CREATING THE CHANGE FOR THE NEXT GENERATION OF PERFORMANCE MANAGEMENT

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Our Agenda

- How the Workforce and Workplace are Changing
- A Perspective About Performance Management
- Leading Change
- Wrap up
Some Assumptions

- You have already gotten some useful information and insights
- Some of you are ready to leave
- You know a lot about performance management
- You are ready to consider ways to move forward when you return to work
- I can challenge your thinking and provide you with some frameworks for application
- You want to get the most out of the time we have

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## Changing Realities of Work in America

<table>
<thead>
<tr>
<th>Mid- to Late Twentieth Century</th>
<th>Early Twenty-First Century</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>Temporary/contingent</td>
</tr>
<tr>
<td>Stable</td>
<td>Volatile</td>
</tr>
<tr>
<td>Advancement</td>
<td>Stagnation</td>
</tr>
<tr>
<td>Loyalty</td>
<td>Disaffection</td>
</tr>
<tr>
<td>One-and-done education</td>
<td>Lifelong learning</td>
</tr>
<tr>
<td>Defined benefit pension</td>
<td>Defined contribution</td>
</tr>
<tr>
<td>“Early” retirement</td>
<td>“Never” retire</td>
</tr>
</tbody>
</table>

(Van Horn, 2013, Working Scared (or not at all))
Workforce 2020: Looming Talent Crisis

Building the 2020 workforce requires companies to focus on the many changes, opportunities, and risks at hand.

The Millennial Misunderstanding
- There is widespread agreement that the generation entering the workforce is different in key ways—but our research shows that executives do not really understand what those differences are.

What Matters Most at Work
- Engagement and loyalty are vital to a successful workforce, yet there is a meaningful gap between the incentives and amenities companies offer and those that employees really want.

The Leadership Cliff
- Our research shows that companies are ill-prepared for the leadership challenges of workforce 2020, and are not doing enough to meet future demands.

Bridging the Skills Gap: The Learning Mandate
- Successful companies will create a learning culture that captures and perpetuates knowledge while empowering employees—but most have far to go.

(Oxford Economics, Workforce 2020: The Looming Talent Crisis, 2014)

Did you know?
- 1/3 of full-time staff aged 50-64
- 17% of foundation leaders (CEOs and Chief Giving Officers) were aged 65+
- 28% of CEOs are women (among foundations with assets of $1B+)
- Between 2000-2010
  - USA’s Hispanic population grew 4 times the rate of the total population
  - The number of self-identifying mixed white-and-black biracial rose 134

Did you know?

- Homeownership among Americans under 35
  - 2004: 44%
  - June 2015: 35%
- Percent with bachelor’s degree or higher among 18-34 year olds:
  - 1980: 15.7%
  - 2009-13: 22.3%

(Rattner, 2015)

Baby Boomers

Characteristics:
- Enjoy working in creative and independent manners
- Sensitive to criticism
- Often possess significant professional experience
- Require lots of interaction and “talk” time
- Enjoy icebreaker and introduction activities
- Prefer a spirit of collegiality
- May have problems with authoritarian leaders

Events/People:
- Nixon
- Vietnam
- Lucy
- Bonanza
- Civil Rights Movement
- Cold War
- TV
- Rock n’ Roll
- Kennedy and King assassinations

Values:
- Professional identity
- Health and wellness
- Material wealth
Generation X

Characteristics:
- Self-reliant
- Require regular, if not constant, feedback
- May lack interpersonal skills
- Can be cynical
- Require relevance in assignments
- Often impatient
- Consider themselves to be technologically capable
- Are adaptable and informal

Events/People:
- Columbine
- War in Kosovo
- Princess Diana’s death
- Clinton impeachment trial
- O.J. Simpson trial
- Rodney King riots
- Clinton-Lewinsky scandal
- Fall of the Berlin wall
- McGwire-Sosa homer derby
- Dot Com Boom and Bust of the 1990s
- Space Shuttle Challenger Disaster
- Three-mile Island
- Iran Contra
- AIDS
- Corporate downsizing
- Tripling divorce rate
- Both parents working (“latchkey kids”)

Values:
- Mobility
- Autonomy
- Balance in their lives (work from anywhere)

Ethan Hawke
Winona Ryder

Generation Y/Millennials

Characteristics:
- Confident
- Accustomed to group work
- Comfortable with active learning
- Multi-task with ease
- Technological experts
- Goal and achievement oriented
- Require more structure and mentoring
- Learn from failure
- Motivated by money and earning potential
- Well connected

People/Events:
- Jessica McClure
- Baby M
- Hilary Duff
- Tiger Woods
- Kobe Bryant
- Afghanistan/Iraq
- September 11
- 90% of fathers attended their birth
- Average age of Moms at birth: 27
- Murrah federal building bombing (Oklahoma City)
- Columbine
- Police officers and fire fighters portrayed as heroes
- 16% grew up in poverty
- Biggest gap among them is about technology

Labels:
- Millennial Generation
- Internet Generation
- Echo Boomers
- Boomlet
- Nexters
- Generation Y
- Nintendo Generation
- Digital Generation

Requests:
- Help us learn
- Believe in us
- Tune in to our technology
- Connect us
- Let us make it our own
- Tell us how we’re doing
- Be approachable
- Plug in to our parents
- Be someone we can believe in

Mark Zuckerberg
Self Across Generations

<table>
<thead>
<tr>
<th>Baby Boomers</th>
<th>Generation X/&quot;Generation Me&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-fulfillment</td>
<td>Fun</td>
</tr>
<tr>
<td>Journey, potentials, searching</td>
<td>Already there</td>
</tr>
<tr>
<td>Change the world</td>
<td>Follow your dreams</td>
</tr>
<tr>
<td>Protests and group sessions</td>
<td>Watching TV, surfing the Web, and texting</td>
</tr>
<tr>
<td>Interest in government</td>
<td>Interest in yourself and your friends</td>
</tr>
<tr>
<td>Spirituality</td>
<td>Things</td>
</tr>
<tr>
<td>Philosophy of life</td>
<td>Feeling good about yourself</td>
</tr>
</tbody>
</table>

(Twenge, 2014)

Self-Esteem

...self-esteem doesn't cause academic achievement, good behavior... (California Task Force to Promote Self-Esteem and Personal and Social Responsibility)

...self-esteem does not lead to better grades, improved work performance, decreased violence, or less cheating. In fact, people with high self-esteem are often more violent and more likely to cheat....

“...forget about self-esteem and concentrate more on self-control and self-discipline.” (Baumeister)

(Twenge, 2014)
Narcissism

- The darker side of overly positive self-views
- “I am an important person”
  - 1950’s, 12% of teens aged 14-16 agreed
  - Late 1980’s, 80% agreed
- In 2009, the average college student scored higher in narcissism than 65% of students in 1982
- If narcissism has increased:
  - Less giving (less charitable giving)
  - Have inflated expectations
  - Display less empathy
  - Have higher materialism
  - Make more unique choices (e.g., baby names)
  - Cheat more often
  - Have less committed relationships
  - Undergo more plastic surgery
  - Display more anger and aggression (Twenge, 2014)

Our Agenda

How the Workforce and Workplace are Changing

A Perspective About Performance Management

Leading Change

Wrap up
A Brief History

http://compensationinsider.com/the-history-of-performance-reviews-infographic/

A Performance Management Challenge

Imperfect people assessing imperfect people imperfectly

using imperfect systems to achieve impossible goals.
Terms/Concepts

- Performance
- Management
- Performance + Management

Terms/Concepts: Alternatives

- Performance Enhancement
- Performance Empowerment
- Performance Mastery
- Capability (ability + willingness) System
- Capability Development & Alignment
- Feedback System
Mastery Model

<table>
<thead>
<tr>
<th>Level of Effectiveness</th>
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<tbody>
<tr>
<td>AWARENESS</td>
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<tr>
<td>UNDERSTANDS THAT A CHANGE IS LIKELY</td>
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<tr>
<td>HAS INSIGHT ABOUT SELF IN RELATIONSHIP TO THE CHANGE</td>
</tr>
<tr>
<td>ACCEPTANCE</td>
</tr>
<tr>
<td>ENGAGES IN THE NEW ROLE OR CHANGE</td>
</tr>
<tr>
<td>COMMTES TO SHIFTING MINDSETS AND BEHAVIORS BECAUSE OF THE CHANGE</td>
</tr>
<tr>
<td>ADOPTION</td>
</tr>
<tr>
<td>ACTIVELY ENGAGES IN THE NEW CHANGE MINDSETS, BEHAVIORS</td>
</tr>
<tr>
<td>ACQUIRES OR DEVELOPS THE CAPABILITIES TO PERFORM IN THE CHANGE</td>
</tr>
<tr>
<td>INTEGRATION</td>
</tr>
<tr>
<td>BLENDS THE MINDSETS, BEHAVIORS AND CAPABILITIES IN ORDER TO MAKE THE NEW PERFORMANCE “NATURAL”</td>
</tr>
<tr>
<td>LINKS CHANGES INTO EXISTING PROCESSES, POLICIES FOR SUSTAINMENT</td>
</tr>
<tr>
<td>MASTERY</td>
</tr>
<tr>
<td>CONTINUES TO DEVELOP THE CAPACITY TO MAKE ADDITIONAL CHANGES</td>
</tr>
<tr>
<td>APPLIES THE DEVELOPMENT IN NEW AND DIFFERENT CONTEXTS (I.E. FUTURE CHANGES)</td>
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</tbody>
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Self-Regulation Model & Feedback

Reinforcing Feedback

No Incentive for Development

“Ought” Self
(What others want you to be & do)

Avoid Disappointing Others

Develop/Shift

Give up

Continue to Improve

“Ideal” Self
(What you want to be & do)

Developmental Feedback

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Coaching for Change: A Systems Perspective

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Wrap up
Challenge of Organizational Change

Nearly two-thirds of all major changes in organizations fail

- Only 20 to 30% of reengineering projects succeed\(^1\)
- Only 23% of mergers & acquisitions make back their costs\(^2\)
- Just 43% of quality-improvement efforts make satisfactory progress\(^3\)
- 9% of major software development applications in large organizations are worth the cost. 31 percent get cancelled before completion.\(^4\)
- 53% will result in cost overruns by 189 percent!\(^4\)

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Change is the “New Normal”

Companies no longer have the luxury of expecting day-to-day operations to maintain a static or predictable pattern that is occasionally interrupted by short bursts of change.

“It is no longer appropriate to consider organizational change as a project or event, with a clearly defined beginning or end”

(Corporate Leadership Council, 2003a, 1)

“To prosper, leaders will need to abandon such outdated notions of change. In reality, the new normal is continuous change—not the absence of change”

(Thompson, Bear, Dennis, Vickers, London, & Morrison, 2009, 6)

Most organizations acknowledge change as a continuous process that impacts the way companies manage change.

Lewin’ s Change Model (1947)

Kurt Lewin was a psychologist known as one of the modern pioneers of social, organizational and applied psychology and was one of the first to study change as an organizational phenomenon.

Un-Freeze
- Overcome inertia
- Dismantle the existing mind set

Change
- Transition and Confusion
- No clear picture of outcomes

Freeze
- Change Crystallizes
- Comfort is regained as change becomes “normal”

*If you want to truly understand something, try to change it.*

- Kurt Lewin
Bridges: How People Experience Change

Endings
- People discover they have to let go of what was normal, predictable and comfortable in their environments
- They feel a loss of control
- Some may be genuinely optimistic

Transitions
- As people go through the points of transition, they can start to blame and even become angry
- People may feel uncertain, lost, afraid, “in limbo,” or have unusual outbursts of frustration or anxiety
- The key here is to focus on going forward, not on the past
- As with endings, those who are optimistic should continue to be encouraged

Beginnings
- People have chosen to commit and participate in building the new environment
- Now that they are more comfortable with the transition, they can become impatient for progress and may be hopeful about building new trust, relationships and achievement

Why is Change so Hard?
- All change is a loss experience
- Experiencing a lack of choice
- Change involves a shift away from known situations with their familiarity, comfort, and advantages
- Exchanging the known for the unknown; certainty for uncertainty; existing patterns of behavior for new patterns; tried rewards for untested ones

People do not resist change per se, but resist losing something of value to them – a loss of the known and tried

(Burke)
Why Change Fails

1. Not establishing a great enough sense of urgency
2. Not creating a powerful enough guiding coalition
3. Lacking a vision
4. Under-communicating the vision by a factor of ten
5. Not removing obstacles to the new vision
6. Not systematically planning and creating short-term wins
7. Declaring victory too soon
8. Not anchoring changes in the organization’s culture

Roles in Change (adapted from Conner, 1992)

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility or Contribution</th>
</tr>
</thead>
</table>
| Sponsor   | ▪ Decides which changes will happen  
▪ Communicates new priorities to the organization  
▪ Provides resources to enable the change    |
| Agent     | ▪ Executes the change—an individual or group  
▪ Develops the plan to deal and deploys the change                           |
| Target    | ▪ Makes the change—the individual or group that is the focus of the change effort   |
| Advocate  | ▪ Individual or group who wants to achieve a change, but without power or position to sanction it |

(Bennett & Bush, 2014)
### The Roles of Change

<table>
<thead>
<tr>
<th>Role</th>
<th>Contribution</th>
</tr>
</thead>
</table>
| Sponsor| • What do you wish to accomplish? Is the appeal emotional as well as intellectual?  
         • What is the compelling business case for the change?  
         • Does the vision articulate potential gains for all stakeholders?  
         • Who needs to be involved to sustain this change initiative? |
| Agent  | • Is the appeal of the vision emotional as well as intellectual?  
         • Why will others consider this change important to them?  
         • Who may resist or oppose this change, and why?  
         • How are you using rewards and consequences to guide change? |
| Target | • Do you see a reason to change in the vision or case for change?  
         • What will you need to alter or do differently to implement the change?  
         • What is your reaction to the change? |
| Advocate| • How will you support the sponsor’s efforts to initiate and sustain the change?  
         • What are you asking the sponsor to do?  
         • How can you help the sponsor? |

(Bennett & Bush, 2014)

### Levels of Change Resistance

1. I don’t understand it  
2. I don’t like it  
3. I don’t like YOU

(Maurer, 1996)
Gleicher Change Formula (1969)

\[ C = (D \times V \times F) > R \]

- **Change Success**
- **Dissatisfaction** - Dissatisfaction with the current state; the case for change
- **Vision** - A compelling business-related description of the future that resolves the dissatisfactions
- **First Steps** - The initial measurable actions that build momentum & credibility
- **Resistance** - The natural reactions everyone has to change plus systemic barriers

Forces of Change: Force Field Analysis

- **Driving Forces**
  - Competition
  - Stakeholder Expectations
  - Technology
  - Earnings

- **Desired Change**

- **Opposing Forces**
  - Apathy
  - Hostility
  - Resource Constraints
  - Sponsorship
  - Fear
  - Uncertainty

(Based on Kurt Lewin’s model)
Case for Change
Individual Application - Elevator Speech

- What is the change about?
- Why is it important?
- What will success look like?
- What do I need from you?

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A Few Key Messages

- Workforce and workplace are changing
- Expectations for feedback are changing
- No ONE answer
- Tailor your approach
- Implement a change strategy
  - Sense of urgency and a business case
  - Sponsorship
  - Communicate
  - Get others onboard
- Early wins
- Don’t let up

Selected References & Resources: Multiple Generations

- Bridges, T. (2015). 5 ways the workplace needs to change to get the most out of Generation Z. Fastcoexist.
Selected References & Resources: Multiple Generations (continued)


Selected References & Resources: Performance Management & Change
