

people & work

Fachmagazin für Business • Leadership • Transformation

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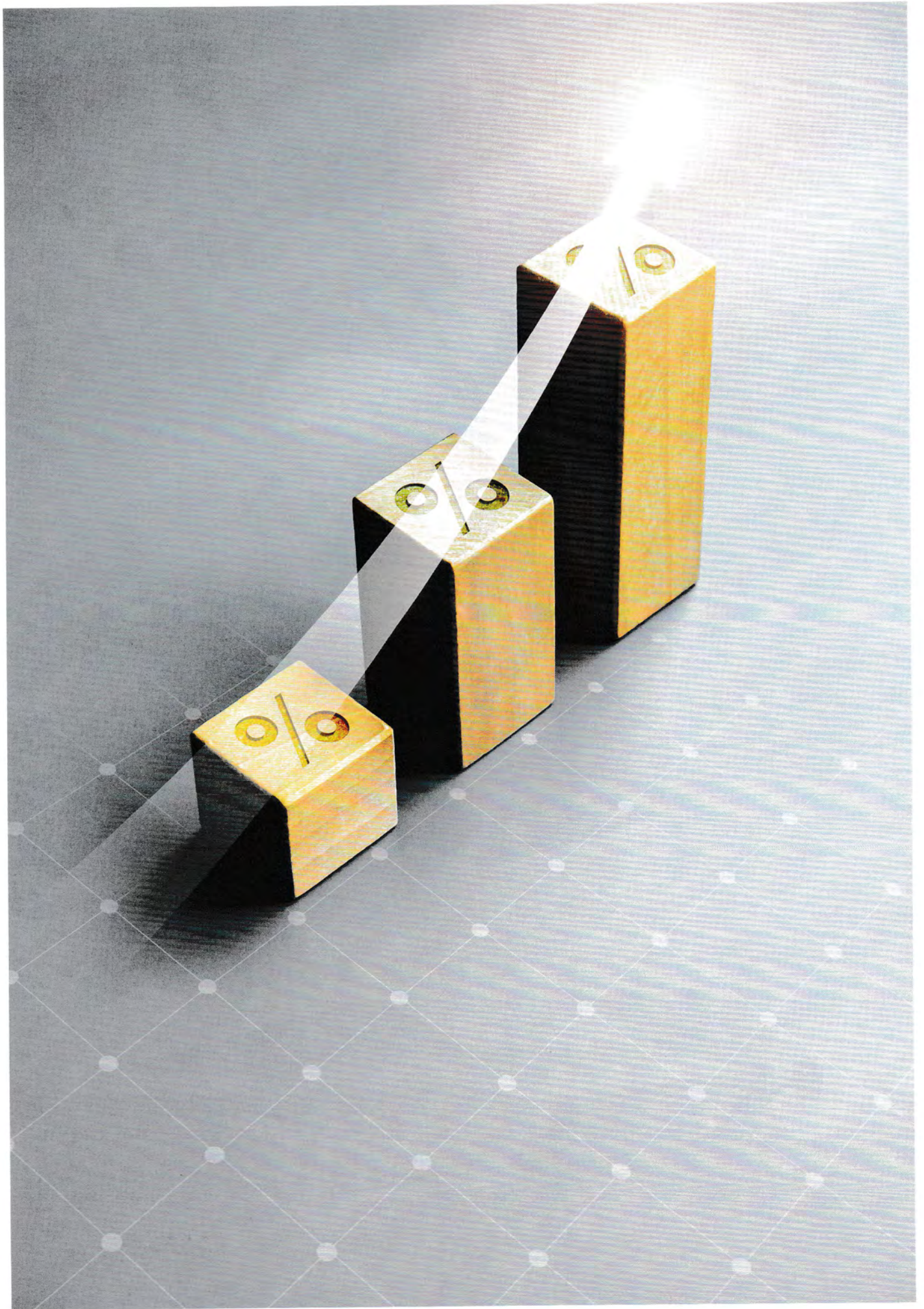


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The Performance Promotor Score: A quick and effective method to improve performance

Why should performance management be owned by managers, not HR?

Because performance management is a never-ending process of giving and receiving feedback, and this necessarily involves communication 'at the frontline'. Of course, it can be supported by tools provided by the HR function, but at the end of the day it's a leadership responsibility—and leaders benefit as much as employees, if not more, from a good performance management system.

And what are some best practices or principles of good performance management that leaders should follow?

Feedback should be provided on a timely basis. If possible, immediately after a particular behavior (good or bad) has been observed. Performance management, and feedback more specifically, are not things done just once a year when the performance review is done. These appraisals should focus on small improvements because it fosters motivation if complex assignments are broken down into smaller packages, where there is a greater chance to see some improvement after a short period of time. Also, performance management should not only be about assessing past performance but about future improvements. In addition, a good practice is to use multiple performance data sources, because all of them are informative, but also imperfect.

Do you have any recommendations how leaders can put this into practice?

My book "Performance Management for Dummies" includes many specific and useful recommendations. As an example, let me mention one practice called the feedforward interview. This is a meeting between the supervisor and employee involving three steps:

1. Eliciting a success story. The manager can start the meeting by saying that while there are always negative and positive experiences at work, the focus of this meeting should be on positive aspects only to learn from things that work well. The employee should tell a very specific story about an actual incident and not a general statement.
2. Uncovering the underlying success factors. In order to understand the factors that led to the success, the manager may ask what behaviors and skills as well as other conditions such as technologies, available information, colleagues, etc. made this success possible.
3. Extrapolating the past into the future. The last step involves asking the employee how they may be able to replicate the conditions that led to success and what it takes from their perspective to be able to achieve the same level of performance in the future.

Interview by Prof. Christian Gärtner (people&work) with Prof. Herman Aguinis



Prof. Dr. Herman Aguinis

is the Avram Tucker Distinguished Scholar, Professor of Management, and Chair of the Department of Management at the George Washington University School of Business in Washington, D.C. He is serving as President of the Academy of Management, the preeminent professional association for about 19,000 management and organization scholars in 115 countries. Every year since 2018, the Web of Science Highly Cited Researchers Report has ranked him among the world's 100 most impactful researchers in Economics and Business. In addition to his academic activities, he has consulted organizations in the U.S., Europe, and Latin America.

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Feedforward interviews are effective and relatively easy to implement.
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Figure 1:
Simple questionnaire for defining the Performance Promoter Score (PPS)

Performance Promoter Score (PPS) questions:

1. How likely is it that you would recommend working with (name of individual, workgroup, or unit) to a friend or a colleague?
2. Why did you provide the rating that you provided?
3. What would it take to raise the score by one point?

1 2 3 4 5 6 7 8 9 10
 Not at all likely Extremely likely

These types of feedforward interviews are relatively easy to implement and a study of managers in the sales and customer service units of a business equipment firm provided evidence regarding its effectiveness. The experiment showed that performance continued to increase even four months later.

There has been a trend to cut or even abandon performance management during the last ten years or so, because of the effort and difficulties in measuring performance and distortions in

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Implementing performance management is time-consuming and not without risks. However, the risks of not doing it are even higher.
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performance-based pay. And this trend seemed to have accelerated during the COVID-19 crisis. What are your thoughts on this issue?

I think that this is a troubling trend. There are several reasons why organizations in all industries should implement a continuous process of identifying, measuring, and developing performance in alignment with their strategic goals—especially during a crisis. Just to name a few: Performance management allows to communicate a firm’s strategic direction, collect valuable business data, provide critical feedback to individuals and workgroups, and retain top talent. It also helps employees become more competent and increase their self-esteem. Frequent and ongoing feedback helps employees feel a sense of connection and psychological safety. Moreover, employee misconduct can be minimized by an effective performance management system, and it can protect organizations from legal risks, in particular in crisis times when organizations are more likely to let some employees go and performance should be documented in order to avoid unfair lay-off decisions that then may lead to lawsuits. Of course, implementing such systems and conducting the very process of managing performance is time-consuming and not without risks. However, the risks of not doing it are even higher,

because one cannot leverage all the benefits that I have just mentioned.

Speaking of all the effort that goes into establishing performance management: You recently published a new method to manage performance effectively as well as efficiently – the Performance Promotor Score. Can you please describe what it is about?

I would be glad to do so. The idea of the Performance Promotor Score (PPS) is based on a well-established measure used in marketing to assess customer loyalty. The process begins with asking one simple but powerful question on a scale from 1 to 10 (see Figure 1).

I like the idea of adding open questions, and I think the last one about raising the score just a little bit can be particularly useful. It reminds me of one of the principles of Positive Psychology: build on strengths and broaden from there.

Exactly. This is about using performance management to improve performance, in addition to measuring performance, as I mentioned earlier. Identifying some small and specific steps for improvement is really powerful in complex environments, where

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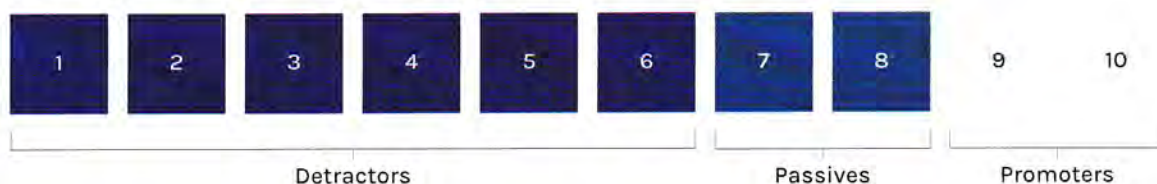
employees already accomplished some tasks and achievements, but where you cannot fully know how the final result is going to look like.

What is the next step?

After having collected the ratings, you can calculate the mean and median for specific individuals, workgroups, and units for making performance comparisons. Also, the Net Performance Promoter Score (NPPS) can be computed by subtracting the percentage of detractors (6 and below) from the percentage of promoters (9s and 10s) (see Figure 2).

Figure 2:
Calculation of the Net Performance Promoter Score (NPPS)

$NPPS = \text{Percent of promoters} - \text{Percent of detractors}$
(across a particular individual, workgroup, or unit, or entire organization).



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The PPS is a comprehensive metric because it captures the task-related and all the additional behaviors that contribute to the organization's overall effectiveness but are usually not explicitly recognized by the formal reward system.

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Why is this a useful method for managing performance?

Well, it provides flexibility in dynamic job and business environments, which is pretty much every job and every organization in every industry these days. When tasks and job requirements change frequently, performance management systems need to be adapted. A big advantage of the PPS is that it does not need to be changed, because it does not go into the details of the job or a specific key performance indicator. So, you can use it across contexts, jobs, and industries on an ongoing basis—even when things are changing rapidly.

Die Learnings des Interviewers

- Der PPS kann sowohl bei einfacheren als auch komplexeren Jobs zur Leistungsmessung verwendet werden.
- Durch die Frage, wie sich der Score nur ein klein wenig verbessern kann, wird die Entwicklungsperspektive berücksichtigt - und zwar sehr handlungsorientiert.

How much of an effort is it to implement the PPS?

The PPS is convenient and practical. There is no lengthy appraisal form and no time-consuming data-gathering process. The PPS is intuitive and easy to understand, the scoring can be done in a few seconds, and the two questions can be answered in less than five minutes by the rater. I would also say that another advantage is that the PPS is standardized. Individuals from different functional units, departments, and geographic locations are evaluated using the same instrument and criteria, which makes cross-functional and cross-level comparisons easier. And, finally, it is a comprehensive metric because it captures the task-related and all the additional behaviors that contribute to the organization's overall effectiveness but are usually not explicitly recognized by the formal reward system.

But using only one metric is likely to bring about other problems: It is easier to game the system, because there is only one measure to manipulate, for example, when people team up together and agree to give a score of 9 or 10 to each other. Or employees may engage in brownnosing or put psychological pressure on the rater to provide a high score.

These are excellent points! Like all measures, the PPS could be misused. So you should implement checks and balances. For example, raters should not be chosen exclusively by the employee or unit being assessed. And raters should be ensured anonymity and confidentiality, which prevents ingratiation or only including raters with whom employees have a positive relationship in the hope of receiving a high rating. Employers can state that they may ask raters whether employees have mentioned PPS to them, and, if they have, those scores would be automatically eliminated. Another way to check whether scores are valid is to examine the quality of answers to the two open-ended questions. Although this can create some extra-effort, it pays off because it allows to identify who is just giving out high ratings as favors. Also, companies could use other sources of data to invite raters for employees, such as the rosters of various workgroups, committees, and meeting attendees.

Given that there are some potential problems and that addressing and mitigating them creates some effort, would you recommend relying on the PPS to make people-related decisions?

The recommendations we just discussed are backed by scientific evidence and can really help reduce potential problems. The suggestion is to first collect PPS data for developmental purposes, and then, after checking that the system is working, data can be used for administrative decisions about salary adjustments, promotions, terminations, merit increases, and so on. A company I am working with is first pilot testing the system before using it for administrative decisions to make sure any glitches are taken care of.

Is there anything else that leaders should keep in mind when they measure and manage performance?

Performance is multi-dimensional, which is why I recommend collecting performance information from multiple sources, for example employees

themselves, supervisors, peers, direct reports, partners, vendors, and customers. In addition, performance is contextual. This means that it should be clear what performance really means in a given business-context. A few years ago, I was conducting a workshop for senior executives. They were complaining about the poor performance of employees in their organizations in health care, telecommunications, and other industries. But when I asked them point blank: "How do you define performance?", they were unable to give me specific answers! Clearly, performance is defined based on your context. If you are heading the Olympic skiing team, there's basically one performance metric for measuring results: number of medals. If you are leading a hospital, it may be the number of patients cured or saved. Regardless of the differences, performance needs to be defined and aligned with strategic goals. Otherwise employees may be under the impression that the leadership team does not know where the company is heading towards. This underpins that leaders should own the performance management process.

Herman, thank you very much for your time and these inspiring insights.

You are most welcome. Thank you for all your fantastic contributions to bridging the science-practice gap by disseminating the latest research to a broad community of leaders and policy-makers.

Quellen und weitere Infos:

- Details zum Performance Promoter Score: Aguinis, H., & Burgi-Tian, J. (2021). Measuring performance during crises and beyond: The Performance Promoter Score. *Business Horizons*, 64(1), 149-160
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