

# Kill Your Performance Ratings

2015

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## Our vision

*Transform Leadership  
Through Neuroscience*

## Three main practice areas



Performance



Diversity



Learning

## How we support organizations



Research Briefings



Thinking Partnerships



Digital Learning Solutions

## Performance management gets reviewed

**“90% of performance appraisal systems are a failure.”**

SHRM



## Performance management gets reviewed

**67% with highest performance scores were not the top performers.**

CEB



## How do you rank yours?

- Tier 1: *'Needs to go'* \_\_\_\_\_
- Tier 2: *'Needs improvement'* \_\_\_\_\_
- Tier 3: *'Good but inconsistent performer'* \_\_\_\_\_
- Tier 4: *'A strong performer'* \_\_\_\_\_
- Tier 5: *'A top performer'* \_\_\_\_\_



## Transform performance management

**What needs to change**



## The answer...

Nothing.

- If internal competition is more important than collaboration
- If job satisfaction and engagement is a low priority
- If putting people under pressure and replacing low performers is more important than a deep focus on growing talent

## Kill your ratings



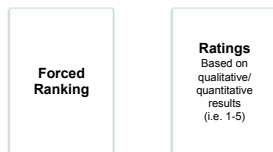
### KILL YOUR PERFORMANCE RATINGS

Neuroscience shows why numbers-based HR management is obsolete.  
by David Rock, Seth Davis, and Beth Jones

Evidence is mounting that conventional approaches to strategic human capital management are broken. This is particularly true for performance management (PM) systems—the appraisal approaches in which employees (working with their managers) set goals for their year, managers interview others who have worked with them and write up an appraisal, employees are rated and ranked (numerically and salary, bonus, and promotion opportunities are awarded accordingly). A 2013 survey by the Society for Human Resource Management asked HR professionals about the quality of their own PM systems; only 23 percent said their company was above average in the way it conducted them. Other studies uncovered even more dislates. According to the Corporate Executive Board (CEB), a management research group, surveys have found that 66 percent of managers are dissatisfied with their PM systems, and 60 percent of HR leads believe they do not yield accurate information.

## Performance Management Continuum

### Performance Scores



**From:**  
Judge  
Competitive assessment  
Annual event  
Top down  
Individual contribution  
Significant paperwork  
Fixed mindset  
Overwhelming threat

Line of courage

### No Performance Scores



**To:**  
Coach  
Coaching and development  
Frequent conversations  
Shared responsibility  
Enterprise contribution  
Minimal paperwork  
Growth mindset  
Manageable threat

## No performance scores

Line of courage



## Operating assumptions

1. The critical factor to solve for is the quality of conversations
2. There are two streams – top of the house and the rest of the firm
3. Pay for performance is not going away, but can be simplified
4. It helps to have a separate process for very poor performers
5. There is no one-size-fits-all model for no-ratings in every firm
6. There are quality case studies to learn from now
7. Developing the right plan is a collaboration and takes time



## 3 counter-intuitive early findings...

### 1. We expect pay for performance will diminish

*Instead pay differentiation is widening, increasing fairness*

### 2. We expect managers will talk to their teams less

*Instead they are talking to their teams more*

### 3. We expect people will be less motivated

*Overall engagement is increasing when removing ratings.*

*People surprised by ratings are 23% less engaged*



## Three big ideas

1. Growth Mindset
2. Minimize Threat
3. Facilitate Insight



## Fixed mindset

- Born smart
- We can't change much
- Effort doesn't help
- Feedback is dangerous
- Stretch goals are bad
- Other people's success is a problem



## Growth mindset

- Born to learn
- We can change
- Effort is central
- Feedback is helpful
- Stretch goals are good
- Other's success is an opportunity to learn

## We are easily primed

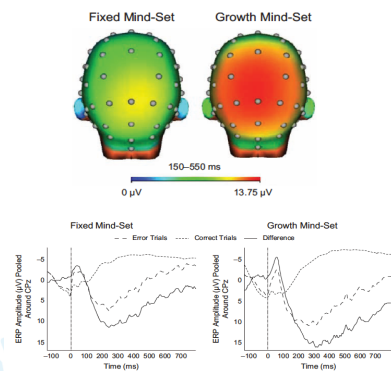
*'Good job, you must be talented at this.'*

Versus

*'Good job, you really applied yourself here.'*

Chiu, Hwang, & Dweck (1997)

## Growth mindset: learn from mistakes



Individuals with a “growth” mindset show an enhanced neural response reflecting greater attention to **making mistakes**, relative to those with a “fixed” mindset.

They also **performed more accurately** after making mistakes.

Moser et al. (2011), *Psych Science*

## Growth mindset: leadership confidence

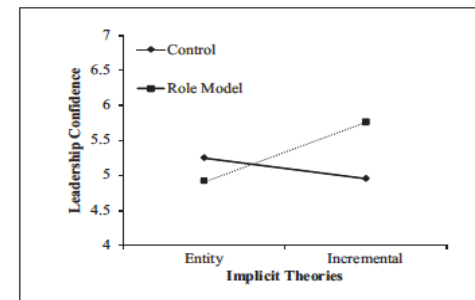


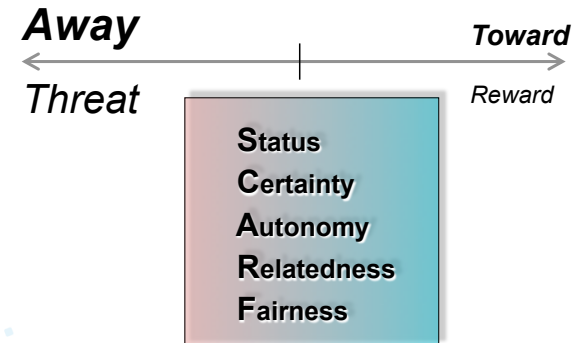
Figure 1. Study 1: Predicting leadership confidence from implicit theories of leadership and role model condition.

Hoyt, Burnette, & Innella (2012), *PSPB*

## The big question..

Is it possible to be both **judge** and  
**coach** at the same time?

## Feedback is *very personal*



## Feedback

Study finds that basically every single  
person hates performance reviews

BY JENA MCGREGOR January 27 at 2:49 pm

Washington Post

## How smart people change

Habit  
Action  
**Insight**  
Impasse

## Transform performance management

### The 'how'...



## Three area for breakthrough

1. Philosophy
2. Dialogue
3. Evaluation



## Develop the right philosophy

1. Build the business case for change
2. Identify 3 strategic objectives for performance management
3. Define the new mindset
4. Define new interaction architecture
5. Rebrand performance management



## Example branding

- "Check-in"
- "Talent Matters"
- "Compass"
- "Performance Acceleration"
- "Real Talk, Real Results"
- "Success Matters"



## The neuroscience of quality conversation

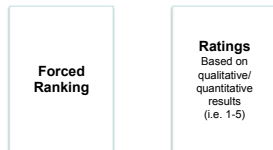
6. Identify the number of types of conversations
7. Process map the list of dialogues as “quality conversations”
8. Build simple learning aids
9. Design learning solutions that embed new habits

## Rethink evaluation

10. Rethink what to measure
11. Rethink how to measure
12. Develop your technology solution

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## No performance scores



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*Instead they are talking to their teams more*
3. We expect people will be less motivated  
*Overall engagement is increasing when removing ratings.  
People surprised by their ratings significantly dropping in engagement.*



## Research briefings

- Across Performance, Diversity, Learning
- Half day in person or virtual
- Get your talent team up to speed on research and case studies
- Up to 25 talent team members can join

Contact us for more information: [northamerica@neuroleadership.com](mailto:northamerica@neuroleadership.com)



## Further resources

- Managing with the brain in mind, s+b magazine, 2009
- The neuroscience of leadership, s+b magazine, 2006
- Your Brain at Work, *HarperBusiness* 2009
- Turn the 360 around, *NeuroLeadership Journal* 2010
- SCARF in 2012, *NeuroLeadership Journal* 2012
- One simple idea to transform performance management, *HRPS* 2013
- Why insight matters, *NeuroLeadership Journal* 2014

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## Upcoming Events



## 2015 NeuroLeadership Summit

Accelerate Leadership

NEW YORK, NOVEMBER 3 - 5



<http://summit.neuroleadership.com>

## April special offers

### Institute Membership:

Access all Journal papers, discount to the Summit, exclusive webinars and more.

Register using promo code "NORATINGS" and **SAVE 10%**.

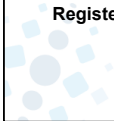
Register at [www.neuroleadership.com](http://www.neuroleadership.com) before April 30<sup>th</sup>.

### NeuroLeadership Summit:

November 3-5, 2015 in New York City

Become a member and **SAVE 10%** on your Summit pass.

Register at [summit.neuroleadership.com](http://summit.neuroleadership.com) before May 31<sup>st</sup> for early bird pricing.



## Brain-based Coaching & CFN

### Brain-based Conversation Skills or Coaching Certificate

New York:	7 May
Berlin:	4 May
Washington DC:	9 September
London:	5 October
San Francisco:	15 October

### Certificate in the Foundations of NeuroLeadership

The next intake begins **Monday, June 22**.

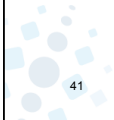
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Comments:

