

The Performance Review From Hell

by Brian Brim

Jim, a top-performing salesman for his company, looked across the table at his boss, Stan, who had flown into town this beautiful spring day to go over Jim's annual performance review.

The two men sat in a booth in a small diner just down the street from the offices of one of Jim's best customers. As Stan talked on his cellular phone to another sales rep, Jim thought about his past year, one of his best yet. His sales-closing percentage was up, and his sales were at 120% of goal. He was clearly outperforming his competitors -- he had taken several accounts away from his competition while growing his existing client base. Overall, Jim felt very good about his performance and was quietly basking in his accomplishments.

Jim figured this would be a short discussion. Stan would sign off on his full bonus, they would get on with his calls for the day, and Jim would take Stan back to the airport.

"Sorry," Stan said, turning off his cell phone. "I'm still trying to get an inventory situation straightened out for Region 21."

Stan caught his breath. "All right," he said. "I'm sure you want to get through this so we can get on with your calls. Do you remember the performance management process we introduced early last year?"

All Jim could recall was an e-mail stating that the company was going to use a new performance management system. He remembered getting information and looking at some statements about organizational skills, territory management, etc. But that's about it. Besides, he thought, what really matters in selling is *selling*. "I really don't remember much about it, Stan. Fill me in," Jim said.

"Well," Stan said, "we decided that if our salespeople would follow some specific steps to organize and manage their territories and report the information back to the home office, we'd have a more productive year. So these items were created, and I

have to rate you on each of them to the best of my ability. We just tally up the overall rating, and that's what determines 75% of your bonus."

Jim paused for a moment, then asked, "You mean most of my bonus has nothing to do with my sales performance this year?"

"Nope," Stan replied. "It's based mostly on this process."

Now Jim *really* began to pay attention.

"Okay," Stan explained, "under the item 'Organizes his time for maximum impact,' I rated you a 3 out of 5." Stan looked sheepishly at Jim. "I'm supposed to stop after each of these and ask for your input. Any comments?"

Jim was getting anxious. He asked, "A 3? Why a 3?"

"Well," Stan said, "because a 3 means you're average, and I figured you were average based on the way you described how you track your sales calls."

"What have I told you I do, Stan?" Jim asked.

Stan recalled, "Well, you said you just keep basic notes, not more detailed notes like 'a) the time of the call, b) the main topic of conversation, c) the next steps from the call, and d) the next appointment set.' Those are the main areas of importance under the organization category."

Jim's coffee was getting cold. This beautiful day was becoming drearier by the minute. Jim suddenly felt like he was a kid being yelled at for some minor infraction.

"Jim," Stan said, "does that make sense?"

Jim looked out the window, then back at Stan. He asked, "Based on this process, what overall score do I need to get 75% of my bonus?"

Stan: "Well, there is some variability, but basically between 4.3 and 5."

Jim: "And how many more of these individual items did you rate me on?"

Stan counted down the list. "24," he said.

Jim: "So, you and I are supposed to walk through all 25 of these items, and you're going to tell me what you said and ask me if I have any comments?"

"Right," Stan said.

"And this is supposed to make me more productive?" Jim asked.

"Right," Stan said.

Jim was getting angrier. Trying to keep his temper in check, he stated that out of 50 sales reps, he was third overall in the company. He had clearly exceeded his quota and had done so without much input or help from Stan or anyone else.

“I’m always invited to the Top Producers celebrations, and I get outstanding customer ratings,” Jim said. “You don’t ask me if I need anything. You just assume that because I’m one of your best sales reps, everything must be fine. Now someone has determined that I need to do these 25 things not only to be a top performer, which I already am, but also to get my bonus. Does that really make sense?”

Stan looked at Jim and fiddled with the evaluation form. Finally, he gave the answer he and the other managers were instructed to give: “Well, we have to look at the *how* part of your job.”

Jim sat for a moment, then said, “Look Stan, I know you’re following marching orders here, but if there are operational things that have to happen, just tell me. And if I don’t do them, don’t pay me. That’s what management did with the inventory forms last year. Give me a business reason and make it mandatory, but make darn sure there’s a solid business case behind it. If you want to know how I could be more productive, ask me what I need. Just keep the system simple, and keep distractions out of my way. Don’t tell me what I need to do and then try rating me on it.”

Jim stopped for a moment, then asked, “Did you have to go through this kind of process when you were a sales rep?”

Stan nodded his head and smiled. “Yep. We had a process like this in my last company, and I always thought it was a waste of time.”

Stan thought for several moments. He pulled out his pen and started writing. “Here’s what we’ll do, Jim,” he said. “You’re one of my best producers, and I really do want you to succeed. Just make sure you fill out the monthly call sheet. That’s the most critical thing. Pay somebody \$5.00 an hour to fill it out for you if you need to, but we need it for tracking client activity. OK?”

Jim thought that made sense.

Stan continued, “I’m just going to rate you a 4 or a 5 on the rest of these things so you can get your bonus. If anyone deserves it, you do. Sound good?”

Jim nodded, thinking the day was looking pretty nice again. “Now, can we take care of what I was hired for and close some more business?” Jim asked, smiling.

Jim and Stan stood up and began to walk toward the cash register. “One more thing, Jim,” Stan said. “What do you need from me to help you be more productive?”

Jim thought about this as they paid the bill. He answered, “You know Stan, you helped me already. We just kept from wasting two hours of our time negotiating between 3s and 5s.”

Conversations like this occur all too frequently in organizations. This exchange reveals key problems at the heart of poor performance appraisal and review systems. When evaluating these systems, managers must first ask this essential question: Why are we implementing this process at all?

If you think a new process will automatically help your workers become more productive, you're dead wrong. Many performance appraisal and review systems *actually impede performance*. They distract employees and pull them away from the critical activities of their roles. What's more, organizations expect everyone to perform 25 tasks at excellence, when even the best can excel in only two or three of those areas.

It's absolutely critical to keep performance appraisal systems simple and focused. For example, don't rate your salespeople on how they track their appointments. Instead, if there are various ways to track appointments, offer training on how to use the systems. Then allow your salespeople to choose the method that works best for them. People are different, and they will be drawn to different methods.

However, if your salespeople must perform an activity that tracks critical information -- for example, the inventory forms in the scenario above -- don't rate whether salespeople complete the forms; simply make completing them mandatory. Be very careful not to overmandate -- and *only* mandate when there is an incredibly strong reason to do so.

Don't fall into the trap of rating people on a laundry list of items. This kind of rating process is too subjective, and it creates distractions and pulls people off focus -- not to mention it can really waste a lot of people's time. Instead, have frequent, focused conversations with your people. Talk about who they are, what's expected of them, and how they are going to get there.

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