

Six Sigma for People? The Heart of Performance Management

Michael M. Grant, Ph.D., MBA, Principal, Leadership Resource Center, Atlanta, GA

Probably no topic in management today is less fun than performance management is. Everyone seems to dread the process as much as they dread completing income tax returns, and most of us put it off as long as we can. Then, when we cannot push it off any more, we rush through it to get the annual task done as quickly as possible. Too often performance review discussions are painful yearly interactions in which managers start with something brief and positive, then focus on detailed shortcomings for the majority of the review, and top it all off with a last positive general comment saved like a cherry for the top of an ice cream sundae. Managers hate this process, employees dread it, and the outcome is usually increased resentment, anger, and hurt—hardly a way to increase productivity, innovation, and commitment to the goals of the organization!

In working with major manufacturing, service, and financial companies over the years, I have realized just how unpleasant most performance management processes are and how impotent efforts to change employee performance for the better have been. The problem exists not in the agreed-upon need for some performance management process in general but, specifically, how so many seem to be misunderstanding and then poorly implementing it. I doubt anyone would say that staff performance should be ignored in the hope that it will improve on its own. Many *will* say, however, that their current performance management efforts are not getting them what they want: continual work improvement.

So what is the problem? It starts with how we think about managing performance. We need to change how we conceptualize what we are attempting to do. This struck me powerfully when I was working with a well-known manufacturer of heavy equipment with operations facilities all over the world. This organization is totally imbued with Six

Sigma processes and concepts, yet the managers, many of whom were Six Sigma green and black belts, struggled with improving basic skills in managing the performance of

Performance management is just . . . Six Sigma . . . but for people. It is really the same process you already know well applied to your staff instead of your operations.

their staff. In trying to help them look differently at performance management (a set of tasks they felt was hard to do), I appealed to a set of tasks they already knew and did well: Six Sigma. In my own desperation to break through their mental block, I found myself saying “performance management is just . . . Six Sigma . . . but for people. It is really the same process you already know well applied to your staff instead of your operations.”

They got it. As we progressed through our work together, they began to see that although managing the performance of employees, staff, and even leaders is often more challenging than ensuring that an operations process produces no more than 3.4 defects per million (the goal of the Six Sigma quality initiative), the same principles apply. They also began to understand that the annual, painful way they had been handling performance management up to this point would fail miserably if they applied the same approach to Six Sigma. So, I suggested they reverse it and try applying their Six Sigma skills to their management of staff performance.

Just to review briefly, to achieve minimal defects goals, Six Sigma follows five well-known steps:

1. DEFINE the process to be improved or controlled
2. MEASURE the performance of the process
3. ANALYZE the data collected from measuring

4. IMPROVE the process based on the analysis

5. CONTROL the process at near-zero error/defect rates following improvement.

The managers began to see that the steps in managing staff performance are no different. As the organization's strategic goals are cascaded from leaders on down to everyone else, each person is assigned performance goals for a period of time (quarter, year, etc.). Making sure each direct report understands his/her individual and team goals, agrees to them, and sees how these align all the way back up to the overall organizational strategic goals is analogous to the DEFINE step in Six Sigma. For performance management, this happens at a setting-expectations discussion, the output of which needs to be

SMART (Specific, Measurable, Attainable, Relevant, and Time-Bound) objectives. Most leaders and managers do not co-create SMART objectives with their people and the vague, un-measurable ones that get produced make for ambiguous performance. You would not be indefinite defining a Six Sigma process, so why be fuzzy defining a performance objective?

Next, the managers and I moved on to applying Six Sigma Step 2 (MEASURE). How will the performance objective be measured? How will the *employee* measure progress against the objective and report that back to you on a frequent (no less than monthly) basis? What will the employee measure? Cost, timeliness, quality, customer satisfaction rates, medication error reduction, quantity, what? Managers struggle with measurement especially when the performance or behavior seems less quantifiable as in a competency like “teamwork” or “communication.” It is helpful to break down such competencies or behavioral objectives into their component parts. Teamwork, for example, could be made measurable if SMART objectives were related to:

1. On-time attendance at team meetings;
2. Offering ideas to solve team problems;
3. Communicating back to the team about individual progress, etc.

Specific, measurable behavioral targets can be set for the most relevant behaviors

associated with “teamwork” to make that initially blurry competency much more specific and measurable. The measures might not be as “tight” as a Six Sigma control chart, but it is better than leaving important competencies unclear and unmeasured.

Because the managers were highly oriented to the statistical ANALYSIS of data (Six Sigma Step 3), they initially struggled with applying this step to managing staff performance. I encourage them to relax a bit and not work so hard because the data produced by performance measurement will not require the statistics Six Sigma does and can be accomplished in even brief, informal conversations about where the employee is, to date, on performance objectives (above, on target, below). It is simply a matter of a manager asking a direct report “So how are you doing this week/month/quarter on your performance goal—what do the measures indicate?”

As the managers check in more frequently, they will see those areas in which a direct report is below an acceptable level of performance or, if on target, could do even better. Checking in sets up little interactions in which the manager can provide specific coaching and developmental opportunities to help the employee IMPROVE (Six Sigma Step 4). Actively engaging in improvement efforts can be added to the original performance objective itself and the effects of these efforts assessed to provide data for the next informal performance discussion.

All managers involved agreed that their Analysis and Improvement discussions should happen more frequently. They do in Six Sigma—why not with our people? Ongoing feedback and coaching about performance can and should occur at least monthly, if not weekly, and it can be brief and informal. A five-minute “check in” discussion while walking to the parking lot, for example, may be all that is needed. The important thing is to keep the positive and developmental feedback and coaching ongoing and frequent. Such frequency of Measurement/Analysis/Improvement is the hallmark of Six Sigma, and likewise characterizes effective performance management.

Once improvements in performance are made, they need to be maintained (CONTROL in Six Sigma language) so that the performance does not fall off. Here rewarding and recognizing good performance is a powerful way to maintain and reinforce it. Acknowledgement of gains made, verbally or

in writing, and formal or informal recognition (even in small ways) makes a big difference. The fundamental law of human psychology: “reinforced behavior is repeated,” holds true. See something your direct report improved in his/her performance? Reinforce it.

By the end of our time together, the manufacturing managers agreed that applying Six Sigma concepts to managing the performance of their staff would take performance management out of the realm of the dreaded yearly—often perfunctory—performance review process and make it an ongoing method for managing staff performance upward. They also saw that as they follow the Six Sigma steps in ongoing management of their people’s performance, performance reviews can become just that: *reviews* of the progress and development that have already taken place and been discussed *throughout* the year. Agreement on performance ratings for the period is made a much less subjective process because it is driven by employee-collected data against each SMART objective.

Applying Six Sigma steps makes the whole performance management process less onerous and better fulfills its real purpose: achievement of the organization’s strategic goals through the achievement of each employee’s goals. Six Sigma is not just for improving our operations processes. Six Sigma is also for people, and is the heart of performance management.