

PERFORMANCE CONVERSATIONS ARE IMPORTANT

96% of all employees say they want to hear feedback regularly, but only 8% of companies believe their process for giving regular feedback is highly effective in driving business value. In fact, 58% of those companies say it is a waste of time. But the research is clear, talking to employees about their performance helps companies perform better. These are just a few studies I could find:

- Companies that provide regular performance feedback have a turnover rate 14.9% lower than companies that don't.
- Managers who receive regular feedback show 8.9% greater profitability.
- CFOs estimate that 30% of their company's performance potential is lost due to ineffective performance conversations.

So even though employees want it, and it would benefit the company, most managers don't conduct regular performance conversations. And when they do, they save the conversations for set moments throughout the year. I've known managers who think they have done a great job when they talk performance with their people three times per year. They set goals in January, checked up in July, and assessed achievement in December. In their mind, it was a job well done, but in my mind, it showed their lack of understanding of leadership.

We need to recognize that managing the performance of a team (or a company) is best when it is nimble and occurs regularly. Talking performance with your people isn't actually hard. The problem is that we tend to make it hard for ourselves, by implementing the next generation of performance tools or super-detailed processes. The truth is we don't need all of that. We just need to go back to the basics when it comes to goal setting, discussing someone's performance, assessing performance, and rewarding performance.

That is why we started a four-part series on Performance Management Fundamentals, and how your bank can unlock the performance of your people. In last month's article, we discussed why banks should avoid the top-down goal setting approach, and instead empower their people to determine their own goals. But obviously just setting goals is only the first step, and that is why this month's article will focus on talking to your people about their performance throughout the year.

When should you talk about performance with your people?

Talking to your people about their goals and performance cannot be a once a year activity. In truth, it cannot even be once a month. Infrequently talking to your people about their performance just increases the risk that they will make a mistake, veer off course, and, ultimately, fail. Imagine it as if you were driving across the country, but you only looked at the map once per day. Some days everything would go perfectly, and you'd end up where you needed to be. But on other days, a simple mistake would go uncorrected, and that would lead to large problems.

Talking about performance with your people needs to happen on a weekly, sometimes even daily, basis. These frequent conversations about performance do not have to be some formal event. Instead you should be leveraging the meetings you are already having to talk about performance. For example, I am sure that every week (maybe even every day) you have people coming to you requesting to talk about something. While they might not seem impactful, these moments, when leveraged correctly (and regularly), can significantly improve your peoples' performance.

In addition to these organic meetings that naturally occur throughout the week, you should also set some frequent meetings to ensure these conversations occur. We recommend three regularly scheduled meetings to talk performance with your people:

- **Weekly One on Ones** - Every week you should spend 15-45 mins with each of your direct reports. The purpose of this meeting should be very tactical. What are the goals you are working towards this week, what are the issues you are facing, and what can be done (by the leader or the team) to support achieving those goals?

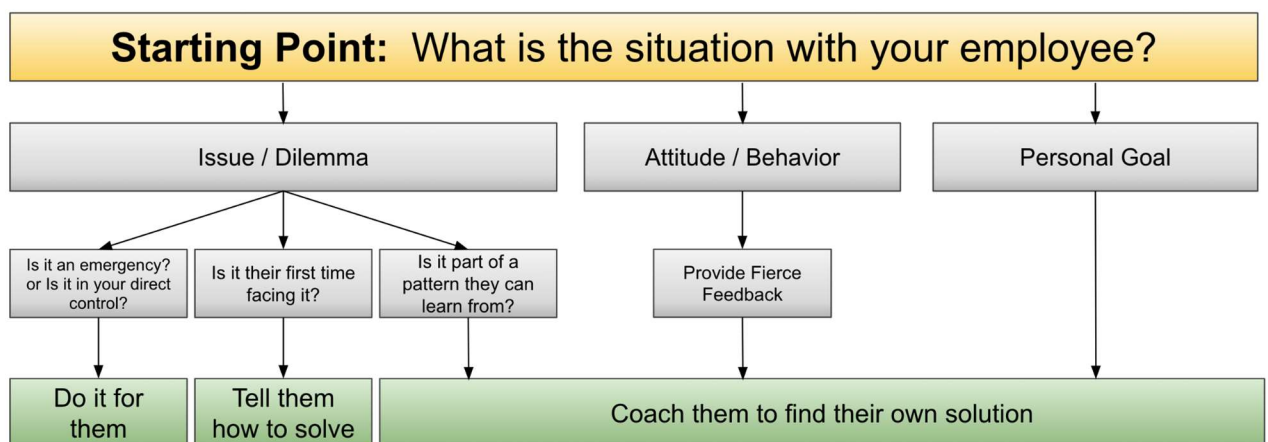
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- Monthly Health Checks - At least once per month you should spend one to one- and one-half hours with each direct report to review their progress over the last month. The goal should be to raise the discussion above the tactical level, and instead focus on larger themes and patterns that have emerged. Where have they succeeded and where have they struggled? What should they be focusing on in the next month?
- Retrospective & Way Forward - Finally, we recommend that every four months you and each employee conduct a performance Retrospective & Way Forward. While conducted in the same meeting, these are two separate focus areas.
 - Retrospective - The first thing you need to review is how the person has performed over the past four months according to their goals. Have they achieved their goals? Have they performed in a way that is aligned with your desired culture? Have they actively worked to improve their performance and continue growing? When a leader actively conducts One on Ones and Monthly Health Checks, the employee already knows everything that will be said in the Retrospective.
 - Way Forward - The other half of the meeting is to plot the focus areas for the next four months. How has the company's Rallying Cry shifted, and how does it impact the role? What goals/projects does the team need to start, stop, or continue? If the role could only deliver one thing over the next four months, what would it be?

How to talk to your people about performance.

Just because you conduct regularly scheduled performance conversations, doesn't mean you are having quality performance conversations. The trick to unlocking your meetings and interactions with your people comes down to knowing how you (the manager) should act. Sometimes it is best if you solve the problem for the person, and sometimes it is best if you coach them in finding their own solution. Unfortunately, too many leaders get stuck in one mode. They don't adapt their approaches to fit different people and situations.

That is why I create a simple decision tree that managers can use to guide their actions when talking performance with their people.



The decision tree is based on a few questions that you can ask yourself the next time your employee books a meeting with you. The main question you need to ask yourself is "What is the situation of this employee?" (1) Are they facing some sort of issue or dilemma? (2) are they having problems with some attitude or behavior? or (3) do they want to talk about a personal goal?

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- Issue / Dilemma - If the employee wants to talk about a specific issue or dilemma, your actions should depend on a few things.
 - If the issue/dilemma is an emergency, or if it is something in your direct control, then you should solve the problem for them. If the house is burning down, don't spend time coaching the person on how they might put out the fire.
 - If it is the first time the person has ever experienced this issue or dilemma, then asking them how they can solve it doesn't fully make sense. In those situations, give them clear guidance on how to resolve the issue.
 - If the issues/dilemma is part of a pattern or something they can learn from, then take the extra time to coach them in finding their own solution.
- Attitude / Behavior - Sometimes you need to talk to a person about their attitudes or behaviors at work (sometimes good, but often something you want the person to change).
 - If the person is aware of the undesirable attitude / behavior, do not start with an open coaching conversation. Instead give them direct and honest feedback. We recommend the Fierce Feedback model and have written about it previously. As part of that model, you will identify the specific behavior you want changed and how that behavior has negatively impacted either you, the team, the person, or the company. From there it should be a discussion between you and the person to identify the root cause and some potential solutions.
 - If you have talked with the person repeatedly about the attitude or behavior, then rehashing the specifics might not be necessary, and instead you can jump straight to the coaching the person.
- Personal Goal - If the employee wants to discuss a personal goal of theirs or something in regard to their development, then coaching is always the right action.

How to coach for performance.

Coaching is not therapy or telling someone what to do. Rather it is helping someone move from their current state to their desired state by asking insightful questions.

From my experience, too many leaders misunderstand what being a coach is (especially when it comes to performance coaching). They either imagine a sports coach yelling plays from the sideline, or think a coach is some type of therapist just listening to the person talk. I believe that coaching is actually somewhere in the middle. Coaching someone on their performance is just helping that person move from their current state to their desired state by asking insightful questions.

With that simple definition in mind, coaching someone can be streamlined into 3 simple steps: Discover their current and desired states, Explore possible solutions, and Follow-up.

- 1) **Discovering their Current State and Desired State** - Before you start getting into solution mode, it is critical that you and the other person align around the current state of the situation, their desired state, and their motivations on why they want to reach the desired state. Without this alignment, it is too easy to start coaching the person on the wrong issues or work towards an undesirable situation. Don't assume you know. Good coaches are curious and ask questions to understand the other person's perspective. Below are some example questions:
 - a) **Current State** - What is happening now (what, who, when, and how often)? What is the effect or result of this? What do you think this situation is caused by?
 - b) **Desired State** - What would you like to accomplish? Describe in detail the outcome you wish to achieve. What would you be thinking, feeling, doing?
 - c) **Motivation** - Why is this important to you? Why haven't you reached this goal already? What would be the consequences if you don't act?

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- 2) **Exploring Solutions** - Once you know the starting point and the ending point, it is a lot easier to help the person explore different ways to go from A to B. As a coach, it is critical that you avoid telling the person the answer. Instead, focus on asking thoughtful and provocative questions that help the person explore the different possibilities. Here are some example questions that we recommend:
 - a) **Brainstorming Solutions** - Can you brainstorm three different ways to reach your goal? What steps would you need to take?
 - b) **Necessary Support** - What resources do you need to reach your goal? What support do you need from other people?
 - c) **Roadblocks to Avoid** - What challenges can you foresee? What will be the most difficult part of the plan?
 - d) **Action Planning** - What do you want to do first? By when will you take your first actions?

- 3) **Follow-up** - One of the easiest ways to fail at coaching is to have a coaching conversation with a person, but then never discuss that issue with them again. Great coaching requires that you follow up with the other person on a regular basis to discuss their progress and help with any issues they are still facing. Without that follow-up, you are demonstrating to them that you don't care about their progress, and most likely they shouldn't care either. These follow-ups don't have to be big formal meetings, they can be simple questions that you ask around the coffee machine or other impromptu settings. Here are some example Follow-up questions you can ask:
 - a) **Progress & Learnings** - How would you summarize your work / effort so far? What is one thing you would have done differently?
 - b) **Remaining Issues** - How have you overcome previous obstacles? What obstacles do you still see on your path forward?
 - c) **Changes to Desired State** - What next steps should you take? Has your end goal changed?

Leading high performing people requires time and effort.

The ability to deliver their strategic vision is what separates Premier Performing banks from the rest of the pack. Think about it ... all your competitors probably have very similar financial goals as you. They want to increase their assets, increase their equity, increase their earnings, and decrease their risk. What will separate you from your competitors is your ability to convert these financial goals into specific actions, behaviors, and skills within your employees.

Having a team that performs at the highest levels isn't magic. You can't just set goals, walk away, and then assume everyone will deliver what is expected. The best leaders are the ones who are engaged with their people, and regularly follow up, and coach them about their performance. Not because they want to micro-manage them, but because they want to support and empower them. It isn't magic. It's just time and effort from the leader, and if you are willing to put it in, then your people can perform at levels well beyond your expectations.

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