APT

MEASURING EMPLOYEE EFFECTIVENESS

A SIMPLE TOOL FOR EXECUTIVES & MANAGERS

MEASURING EMPLOYEE EFFECTIVENESS

The Employee Effectiveness Profile is designed to assist managers in identifying the overall effectiveness of individual members of staff. Specifically, it will provide guidance in determining the optimal levels of 'coaching' or development for various categories of staff. It can also be used as a 'first cut' organisational capability assessment.

INSTRUCTIONS

Identify the member of staff that you wish to profile:

Name	
Date	

As you read each of the statements on the following pages, keep that particular member of staff in mind. Respond to each statement by drawing a circle around the number that indicates the degree to which you agree with that statement. Zero indicates strong disagreement; one - disagreement; two - some degree of disagreement; four - agreement; and five - strong agreement.

Because an accurate assessment is very important, be as objective as possible as you respond to each item. Guard against the natural tendency to put a 'halo' on the members of staff about whom you have positive feelings, and, conversely, do not globally discount those about whom you have negative feelings. Focusing on one item at a time will help you to make crisp, thoughtful decisions.

EMPLOYEE EFFECTIVENESS PROFILE

0	1	2	3	4	5
Strongly Disagree	Disagree	Disagree Somewhat	Agree Somewhat	Agree	Strongly Agree

This member of staff:

1. Is usually resourceful in finding ways to overcome obstacles in doing his or her job	0	1	2	3	4	5
2. Will probably receive at least one more promotion in this organisation	0	1	2	3	4	5
3. Usually produces excellent results	0	1	2	3	4	5

4. Tries harder than most of his or her peers	0	1	2	3	4	5
5. Does his or her current job in at least an above-average manner	0	1	2	3	4	5
6. Is probably capable of developing innovative procedures, services, and/or products	0	1	2	3	4	5
7. Often discovers ways to do existing tasks more effectively than they were being done	0	1	2	3	4	5
8. Is willing to take on extra work	0	1	2	3	4	5
9. Takes less than the average amount of time/effort to do the job/task	0	1	2	3	4	5
10. Will probably stay with this organisation for two or more years	0	1	2	3	4	5

0	1	2	3	4	5
Strongly Disagree	Disagree	Disagree Somewhat	Agree Somewhat	Agree	Strongly Agree

This member of staff:

11. Usually contributes well in tasks requiring teamwork	0	1	2	3	4	5
12. Has and uses good inter-personal skills	0	1	2	3	4	5
13. Usually does things right the first time	0	1	2	3	4	5
14. Has the capacity to grow and keep up with added responsibilities	0	1	2	3	4	5
15. Would be difficult to replace with someone else who could do his or her job equally well	0	1	2	3	4	5
16. Has a high level of commitment to the organisation	0	1	2	3	4	5
17. Is so efficient that his or her absence would result in significant lower productivity in the organisation	0	1	2	3	4	5
18. Could probably find a higher-level job in another organisation	0	1	2	3	4	5
19. Usually does things on time	0	1	2	3	4	5
20. Fits in well with the culture of the organisation	0	1	2	3	4	5

PART 2
INTERPRETING EMPLOYEE EFFECTIVENESS

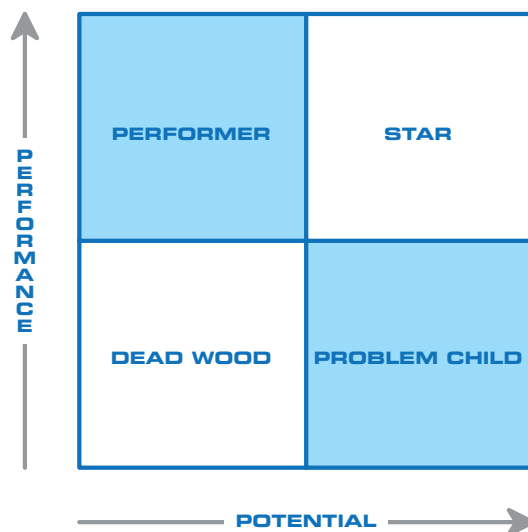# THE PERFORMANCE-POTENTIAL MODEL

The Performance-Potential Model was extrapolated from the now classic product analysis model of the Boston Consulting Group, which used two dimensions (market share and market growth) to determine the optimal strategy for dealing with various categories of products. According to this model (see Figure 1) a 'dog' (a product that is low in both market share and market growth) should be dropped; a 'cash cow' (high in market share but low in market growth) should be milked; a 'problem child' (low in market share but high in growth') should be developed or dropped; and 'stars' (high in both areas) should be shined.
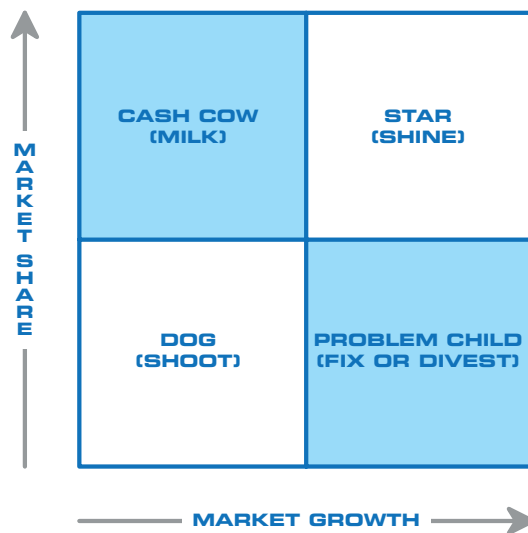
George Odiorne[1], one of the 'fathers' of management by objectives (MBO), creatively extended the product-analysis model to describe employee performance. The axes in his model (see Figure 2) are 'performance' and 'potential', and the matrix is divided into four equal parts: deadwood, problem child, performer and star.

Taking Odiorne's version a step further, the Performance-Potential Model (see Figure 3), has been developed which categorises staff under six headings. As the model indicates, approximately five percent of the total employee population could be classified as 'stars'. The 'performers' - people who keep organisations moving - probably compose almost half the work force. People who are high in potential and low in performance can be described as either 'problem children' or 'trainees'. According to the model, these groups are comparable in terms of their effectiveness, the reasons for their substandard performance are distinctly different; therefore, different strategies are called for in dealing with each of these groups. Finally, there is a large group of employees (about 25 percent of the total) who are consistently below average in performance and who vary greatly in terms of potential. These people are the 'marginal performers'.

Figure 3

Performance-Potential
Matrix Profile
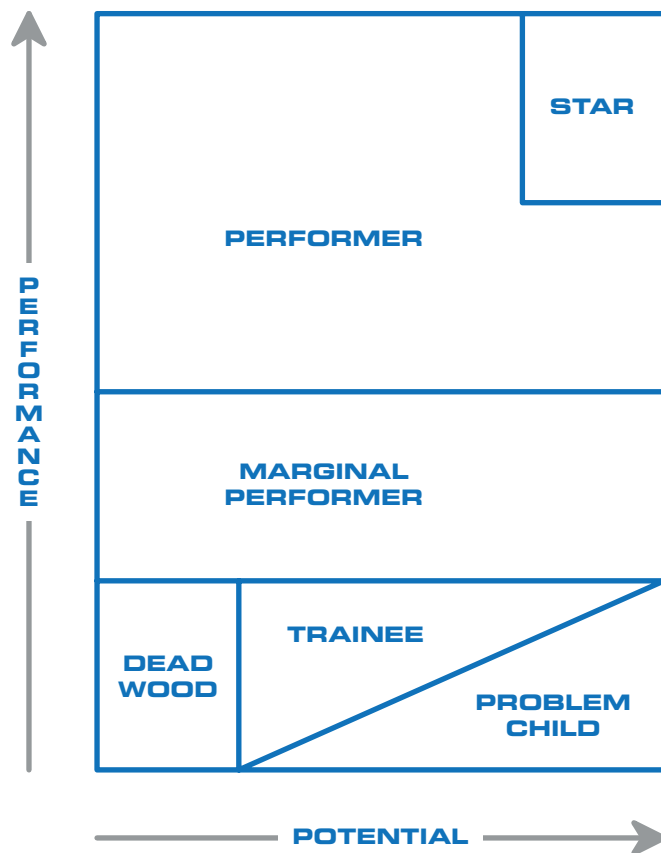
Managers and the Marginal Performer

Although a marginal performer may have had adequate training, may be committed to the task, and may expend effort at the task, the individual is unable to consistently produce the results that are needed in order for the organisation to meet its goals.

For a variety of reasons, many managers have tended to be ineffective in dealing with most aspects of substandard performance. Most of the questions brought to the human resource practitioner in an organisation are related to efforts to bring marginal performers up to standard. Obviously, an inordinate amount of time is spent in trying to 'develop' these people, and scarce management resources are expended in the wrong place. This seems peculiar because if you tell most senior managers that they have made a bad investment with respect to capital outlay, they quickly realise that it is not a good idea to throw good money after bad.

If the ship does not float, they scrap the design. But over and over again managers at all levels put time and energy into working with the wrong people - those who do not consistently perform well.

A common reason for this ineffective management practice is the 'saviour syndrome' - the belief of many managers that they can make a difference where others have failed. The fallacy in this attitude is believing that it's their approach that will make the difference. In most cases it is doubtful that anything will remedy the situation other than removing the person from the particular job.

Obviously, people are not simply competent or incompetent but are, to some degree, competent (or incompetent) to do a specific task or array of tasks. Someone who does not perform well in a particular job (array of tasks) may still be capable of doing well and therefore be the right person at the wrong level or in the wrong job. If the organisation has an alternative job available, and if the role match - rather than the individual - is the source of the problem, the solution may be obvious. Unfortunately, however, the situation is not usually so tidy. In most cases, the individual is simply unwilling and/or unable to perform at the level required by the job that he or she occupies.

Another trap into which many managers fall is that of collusion. If people think that they should or are expected to do something, they often do it - even against their better judgement. 'Developing' employees has become such a value in many organisations that many managers (and trainers) have lost sight of several facts:

a) Properly managed and motivated the people with the highest potential are going to provide the highest return to the organisation for its investment in the development effort.

b) It is not feasible to search continually for the unique blend of insight and ability that might make a performer out of a marginal performer.

c) Again, some people simply cannot be developed to fit into the jobs that happen to be available in the organisation. This will become a permanent feature of the constantly re-engineered organisation of the 1990's and 2000's

In any task, there is an appropriate place to stop. This does not sound like a 'nice' thing to say, so people develop the habit of colluding, pretending that everybody has potential and that the right way to tap it can be found.

Another reason why managers do not deal effectively with marginal performers is that most people tend to avoid conflict. Under current employment law it is also difficult to dismiss staff without following strict procedures, or to transfer them to another role at a more appropriate level, or provide constructive discipline. Furthermore, many managers do not have the skills to feel comfortable doing these things or to do them effectively.

The easiest tactic is to simply ignore the situation and hope that it will take care of itself. In many organisations, marginal performers are given average salary increases and average performance appraisals and are then shuffled from one work group to another. Obviously, none of these practices is of optimal benefit to the organisation, and the realistic probability that the situation will improve in most cases is low to non-existent. Stop and think for a moment - how many cases of shuffling or ignoring marginal performers can you recall in the last 12 months?

Managers must remind themselves that increased performance is the thing that benefits the organisation. Managers should also examine their past efforts to deal with the people who, for whatever reasons, are simply not capable of producing what is required in the jobs they hold. Managers might well ask themselves the following questions:

- How many times have you actually been successful in turning around a marginal performer?

- How much time and effort has this required?

- What is the impact of this effort on the other aspects of your job and the other members of staff in your work unit?

- Is this really an effective way to utilise your management time and energy?

When people are allowed to stay in jobs in which they are performing marginally, they know it and, worse, their peers know it. After a while, their peers stop trying to train them, or 'cover' for them, or even support them, because these peers have their own jobs to worry about. In the final analysis, it does long-term damage to individuals, to the work group, and to the organisation to keep marginal performers in key roles. Managers need to realise that the humane thing to do is to confront marginality, although it takes some energy to do it, and that it is truly more humane to do this than to let people limp along in jobs they are unable to do - and that their peers know they are unable to do - while expecting other people in the organisation to either take up the slack or to continue to work at their maximum potential despite the obvious discrepancies.

When a subordinate has been identified as 'marginal', the manager may find it helpful to assess that employee along the following three dimensions:

1. Does the individual know that he or she is performing marginally?

Often the member of staff has not been advised of his or her poor performance or of the possible consequences of that level of performance.

The message for the manager is 'document it!'. An initial review with the member of staff may reveal a problem in their private life or a work-related problem that may or may not be amenable to adjustment. Whatever the manager's perception of the cause of the performance deficit, it should be documented in a letter or memo to the employee following the interview.

Of course, the Personnel department and/or legal adviser must be consulted if termination is likely to be the end result, but a few basic guidelines can be offered here. One is that the description

of the performance deficit should be behaviourally and quantifiably based. A second is that the member of staff be informed of the reasons for the manager's dissatisfaction with his or her work.

2. How has the manager or organisation justified the retention of marginal Performers?

It is important to emphasise the negative impact on co-workers when less productive members of staff are treated the same way as their more productive counterparts. The message that flows through the organisational culture can easily be interpreted as 'management really does not know who performs and delivers the goods' or, even worse, 'management really is not bothered about performance'. Confronting substandard performance has the potential to send a positive message into the system: 'Management knows what is happening and is concerned about performance'.

3. What is the organisation doing to reward high performance and discourage marginal performance?

Employees need to know what level of performance will generate additional rewards. Current thinking in many leading organisations is that competencies and ability to deliver against them, is what should be rewarded.

If individuals have the training, education, or experience required to do a job, they expect to be rewarded for having achieved that level of expertise. Others expect commitment (e.g. exhibiting loyalty and dedication, not 'making waves', and 'fitting in') to result in salary increases and promotions. Some employees expect to be rewarded for effort (e.g. coming in early, staying late, and working at weekends), and still others expect results to be rewarded. Most employees probably expect rewards to result when some combination of these elements are present; and in the traditional organisation people are, indeed, rewarded for competence, commitment, effort and results. However, experience indicates that organisations that achieve excellence in terms of return on equity, return on capital employed and economic value added and in terms of growing and nurturing people, are those that reward primarily for positive results/performance.

A fourth dimension is time. We should never forget that the vertical (Performance) axis of our matrix is constantly moving over time. Organisations, no matter what size or sector of the economy, will continue to require continuous improvements in performance. As a consequence this model is dynamic and requires managers to constantly evaluate their own and their Staff's Stock of Potential (or human asset register) to ensure their unit, function, Division and organisation is 'capable' of delivering the business strategy.

SCORING THE EMPLOYEE EFFECTIVENESS PROFILE

Transfer the numbers that you circled in the Employee Effectiveness Profile (pages 1 and 2) to the appropriate blanks in the boxes below. Then total the scores in each box.

Notice that no blanks are provided on this page for items 4,8,12,16 and 20. These items, which reflect the employee's traits, are discussed on page 20.

Performance	
1	
3	
5	
7	
9	
11	
13	
15	
17	
19	
TOTAL:	

Potential	
2	
6	
10	
14	
18	
TOTAL:	

GRAPHING THE SCORE

The Employee Effectiveness Profile Matrix is divided into six categories: star, performer, marginal performer, trainee, problem child, and deadwood. Mark the vertical axis of the matrix at the point that corresponds to your total in the Performance box and draw a horizontal line through that point. Then mark the horizontal axis at the point that corresponds to your total in the Potential box and draw a vertical line through that point. The intersection of the two lines will indicate the category of the staff member whom you are rating.
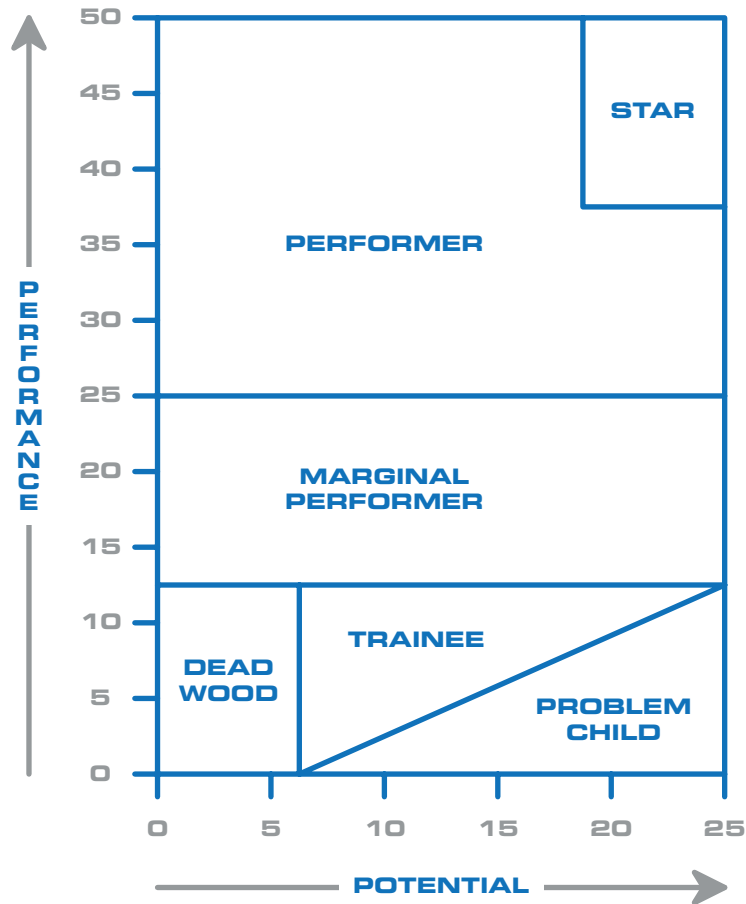
ACTION GUIDELINES

The following section outlines the typical managerial response and the recommended managerial approach for each category in the Employee Effectiveness Profile Matrix.
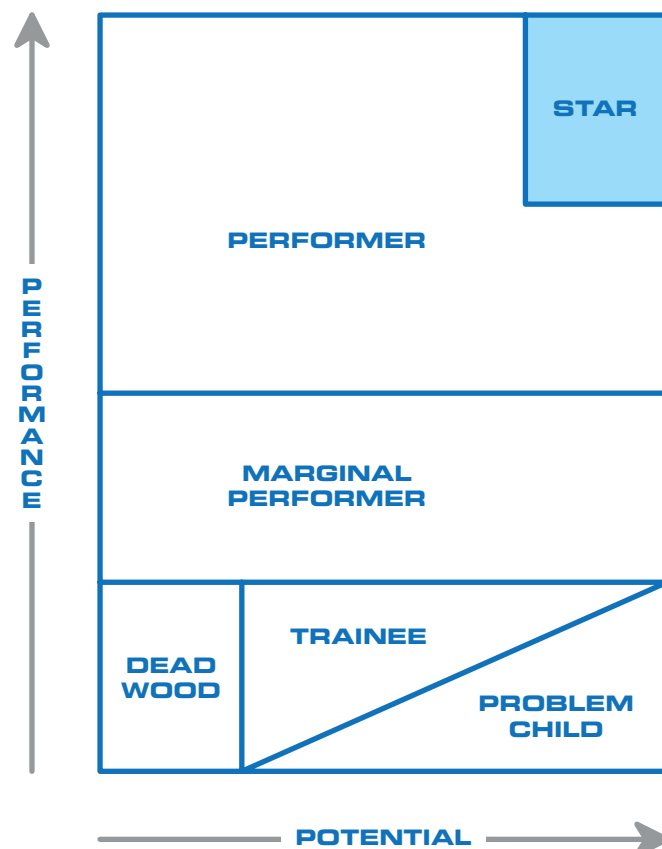
STARS

Typical Managerial Response

Inasmuch as Stars, by definition, are high in both performance and potential, the typical managerial response is to stay out of their way and to shower them with recognition in an attempt to have them serve as models for less effective members of staff.

Many managers, especially those who are not Stars, are uncomfortable when they manage those who are exceptional in both performance and potential. A common by-product of this discomfort is a withdrawal from even attempting to exert managerial influence. A logical result of such withdrawal is that direction is not given when needed and the Star may become very productive in areas that are inconsistent with current priorities and goals.

Stars who find themselves unappreciated because they have been allowed to charge off at a tangent are sometimes prime candidates for one of the many alternative opportunities that always await them outside their present organisation.

Recommended Managerial Approach

Goal setting is an especially important (but usually missing) ingredient for managing this group. Because of the exceptional performance and the modelling impact of Stars, it is essential to define in writing desired outcomes. It is not uncommon for Stars to miss the 'big picture', because they are focused on doing. This is often reinforced in an 'Achievement' culture such as that in most high tech organisations. Special attention needs to be paid to the potential negative impact that Stars can have on Performers. It is often essential to coach Stars to adopt a lower profile in order not to offend co-workers.

One of the key dimensions of successfully managing Stars is to establish a relationship that will allow them to accept the manager's guidance on how to be most responsive to the current organisational priorities. Stars are often unresponsive to the needs of the system if they believe other tasks are more important. For example, the Star may miss deadlines for routine tasks, such as expense reports. Inasmuch as Stars are frequently unconcerned with their impact on co-workers whom they view as less effective, it is important for the manager to assist them in finding ways to be responsive to the deadlines that impact on co-workers.
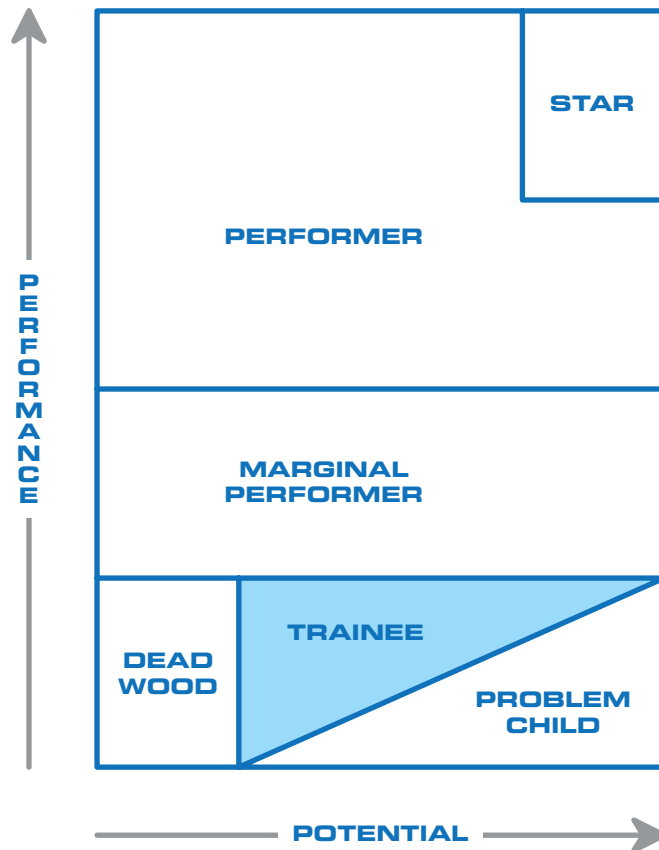
TRAINEES

Typical Managerial Response

Undermanaging new employees, whether it's a young graduate or a new senior manager, is very common. Far too often Trainees are given a brief introduction, a desk, and some files to review. At a point where they need direction it is often missing and by default, they are frequently 'shown the ropes' by less productive co-workers. A common result is that Trainees develop sub optimal work habits that are difficult to change.

Many managers are over committed and even if they clearly want to take an active role in shaping the work behaviour of new employees, they are rarely able to find the time. In a typical scenario the manager sets a time to deal with the Trainee, but when something has to give - in the manager's busy schedule - it is too frequently the time intended for the Trainee.

If the Trainee has had experience in similar tasks, a common false assumption is that he or she can readily produce in the new environment. In reality, time-consuming false starts are the most frequent result of a manager's benign inattention.

Recommended Managerial Approach

The key to the management of new employees is immediate, concentrated attention. The Trainee should be given a systematic and comprehensive orientation to the organisation as a whole and to the particular position. Initial assignments should be brief and details should be clearly explained to the Trainee. Close monitoring establishing short and medium term objectives, coupled with focused feedback on performance are essential. A desirable goal for reviewing most Trainees is two or three hours spread over the first two weeks, representing a total investment of four to six hours for each new employee in the first month. This investment pays good dividends later because of the higher probability for enhanced performance.

If an experienced employee is transferred to a new Division or role, the same response is recommended except that a comprehensive orientation to the organisation need not be repeated and as a consequence the manager's time commitment diminishes.

Needless to say this is a re-statement of the 'best practice'. Unfortunately orientating the new employee is often the one step that is overlooked and has the biggest impact on an individual becoming productive and securing early and lasting commitment to the organisation.
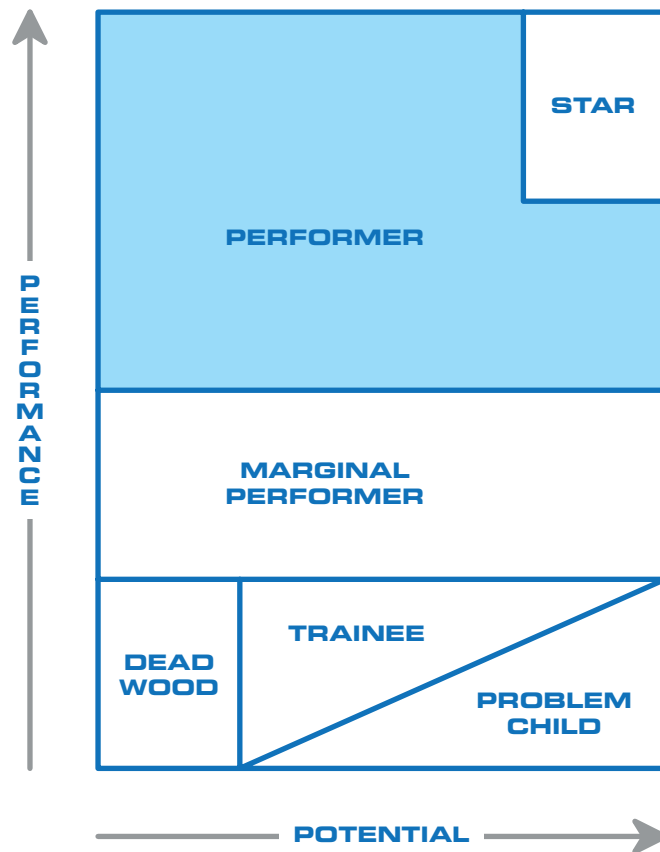
PERFORMERS

Typical Managerial Response

Generally the Performer, like to a non-squeaky wheel, gets no oil. The most prevalent management philosophy is 'I'll tell you if you're doing it wrong; if you don't hear from me, you're doing fine'. Under this approach little time and attention is paid to those who are doing their jobs successfully.

The prevalent pattern of ignoring Performers is very costly, because most employees who feel unappreciated and/or undervalued experience some detraction from their commitment to their jobs. The most significant dimension of Performers is their consistent pattern of above-average performance, and most managers miss the pattern and focus only on specific incidents.

Recommended Managerial Approach

Positive reinforcement is the key to getting the most from the Performer. As Blanchard and Johnson say 'Catch them doing something right and let them know it.'[2]

Performers represent half of the typical work force and deserve half the manager's energy. Most managers understand cost/benefit analysis and apply it to almost everything but their most limited resource - management time. Spending management time (cost) directing, monitoring and reinforcing Performers produces

an exceptionally high payoff (benefit). It is a very prudent use of the manager's time to enhance organisational performance by 'feeding' the Performers.

A very effective and rarely used method of reinforcement is to take the time to genuinely respond to the Performer as an individual. For example, they could be invited to lunch occasionally or sincere specific attention could be paid to things that are significant to them. Obtaining 'real' data about Performers is invaluable in trying to reward them in the ways that they would most like to be rewarded.

DEADWOOD

Typical Managerial Response

Tolerance of Deadwood is most typically a function of economics. The more profitable organisations, as well as not-for-profit organisations with poor management controls, tend to have higher tolerances for Deadwood. Conversely, struggling organisations simply cannot afford to have much Deadwood. Today, few organisations should have the capacity to tolerate Deadwood. The most common managerial approach to handling non-performing employees is to take a cue from the organisation culture and to tolerate Deadwood at the prevailing level.
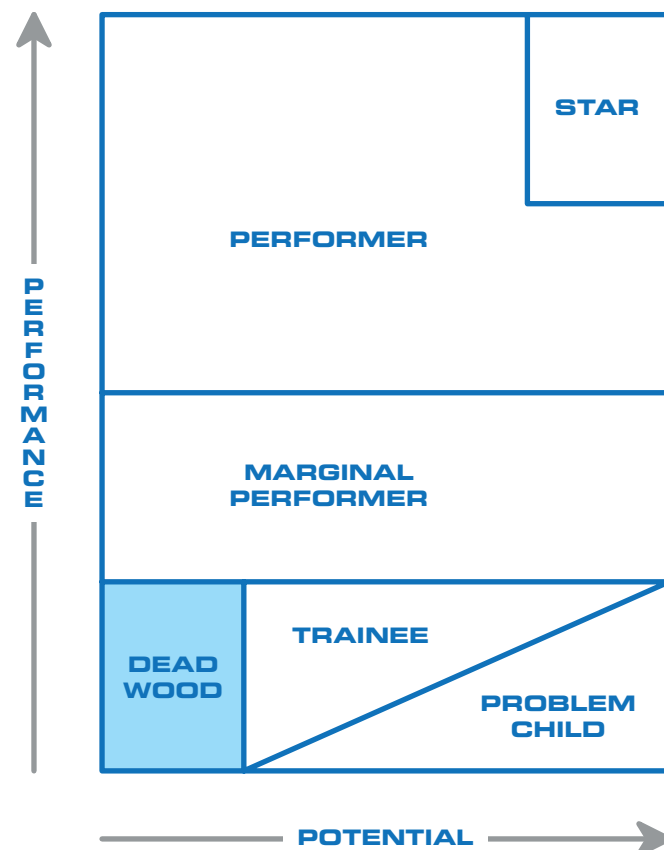
Most managers do not see themselves as responsible for clearing Deadwood from the system. There is often a general orientation toward accepting Deadwood and not recognising the adverse impact that such an implied condoning can have, on the manager's credibility with other members of staff.

Recommended Managerial Approach

The manager must recognise that the true cost of keeping Deadwood is far in excess of the mere compensation paid to these individuals. The truly expensive aspect of harbouring Deadwood is the negative impact that such employees have on potentially productive employees. It is relatively hard for most employees to push themselves for higher performance when they perceive that the system and their managers condone non performance among other members of staff.

Although reasons based on social responsibility may seem to justify keeping employees who are unproductive because of ageing, illness, or personal-problem distractions, the costs should be carefully weighed against equally responsible alternatives, such as early retirement or even leaves of absence with pay. Managers should ask themselves, 'What is the impact of each non-performing member of staff on the overall performance of the organisation?'

Organisations should have clearly articulated positions on the degree to which managers should harbour employees who exhibit both low performance and low potential. If the organisation is colluding not to deal openly with this issue - as is often the case - every manager is responsible to help the system overcome that collusion and enforce clear standards, by utilising the disaplinary procedure as appropriate.

PROBLEM CHILDREN

Typical Managerial Response

Like the school-aged child who acts up in the classroom, the Problem Child in the work place seems to continually snatch defeat from the jaws of victory. The most common response of managers to this pattern of behaviour is to become caught in a web of overreaction, threat, and recanting. Something in the behaviour of Problem Children seems to inspire substandard responses from their managers. Like the elementary-school teacher whom all of us can remember, many managers become snagged in a pattern of ignoring an entire series of inappropriate behaviours, only to respond excessively to a 'final straw'.

Managers too often find that they have invested so much time and energy in particular employees that they are reluctant to abandon the effort. As a result of this mind-set, they frequently imprudently continue to invest in these causes. The negative impact on other employees can be surprisingly high.
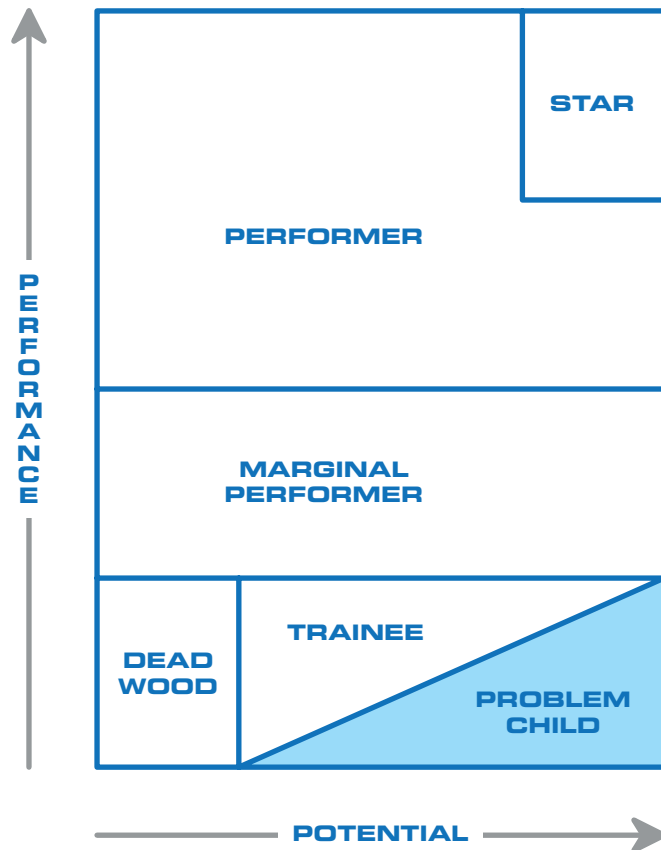
Recommended Managerial Approach

The manager of a Problem Child must work diligently to unemotionally respond to each incident of substandard performance and/or inappropriate behaviour. The motivation that drives the Problem Child in the work place is far too complex to be dealt with in any manner that has a reasonable cost/benefit return.

Each incident needs to be confronted in a highly rational manner. The all-too-common 'ostrich' management, which ignores a series of critical incidents that then develop into a pattern of inappropriate behaviour, should be avoided.

The key to managing this type of employee is to clearly document each incident of undesired behaviour. Managers must realise that confronting each particular act is worth the trouble it entails.

Members of staff who fall into this category must immediately receive the clear message that they either 'shape up or ship out'. Their manager must unflinchingly be willing to hold them accountable and be equally willing to terminate their employment but only when the proper procedures have been followed, for a pattern of seemingly minor incidents and not keep waiting for the 'big mistake' that, by itself, would justify termination.
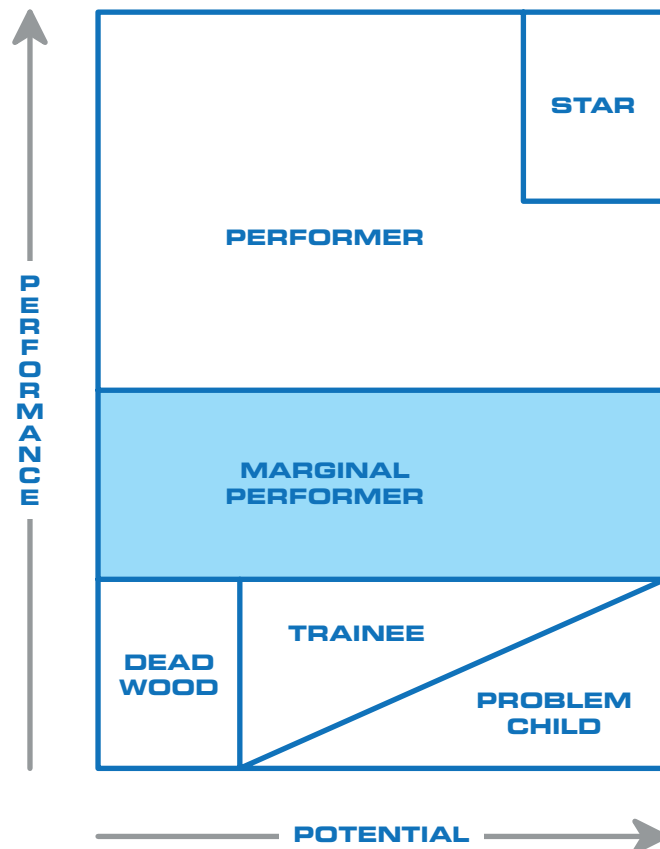
MARGINAL PERFORMERS

Typical Managerial Response

The most prevalent dimension of Marginal Performers is that their performance is highly erratic. They often look like Performers who occasionally have a bad day or two, and the typical managerial response is to avoid confronting these episodes of substandard performance. Several missed deadlines or slippage in meeting acceptable standards of performance seem to be relatively unrelated and managers then find themselves engaged in a series of coaching, counselling and cajoling sessions.

What often evolves is a scenario in which the manager is trapped into spending large amounts of time to extract a barely acceptable level of performance from the employee. The Marginal Performer who begins to perform relatively consistently at Performer levels typically catches the manager in a dependency relationship and steals the manager's time from Trainees and Performers, who would give a much higher return on the time investment.

Recommended Managerial Approach

The absolute ingredient that managers must have to deal effectively with Marginal Performers is a solid sense of perspective. They must constantly be examining the effort that is required of them to keep those employees' performance at an acceptable level.

The insidious dimensions that need to be overcome are the common human tendencies to want to protect the investment that has been made in the Marginal Performers and to believe that although other managers have been unsuccessful in instilling a capacity for self-reliant performance, they- as super managers - can get the job done.

The absolute key to managing the Marginal Performer is to invoke the previously mentioned sense of perspective and be willing to abandon the 'sunk costs' and recognise the 'dry hole' that is being drilled.

The ultimate question to be answered is again one of cost/benefit. Is the manager receiving the best return possible for the expenditure of one of the most limited resources - people management time?

EMPLOYEE TRAITS

Transfer the numbers that you circled for items 4, 8, 12, 16 and 20 in the Employee Effectiveness Profile (pages 1 and 2) to the appropriate blanks in the box below. Then total the scores in the box.

Traits	
4	
8	
12	
16	
20	
TOTAL:	

The total in the Traits box is not used on the matrix. Equal opportunity and employment protection legislation have determined that traits are subjective and may not be used as a basis for hiring, failing to hire, promoting, failing to promote or termination. Inasmuch as traits are not directly related to performance, trait behaviour should not be used as an identified reason for hiring, promoting or terminating.

In reality, however, traits tend to colour the perception of our own and others' performance and potential. Research with the Employee Effectiveness Profile[3] has shown that there is a high positive correlation between the trait scores and performance and potential scores. This means that there is a strong tendency to translate 'illegal' trait data into performance dimensions.

Being aware of this tendency may be the first step in making the conscious decision to separate the data bases and therefore, to positively affect the evaluation process.

Compare the total in the traits box (above) with the totals in the performance and potential boxes (which appear on page 11). It is relatively uncommon for an employee to receive a high traits score (fifteen or more) and a substandard performance score: conversely, it is almost as unusual for an employee to receive a low traits score (ten or less) and an above-average performance score.

Ask yourself, 'To what degree did I allow my subjective reaction to traits influence my intended-to-be-objective evaluation of performance and potential?

ACTION PLAN

Following review, the manager should work with the member of staff to formulate an action plan.

Conclusions

Action to be Taken

Ninety-Day Follow-Up

[1] G.S. Odiorne, Strategic Management of Human Resources, Jossey-Bass 1984

[2] K. Blanchard & S. Johnson (1982). One Minute Manager. New York: Morrow.

[3] SJ Rick and D Rawlins, (1993) Study of 300 Managers at ICL Fujitsu - Journal of Occupational Psychology – Guidance & Assessment Review Jan 1993

Revised and up-dated February 2012.

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