1

Your Current Performance

Performance review time brings excitement and dread in the workplace. Most of you are rated at least once a year. You feel invested in your performance numbers to the extent that they may be tied to incentives like raises and promotions, and who wouldn't want the praise and recognition that you hope to accrue in what could be a rare one-on-one meeting with the boss? The dread comes in because, for many employees, the yearly review is the only time you receive meaningful feedback on your performance, good or bad. You may be nervous about it, and you may sense that your boss is not looking forward to it any more than you are. Performance reviews can be emotionally fraught, and they take up a lot of time and energy that contributes very little to the bottom line, so managers are often tempted to put them off. What's more, they are subject to a lot of common errors, on both sides of the desk, that could be avoided.

In this chapter, I explain what performance reviews—which have been the metric of choice in most businesses for years, and at times your only indication of your value—are meant to do, and why the system isn't working and has in fact become a major point of contention between many employees and their bosses. You'll learn how to answer the question, "How am I doing?" for yourself in a way that is truly meaningful, and boost not only your value and productivity but also your contentment at work. You will find your equanimity, not only at performance review time, but all year long.

Performance Reviews in Theory

Your performance review is meant to show you how you have measured up to expectations at work in the past year and focus your mind on your role in delivering on the organization's goals. It is a chance for you and your supervisor to document and discuss how well you've performed your daily activities and conformed to the behaviors that help the company run smoothly; your success or failure to deliver on goals for the previous year, ideally based on the larger goals of the organization so you know how your work fits into the big picture; your performance rating, your score or "grade" for the year; and your plans for the year ahead.

Each year, you promise your employer a set of deliverables and agree to areas of accountability. Your organization agrees to a price for your services. In order to keep your job, and qualify for raises or other benefits, you need to meet or exceed expectations. Once a year, your work is held up for inspection by your leader, who reviews what you committed to and helps you account for your results. You identify goals you delivered on and any gaps between what you promised and what you achieved. You discuss behaviors that helped or hindered your performance, and at the end of the meeting it should all boil down to a single rating of your work that provides a clear message for you and helps the organization take an inventory of its talent and their performance. The annual review process is meant to provide an objective, nonpersonal, transparent, and up-front view of the value you added over the past twelve months, along with suggestions for growth and behavior changes that would increase your chances of adding value in the future.

In a company where this system is working well, employee performance numbers should be represented by a bell-shaped curve (see Figure 1.1). The majority of employees would be rated as "average" and fall in the middle of the curve. The left-hand tail of the curve would represent those who lagged behind and were rated "below average." The right-hand tail would represent the highest performers, the curve-breakers whose practices should be rewarded and replicated throughout the organization so that, next year, results would improve—in effect, picking that curve up and moving the whole thing to the right. The hope is that, through clear differentiation of performance levels, happiness and satisfaction will increase because everyone will be clear on what is expected of them,

Figure 1.1

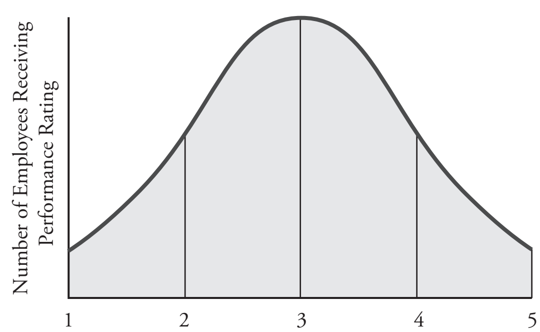
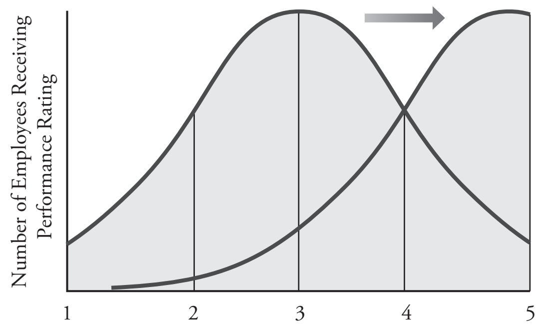


Figure 1.2



get good feedback on any shortfall, and be rewarded according to his or her contribution (see Figure 1.2).

Wouldn't it be great if that was what actually happened?

Performance Reviews in Reality

Anyone who has ever been through a performance review knows that it is far from the clean and straightforward process it is meant to be. But in order to understand what is going wrong at the individual level, we have to start by looking at the organizational level. The main reason I believe performance reviews as they are used in most companies are an inadequate measure of true value is that they seem to create an alternate reality that is divorced from companies' actual results. In other words, in most organizations there is no correlation between employees' yearly performance ratings and the results that the company is experiencing.

Many times as a leader, and later as a consultant, I have had the experience of hearing, on the same day, two opposing messages within the same organization. From Human Resources, I'd hear that many hardworking and effective employees had delivered results that merited high "exceeds expectations" performance ratings and therefore would receive pay raises. Then the chief executive officer CFO would describe the company's challenging financial outlook and explain how results had fallen far below expectations. I often sat wondering, "How can that be? Top performance by the majority of employees at the same time that results are coming in far below projections? Should we be rewarding this? How will we remain competitive?" There seemed to be a disconnect in many organizations—not just a few. Shouldn't the contributions employees have made add up to results for the company? I went out to study the reality of it, to try to solve the mystery of why this simple math had become so complicated.

I wanted to know how tightly correlated (and therefore how accurate, honest, and true to intent) performance ratings were to organizational results. So I gathered statistics from thirty-seven companies over the course of five years, involving more than 275,000 employees in total. I conducted an audit comparing each company's yearly results with that year's overall performance rating distribution. How were employees' results stacking up by comparison to the company as a whole? In companies where the average employee is assessed as "exceeding expectations," I expected to see great results overall. In companies where the most performance scores were "average" or "below average," I'd have expected to see results that conformed to a lower standard.

What I found was that, in companies where the majority of employees had been rated as "above average" for performance, actual results were 10 percent below industry standards in a variety of categories, including profitability, market share, employee retention, and customer satisfaction. Those companies whose overall performance ratings mapped most closely to a bell-shaped curve over five years, meaning that the majority of employees were rated as "average," and just a few rated as "above" and "below average," achieved far better outcomes year after year.

I found that, in less successful businesses, employees were more likely to be highly rated for performance. In other words, there was a lot of "grade inflation" going on. Within many companies I studied, the performance numbers skewed so high it would appear that they were all claiming to have all the best performers in their industry, which would be impossible. Meanwhile, successful companies were far more likely to rate the employees responsible for their success as "average," that is, delivering as expected, as promised, and as needed to stay competitive.

Sorry to be the one to break the news to you, but in many companies, individual performance reviews have become totally disconnected from results. That's why you can't trust a top rating in your performance review. It tells you very little about where you stand and how much you are contributing to the bottom line, and it doesn't say anything about your Future Potential. One thing is for sure: your performance number is no longer a trustworthy measure of your value or a predictor of results in your organization.

How Performance Reviews Go Wrong

Although my research proves that performance reviews aren't working well for many employees as a measure of value, there are other reasons to take them with a grain of salt.

First, performance reviews are static and retrospective, and they are of a world long past. They only measure how you have performed to the minimum standards of your job. They encourage an unhelpful focus on the past at the expense of the future.

Second, performance reviews compare you to other employees within your company, when in fact your and your company's competition is across your industry as a whole. If you're not being rated against the highest level of professionalism and competence in your field, you're not getting the true measure of your value, either in terms of your career prospects or what it takes for your company to compete in the marketplace.

Third, we tend to confuse effort with results. Your organization gets no return on investment for effort. It is hard for managers to give an employee an average or below-average rating when they know he or she has worked hard, but in reality it is outcomes—not effort—that count, and that is what we all should be measured on. In order to avoid conflict, they have lowered their standards and stopped differentiating, which is the very thing the best employees would like to see more of. In a survey I ran in 2011, 75 percent of employees said the most important motivator for them was to be paid and rewarded according to their actual contribution. So lack of differentiation backfires in both directions. Those of you who are lagging behind are lulled into a false sense of security, and those who are truly stepping up are robbed of the recognition and rewards you deserve.

Both managers and employees tend to personalize Performance Ratings in a way that is unprofessional. These numbers are not—and never have been—a referendum on you and your worthiness as a human being. We must put that aside if we want to have an accurate accounting. But we don't. We seem to have forgotten that a realistic performance number, with a thorough accounting for the gap between expectations and actual results, is a great reality check. Discomfort is a fabulous motivation to change and improve. Instead, what we have is institutionalized complacency and mediocrity based on fear.

Managers are afraid of the emotion involved when they give negative feedback. They are worried about your reaction, and so they sugar-coat the message or inflate their ratings. This has corrupted the system by changing its goals. Performance reviews are supposed to spur you on to turn your talent to great productivity and even better results, not just raise your morale or reassure and appease you.

You play your role in this corruption. Your inability to receive feedback with equanimity and your anxiety about accounting for your results leads you to blame others, or your circumstances, instead of taking responsibility. Guilt and emotional blackmail ensue when you fear your number may drop. You resist any change in your rating from year to year. You may resort to having a conversation about what your organization needs to give you in order to get the gift of your work.

Performance numbers have become ego numbers—a source of frustration and disappointment for most people. We tend to inflate not only our own performance but the performance of those around us. We want to feel we are giving our best. It's hard for your manager to be honest with you and hard for you to be honest with yourself. It's easy to look back over the previous year and overstate your accomplishments, especially when a promotion or a raise is at stake. But if you don't take account of your shortfalls and missed opportunities, you won't get the chance to learn from them.

Few people walk out of a performance review feeling thrilled about their feedback or clear on what they need to do to succeed. The most typical outcome is that your employer feels as though you are neither grateful enough for the inflated score nor committed enough to the organization, and that you're more focused on what you want to get than what you can give. And, even with an inflated score, you end up feeling undervalued, misunderstood, and under-rewarded for your hard work. Too often performance reviews become a source of confusion when you are told you are doing well at the same time the company is struggling. Or worse (as is happening today), the organization begins to align and recalibrate its performance ratings with its results, your numbers get real, and you are devastated to find that they were inflated in the first place. You get the false impression that the company's results have nothing to do with you—that the economy, poor leadership, your colleagues' lack of skill, or some other cause is to blame, and you as an employee are an innocent victim. After all, if you are the one working hard, as evidenced by your outstanding performance ratings, it must be other things, or people, effacing the success of the company.

While being let off the hook might feel okay, not being recognized for your contribution is a hollow experience. Feeling that your work has little real impact on the bottom line decreases your happiness, increases fear, and breeds resentment as reality continues to provide you with evidence you've been lied to. Many of you are playing defense, trying to establish minimal standards for which you can be rated as "meets expectations," focusing on what you have already given rather than what the organization needs to be competitive and how you can deliver it in the future.

How You Can Rise Above the Confusion

Regardless of what is wrong with reviews today, the bottom line is that company results are always a measurement of the talent inside, of the employees' ability to produce the desired results in their current circumstances. Your results are your fault and your responsibility. The old way was when you had a job deliverable, you delivered it, and every year you got a raise. Those days are over. Meeting performance expectations is now the price of keeping your job. Performance is just one variable in the New Value Equation. By itself, it isn't enough to guarantee you anything extra—recognition, benefits, or job security. This is not an easy adjustment for many of us to make. But it is something you should acknowledge and embrace, because it means you have the potential to make a difference and be rewarded commensurate with your contribution.

To be valued, you must move beyond simply performing against the old standards. Your lack of raises can't be blamed on the economy. In the same day, from the same short budget, I have given one employee a 12 percent raise and said "No" to another. The successful employee was always working diligently to find ways to add more value. Willingness and focus will win rewards over time, every time.

The unsuccessful employee asked for a raise based on his increased living expenses. Compensation should be based on the value you add—not the needs you have. His threats to leave the company, while convincing, let me know I'd be better off freeing up those compensation dollars to reward others for the kind of performance I wanted to see. Increasingly, these are the kinds of decisions that make sense. That's why simply meeting expectations is not enough if you want to get ahead. At times when there isn't enough to go around, it becomes all the more important to be a low-drama, high-value player.

If you've always been a top performer, good for you—and, unfortunately, that's yesterday's news. Just to maintain its place in the market, your organization needs to provide greater value each year. It follows that your piece of those deliverables would also increase. What it takes this year to get a good rating should be greater than what it took last year. Yet many of you argue that if you are the same hardworking person as last year, this year you should garner the same rating—not understanding that effort doesn't always translate to value, and that the ante is raised from the outside each year.

When employees are asked to do more or different things, they sometimes react as if it isn't fair. In reality, goals must be raised every year to meet the ever growing challenges of business, increasing expectations of customers, and greater competition in the marketplace. In Part Two, I show you how to rise to that challenge.

First, you need to look at your performance in a new way—as the price of admission to the game, one of several factors that determine where you stand. You have to do more than show up for work and be technically skilled, hardworking, and loyal. In order to get a true reflection of your total value to the organization and a reality check on what to fix in your performance to decrease your stress and increase your impact and happiness, it is vital that you rid yourself of defense and avoid the temptation to inflate your number out of ego.

I'm going to show you how to give yourself a true rating, from 1 to 5, based on rigorous criteria. Read the following descriptions and see where you best fit. To truly qualify for a rating, you must meet all the criteria in the category—not just most of the criteria. Base your rating on your actions—not your intentions. The outcomes of your work are what count, not just effort or how hard you perceive that you work. This is your private performance number that is going to show you what you need to work on to gain all the benefits I promised in the Introduction, so don't cheat yourself. The truth will be eye opening, and your first step toward true happiness and meaning at work.

Now, let's evaluate your current performance.

How to Rate Your Current Performance

Consider the following questions honestly, and rate yourself from 1 (lowest, not true) to 5 (highest, very true). *Base your ratings on your actions, not your intentions*.

1. I am on track to deliver on every goal outlined for me by my boss this year.
2. I am consistent in my attendance, my work, and my results.
3. I improve each year, as a matter of course, to keep up with changing expectations—without expecting more in return.
4. I am moving forward with purpose and not still taking credit for the accomplishments of years past.
5. The people I spend the most time with at work are top performers.
6. I have recently added to my job description on my own initiative.
7. I set goals for myself beyond the goals my supervisor sets.
8. I regularly ask for feedback on my performance from my boss and my peers.
9. My performance compares favorably with that of my peers, both in my company and in my industry.
10. I collaborate well with others and have good professional relationships.

Now, take the number of total points and divide by 10. That is your number for Current Performance. This can be a tough reality check if you have not been evaluated according to tough criteria like these in the past.

Now, let's examine further your Current Performance number as it pertains to the Value Equation (Your Value = Current Performance + Future Potential − 3 × Emotional Expensiveness).

Based on the assessment above, you fall somewhere on a continuum from 1 to 5, where

1 = Not meeting expectations
2 = Sometimes meeting expectations
3 = Fully meeting expectations
4 = Exceeding expectations
5 = Far exceeding expectations

Let's start with what it means to be a 1, not meeting expectations:

- You are not meeting any of the goals outlined by your boss for your performance this year.
- You are currently being tracked for an area of underperformance in your job.
- You have been told by your supervisor that you do not meet expectations.
- Your colleagues consider you unreliable.

Here is what it means to be a 2, barely meeting expectations:

- You are meeting some, not all, of the goals outlined by your boss for your work this year.
- You are inconsistent in your attendance, the quality of your work, and your results.
- You need frequent encouragement or monitoring in order to stay on task.
- You have occasional conflicts with your coworkers that require intervention by your supervisor.
- Your performance depends on what kind of day you're having and what is going on in your personal life at any given time.

Before we move on to the higher ratings, know that if you have scored a 1 or a 2 you are in a risky position and need to be willing to commit to a quick action plan to raise your number. The rest of this chapter—and the book—will help you do that. So don't despair, and keep reading.

Here is what it takes to be a 3, to meet expectations:

- You are currently delivering on or on track to meet every goal outlined by your boss for your work this year.
- You are fully meeting the expectations of your boss, your colleagues, and your customers.
- You are consistent in your attendance, your work, your results.
- You improve each year as a matter of course to keep up with changing times.
- You are open to feedback and seek out regular feedback from your supervisor and your colleagues.
- You work independently and need little assistance from others to conduct your core accountabilities—your daily responsibilities in your work.
- You strive to improve your performance on a regular basis.
- You are reliable, timely, and efficient.
- You are collaborative and a team player.
- You communicate well with others of all generations and backgrounds.
- You recognize, participate in, and support changing work requirements.

Having read this description, can you honestly say that you deserve a rating of 3? Only about 60 percent of people truly will. How far off are you?

For those of you who scored above a 3, let's move on. Here is a description of what it takes to be a 4, to exceed expectations:

- You are clearly considered by your boss and your colleagues to be an exceptional performer.
- You consistently exceed and surpass the communicated expectations of your job.
- Your outcomes and solutions are routinely excellent and seldom matched by others.
- You proactively identify needs and proactively generate solutions.
- Your achievements and contributions are obvious to your boss and coworkers.
- You contribute to the organization well above your job requirements.
- You are a role model for others.
- Others seek you out for assistance.
- You regularly make significant contributions to your area and organization's success well beyond your work assignments through your unique application of knowledge.

A few of you will qualify as a 4—remember, you have nothing to gain by over-rating yourself. Even fewer will qualify year after year. Be completely honest—only you need to know what your number is.

With a warning that hardly anyone is truly a 5, and even fewer maintain that level year after year, read on for a description of the highest level of performance, which far exceeds expectations:

- Your performance is truly exceptional.
- You consistently far exceed the expectations of your position.

- You consistently far exceed your goals.
- You have recent (that is, in this performance year) big wins that have contributed to the organization's success.
- You are a model of excellence in your behaviors of collaboration and communication as well as in your deliverables.
- You have a great deal of potential and are ready for advancement.
- You are actively teaching and mentoring others, sharing your knowledge, and contributing to others' improvement and success.
- You are one of the best the organization has ever seen.
- You are known in your profession and industry as a "go-to" person.
- You are responsible for breakthrough solutions or game-changing ideas that have added significant value to your organization.

Got Your Number? Now Raise It!

Now that you know your number, if it is anything under a 3, focus immediately on making changes that will improve your performance. Even if your boss has been inflating your rating and doesn't yet see the gap, you now know it is there, and you owe it to yourself to correct it before someone does it for you. The day of reckoning is coming, as organizations work to close the gap between individual performance ratings and the outcomes they are experiencing. So your performance score needs to be solid and sustainable.

If you scored a 3, know that you won't be able to ride on that score for long unless you are consistently working to keep up, improving your skills and knowledge to be able to perform far into the future. I talk more about that in the next chapter.

Even if you feel your score is high enough, there is always something you can be doing to shore up your performance rating and ensure that it is sustainable, no matter what numerical right-sizing goes on inside your organization or what new demands are put upon you from external forces in the marketplace.

Here are five questions to ask to help get, and keep, high, truthful, and sustainable performance numbers:

1. Who *are the top performers to emulate?* Find out who the top performers are in your company—those seen by the organization as curve-breakers. Don't resent them for breaking the curve and raising the bar. If you want what they have, go do what they did. Study them! Ask them to mentor you. In fact, why just seek the high performers out when in need? Hang with them whenever and however you can. You are the average of the five people you spend the most time with, so choose wisely.

2. What *are your goals?* Get clear on the expectations of your position. Revisit your job description, which, contrary to popular belief, is not there as a checklist to prove you are meeting expectations. Your job description represents the bare minimum expectations for your position—not what you need to do to succeed, but what you need to do *not to fail*. Elaborate on this foundation by writing an outline of the total scope of deliverables, accountabilities, and behaviors expected of you in your organization. Check your performance review, your team goals, your notes from team meetings and one-on-ones. Create a complete list of your commitments for this year. If you're not sure about any of the tasks on your list, ask for guidance, not just on what needs to be accomplished, but what it would take to exceed expectations. What does "great" look like? Ask for specific examples.

3. Where *do your goals fit into the big picture?* Now that you have clarity on your individual goals and role, get your organization's strategic plan and study it. Don't wait to be spoon-fed this important information. Make sure you understand your organization's goals, challenges, industry, environment, and how your goals fit in. Go deeper and understand why these strategies were adopted and created. What is the SWOT analysis of the company—what are its Strengths, Weaknesses, Opportunities, and Threats? How can you help strengthen the company by addressing those weaknesses in your own role and within your team? What are you doing right now to take full advantage of opportunities the organization has identified and to mitigate the threats and risks it faces? Get a very clear line of sight between what you do each day and how it fits in to the big picture, and deliver accordingly.

4. Why *keep your eyes on the prize?* Most people only look at their goals twice a year—when they create them and when they are about to be measured on them. Set yourself apart by reviewing yours often. Don't put your review and goals away in a file in your desk or on your computer, and for heaven's sake don't leave them with your boss for safe-keeping. Out of sight and out of mind, trust me. Having a visual reminder, whether it's a Post-it note next to your computer or a regular electronic alert to check in with yourself, will ensure your actions are consciously focused on your goals. Leave nothing to chance or surprise during your yearly review. You should know, at all times, exactly where you stand in relation to your deliverables. Check in with yourself regularly and ask, "Am I am on track and completing the tasks I committed to?" and the more important question, "Is my work creating the outcome and impact desired?" If your work is not adding the value to the organization that you mapped out in Steps 2 and 3, adjust! Check in with your boss and recalibrate early and often to

ensure that your effort is delivering results—and the desired results. Remember your rating isn't a rating of your effort, how hard you worked or how committed you were. It rates your outcomes.

5. How *will you reach your goals?* Make a plan for how to consistently exceed your daily accountabilities. Take each goal and map out your path to success. What exactly has to happen by when, and to what standard? Don't leave your success to a strategy of hope—track it. That which gets measured, gets accomplished. Last, be consistent. Lack of consistency is one of the biggest reasons that your rating can suffer. Anyone can deliver on a perfect day, or through heroics over a short period of time, but true value and trustworthiness is the result of consistent attendance, great attitude, and results with no surprises or let-downs. If you feel you are skilled and capable, but not getting the rating you want, work on consistency. Get into some of the good habits outlined in this book and those you observe in your industry's top performers.

The work you do to raise your performance number and create a plan of action for yourself is not just an investment in your future—it's a test of whether or not you are clear on expectations and competent in your position. Many people continue to go back to their bosses for "clarity" on these, in an attempt to not have to face the true reality: that they are not yet fully competent in the skills, knowledge, and abilities their jobs require. If you feel you are meeting expectations, but struggle with knowing how to deliver at a higher level, that is a problem we address in the next chapter.

Did you notice the difference between the ratings for "meets" and "exceeds" expectations? It's all about the extras. Don't just do what's necessary—go above and beyond what is asked of you. Fix your performance now, and you will be prepared and even immune to any upcoming changes in these ratings that are so closely tied to your compensation. This is the mandatory first step that will take one huge source of stress off the table for you. Then you can focus on the rest of your equation and on moving from surviving to thriving; from dreading work to enjoying work. I want you to start proactively looking for your next opportunity to improve the way you work and get busy developing yourself. Chapter Two, on Future Potential, will show you how.