Middle East, and Latin America. Ratings were provided by more than 100,000 coworkers for the express purpose of feedback for development. (See Figure 1 for a breakdown of the sample.)

The 360 instrument was the Leadership Versatility Index (LVI), which assesses forceful, enabling, strategic, and operational dimensions of behavior with 12 specific items for each dimension. Two of the forceful items concern accountability:

1. **Direct:** Leader tells people when he or she is dissatisfied with their work.

2. **Holds people accountable:** Leader is firm when others don’t deliver.

Additionally, the LVI features a unique scale that’s different from the familiar 1-to-5 rating scale. The LVI scale ranges from too little (-3 to -1), to the right amount (0), to too much (+1 to +3). This allows raters to describe the optimal amount of behavior, as distinct from not doing enough of it or doing too much of it (like turning a strength into a weakness through over-use). The LVI behavior model and rating scale is shown in Figure 2.

To represent accountability, I combined both items and then calculated the overall average of the ratings for managers, peers, and direct reports. So the overall accountability score represents equally the manager, peer, and direct report perspectives.

Only one-third of the sample was seen as displaying an appreciable degree of the accountability behaviors: 22 percent were rated “the right amount” and 12 percent were rated “too much.” Remarkably, 66 percent of the nearly 7,500 upper-level managers were rated “too little.” In other words, two in three managers were seen as not holding people accountable.

I was astonished by these results. Sure, I suspected something was off, but had no idea that the base rate for not holding people accountable would be this high.

I wondered how representative this figure was, so I sliced the data by gender, experience, organizational level, industry, and geographic region. In every subpopulation, the majority of managers were rated “too little.”

But there was some variability: Low-
er-level managers, women, and those in emerging economies were slightly better at holding others accountable than executive men in Western economies. Figure 3 summarizes these hierarchical, gender, and regional differences.

WHERE AND WHY DID THE CRISIS BEGIN?

These findings raise the question: Why do so many managers step back from the heat? The epidemic of letting people off the hook is out of step with the view of managers as hard-chargers intent on getting results. But images of tough-talking, table-pounding masters of the universe notwithstanding, this stereotype is seriously out of date.

Abraham Zaleznik, an organizational psychoanalyst from Harvard Business School, wrote about this myth over 20 years ago in his classic Harvard Business Review article, “Real Work.”

In it, he chronicled how he saw American managers, influenced by the rising popularity of the human-relations school of management, turn increasingly away from the substantive work of organizations—creating products and services, cultivating markets, satisfying customers, cutting costs, and getting stuff done—to what he termed “psychopolitics.”

What Zaleznik meant was that in the 1980s, American managers became obsessed with managing their popularity, and they grew more concerned with greasing the skids and keeping up a favorable image. Interest in productivity gave way to process.

Confronting conflict directly, talking about what isn’t working, and engaging in dialogue and debate to bring out and refine the best ideas were replaced with acting polite, staying politically correct, and, above all else, avoiding the possibility of offending anyone.

I believe this trend has continued, and perhaps even accelerated as the labor economy has shifted to a seller’s market.

Employees have more options than ever before. The War for Talent of the late 1990s looks like a street fight compared to today’s labor market.

Employee engagement is all the rage. Organizations obsess over their employee net promoter scores. Amenities like onsite laundry service and celebrity chefs, hang-out rooms with ping pong tables and video games, and company buses that bring employees to and from work all speak to how being seen as an employer of choice has become a top corporate priority.

In this environment, it seems natural to keep things light and avoid unpleasant conversations such as confronting poor performance. But failing to hold people accountable for their performance has major repercussions.

THE CONSEQUENCES OF NO ACCOUNTABILITY

For each manager in the original database, I also had ratings of their overall effectiveness, employee ratings of their engagement, and supervisor ratings of the productivity of the business unit for which the focal managers were responsible. The statistical relationships between these variables and ratings of too little, the right amount, and too much accountability are presented in Figure 4.

The first thing to note is that “the right amount” of being direct when dissatisfied and holding people accountable is ideal. Managers in this range had ratings of their overall effectiveness, the engagement of their employees, and the productivity of their business unit that were well above the norm. It’s important to know that coworkers could identify an optimal degree of accountability behavior that struck the right balance and was associated with the highest levels of engagement and productivity.

The difference between too much accountability and not enough was telling. Managers who were rated “too much” on the accountability behaviors were rated the lowest on overall effectiveness. Their
employees were also the least engaged, but their business units were seen as slightly more productive than the norm.

On the other hand, the managers who were rated “too little” on accountability scored slightly below the norm on all three outcomes: not quite as low on overall effectiveness and employee engagement as those rated “too much,” but significantly lower on unit productivity.

These findings confirm what Zaleznik suspected when he said, “Observation tells me that too many managers put interpersonal matters ahead of real work.” And the pattern is consistent with his claim about psychopolitics: The price of being heavy-handed with negative feedback and holding people’s feet to the fire is indeed associated with disengaging people and being seen as a lot less effective.

On the other end of the continuum, though, the cost of being too forgiving about performance problems leads to only a little bit lower engagement and overall effectiveness, but substantially lower productivity. Relationships, in terms of employee attitudes like engagement and how overall favorably one is regarded by coworkers, aren’t nearly as badly impacted as business results when managers neglect to hold their employees accountable.

HOW DO WE SOLVE THE CRISIS?

HOLDING PEOPLE accountable for performance doesn’t have to be viewed as punitive and adversarial, the opposite of engaging and concerned about employees. In fact, as the results for the minority of managers rated “the right amount” on accountability suggest, it can say more about a commitment to high performance and bringing out the best in employees. But it does require work to make accountability part of an engaging, high-performance work environment.

First, managers have to be clear about expectations: What deliverable is the person responsible for, and how will success be measured? My colleague, Gordy Curphy, stresses how managers also have to ensure commitment: Does the person accept responsibility for the deliverable? You can’t hold someone accountable for something they never committed to doing.

Next, managers have to ensure that the employee is capable of delivering: Does the person have the skills, know-how, and resources needed to succeed? This may require coaching and development, which many managers are also pretty bad at.

And then it gets even harder: Managers must monitor and measure performance and provide clear and candid feedback along the way. This requires them to stay close to the work and be timely and direct about how it’s going.

Managers also have to care about the employee—or at least care enough to be honest and helpful to the person, and not just nice. In the end, employees who continue to underperform need to know they aren’t measuring up, so they can have the chance to raise their game.

It’s a bit like telling a friend she has a spinach leaf between her front teeth: It may be a little awkward, but she’d much rather you give her a chance to remove the roughage than have everyone else stare at it when she smiles.

When managers get feedback that they aren’t holding people accountable enough, they often claim that they’re avoiding the confrontation for the benefit of the underperforming employee.

I’ve heard nearly every excuse in coaching conversations with executives: “I don’t want to demoralize him.” “He does other things really well, and I don’t want to distract him.” Even simply: “I don’t want to hurt his feelings.”

But in most cases, once we have an honest conversation and explore what’s behind the avoidance, executives who hold back on accountability eventually admit that they don’t want to feel bad, deal with the conflict, or be “the bad guy.” It isn’t so much about the other person; those expla-
that accrue when some team members don’t carry their weight and drag on the performance of others. The first lesson from this research is that within a group, free-riders and cheaters often get ahead of hard-working contributors; they enjoy the benefits of group membership without making the personal sacrifice.

However, groups of cooperative contributors outperform groups of cheating free-riders. So it’s no surprise that groups in which free-riders are punished for their loafing outperform groups in which they aren’t. But the interesting finding in all of this is that the person who does the punishing actually pays a personal price in terms of lost social support. In a nutshell, effective group performance requires that someone plays the role of sheriff. But, as you might expect, it’s largely a thankless job. It’s another one of those sticky cases where what’s good for the many can be bad for the one—the kind of stuff that in another era was considered commendable because it served a greater good than self-interest.

In this light, it’s easy to see why so many people who hold positions of high authority are soft on accountability. In an age of psychopolitics, where managers are increasingly responsible for managing their own careers, who wants to risk being the bad guy?

But no matter what short-term costs an upwardly ambitious manager avoids by letting poor performance slide, they’re ultimately overshadowed by lackluster organizational performance and a culture of mediocrity. Add this up over time and across departments and business units and the aggregate costs of neglecting accountability can be staggering for everyone.

It’s time we recognize the accountability crisis for what it is, and start holding managers accountable for holding their people accountable.

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“Hailey walked from the day she was born, Smithers. Now what was it you were so proud of?”

“It’s not your tropical attitude that bothers people, Jenkins. It’s your complete lack of effort.”

“The 31st floor? When I was a rookie, we’d climb to the 56th floor and with a lot less attitude!”

“I miss spending time in the field, too.”
Celebrating 30 years of improving workplace performance.

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