
----- WHAT'S UP, DOC? -----

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"Creating Leadership Solutions for Profit and Growth"

THIS MONTH'S THEME: EVALUATIONS AND RATING INFLATION

A client recently told me a story about paper clips in the copy machines. He said that there was a time when, of the four copy machines in one work area, none had staples stocked into them. As a result, everyone who needed stapled copies would go look for the nearest stapler. Not only did the nearest staplers quickly run out of staples, but no one fixed to core problem - the need for staples in the copiers. Everyone took the immediate path of least resistance - the path of least pain - which made the core problem worse and worse. I see how many organizations take the same approach to evaluations - inflating, year by year, evaluations so that they lose the ability to highlight top performance, or distinguish among outcomes and behaviors. In other words, they lose - or abdicate - the responsibility to manage and lead.

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THIS MONTH'S QUOTES:

"A company generally gets the union it deserves." -- Carl Rowan, Ph. D.,
(one of my teachers at Wharton)

"Excellence must first be observed in order to be imitated." -- Anonymous

1. SIX REASONS WHY RATING INFLATION OCCURS

MANAGERS ARE NOT CONFIDENT THAT MEASUREMENT SYSTEMS REFLECT ACTUAL PERFORMANCE

This happens all the time - often simply because organizational priorities have changed, and what defined excellence in the past no longer reflects current organizational needs. So, rather than review and change the system - which in some cases involves dealing with a union - leaders try to work around the existing system, effectively rendering it meaningless. Just another way to hunt for a stapler instead of restocking the copy machines.

MANAGERS BEGIN TO PLAY FAVORITES, SET PRECEDENTS AND GET CAUGHT IN AN UPWARD SPIRAL

This begins innocently - managers will recognize that a given person has made contributions that the system does not quite capture. Or, sometimes, managers really are just playing favorites, though they may not realize it. Whatever the cause, they set a precedent so that lower levels of measurable performance earn higher ratings, and so the categories for excellence widen to accommodate others whose measurable rates of performance fit the new de facto criteria.

MANAGERS DON'T WANT TO DISCOURAGE GOOD FAITH EFFORTS TO IMPROVE, EVEN WHEN PERFORMANCE MAY NOT BE AS HIGH AS HOPED

Another common scenario: someone works hard to improve their work, and even if they are not quite up to their desired level of performance based on objective analysis, they are close. So, rather than de-motivate the individual, and in order to reward effort, managers rate the individual more highly than they otherwise might. With the best of intentions, managers create another "missing staples" scenario.

MANAGERS DON'T WANT TO HAVE TO DEFEND LOWER RATINGS, DEAL WITH GRIEVANCES, OR FACE EMPLOYEE CONFLICT

Let's face it - few people really want to deal with conflict. Few people really want to sit face-to-face with an employee and give them news they won't want to hear, to look in their eyes, etc. That's not pleasant. And on top of that, when complaints, grievances and union issues are involved, managers can become targets of union activity, face dissension among other employees and become mired in paperwork as they seek to justify their evaluations. The potential fallout from holding the line on evaluations can be bothersome, aggravating and quite costly in time and effort.

MANAGERS DON'T WANT TO STAND OUT AMONG THEIR PEERS AS BEING THE "TOUGH" ONES

As the process of rating inflation progresses, it becomes harder and harder for any one manager to hold the line - because then they stand out among all of their peers. That can make for special problems among that leaders working crew, and make it hard to keep and recruit talent to that team. So, rather than hold the line, some otherwise conscientious managers end up signing off on evaluation they don't really believe in.

MANAGERS FAIL TO PROVIDE SUFFICIENT COACHING, FEEDBACK AND REWARD THROUGHOUT THE RATING PERIOD, AND SO DON'T WANT TO ROCK THE BOAT AT EVALUATION TIME

Many managers have a hard time learning how to coach, encourage and give positive - but corrective - feedback during the course of a work year. As a result, they fail to address important performance issues all along, and so by the time a rating period comes, it's too late to make an issue of an area of potential weakness. After all, ratings should not come as a surprise. Sometimes this lack of coaching stems from a lack of attention on a manager's part, and sometimes from a lack of skill development for providing coaching and feedback. Sometimes, organizational supports do not exist to prompt those managers - for whom coaching and talent development may not be natural abilities - to attend to these issues on their own.

2. FIVE WAYS TO FIX THE PROBLEM

UPDATE EVALUATION CRITERIA

If the measures you are using are outdated, get them right. Sit down and develop an leadership consensus as to what really constitutes peak performance, and then examine or develop way to count, rank and measure outcomes that best reflect those priorities. Decide how much weight to give each factor and move on with the new system.

DISTINGUISH BETWEEN IMPROVEMENT AND PERFORMANCE TO ACKNOWLEDGED STANDARDS

Many sports teams have awards for "most improvement" and so forth. Don't limit your ability to recognize special efforts or talents, but don't confuse those abilities with core ratings and standards. You don't have

to demotivate someone who works hard by telling them the truth through ratings. The costs, in the end, of being untruthful are highest.

KEEP MANAGERS IN COMMUNICATION FOR CONSISTENCY OF APPROACH

The natural drift in any system will be often toward inflation, unless managers help each other remain objective. Managers should not review each other's individual rating, but can check to see how they are assigning ratings proportionally across the organization. If 80% of employees are rated as "outstanding," then the word "outstanding" has ceased to mean anything - and management has lost its ability to measure, reward and shape performance. Just having peers to with whom to compare notes will help managers gain objectivity and resist inflation pressures. Moreover, no manager will unduly be in the position to stand out among the others due to rating inflation or major differences in the approach to evaluations (while some teams can shine more brightly than others, sometimes apparent differences among teams may not necessarily stem from differences in performance across team members).

WATCH RATING CATEGORY RATIOS, BUT DON'T LIVE BY QUOTAS

As managers compare notes, they can watch to see how well they are reserving top ratings for the real performance stars, how well they are defining excellence as real excellence and not middle-of-the pack mediocrity, and so on. A management team should have a general idea of the proportions one might expect over time in any group, but should not create quota systems.

PROVIDE SUPPORT AND TRAINING FOR MANAGERS ON COACHING, SHAPING PERFORMANCE AND PROVIDING TIMELY PERFORMANCE FEEDBACK

Organizations should provide managers with training and support in shaping behavior through praise and positive verbal feedback, as well as in the verbal skills needed to sensitively but effectively correct errors in performance. Managers should feel able to do these things on a daily basis - mostly by shaping behavior through positive reinforcement and an emphasis on developing each individual's best talents- without ignoring areas for correction. This way, yearly evaluations will function only to reflect a true picture - a snapshot - of an employee's performance during the rating period.

3 THREE REASONS WHY THE PROBLEM MUST BE FIXED

YOU CAN ONLY MOTIVATE OTHERS TO TOP PERFORMANCE BY

CLEARLY SHOWING WHAT IT LOOKS LIKE

There was a time when people said the four minute mile barrier could not be broken - and then it was. The four minute mile became the new standard for excellence. But until excellence is demonstrated, no one will stretch themselves to do what may have previously been thought impossible. By lumping your top few stars in with ratings that accommodate the lesser performances of others, not only do you give them no incentive to reach the top and grow more, but you give others no incentive to grow by copying them. You suppress the performance of your whole organization and limit the growth of your people.

RATINGS THAT ARE NOT TRUTHFUL ARE DEMOTIVATING IN THE END

Once the ratings system becomes a game rife with shades of untruth and with meaningless categories - and employees know instantly when this is the case - cynicism takes over, and people work to game the system rather than stretch their own growth or maximize the interests of the organization. When words become meaningless, management loses credibility and this spills over into all organizational communications and issues. After all, people will give just 60% of their energy and talent because it is their job description to work to a minimal standard. The other 40% is purely discretionary, and they give it in large part based on whether they trust their leaders in the organization.

MANAGEMENT MUST RETAIN THE ABILITY TO SHAPE AND REWARD PERFORMANCE

Once management loses the ability to define, measure and reward levels of performance, the organization begins taking the short road to ineffectiveness and demise. The organization will fail. Moreover, top talent will not be attracted to a place where performance is not truly valued, and the best people will leave for greener pastures.

4. RECOMMENDED BOOKS AND FILMS

BOOK: "Rules & Tools for Leaders: How to Run an Organization Successfully," by Major General Perry M. Smith, Ph. D., USAF (Ret.), Perigee, New York, 2002 (paperback)

Nothing earth shattering, but a good compendium of management and leadership wisdom and practical advice. One of the subheadings of the book is "A Down-to-Earth Guide to Effective Managing," and that is an apt description. Each chapter comes with a set of checklists for managers, which are quite useful. I found it in a bookshop at the airport, so it can

be found in wide release.

FILM: "Like Mike"

From <http://www.metacritic.com/film/titles/likemike>: "Hip Hop star Lil Bow Wow stars as Calvin, a fourteen year old with the dream of becoming a famous basketball star. However, his relatively diminutive stature and limited ability make his goal a far-off fantasy. That is until he laces up a mysterious pair of old sneakers inscribed with the faded initials 'MJ,' and he makes the leap to NBA superstardom."

This is not real grown up fare, but it's fun for the kids and fun enough to see with them - one of those fun summer sleepers. It got mixed reviews, but don't expect originality. If you want to take kids under 13 to something fun this summer, this one has its charms.

5. CHUCKLES

Are you among those baby-boomers feeling a little older and missing those great old tunes? There is good news. Some of your old favorites have re-released their big hits with new lyrics to accommodate their aging audience:

Some Examples:

Herman's Hermits--"Mrs. Brown You've Got a Lovely Walker"

The Rolling Stones--"You Can't Always Pee When You Want"

Paul Simon--"Fifty Ways to Lose Your Liver"

Carly Simon--"You're So Varicose Vein"

The Bee Gees--"How Can You Mend a Broken Hip"

Roberta Flack--"The First Time Ever I Forgot Your Face"

Johnny Nash--"I Can't See Clearly Now"

The Temptations--"Papa's Got a Kidney Stone"

Nancy Sinatra--"These Boots Give Me Arthritis"

ABBA--"Denture Queen"

Leo Sayer--"You Make Me Feel Like Napping"

Commodores--"Once, Twice, Three Trips to the Bathroom"

Procol Harem--"A Whiter Shade of Hair"

The Beatles--"I Get By with a Little Help From Depends"

Steely Dan--"Rikki Don't Lose That Clapper"

Credence Clearwater Revival--"Bad Prune a-Rising"

Marvin Gaye--"I Heard It Through the Grape Nuts"

The Who--"Talkin' 'Bout My Medication"

6. SUBSCRIBER SUCCESSES

TO SHARE YOUR SUCCESS, send your story to AJ@SchulerSolutions.com
Unless your message states otherwise, we will assume that your story is NOT FOR PUBLICATION. If you do authorize that your success can be shared in upcoming editions of "What's Up, Doc?," then please include in your message the following sentence: "I authorize Schuler Solutions to publicize my success story in the newsletter 'What's Up, Doc?'"

7. ABOUT DR. SCHULER

A. J. Schuler, Psy. D. is a speaker, consultant and leadership coach who helps people and organizations become more effective, profitable, focused on their missions and able to maximize their opportunities that lead to growth. Dr. Schuler, President of Schuler Solutions, Inc., accomplishes this through speeches, seminars, consulting and one-on-one coaching focused on developing excellence in both leadership and team performance. He has served diverse organizations in the private and public sectors, including The Ritz-Carlton Hotel Company, Sony Development, Nomura Securities and the Executive Office for Immigration Review. A graduate of the Wharton School of Business, Dr. Schuler has successfully led the profitable growth of a dynamic, international consulting firm while serving as Operations Director, and has successfully coached over five hundred CEO's and corporate executives.

8. HOW TO SUBSCRIBE OR UNSUBSCRIBE

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9. NEWSLETTER STATEMENT OF ETHICS

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