

In Performance Management Public Sector Leads the Pack

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INTRODUCTION

Who's coming up with the best new ideas for managing people's performance on the job? Surprisingly, some of the most innovative work in developing new approaches to performance management is being done these days by organizations in the public sector. If you're looking for breakthrough thinking and best practices, your best sources may now be state agencies and city governments, federal bureaucracies, housing authorities, and your local pardons and paroles board.

Like most management experts, I used to accept the conventional wisdom: public sector agencies and their managers are second-class citizens when it comes to innovation and trailblazing. Like everybody else, I assumed that best practices always originate in the private sector and then, slowly and with great resistance, filter down to state agencies and local governments.

I was wrong. Managers in the public sector are not innovation's stepchildren. While government agencies face more obstacles and constraints than their private sector colleagues, many have demonstrated that innovative performance management initiatives are possible when senior management demands that excellent performance be recognized and rewarded and poor performance confronted and eliminated.

I started to change my notion about innovation-averse government agencies about a year ago when I signed on as subject-matter expert for the American Productivity and Quality Center's national benchmarking study on best practices in performance appraisal. My first task was to identify the companies that are generating new thinking in performance management.

Many of these companies, however, turned out not to be "companies." One of the first to make the cut as a best-practice partner was the Air Force Research Laboratory in Dayton, Ohio. A few years back AFRL's senior management had discovered that of their 3200 scientists and engineers, only one had been rated marginal and none unsatisfactory – this at a time when the top brass was saying that they wanted to turn over several percent of their S & E staff.

Top management insisted on developing a new system that more closely reflected reality. They turned the construction job over to their scientists.

The scientists discovered a flaw in conventional performance management thinking. Typical systems ask supervisors and subordinates to agree on a list of job elements at the start of the year and to base the end-of-year appraisal on how well those elements were accomplished.

This approach, they argued, automatically generates high ratings, since in assigning jobs to individuals, supervisors take into account past performance. They don't give someone a job unless they are reasonably sure it will be done well. Low supervisory expectations thus produce undemanding assignments – the supervisor assigns only those tasks he knows the subordinate can successfully complete. Because jobs are tailored this way, it's no surprise that almost all evaluations produce satisfactory or higher ratings.

The scientists came up with a novel alternative: assume that everyone is performing at a competent level and appraise the contribution that the job makes to the mission. Don't focus on how well tasks are accomplished but on the value of those tasks to the organization. AFRL now deliberately loads each person with as much responsibility as possible. When a person gets over his head, they ratchet the responsibilities down to where he can handle the demands. People migrate to the jobs they can handle. Pay is determined less by the individual's performance and more by the contribution the job makes to the overall mission.

AFRL created the most advanced performance management system I found in the yearlong study. Well, of course, you say – that's the Air Force Research Laboratory! You'd expect them to be state-of-the-art. But what about the guys who fill the potholes on the highway?

The Minnesota Department of Transportation last year created one of the most sophisticated performance management systems of any organization in the country. Senior management had already defined the mission, vision and values of organization and had identified the core competencies expected of every employee in Mn/DOT. Now they needed to assure execution.

They decided to develop a new appraisal system. They laid down the exact criteria that an ideal performance appraisal system would have to meet. Then they appointed a task force of appraisers and appraisees throughout the agency – pothole-fillers, their bosses, and support staff – and told them to create a system that met their specs.

The team reviewed the vision and values and analyzed each one of the Mn/DOT competencies – leadership, organizational knowledge, learning and strategic systems thinking, etc. But instead of merely defining what the terms meant, they wrote concrete descriptions of the actual behavior that a true master would be likely to engage in if he or she was living the values and demonstrating the competencies. For example, what behaviors might we see in a true master of “organizational knowledge?” Here's their description:

Understands Mn/DOT's culture. Accurately explains Mn/DOT's organizational structure, major products/services, and how various parts of the organization contribute to each other. Gets work done through formal channels and informal networks. Understands and can explain the origin and reasoning behind key policies, practices and procedures. Understands, accepts and communicates political realities and implications.

Then they created a novel rating scale: Instead of requiring the appraiser to play God and stand in judgment of the individual's performance (the most common complaint about conventional appraisal systems), they concocted an unconventional scale which instead asked the supervisor to describe just how often the appraisee behaved like a true master – occasionally, sometimes, frequently or regularly?

Senior management's insight that the best way to make sure that every employee demonstrated the values and competencies they expected was through the performance appraisal process led to the construction of a far more palatable method for providing performance feedback.

Core competencies today are being identified and assessed by almost all organizations – nothing new there. But the City of Irving (TX) went an important step further. The City Manager's message was, keep it simple. So in addition to classifying them as either Core Values, Performance Essentials, or Skill Group competencies that vary from job to job, their system designers painstakingly wrote dozens of examples of completely different levels of performance, from totally ineffective to distinguished. All the appraiser needs to do now is read the statements and pick the ones that best describe exactly how Sally behaves.

Besides performance appraisal, another innovative performance management procedure public sector organizations are taking the lead in adopting is a non-punitive, DISCIPLINE WITHOUT PUNISHMENT approach for confronting and correcting poor performance. Organizations as varied as the Charlotte (NC) Housing Authority, Congressional Budget Office, Mecklenburg County (NC), the University of Illinois, the Houston Airport System and the entire State of Georgia have rejected traditional adversarial disciplinary responses and adopted an approach that requires errant employees to take personal responsibility for their behavior and commit to fully satisfactory performance as a condition of continued employment.

Like traditional approaches, this DISCIPLINE WITHOUT PUNISHMENT system provides a progressive series of steps and full documentation. But reprimands, warnings, demotions, and unpaid disciplinary suspensions are a thing of the past.

Unique to the DISCIPLINE WITHOUT PUNISHMENT approach is the final step before termination: a "decision making leave." The employee is suspended for a day with full pay. But this is no extra vacation day. On this day he must make a final decision: solve the problem completely, or leave the organization. He spends "decision day" thinking about whether he really wants to work for the agency; he returns the following day with a final decision: to solve the immediate problem and commit to totally acceptable performance in every area of his job; or to quit and find greener pastures elsewhere.

Government bureaucracies are rarely seen as hotbeds of innovation. Too many public sector managers and administrators routinely apologize for being behind the curve when it comes to inventiveness and creativity. But the evidence proves them wrong. Many of the most innovative approaches in performance management are being developed in public sector organizations. If this trend continues, it won't be long before private sector managers start saying, "We need some fresh thinking around here. Let's call City Hall and see what ideas we can swipe."

ABOUT DICK GROTE

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GroteApproach, Ltd., is dedicated to delivering the technology, services and client care that transform organizations from best-effort climates into results-driven cultures. The GroteApproach web-based performance management system is the culmination of Dick Grote's mission to transform the way organizations manage and develop their most valuable resource - their people. It reflects best practices in strategy-based performance management as identified in Dick's 25 years of research and consulting with hundreds of sophisticated organizations throughout the world. Its combination of unrivaled expertise and superior technology make the GroteApproach system an ideal fit for organizations large and small.

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