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2016 INSIGHTS REPORT

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THE PERFORMANCE CONVERSATION EXPERTS

THE 7 INGREDIENTS OF WORLD CLASS PERFORMANCE

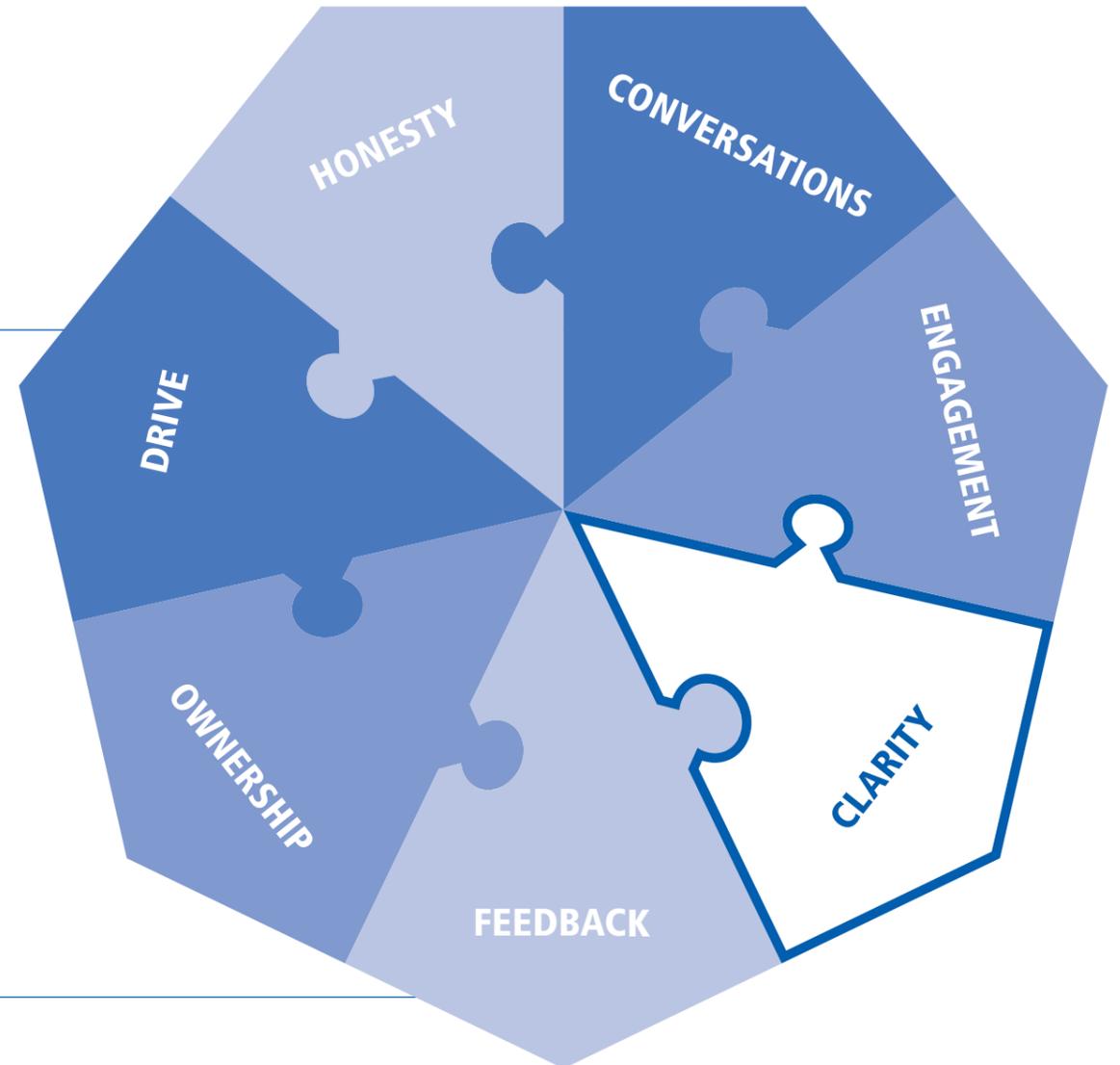


**Global Edge
are the experts
in dynamic
performance
conversations.**

Every year we conduct our survey, we learn more about performance management and the true context of what it means in organisations. Our 2016 Insights Report goes one stage further in turning performance management on its head.

The 7 Ingredients of World Class Performance are genuine indicators of the life and soul of an organisation's ability to be dynamic and flexible in this era of unstoppable change and uncertainty. This year, we are focusing on *Clarity*.

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- 6 OWNERSHIP
- 7 DRIVE



The diagram above illustrates the key puzzle pieces that mould organisations into world-class performance managers.

IN THIS REPORT, WE FOCUS ON...

CLARITY



ANNUAL SURVEY RESULTS



In November 2015, 182 organisations took part in our annual survey to explore further the 7 ingredients of world-class performance.

As you can see from the tables, participants considered their organisation against two polar-opposite statements and selected the one they felt their culture was most aligned to. There was also an opportunity to explain why they chose that option and consider the costs or benefits.

This is the third in our series of insights into maintaining a flexible, dynamic culture in a highly interdependent, hyper-competitive and often unpredictable world of work. This year, we put the spotlight on **Clarity**.

Survey Insight

This year, we have seen a massive decrease in *Clarity*, with just 29% of organisations feeling their people have clear roles, success measures and accountabilities. We continue to see managers placing too much focus on the 'nuts and bolts' of role profiles, measurable objectives and KPIs, rather than engaging individuals in where and how they fit in, through their everyday conversations (*Engagement* 42%).

Most organisations are facing increasing uncertainty as they wrestle with changes in regulation, market forces, economic and political

outlook. This poses a huge challenge for every level of leadership and management. Fixed, top-down communication of direction and order will not purge the organisation of ambiguity and uncertainty - far from it. To steady the ship and create a committed workforce, the frequency and quality of everyday communication and conversation has never been more vital. Simple, meaningful updates, developmental feedback and leadership presence throughout the year goes a long way to avoid the risk of cultural anxiety and inertia.

It's notable that over 80% of people surveyed claimed there was a lack of confidence and capability in giving regular and constructive *Feedback*,

with lower levels of *Honesty* impairing the need to have those tough conversations when required (55%).

This year has seen a dramatic increase in the *Drive* to succeed (92%). This follows a noticeable jump in the previous years' *Drive* statistics. We're noticing an encouraging shift towards conversations focused on potential achievement, rather than just the completion of everyday tasks. While *Ownership* percentages only shift a little, the recognition and use of everyday performance *Conversations* to drive and manage performance remains high (86%), increasing slightly from last year. The formal appraisal system is starting to take a clear second place to open and honest conversations, which provide

a more dynamic and immediate way of encouraging people to achieve higher levels of performance. Many organisations are going one step further and abandoning the formal appraisal system completely.

For us, it's impossible not to extol the virtue of dynamic performance conversations because they support *Clarity* so naturally. Managers face constant interferences, which undermine crystal-clear lines of communication, and distort or lose vital threads of conversation. Aligning your organisation with its future is dependent on people's flexibility and ability to retain their clarity of voice, purpose and meaning.

THE 7 INGREDIENTS

CLARITY

People have clear roles, success measures and accountabilities which they understand and commit to.	2016 29%	2015 65%	There is a lack of clarity and transparency on what is expected from people in their roles and how their performance will be assessed/monitored.	2016 71%	2015 35%
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HONESTY

We have a very open and honest culture, and where necessary, are prepared to challenge and have 'tough' conversations.	2016 55%	2015 67%	We are not always open and honest and have a tendency to avoid challenging each other or have 'tough' conversations (where necessary).	2016 45%	2015 33%
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CONVERSATIONS

Everyday performance conversations based on trust and strong relationships are the bedrock of how we manage and drive performance.	2016 86%	2015 83%	Managers overly rely on the formal appraisal meeting to manage and drive performance.	2016 14%	2015 17%
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ENGAGEMENT

Leaders provide a clear and engaging vision to inspire and motivate.	2016 42%	2015 67%	People are unclear and/or disengaged about the future and where and how they fit in.	2016 58%	2015 33%
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FEEDBACK

We are experts at giving regular constructive feedback which motivates others and improves performance.	2016 18%	2015 67%	People lack the skills and confidence to give regular, constructive feedback which motivates others and improves performance.	2016 82%	2015 33%
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OWNERSHIP

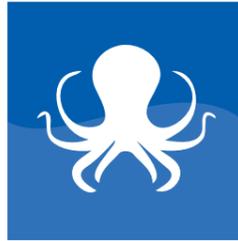
Managers take full ownership and responsibility in managing performance, ensuring it becomes an integral part of their role.	2016 64%	2015 63%	Managers say they lack the time to manage performance and regard managing performance as an 'add on' to their role.	2016 36%	2015 37%
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DRIVE

We drive for 'outstanding performance', regularly building on success and nurturing high performing talent.	2016 92%	2015 65%	We tend to settle for 'accomplished' performance, missing opportunities to properly celebrate success.	2016 8%	2015 35%
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* The organisations taking part in this survey were from a range of sectors, including: Retail, Media, FMCG, Professional Services, Finance and The Public Sector. Survey participants (one per organisation) came from both HR and Commercial roles.

CLARITY: THE FUTURE OF YOUR ORGANISATION DEPENDS ON IT



The Octopus - A cephalopod mollusc with eight sucker-bearing arms, a soft sac-like body, strong beak-like jaws, and no internal shell.

When we ask our clients how many work-related conversations they have every month, the answers range from 3,000 to 15,000. The vast majority are to do with goal-setting, many to do with feedback and the rest fit into the 'not quite sure' box. Inside every organisation at any given time, there are thousands of conversations moving up and down, from side to side, diagonally, reappearing in different forms, sometimes jumping over and in some cases, falling flat. Management's capacity to be both flexible and dynamic is essential, not only to survive, but also to find the future.

Why on earth do we use an octopus metaphor to examine how organisations are coping with keeping clear heads in this era of unstoppable distraction and change?

From the top of its head to the tip of its tentacles, the octopus is one of the most resourceful and intelligent creatures on earth. It can swim fast, mimic other animals, change colour and solve problems, to name just a few of its dynamic and flexible capabilities. We have used the octopus analogy with several clients as a means to explore the types of performance required in and from their organisations, particularly during times of great change and uncertainty.

With a bit of a stretch of the imagination, we give the octopus a minor makeover. Which best describes your organisation?

The larger-headed octopus

An octopus with a large head and extremely short tentacles or no tentacles at all – more like a jellyfish than an octopus.

Organisational context:

- Unicultural
- Firm central direction
- One language
- Formal
- Tight
- Clarity

The smaller-headed octopus

An octopus with a small head and many strong tentacles. Each one moves independently, with the head playing a coordinating rather than a controlling role.

Organisational context:

- Pluricultural
- Maximum individual autonomy
- Many languages
- Informal
- Loose
- Clarity

To keep things simple, we're talking about firm central control or maximum local autonomy... or are we? Maybe there's another way of looking at this:

“
The test of a first-rate intelligence is the ability to hold two opposed ideas in mind at the same time and still retain the ability to function.
”
F. Scott Fitzgerald, *The Crack-Up*, 1936

The both/and octopus

This octopus is capable of complex and flexible behaviour.

Organisational context:

- Intercultural
- Firm central direction and maximum individual autonomy
- One language - many accents
- Informal
- Simultaneous loose-tight
- Ambiguity

Meeting complexity with complexity

Diving into organisations, as we do, we find many managers struggling with the lack of clarity about ambiguity! It's unusual to meet managers who don't have ambiguity in their work lives and it's a major source of anxiety.

'Conversation deficits' occur when individuals and teams lack the confidence to talk about what they don't know, or have to respond to

new and complex issues without the depth of developmental support from their manager to find the best options.

The new world order is a spectrum of unnecessary order and unnecessary disorder. The area in between is the fertile soil of complexity, where there may be a rich harvest of conversational material. Some observers also describe it as 'the fog of war'.

Through the octopus, executives learn to understand how to meet complexity with complexity, whilst maintaining high levels of flexibility and dynamism. The ultimate aim is to simplify purpose and meaning - the holy grail of clarity.

“
Get used to thinking that there is nothing nature loves so well as to change existing forms and make new ones like them.
”
Marcus Aurelius, *Meditations*, c 161-180

How much time is spent by managers unnecessarily over-planning?

With their hunter-gathering noses to the ground, they may be overtaken by new events or initiatives they never saw coming. Some will cover up for a lack of organisational clarity with 'phantom clarity', which looks and sounds about right, but falls short of purpose and meaning because it misses the fundamental issue, i.e: Which version of this business am I dealing with today? The large-headed variety that attempts to control from the top, the small-headed one that simply coordinates

an autonomous cluster of silos, or something in between?

Overlay this with the universal trend to abandon abruptly a conversation in favour of the latest email or text swarming in.

This impoverishment of attention is a disaster for the critical messages, directional signposts, cultural meaning and purpose distributed so naturally and effectively through the practice of dynamic performance conversation.

Recognise any of these?

- 'I'm told I have autonomy but then five minutes later, I'm told what to do.'
- 'Some senior execs get it and want us to make decisions, but others want to maintain control.'
- 'Vision? I have no idea what the vision is. Is that bad?'
- 'There's a dark side to the values, you know.'
- 'We just get on with our thing here. No one else in this company has any idea what they're doing.'
- 'Leadership are just paying lip service. They expect us to behave in one way when they are doing the complete opposite.'
- 'I get told what and how I'm doing in my annual appraisal. My boss doesn't really know me.'

The enemies of clarity:

- Fear of ambiguity
- Unnecessary order/disorder
- "Phantom clarity"
- Over-simplification
- Conversation deficit
- The impoverishment of attention

Pulling these thoughts together requires another visit to the octopus' garden... The octopus is a creature that thrives in a complex underwater world because it forms and re-forms to fit the purpose at the time, namely its very survival.

Survival Ability	The Octopus	The Organisation
Thriving with complex and flexible behaviour	10/10	?
Exploring, understanding & remembering what works	10/10	?
Learning easily	10/10	?
Solving the right problems	10/10	?
Using available tools	10/10	?

We invite you to stretch your imagination. Place your organisation inside the octopus, from the head down to the end of each tentacle. Now swim hard against a strong current, avoiding predators along the way!

Envisage how messages are communicated, running up and down throughout the body, with every tentacle using its innate gifts to operate in unison as it heads for its destination. There's clarity, resolve, purpose, even a sense of joy as it survives, and thrives, in its natural habitat.

So what can we really take from this metaphor?

In any organisation, critical messages, directional signposts, meaning and purpose are vital for flexible and dynamic change. However, the idea that this life blood simply cascades down from the top in a one-way fashion has to be questioned. Equally, letting it all hang out, allowing the formation of camps and silos, can create the conditions for unparalleled distraction, defence and anxiety.

To maintain clarity in an era of unstoppable distraction, there has never been a better time to invest in a culture that supports dynamic and flexible behaviour. We argue that this is entirely dependent on the greatest channel for giving and receiving critical direction and timely feedback: enlightened, honest and dynamic performance conversation.

Our task, like that of the early sailor learning the rhythms of an ocean's winds and tides, is to discover enough to ride unpredictable forces respectfully toward a distant, yet desirable shore.
Nicoll, 1984

So how do managers increase clarity in their teams and the people they work with?

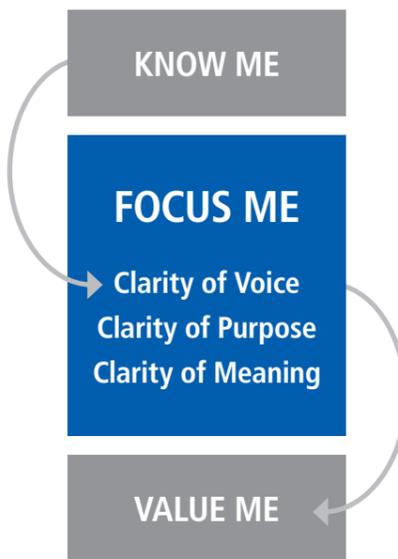
The answer lies in one of the three engagement principles outlined in our 2015 Insights Report - **Focus Me**.

Our work with organisations has shown a strong link between

Engagement and Clarity, born out in our survey results. For employees to feel empowered and engaged, they must have appropriate roles with relevant success measures, framed around their performance, learning and development.

The biggest change managers can make substantially to improve the conditions for enhanced clarity is to shift away from conversations dominated by targets and objective-setting to ones that follow the emotions of the individual, for example, anger, sadness, fear, enjoyment, trust, guilt and so on.

Setting direction is the easy bit; making it connect emotionally is much more difficult. In this part of the report, we aim to simplify the approach that makes clarity's presence felt. We argue that working on clarity of voice, purpose and meaning, if truly understood, can help managers to connect emotionally and help align individuals to the direction they need to take.



Let's take a look at each in turn...

CLARITY OF VOICE

1. Be specific, using simple, clean language
2. Have confidence in one single message
3. Be honest and straight with people
4. Rehearse, rehearse, rehearse your delivery

Having clarity of voice means communicating in a simple, straightforward and authentic way. This helps to increase levels of focus and reduce ambiguity in people's understanding of what they need to do.

Simplicity is a state of mind.
Charles Wagner

Managers need to rise above the 'noise' of change and cut through the complexity of different (and often conflicting) messages, arriving from different directions. When providing direction and focus, they must be the confident voice with one single message. This may be supported by other statements, but the emphasis needs to be on one thing that you want people to walk away with.

Brevity is the Soul of wit.
William Shakespeare

As part of our work, we listen in on conversations and meetings. We find the biggest cause of misunderstanding is people using ambiguous words such as "scalable", "leverage", "synergy", "strategic", or "thought leadership". These words are so overused and broad, no one really knows what you mean when you use them. Unfortunately, people won't generally ask you to define or clarify, because they probably get the general gist or if they don't, won't risk looking stupid for asking. Being specific with simple words and clean language will eliminate any doubt about what you mean.

Clarity of voice is also about people believing what you are saying. This is more about how you deliver the message. It is important to be honest and straight, as well as presenting yourself in the best possible way.

Yet simplicity is complicated! At first, it will take a lot of preparation and practice to bring authenticity and relevance to your audience.

If you don't get it the first, second, or even tenth time, don't worry. You will get there if you believe in what you're saying.

That's been one of my mantras - focus and simplicity. Simple can be harder than complex: You have to work hard to get your thinking clean to make it simple. But it's worth it in the end because once you get there, you can move mountains.
Steve Jobs

CLARITY OF PURPOSE

1. Signpost continually through updates and feedback
2. Flex your style accordingly to ensure purpose is clearly understood
3. Have intention for every conversation
4. Be bold and change direction when you need to

To align people with their future, the destination and anticipated number of steps required to get there must be described.

Purpose will not necessarily be shared by one heartfelt rendition. It is the cumulative effect of your 'campaign of messages' that will blast through and form a bridge-head in people's minds.

Leaders often believe they have provided goals, measures and rewards that fill employees with a required sense of purpose but more often than not, the messages fall short of their target.

Being explicit about the message and being prepared to flex your approach in how you deliver it, will ensure your message has an impact and that you are clearly understood. After all, you want to say what you mean, and mean what you say.

Efforts and courage are not enough without purpose and direction.
John F. Kennedy

A personal conversation, if it's truly rich and rewarding, will be open but not aimless; the participants will have some sense of what they hope to achieve. They might seek to entertain each other, or to persuade each other, or to learn from each other. In the absence of such intent, a conversation will either meander or run into a blind alley. Intent confers order and meaning on even the loosest and most digressive forms of chatter.

That principle applies to organisational conversation, too. Over time, the many voices that contribute to the process of communication within a company must converge on a single vision of what that communication is for. Managers must intuitively respond and if necessary change direction to ensure that the conversations which unfold in their teams reflect a shared agenda in line with the company's strategic objectives.

CLARITY OF MEANING

1. Listen to understand people's perception
2. Use stories to build trust
3. Help others build their own stories
4. Talk with employees and not just to them

Have you ever been in a situation when you've thought "Why are they telling me this?" or "What did they mean by that?" If the person speaking is vague and seems to be rambling, without a specific context or clear meaning, we simply tune them out.

When the meaning is unclear, there is no meaning.

Marty Rubin

A goal without meaning can never be effective in stimulating high performance. Clarity gives each of us a fuller understanding and greater emotional connection to where we need to focus. Importantly it helps to sustain the pressures that come with the need to perform.

Our research shows that managers need to build a bold and compelling strategy, with a culture that supports it. On a practical, day-to-day basis, this means 'tuning in' to what people expect, want to experience and value. Above all, there is a real need for honest, two-way conversation.

Our experience working with organisations is that targets, strategic objectives, project plans and values statements (by themselves) do little to instil intimacy. They can be difficult to relate to, or understand, and sometimes dismissed as 'just talk'. Managers need to bring these alive through personal stories of their own experiences. Such unadorned stories make a strong impression on employees and help to build trust. Encourage individuals to build and share their own stories on what they're working on or towards. This helps them to connect with each other on where they need to be... to where they are... and to where they want to be.

Physical proximity between leaders and employees isn't always feasible. But mental or emotional proximity is essential.

Boris Groysberg & Michael Slind, 2012

Conversation must be open and fluid rather than closed and directive. It entails shunning the comfort zone of monologue and embracing the unpredictable vitality of dialogue. By talking with employees, rather than simply issuing orders, leaders can ensure operational flexibility, high levels of employee engagement and tight strategic alignment. After all, if you want a person to change and commit to new direction, you have to involve them. Otherwise, you may have a mutiny on your hands.

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Global Edge are the experts in performance conversations (that is, the everyday dialogue managers have with their team about performance). Distinct from the traditional “appraisals” approach to performance management, we work with our clients to increase the frequency, quality and impact of these everyday conversations, delivering measurable changes in behaviour and quantifiable ROI.

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