

Working in Theory *but* **Failing in Practice?**

How to make performance management and appraisal programs work by overcoming the root cause of the problem

**Featuring
The PAF Technique**

Julie Freeman

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Updated and Revised for 2007

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Summary

More and more studies are documenting the link between employee engagement and all facets of an organization's success. Improving the levels of employee motivation, commitment, and productivity is therefore becoming an increasingly top priority for Human Resources departments and managers alike. However, and despite many attempts at improving the situation, the statistics on engagement remain dismal

This book makes the compelling argument that achieving success in this endeavour has been elusive because employee engagement is so intertwined with another huge issue facing organizations – namely, the scarcity and inadequacy of performance-related communication between managers and employees. HR professionals are well aware of this persistent and serious problem. In fact, they have been grappling with it for a long time, but with little progress to show for their efforts. Formal performance discussion processes in most organizations are working well enough in theory but still tend to fail miserably in practice. In addition, the rarity of *honest and effective* discussions about all aspects of performance and potential outside these yearly events is truly alarming.

It is therefore impossible to tackle the engagement issue without first solving the communication problem. Conversely, if we can solve the communication problem, then we are automatically in a position to improve employee engagement levels.

In less than 100 pages, this book identifies the **root cause** of the communication problem and presents a surprisingly simple solution that overcomes it – The PAF Technique (**P**erformance **A**nalysis and **F**eedback). The technique is easy for managers to learn and extremely flexible for organizations to implement to achieve a variety of communication improvement goals.

PAF is not a gimmick. Because it is a legitimate solution to the root cause of this serious problem, its effect is two-fold. It gives managers the tool that they so desperately need in order to hold more honest and effective formal and informal performance discussions with employees. This, in turn, is the key that enables them to tap into the potential for superior performance and productivity buried in the majority of those employees.

Acknowledgements 2007 Edition

Since this book was first published a little over two years ago, we have trained over 500 more managers in The PAF Technique.

This extra experience in the classroom resulted in refinements to both the technique itself as well as to the way we explain and teach it. These refinements constitute the major updates in this version of the book.

In addition to the feedback provided from the managers who took the training, I would like to say a special thank you to my colleagues Sal Polletta and Serge Poupon for their unfailing belief in the value of PAF as a breakthrough feedback technique. Their input has been instrumental in making it even more effective and easy to learn.

I would also like to thank Connie Beilby and Robert Allen (Canada Revenue Agency), Chuck O'Malley (Loyalist College), and Lucie Binet (Canada Border Services Agency) for their faith in the value of PAF training and for the continued opportunities to provide it that made these refinements possible.

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Introduction

THE MOST CRITICAL ISSUE CURRENTLY FACING HUMAN RESOURCES DEPARTMENTS TODAY

Improving Employee Engagement

Engagement, the combination of motivation and commitment that typically leads to superior employee performance and productivity, is an increasingly hot topic in HR these days. More and more people are recognizing the link between high levels of employee engagement and all facets of organizational success.

Hot topics in HR

“In an interview The Conference Board of Canada conducted with leading management guru Dave Ulrich [School of Business Administration, University of Michigan], he emphasized that the 21st century will belong to human resources and to organizational capabilities. And the Conference Board agrees. The reason for this is as simple as it is potent: For the first time in the history of management, it is the human mind that is the primary creator of value.

The quality of people and their engagement will be critical factors in corporate vitality and survival. [Emphasis added]

It is no surprise that human resource management is springing to centre stage in organizations, actively courted by CEOs and required by the top hierarchy to make a business contribution to the organization.”

“Hot HR Issues for the Next Two Years”, August 2004. Conference Board of Canada e-Library publication. www.conferenceboard.ca

However, the statistics on employee engagement are disheartening to say the least. For example, a recent study by Towers Perrin found that only about one-fifth of employees in the US workforce are highly engaged, freely giving that extra effort on an ongoing basis. An equal number are disengaged, meaning that they have "checked out" of their work while the remaining – about two-thirds – are moderately engaged at best*. Other studies on the same issue have found similar results.

Working Today: Understanding What Drives Employee Engagement
www.towersperrin.com/tp/getwebcachedoc?webc=HRS/USA/2003/200309/Talent_2003.pdf

Improving these dismal statistics is therefore becoming an increasingly top priority for many organizations. However, as Human Resources professionals are finding out, achieving success in this endeavour is proving to be elusive.

Why improving employee engagement levels is proving to be so difficult

Why can't organizations seem to get more employees to be more fully engaged in their work? As this book will clearly show, the answer to this question is due in large part to the fact that employee engagement is so intertwined with another monumental problem – namely, the scarcity and inadequacy of performance-related communication between managers and employees. HR professionals are well aware of this persistent and serious problem. In fact, they have been grappling with it for a long time but with little to show for their efforts. Formal performance discussion processes in most organizations are working well enough in theory but still tending to fail in practice. In addition, the rarity of *good* discussions about all aspects of performance and potential outside these yearly events is truly alarming.

It is therefore not possible to tackle the engagement issue without first solving the performance communication problem. Conversely, if we can solve the communication problem, then we are automatically in a position to improve engagement levels.

The link between performance-related communication and employee engagement

Managers are generally preoccupied with getting results. However, it is not necessarily evident to them that one of the best ways to get superior results is through improving the engagement levels of their employees. Nor do they always understand the significance of the part that they play in determining whether or not that happens.

As will become clear, the most important thing that managers can do to influence their employees' levels of motivation, commitment and productivity is to take an active role in helping them to both succeed in their current jobs and to achieve their career potential. In addition to providing the necessary training and tools, managers obviously need to "talk" to employees about their performance and potential in order to help them to do well. A given manager's ability (or inability) to communicate such information in an honest and effective way therefore directly affects how engaged (or disengaged) the vast majority of his or her employees will be.

However, what is problematic about this situation is that *even when* managers understand the importance of discussing performance and potential with their employees they still struggle with doing it. In fact, most managers report that it is extremely hard, if not practically impossible, to communicate such information in an honest and effective way – especially if it involves dealing with poor performance or other types of performance problems. This appears to be the case regardless of:

- *The amount of managerial experience they have.* More experienced and/or more senior managers are just as likely to have difficulty discussing performance as their less experienced and/or less senior counterparts.
- *Good intentions.* Wanting to do something is not the same thing as being able to do it.
- *Whether they are encouraged to discuss performance informally or are required to do it on a more formalized basis.*

Informal: A few managers talk with employees about how they are “doing” on an ongoing basis and do so very successfully. However, most managers do not have such conversations very often – and even when they do, they rarely get the desired results.

Formal: Managers have just as much difficulty discussing performance when they are required to use a structured format as when they do not. This is why formalized approaches to employee appraisal, development, coaching and mentoring, etc. are just as ineffective as informal ones. They may even make it harder! Performance appraisals in particular continue to be a source of frustration and disillusionment for managers and employees alike.

- *Whether or not they have received formal training.* No matter how hard they try, most managers don’t seem to be any more capable of discussing performance and potential honestly and effectively (especially the “tough” stuff) with employees after attending HR-sponsored workshops in such subjects as supervisory skills, performance management, employee appraisal, coaching and mentoring, and giving feedback, than they were before they attended them. Despite the best efforts of many HR professionals to help managers to develop these skills there has been no major progress (at least in any kind of widespread or consistent way) in achieving improvement through the provision of traditional training courses.

When faced with such obstacles it is no wonder that the vast majority of managers tend to choose direct or indirect avoidance as their default strategy for managing performance. Sometimes this choice is conscious, and sometimes it is not. Regardless, the reality of the situation is that it is not really their “fault”. We cannot expect them to do something they simply cannot do. We cannot blame them either.

Solving the root cause of the problem

The good news is that it is possible to solve this seemingly intractable problem. We now have a tool that enables managers to overcome the **root cause** of the difficulty that prevents them from being able to discuss performance and potential with their employees in an honest and effective way. This tool is The PAF Technique (**P**erformance **A**nalysis and **F**eedback).

By finally addressing the root cause of the communication problem PAF enables managers to discuss performance in both informal and formal settings. This is because the success of any performance discussion, regardless of the context in which it is held, is ultimately dependent upon a manager’s ability to accurately assess an employee’s performance, give honest and helpful feedback to him or her about it, and then to discuss that information effectively in a face-to-face meeting.

The rest of this book identifies the root cause of the problem, explains how PAF overcomes it, and shows how solving this problem will enable managers to improve

employee engagement levels. It also provides suggestions for how organizations can implement this solution to achieve a variety of communication improvement goals.

More specifically:

Chapter 1: *The Problem* explains why managers find it so hard to talk honestly and effectively to their employees about performance. It identifies the root cause of this problem and shows why it has been so hard to overcome.

Chapter 2: *The Solution* introduces The PAF Technique as a way to overcome the root cause of that problem. It explains how and why PAF works using an annotated example.

Chapter 3: *The Application* provides more examples that show how PAF works in different informal contexts to create and deliver corrective and reinforcing feedback to employees. It also shows how to use it to give constructive feedback (i.e., to give “helpful advice”) to people outside of the traditional manager/employee relationship.

Chapter 4: *The Payoff* explains the correlation between performance-related communication and employee engagement. It makes the case that improving both the quality and quantity of such discussions between managers and employees is not only a goal in its own right, but it is also a way for managers to improve engagement levels. For HR departments it is a “non-gimmicky” way to make a significant business contribution to their organizations.

Chapter 5: *Formal Performance Appraisal and Development* explains how the root cause of the communication problem manifests itself within the most popular approaches to formalized employee appraisal and development. It then shows how integrating PAF into these approaches can help to make them work more effectively.

Chapter 6: *Integrating PAF into the Organization* lists some of the goals that an organization might have with regard to improving all types of performance-related communication (but especially that which occurs between managers and employees) and shows how PAF training can help achieve each one. It also explains what is involved in teaching and learning the technique and what organizations can do to increase the probability that managers will apply what they learned when they return to their jobs.

This book is not training material.

This book is for HR professionals. The explanations of The PAF Technique are overviews for explanatory purposes only.

For an explanation of what is involved in teaching the technique and a description of training materials, please see *Chapter 6: Integrating PAF into the Organization*.