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Decouple salaries from "ridiculous" performance review process: Author

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Salaries are determined more by market demand than performance, so they should be separated from the performance review process, according to author and HR consultant Graham Winter.

"As disappointing as it may be for many people, the major variable that determines salary in most jobs is not performance but rather market demand," he says.

"Accordingly, it makes sense to decouple the salary review from the performance review and preview processes."

Employers should retain a level of bonus that is aligned to performance, he says, "but to suggest that performance determines salary is simply not true in most cases".

Reviews ineffective

According to Winter, the author of *The Man Who Cured the Performance Review*, performance review must surely be one of the most sacrosanct of all business processes, "because it remains an unchanging feature of the majority of organisations despite its cost, limited value and almost universal ridicule".

He says the three fundamental aims of the review make sense:

1. aligning individual behaviour with business direction;
2. providing feedback; and
3. discussing and defining career goals and development plans.

Unfortunately, however, these aims can't be accomplished in one meeting every six or 12 months, "backed by a clever recording system and a raft of HR processes and guidelines", he says.

"Not only is the performance review ineffective in achieving these aims, but it can be directly or indirectly responsible for damaging relationships, reducing openness, instilling mistrust and even increasing staff turnover while achieving little."

In his book, Winter identifies "bureaucracy, ill-equipped people and fear of feedback" as the three root causes of performance reviews failing to meet expectations.

He says the cure for bureaucracy is to create a clear sense of purpose - making the system people-friendly, minimising detail and getting away from the "tick and flick" mentality of completing reviews as quickly as possible.

This involves identifying an organisation's "true north" - a frame on which people from every level can answer four fundamental questions:

1. Why are we here?
2. What must we achieve?
3. How will we achieve those things?
4. What values and principles will guide us?

Employers should also align performance management with a Plan-Do-Check-Adapt cycle:

- **Plan** - staff members and managers agree on personal goals, which are aligned to the "true north" for the team and overall business;
- **Do** - aligns day-to-day performance and coaching to the plans;
- **Check** - regular performance conversations, and 20-to-30 minute review meetings between team leaders and direct reports, every four to eight weeks. Every six-to-twelve months, another meeting tackles job and career development, defines strategies, sets goals and determines the actions and accountabilities for the next period; and
- **Adapt** - what is learned is applied to improve performance in the next PDCA cycle.

The cure for ill-equipped people includes embracing the concept of "everyone coaches" and giving people the skills and confidence to have feedback conversations.

Winter says the fundamental premise of giving feedback is "wrong" and that the focus should instead be on *inviting* feedback.

"It is amazing to see how the fear of feedback subsides and the truth emerges as people get more skilled and comfortable in inviting feedback instead of having the pressure to push feedback on to others," he says.

Becoming confident in inviting feedback requires an ability to accept information in a

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way that encourages people to keep the feedback coming, he says.

"This takes time and practice because the natural tendency is to react instead of reflect. This is more about emotion than logic, but as people learn that feedback can be valid, fuzzy or invalid, and it is their choice how to respond, there are fewer emotional reactions and there is greater learning."

Winter says performance conversations should ensure feedback is direct, specific and behaviour-changing or behaviour-reinforcing. When giving feedback, managers should:

- focus on specific behaviour (what really happened);
- describe the effect of the behaviour;
- explore whether the person understands; and
- leave people looking forward after giving some "tough love".

To cure the fear of feedback, employers must "do it early and do it often", as part of a partnership between managers and direct reports, and between colleagues, Winter says.

Managers should set goals, expectations and trust, "because this provides the essential clarity of expectations on which partnering is built".

He says "there is enormous value in coaching managers and team leaders to create a feedback expectation because without it there is no basis for a partnering relationship in which people openly speak the truth".

The symptoms of a sick review process

According to Winter, there are symptoms that indicate when an organisation's review process needs to be "cured".

Action is needed when:

- managers use the review process to reinforce their status;
- the review damages relationships;
- reviews are conducted poorly by managers and team leaders;
- reviews are done poorly by staff;
- staff become disengaged; and
- the performance review is ridiculed.

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