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INSIGHTS REPORT - SPRING 2014

BY JEFF BENVENISTE



THE PERFORMANCE CONVERSATION EXPERTS

# THE 7 INGREDIENTS OF WORLD CLASS PERFORMANCE

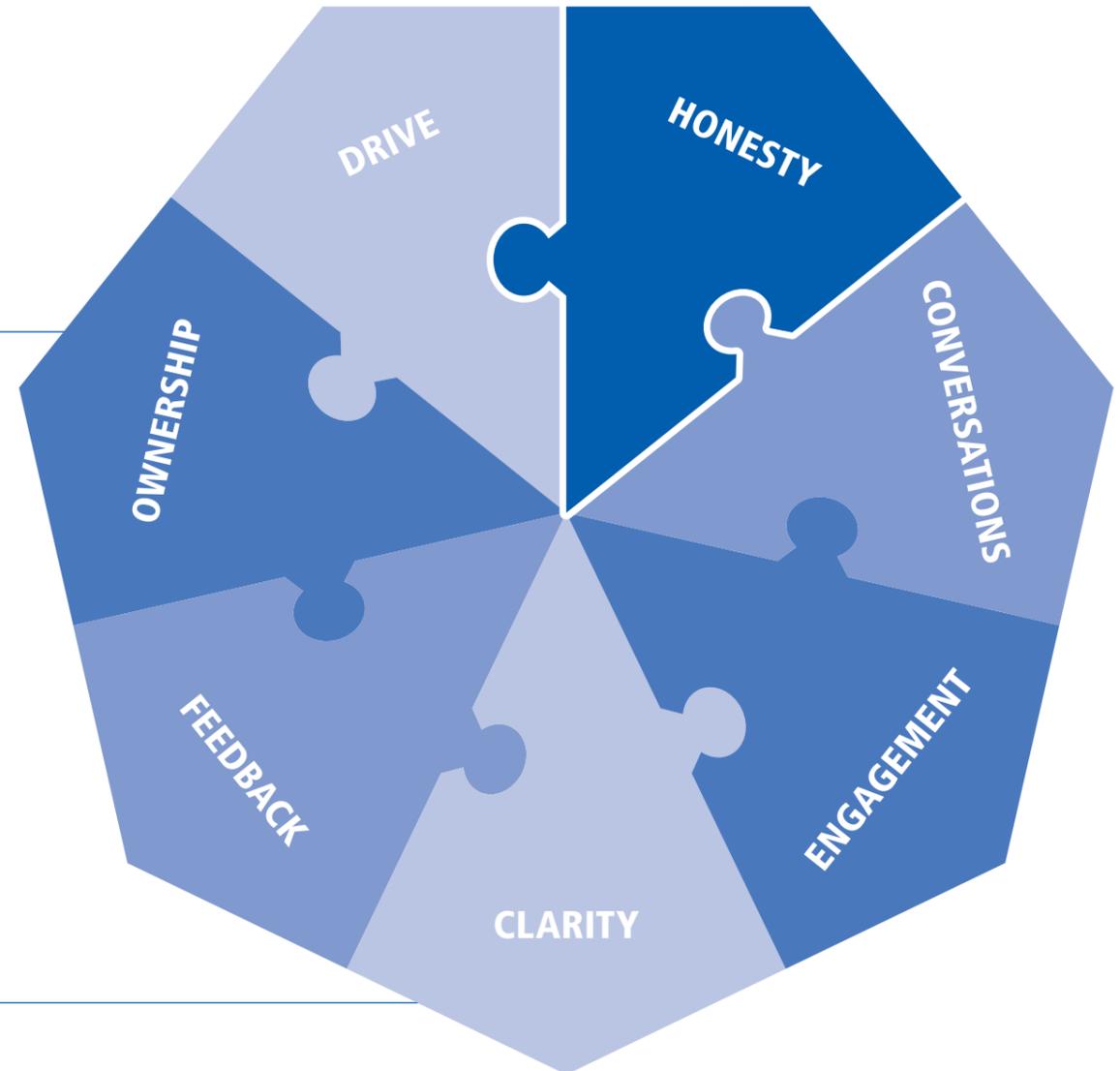


**At Global Edge, we are the experts on performance conversations.**

We have spent years working with organisations to bring about a permanent shift in the way they undertake performance management so that it becomes part of the cultural fabric of their business and one in which people not only want to work, but strive to perform better.

Through our ongoing research and consultation with business leaders, we've identified 7 key ingredients which we believe are critical for organisations to become world-class at managing and optimising performance.

- 1 HONESTY
- 2 CONVERSATIONS
- 3 ENGAGEMENT
- 4 CLARITY
- 5 FEEDBACK
- 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...

# HONESTY



# ANNUAL SURVEY RESULTS



**In November 2013, 206 organisations\* took part in our annual survey.**



For each of the 7 ingredients, survey participants considered their organisation against two polar opposite statements and selected the one which they felt their culture was most aligned to. There was also an opportunity to explain why they chose that option and consider what the costs or benefits are in such a culture.

This report focuses on 1 ingredient, **Honesty**, and is the first in a 3-part series exploring the results from our survey.

As well as offering my own insights, I'll be drawing on the experiences from organisations completing the survey, as well as other research and thought leadership on this very topical subject.

Whether you are a business leader responsible for managing the performance of a team or the people development activity for your organisation, we hope this report challenges your thinking and inspires you to take action in more effectively engaging people to higher levels of performance.

## Survey Insight

**The results opposite show very clearly where attention needs to be focused.**

In our experience, organisations tend to invest in the practical activity of making the "nuts and bolts" goals and objectives clear - and the survey suggests that a good majority achieve this (62.5% feel they have clear roles and success measures).

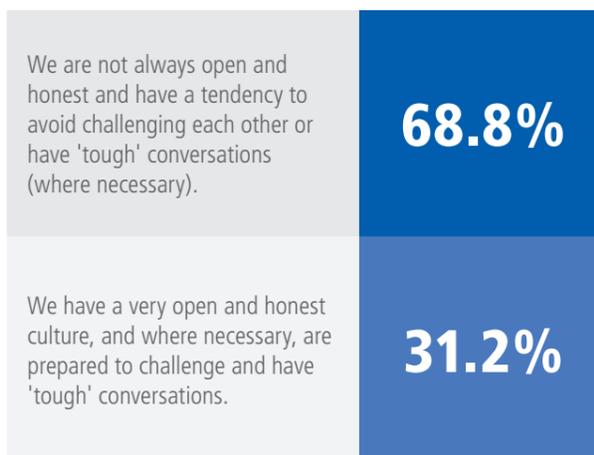
However, organisations don't seem to attend to the activity that can transform organisational and individual performance and turn "OK" into excellent. This is all about the less tangible dimension that relates

to the quality of performance conversations which take place.

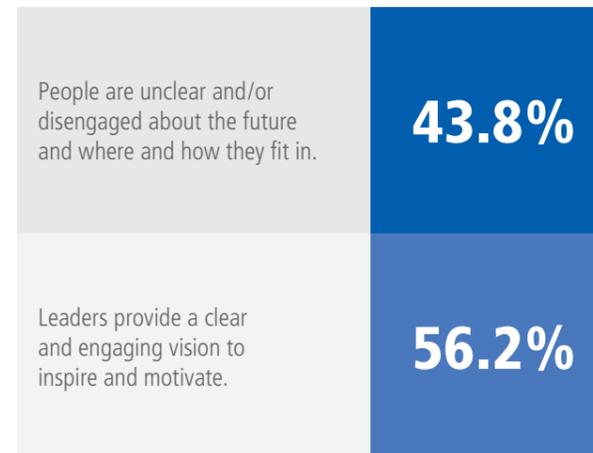
So there is a tension between the tangible goal setting, which organisations may feel is critical, versus the culture that really makes performance happen in the workplace. This is shown by the results on Honesty (68.8% avoid challenging conversations) and Feedback (81.3% lack confidence and skills to give feedback).

Investment in these dimensions of the performance relationship clearly holds significant potential.

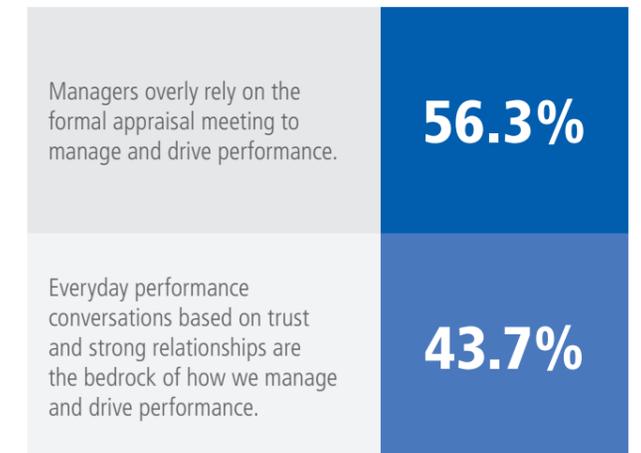
## HONESTY



## ENGAGEMENT



## CONVERSATIONS



## CLARITY



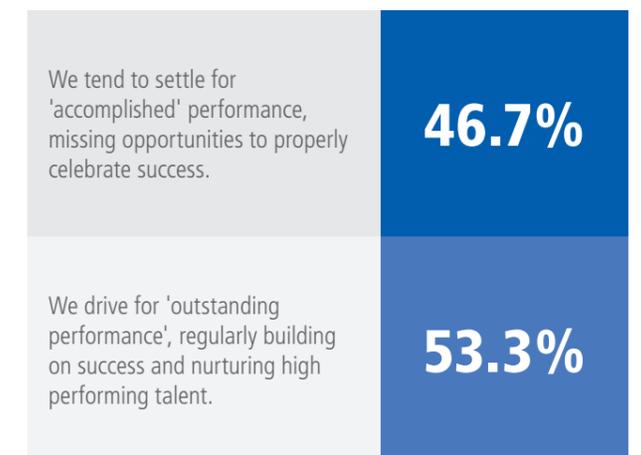
## FEEDBACK



## OWNERSHIP



## DRIVE



\* 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.

# HONESTY: THE KEY TO SUCCESS



## Honesty isn't simply the best policy - it's the only way to build a successful organisation.

A culture of honesty results in more than merely "happy workplaces". A deep-seated respect and expectation for honesty makes companies more successful and more profitable.

A 2010 study by the Corporate Executive Board found that companies that encouraged honest feedback among its staff, and that rated highly in the area of open communication, delivered a 10-year total shareholder return that was 270 percent more than other companies - 7.9 percent compared to 2.1 percent. That's impressive.



A man's reputation is the opinion people have of him, his character is what he really is.

Jack Miner

## 270% more shareholder return

Corporate Executive Board, 2010

The evidence is compelling. Respect, trust and open communication from line-managers increases employee engagement and drives bottom line performance. According to a recent CIPD report, organisations that get this right show a 19% increase in operating income, a 28% growth in earnings per share and revenue growth 2.5 times that of organisations who don't.

## 19% increase in operating income

CIPD, 2011

Kouzes and Posner's 'Leadership Challenge' provides insights from 25 years of research asking thousands of people "What do you expect from a leader you would follow, not because you have to but because you want to?" From the 20 traits to choose from, there is one that appears at the top of the list every time and that's Honesty.

We all want our managers and leaders to be truthful, ethical and principled. Indeed, when people talk to us about the qualities they admire in a leader they often use the terms solid integrity and strong character as synonymous with Honesty.



We simply don't trust people who can't or won't disclose a clear set of values, ethics, and standards and live by them.

Kouzes and Posner, 2007



**In our programme, The Outstanding Performance Manager (TOPM), we ask delegates to share a...**

Performance conversation (they have led or been part of) when they or someone else was not completely honest. Perhaps it's a time when they were too nice to someone about their performance and avoided a tough conversation to feedback something important. Or a time where they disagreed about the direction of a specific project but didn't have the courage to express how they really felt.

## Delegates are then asked to consider the costs of not being completely honest.

What was the impact on themselves, the other person, the team, customers, peers and ultimately the business? It's always surprising to hear about the aftermath of such situations and the size of the impact.

There is always a long and varied list of costs including:

- Lost sales or opportunities
- Time wasted
- Reduced focus and clarity on task
- Poor decisions made
- Repetition of mistakes and errors
- Missed deadlines
- Reduced productivity
- Reduction in trust
- Lack of engagement and motivation
- Reduced self-awareness
- Relationships suffer
- Loss of reputation and profile

**In our latest survey, we asked participants to share their own experiences of honesty and why it is so important.**

See quotes opposite.



If something is not working or needs changing... it's better said than ignored... especially when consequences are high.

Although investment of time is required to build more of an open coaching culture there are huge benefits in terms of productivity.

We have some colleagues who are serious underperformers and are never challenged on how they behave, so no one knows what 'good' looks like. This creates a self-reinforcing negative culture.

Keeping people out of the loop when discussing challenging situations may cause alienation and demotivate those involved.

People don't know where they stand in performance terms or assume their current level of performance is acceptable.



## Just 31%

of organisations felt they have an open and honest culture, and where necessary, are prepared to challenge and have "tough" conversations.

Global Edge Survey, 2013

## Whilst the benefits of an honest culture is plain to see, evidence suggests that organisations struggle in making this a reality.

In simple terms, if open communication is facilitated and encouraged by managers and leaders, the more comfortable people are in being completely honest with each other. We need to support people in having everyday conversations about performance, to provide feedback and clarify goals and direction.



People do not want to rock the boat, so avoid those tough conversations.

The culture is still too polite and nice and I observe people avoiding having difficult conversations, because they are still not comfortable with it.



But managers and leaders themselves struggle to be completely honest. Clearly, the environment, processes, technology and cultural norms in our workplace have an influence on how people interact and communicate with one another. "How we do things around here" will have an impact on the level of honesty people use in different situations. The danger with the more formal performance appraisal system and often explicit link to reward is that managers feel constrained by what they can and cannot say - and in doing so, end up not being completely honest.

## The biggest barrier for managers in being completely honest is themselves.

Fear, anxiety, and thoughts about how to say something, whether it's acceptable, what it will feel like and the reactions they might get.

In his book, *the Chimp Paradox*, Steven Peters talks about our psychological mind being made up of three separate brains: the human, the chimp and the computer. The chimp is the emotional thinking machine, often jumping to conclusions, prone to paranoia and thinking irrationally.

The chimp is five more times more powerful than the human part of our brain, which thinks logically and makes decisions based on evidence. So when we face a situation where we need to give difficult feedback to someone, the chimp is more likely to take over. This means we end up deciding what to do based on how we feel, rather than searching for the facts and establishing the truth.

The chances are we will have all kinds of hunches, defensive thoughts and feelings in our brains that drive us to perhaps dress up the truth and avoid being completely honest.

This inner voice is also explored by Timothy Gallwey in *The Inner Game of Work*. He explains that we "distort" situations to the point where we respond ineffectively.

The thing is, most managers consider themselves to be honest already and meet the criteria of not telling lies or cheating. They find it difficult to think of any specific they can do to improve and become "more or extremely honest".

At Global Edge, we provide insights to the psychology involved in everyday performance conversations, through our unique model of what makes an outstanding performance manager.

**We think that there are two key ingredients you need to be more honest and importantly be seen to be more honest.**

## The first is to be more authentic.

Being authentic is the ability to be yourself. We often say to managers this is about "bringing more of yourself" to work. The main impact of being authentic is people tend to trust you more if they feel you are being authentic. It's difficult to take any feedback seriously, especially challenging feedback, from somebody that isn't genuine.

Being authentic means demonstrating high standards of integrity, taking responsibility for your own actions, choices and mistakes, keeping your promises and saying what is meant.

But above all being authentic is about sharing more of yourself.

When we work with managers, we help them think about what they can specifically share about themselves to be more honest.

See table opposite.

### Sharing More of Myself

- I'd share my standards and what's important to me
- I'd be open about myself and how I feel
- I'd be acting in line with my personal values and principles (what I really believe in and what I think is important)
- I'd be more vulnerable and talk about my weaknesses

### A Real Story...

An old lady approaches a branch of a famous high street bank to withdraw some money from her bank account.

She has difficulty opening the sliding door on account of having a walking stick and a heavy bag of shopping to contend with.

The Bank Manager is on the other side of the closing doors greeting new customers as instructed by head office.

Since last week, he has been measured on the amount of time he is physically present inside the bank to greet customers as they walk in.

He sees the old lady struggling and from a personal perspective wants to go outside and help.

He knows it's the right thing to do. However, his targets take over and he decides to stay where he is and let another customer help her out instead.

## The second is being realistic.

People who are realistic have the guts to level with people. They have a realistic outlook and stay "adult", especially in the face of fear and challenge (see table on page 10).

The key to being more realistic with people is the appropriate use of assertive behaviour. Indeed in a recent study of 18,000 leaders by Joseph Fulkman, those who were in the top 90th percentile, in terms of their honesty, were also more assertive.

This is not easy when you have all those fears, anxieties and assumptions floating around in your head, which can act as distractions to being more assertive.

### When we work with managers we help them...

1. Raise their awareness of these distractions.
2. Tune them out by focusing on other things in the conversation.
3. Help them find an "anchor" so they can relax into a more confident state.

**“**  
A leader who is both honest and assertive is perceived as being much more honest.  
Joseph Fulkman, 2012  
**”**

# BE AUTHENTIC.

# BE REALISTIC.

## Be Realistic

- Don't dress up the tough reality as praise (and cause confusion).
- Speak in a straight forward and clear way.
- Confidently level with people about the tough reality.
- Stand your own ground in challenging situations.
- Avoid making assumptions.
- Have the courage to stand by what you believe in.
- Be straight with people about what you think.
- Be bold and if necessary "go against the grain".

Think of it as 20 seconds of courage and saying what you need to say straight away.

Nothing should be left or forgotten about and brought up another time.

## Consider a Situation...

A leader is in a meeting where a group of people are discussing plans to increase sales in a foreign country.

A colleague sitting next to the leader comes up with an idea and says, "I think we ought to offer bribes to those who are in charge of purchasing."

After the colleague states their idea the leader thinks to himself, "That is highly unethical - someone ought to say something." But no one speaks up about the fact that this is unacceptable and unethical behaviour.

The competency that helped the leader identify the suggestion as unethical, was Honesty (and integrity), but the competency that helped the leader to stand up and disagree with the suggestion out loud, is assertiveness.

So we know that organisation with a commitment to honesty pays dividends in terms of productivity, employee retention, staff engagement, and company morale, all of which add up to stronger financial performance.

Ultimately it's up to a company's managers and leaders to set the tone and make honesty a cornerstone of company culture. Setting clear guidelines that facilitate open communication across all levels of your organisation - not just top-down - will ensure that everyone can voice their concerns in a timely, simple and direct manner.

However our survey shows that organisations struggle to do this with people distracted by their own fears, anxieties and feelings in being completely honest.

**We need to work harder at helping individuals tune out those distractions and be more authentic and realistic. Only then can we build a more honest and productive culture in our organisations.**

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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.

Our cutting edge programme, *The Outstanding Performance Manager* is provided on both an open and in-house basis.

**For further information and to discuss your specific requirements, please contact Jeff Benveniste on 01923 537099.**



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