



Performance Management:
Communicating Expectations
and Evaluations





VISTAGE

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One of the perennial key challenges among CEOs and key executives is performance management. As identified in a talent planning study by the National Center for Middle Management (NCMM) with Vistage Worldwide, executives acknowledge that employee communication, performance feedback and development are crucial aspects of attracting and retaining talent, but there is room for improvement in how it is executed.

Truly effective performance management considers the entire arc of an employee’s experience, from setting expectations through offering guidance, motivation and recognition.

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A Framework for Setting Employee Expectations

When it comes to onboarding new employees, many companies make the same mistake: They don't clearly define or communicate expectations for the role, says Michael Molina, chief human resources officer for Vistage.

In fact, some companies use what Molina calls the sink-or-swim methodology. "They find great talent, bring them on board and go, 'Okay, here's your desk and here's the project. Go for it!'"

Why is this a problem? Not only does it tend to lower worker productivity, but it can cause employees to be less satisfied and less engaged in their work which, in turn, can hurt the performance of an organization, as Gallup research indicates.

Setting employee expectations, then, is critically important. Here, Molina offers a framework for setting expectations with new employees (i.e., employees that have been with the organization for one year or less) and existing employees (i.e., employees that have been with the organization for more than one year).

Setting expectations for employees

- **Clarify job expectations in a document.** Create a position description that specifies employee expectations in clear language. The position description should give new employees enough information to answer questions such as: What was I specifically hired to do? What is expected from me in the first 90 days? What is the ideal outcome if I perform at my best? How does my job connect to the goals of the organization? “When people have clarity on what they’re working on, and it’s attached to the bigger purpose of the organization, boom! They can win,” says Molina. “They can be successful.”
- **Encourage an open dialogue from day one.** In a recent CEO Confidence Index Survey, Vistage asked executives how they try to impact employee engagement. The top response was regular communication and feedback. At Vistage, Molina lays the groundwork for this dialogue by talking to new employees about their position description from day one. “I ask them, ‘Is there anything in this position description that you haven’t done before? Or is there anything in this description that you’ve been really successful at doing?’ That starts a good conversation that helps brings clarity to the role.”
- **Prioritize job direction over support.** Every new employee comes to a job with the intent of being successful in their role, notes Molina. To set that employee up for success, a manager needs to be responsible for giving them very specific direction. “When new folks come on board, we tend to be more supportive,” he says. “But even the very best and most talented high achievers need direction. They’re working for a new organization with a new culture, so your expectations could be very different than what they’re used to.”
- **Think of onboarding as a one-year process.** Most companies think of onboarding as a one-day orientation, when really it should be a one-year process, says Molina. He advises creating a program where employees have multiple check-ins throughout the year and the opportunity to meet with colleagues at different levels of the organization. “At Vistage, we use a lot of self-awareness tools and have a monthly touchpoint with every new employee,” he says. “It’s really rich in content and community, and ultimately builds a really powerful culture.”





Setting expectations for existing employees

- **Communicate regularly and provide ongoing feedback.** As with new employees, managers should schedule regular check-ins with existing employees to discuss current projects, barriers to success and other relevant issues. To bring structure to this process, Molina recommends using tools such as 15five, which prompts employees to answer questions about their job (e.g., What are you working on this week? What's causing you anxiety? What's going really well?). This information is shared with managers, who can then provide feedback to their employees.
- **Set organization-wide goals and expectations.** Every employee in an organization needs to feel like they're contributing to the company's broader goal, says Molina. Companies should clarify what that goal is and how it's measured. At Vistage, for example, employees work in support of member acquisition or member retention.
- **Empower employees to own their future.** Make sure employees understand that they own their long-term career path, and it's up to them to have the appropriate conversations with their manager from time to time. This is especially important as more jobs become cross functional and require more than one expertise. "The career paths of today aren't the typical paths that they once were, and you don't necessarily stay in one lane for your entire career," says Molina. "If you're in HR, you may have to go get experience in operations. Or if you're in marketing, you may have to go get sales experience."
- **Set team operating agreements.** Molina recommends taking your team through an exercise where you agree to definitions for average performance, excellent performance and out-of-the-ballpark performance. "It's amazing what happens when you have this discussion as a team, because what some people think is average is what others think is out-of-the-ballpark, and vice versa," says Molina. In addition, make sure your team establishes and agrees to a set of operation principles. "Without that, you don't really know what's standard and what's outside of standard."





Ten Rules for Giving Meaningful Feedback

by Cheryl McMillan

A survey conducted by leadership trainers Zenger Folkman defines feedback as *an interaction between two people where one person has information they believe would be helpful to the other person*. The survey found that leaders who scored in the top 10% on giving honest, helpful feedback correlate to more than triple the level of employee engagement when compared to the leaders in the bottom 10%.

One way to describe engagement is that the employee cares, not just about the organization, but about the people, too. How do you create this sense of caring? The first thing to

remember is that **employees won't care unless they believe that their boss cares for them**. One way you can create a strong connection is to give your employees helpful, meaningful feedback, so they know that their development and growth is important to you. For some leaders, giving feedback can be awkward and anxiety-provoking, so they may delay it or, worse, avoid it entirely. If you are one of these leaders, can you afford to continue to ignore its importance?





Feedback versus conversation

Feedback is an overused term. Instead, think of two different types of conversations that you can have with your employees. **The first is a guidance conversation**, which is any helpful interaction that is related to improving an employee's performance or behavior. **The second is praise**, which is any information that emphasizes and reinforces a specific desired or valuable result or behavior.

Criticism versus guidance

Employees can't improve without being made aware of their mistakes, so they require guidance. Guidance, however, is not the same thing as criticism. Criticism includes any hurtful comment, personal attack or other verbal abuse. Criticism attacks the character of its target and typically starts with "You." For example: "You never listen to anyone. You are so hard-headed and obnoxious." Criticism accuses its target of having a deficient or defective character. It humiliates and usually provokes a strong defensive reaction. There is no such thing as "constructive criticism," so never criticize!

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How to effectively give feedback:

1. Give five times as much praise as guidance.

Remember to actively look for the great things that are happening in your organization. Research shows that team performance can be predicted by measuring the ratio of praise to guidance. Extensive research on married couples supports a very similar ratio: five positive interactions to one negative one was a critical predictor to stable marriages.

2. Be specific.

When giving feedback, avoid vague statements like, "Great job!" since it doesn't convey enough information for the person to understand what they did well so that it can be repeated. Instead try, "I noticed in the meeting today that you were well prepared, and your recommendation to increase inventory turns will save us \$10,000. Please offer more of those recommendations!"

3. Praise in public and offer guidance in private.

Offer praise in public to demonstrate your pride in your employee's performance. Clearly state how their action benefited the company. Besides giving a hefty morale boost to the praised employee, public recognition can also inspire others to perform well so they can earn the same praise. Guidance, however, should only be offered in private since the recipient could feel embarrassed in front of others.

4. Preface, or ask for permission, to give guidance.

Open your conversation by saying, "Let me provide you with some feedback," or "Are you open to some feedback today?" Those statements help your employee prepare mentally and emotionally for what you're about to say. If your employee is not emotionally ready for your feedback today, then reschedule it for a day when they are more open.

5. Address the behavior, not the person.

Address only the employee's behavior and not their character. Use this three-step formula: 1) Describe the situation, 2) Identify no more than one or two behaviors that you need the person to change and why, and 3) Ask for their commitment to do so.

For example, "During yesterday's Board meeting, one of the Board members discovered that your sales calculations were incorrect. I'm worried that this has affected your credibility with them, as well as mine. Next time, will you promise to double check your calculations or have someone else double check them for you?"

6. Give praise and guidance consistently.

Giving praise and guidance should be a continuous process, not a one-time event, like an annual performance review. Frequent, friendly, informal conversations result in better performance. And, your formal performance reviews will be easier because the employee won't feel surprised.

7. Be timely.

Provide your praise and guidance as close to the employee's specific action as possible. When something needs to be said, say it. Employees like to know where they stand. With timely feedback, problems don't escalate.

8. Prepare.

Spend enough time to be clear about what you want to say and how you will say it. This helps you stay on track and stick to the specific behavior that you need to address.

9. Use "and," not "but."

"But" negates any positivity that you generated with what you just said. This triggers your employee's defensive instinct, because they hear "You are good at this, but bad at that." Instead, try using "and" to connect guidance with a request. "Your spreadsheet was very helpful, particularly your analysis of the expense increases, and it would be even more beneficial to me if you would include a couple more sentences of explanation."

10. Praise corrected behavior.

When an employee corrects their behavior, recognize it and give liberal praise.

How you give feedback not only affects the mood and performance of your employees, it impacts your culture. When employees receive no feedback, your culture can become complacent and, at worst, toxic. Giving feedback in the wrong way can be just as damaging. A Harvard Business Review article shows that employees who were criticized by their bosses intentionally lowered their productivity.

Giving meaningful praise and guidance doesn't come naturally to all of us. As with any other valuable skill, it requires practice and discipline. The good news is that it works equally well at home and at work, and if you do it you will get rewarding results at both.



6 Steps to Receive Feedback from Anyone

by Cheryl McMillan

When you give feedback, you probably do it with confidence and firm belief in your point of view. How do you feel, though, when you receive feedback? Do you agree with the giver's perspective? In a recent CEO Confidence Index Survey, Vistage asked executives if they have a system in place for a performance review for themselves. Six out of 10 respondents said no. If you want to create a real connection to your employees, learning to receive their perceptions of you with courage and grace is critical.

Your natural reaction when receiving feedback from some may be to quickly dismiss it. To use all feedback effectively, you need to actively evaluate it, regardless of who gives it and what they say.

Douglas Stone and Sheila Heen, in their book, "Thanks for the Feedback: The Science and Art of Receiving Feedback Well", define effectively receiving feedback as "engaging in the conversation skillfully and making thoughtful choices about whether, and how, to use the information and what you're learning. It's about managing your emotional triggers so that you can take in what the other person is telling you, and being open to seeing yourself in new ways." There is always a gap between how we see ourselves and how others see us. **Because it is nearly impossible to see ourselves clearly, feedback is critical to our continued growth and improvement.**



Feedback conflicts

Most leaders claim to want feedback. However it's not easy to receive it because some comments can conflict with our two core human needs: the need to learn and grow, and the need to be accepted just the way we are.

Stone and Heen define three triggers:

- 1. Truth triggers** are set off by the content of the feedback. When assessments or advice seem off base, unhelpful, or simply untrue, you feel indignant, wronged, and exasperated.
- 2. Relationship triggers** are tripped by the person providing the feedback. Exchanges are often colored by what you believe about the giver (He's got no credibility on this topic!) and how you feel about your previous interactions (After all I've done for you, I get this petty criticism?). So you might reject coaching that you would accept on its merits if it came from someone else.
- 3. Identity triggers** are all about your relationship with yourself. Whether the feedback is right or wrong, wise or witless, it can be devastating if it causes your sense of who you are to come undone. In such moments you'll struggle with feeling overwhelmed, defensive, or off balance.

To derive meaning from any feedback, you need to understand the other person's point of view and separate helpful comments from those that are not.

How to effectively receive feedback:

- 1. Listen empathically to understand the other person's point of view and ask clarifying questions.**

Don't immediately react to any feedback, whether positive or negative. Many times the validity and value of feedback is not immediately apparent, so before you accept or reject it, make sure that you understand it. Be curious about the other person's viewpoint. What is his or her expectation? What is the source of that expectation? Is there an unspoken fear of the feedback giver?

Avoiding snap judgments and exploring the source of the feedback allows you to engage in a rich conversation that will benefit you and deepen the relationship.

- 2. Know yourself and your most common triggered reactions.**

We all react to feedback in our own conditioned ways. For example, you may argue and reject it at first (but later accept it), you may become defensive and deny its validity, or even retaliate against the giver. Pay attention to when you are triggered, and instead of reacting, ask questions to try to understand.

- 3. Separate the giver from their comments.**

It does matter who is giving the feedback! When a relationship trigger is activated, separate the message from the messenger and evaluate their comments as if a neutral person had given them.



4. Ask for frequent feedback.

Practice makes perfect. The more often you request feedback, the less likely your emotional triggers are to get activated. Give others multiple opportunities to give you real feedback. They will become more comfortable doing so, and you will become more comfortable receiving it. Do not be defensive to requested feedback. It sends the signal to the giver that you are unreceptive, and they will avoid giving you feedback in the future.

5. Thank the giver.

There is only one appropriate response to feedback and that is "Thank you." Thank people for being honest with you, and let them know that you find their observations and opinions helpful -- even if you don't at first.

6. Be aware of critiqued behavior.

Think about your received feedback for a couple of days. Have other people said similar things to you? Observe your own behavior and try to see yourself as others may perceive you. Maybe your intent (who you are) and behavior (how you are perceived) are not aligned. Look for opportunities to correct and improve critiqued behaviors.

Part of your personal growth depends on your ability to receive feedback from others. Receiving valuable feedback, in turn, requires managing your emotional triggers so that you are able to see its value. It may be hard to hear the truth about how you are perceived by others, but in the long run, it's more damaging not to hear it. **Knowing how you're perceived by others is not only critical for you to become a better leader, it is part of building trust and connection with your employees.**



Development Strategies

Vistage Chair Emeritus and Millennial Speaker Lawrence King has straightforward strategies to reinforce a team member's performance as well as effect change in those whose performance needs adjustment. According to King, a key role of the CEO is to coach employees so that they can grow.

“As the coach you have two primary strategies,” explains King, “recognition and correction.”



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Recognition for excellent and good performers

Make a list of the employees who report to you and rate their performance from one to 10.

Your highest performers (rated 9 and 10) deserve special recognition. Sit down with them one-to-one as soon as possible and tell them, specifically, what they are doing that makes such a major difference for your company and how much you appreciate it. For example, “When we were about to lose that major contract with a key customer, you went out there and pitched camp and didn’t leave until you got the signature on the contract. That made a major difference for us.” Praise them for both their individual efforts and their team efforts. However, stay away from general feedback, i.e. “You are really a good person.”

All too often, the people who perform well get more work as their reward. That is not necessarily bad, but there also have to be other forms of positive recognition.

Let your best performers know that you truly appreciate their efforts, personally as well as professionally. Let them know that their contribution allows you to take some time off without being afraid that the organization is going to fall apart in your absence. Put yourself in their shoes, and realize that when people have earned this type of recognition, they need to receive it.

Good performers (rated 7 or 8) should also receive recognition along with some coaching for specific improvement. Recognize their contributions on a one-to-one basis, just as you would for your superstars. Let them know, too, what they can do to move up to superstar status within your company. Keep in mind that you can never give too much recognition. Although you may know your employees socially, and while they may have been with you for a long time, do not let these relationships get in the way of giving them specific input about what they can do to become an even better performer.



Correction for mediocre performers

Mediocre performer (6 and below) also need a chance to improve, but keep your expectations structured and very clear. Sit down with each of these people and create a written, 90-day plan that states what they must do to improve. Always make sure you are very clear about their goals and objectives. People can't improve if they don't know specifically what you expect.

Commit to meeting on a weekly basis for a short 5-10 minute "huddle." Review their plan on a weekly basis and document their progress (or lack thereof) toward their goal. Frequency of feedback is vital.

According to King, if you apply this process diligently, one of three things will happen with your mediocre performers:

1. You will help them become a quality contributor.

"Turning around a marginal performer represents one of the great joys of leadership," says King. "In my experience it only happens about 30 percent of the time. But in today's tight labor markets, it's worth investing your time. It is amazing what kind of perceptions people carry around about what you expect of them. This type of concerted communication removes ambiguity and creates clarity. They know what you expect of them and how they are doing. The only uncertain variables, that you must assess, are their ability and commitment."

2. The mediocre performer will decide that this job is not for them and leave your company. Sometimes a job is just not a fit. When you set the bar higher and let someone know on a weekly basis they aren't meeting your expectations, they begin to see the writing on the wall. "About six or eight weeks into the process, they will come to you and say, 'I don't think I have a long-term future with this company,'" says King. "Thank them for their contributions and let them go with dignity and respect."

3. You will terminate the mediocre performer. If neither of these two things happen, then you have to make the tough decision to begin the process of replacing that person. Replace them at your discretion when it is best for the company. "Firing executives rarely feels good, especially with long-term employees," acknowledges King. "But you don't do anyone a favor by holding on to someone who can't perform."

The bottom line

Hire good employees to begin with, then actively coach them to be even better. Recognize your high performers, help those that can be helped, and free those that can't. Your company's success depends on the performance of your team. Stop procrastinating, and start recognizing and developing!

Read more on this topic. Download [A Guide to Talent Planning for the Middle Market CEO](#).

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Cheryl is a Vistage Master Chair and Executive Coach. She has a passion for raising awareness in leaders about how their choices and unconscious actions impact their results. Cheryl leads two C-Suite peer advisory boards, comprised of CEOs or senior executives from non-competing companies in NE Ohio. She blogs regularly at CherylMcMillan.com.



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As Chief Research Officer for Vistage, Joe Galvin is responsible for providing Vistage members with the most current, compelling and actionable thought leadership on the strategic issues of small and mid-sized business. Galvin is an established thought leader and business analyst with former roles as Chief Research Officer for CSO Insights – Miller Heiman, VP Sales Optimization Strategies at SiriusDecisions, and VP/Research Director CRM for Gartner. He has researched and presented to business leaders around the world on advanced concepts in customer management, world-class sales performance, and CRM-SFA technology.

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About Vistage Worldwide

Vistage Worldwide is an organization designed exclusively for high-integrity CEOs and executive leaders who are looking to drive better decisions and better results for their companies. Our members -- 21,000 strong in more than 16 countries -- gather in trusted, confidential peer advisory groups where they tackle their toughest challenges and biggest opportunities. Leveraging the Vistage platform, our members have demonstrated the ability to refine their instincts, improve their judgment, expand their perspectives and optimize decision making. CEOs who joined Vistage grew their companies at three times the rate of the average U.S. company, according to a 2015 Dun & Bradstreet study. Learn more at vistage.com.

About Vistage Research

Vistage Research curates subject matter from the Vistage community and collaborates with top thought leaders to create unique content. Vistage executives access actionable, thought-provoking insights from the WSJ/Vistage Small Business CEO Survey and Vistage CEO Confidence Index results, as well as national and local economic trends. Since it began in 2003, the Vistage CEO Confidence index has been a proven predictor of GDP, two quarters in advance. Vistage Research provides the data and expert perspectives to help you make better decisions. Visit vistage.com/confidenceindex and vistageindex.com to learn more.

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