THEMES REPORT

RESULTS FROM THE 2015 PERFORMANCE MANAGEMENT IN AGRIBUSINESS SURVEY

PURDUE UNIVERSITY
Center for Food and Agricultural Business

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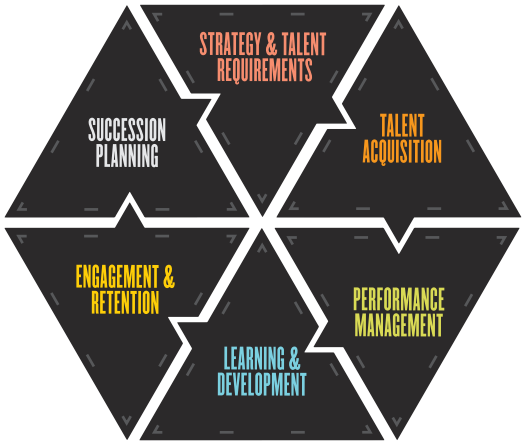
As economic researchers, historically, we have not been particularly interested in understanding the role of individuals in the economy. This is true for the macroeconomic environment, and for the role of individuals in the success of businesses. As a profession, we are so adverse to viewing people individually we even created our own person – Homo Economicus – so that we could assume everyone is rational and self-interested.

In the Purdue University Center for Food and Agricultural Business, our clients are made up of individual people so it probably is not wise for us to continue to brush broadly over their roles. Increasingly, economic and management research is investigating the role of individual behavior. In particular, many are interested in the role of individuals in firm functioning and success.

With this in mind, center researchers are embarking on an aggressive agenda to understand the role of talent management in successfully competing in the food and agribusiness industry and its multiple sectors. We have worked closely with Dr. Karen Grabow, an organizational psychologist, to understand talent management. The talent management model that serves as the foundation for the research agenda has six key factors: strategy and talent requirements; talent acquisition; performance management; learning and development; engagement and retention; and succession planning. The model is circular in nature and the flow is ongoing in food and agribusiness firms.



In the coming years, center researchers will continue to deepen understanding for each factor in the talent management model. The USDA suggests there will be an annual shortage of about 22,500 college graduates with expertise in food, agriculture, renewable natural resources, or the environment from now until 2020. Clearly talent acquisition, employee development, and retention will all be important for the foreseeable future. In addition to the more than 100 students who graduate from Purdue with bachelor of science degrees in agribusiness per year, center faculty play a key role in developing master of science and doctoral students.

AGRICULTURE'S BURNING TALENT QUESTIONS

Jay Akridge

As food and agribusiness firms position for an increasingly dynamic future, no investment is more important than the one they will make in their human talent. Differences in the quality and effectiveness of human talent and the impact of those differences on firm performance are well documented. One McKinsey study reported that the best 20 percent of managers in operational roles raised productivity by over 40 percent compared to average performers, while the best 20 percent in general management roles raised profitability by 49 percent over the average manager (McKinsey, 2001). To help food and agribusiness firms build effective human talent strategies, the Purdue University Center for Food and Agricultural Business has developed a Talent Management Model. The six individual components of the model will be the focus of this themes report, which summarizes key points from the 2015 National Conference for Agribusiness. This introduction will provide a brief overview of the six components of the Talent Management Model and introduce some key considerations for each.

Strategy and Talent Requirements – Ultimately, food and agribusiness firms must recruit and retain the right kind of talent for their organizations. Surveys indicate that the industry is looking for people with strong interpersonal communications skills, critical thinking skills, cultural and gender awareness, and a knowledge of business, among other characteristics and capabilities (NFAMEC, 2006). Universities and industry will need to work together to ensure that academic programs are both attracting the right kind of students to meet industry needs and providing an education which will build these capabilities in graduates.

Talent Acquisition – This area has been described as a 'War for Talent' by some—and with good reason. The most recent Purdue/USDA report (2015) on the supply and demand of college graduates in the agriculture, forestry/natural resources, and veterinary medicine areas

showed an average of 57,900 job openings annually over the next five years, and only 35,400 graduates annually from colleges and schools of agriculture over that same period. Obviously, industry can hire graduates without specialized training in the food, agricultural, and natural resources sciences, but the supply and demand imbalance here is telling. In addition, the pipeline for talent is becoming more diverse in every way—more women, more underrepresented minorities, more graduates from urban and suburban backgrounds—all graduating from a broader set of institutions and programs. The human talent strategy of food and agribusiness firms must embrace this diversity going forward.

Performance Management – An inherently important part of retaining talent is assessing, coaching, and rewarding performance. This area includes financial rewards and incentives of course. But, a changing workforce and changing work have made areas such as non-financial recognition and assessing and rewarding team performance even more important than in the past. Technology has enabled the workforce to be even more distributed, and generational differences in people must be acknowledged and addressed in a human talent strategy—as well as in a firm's approach to leadership more broadly. How to coach and mentor in real time will be an important question for firms given the pace of change in the food and agribusiness markets, and the increasingly fluid nature of talent.

Learning and Development – A more diverse talent pool, competition for talent, and a rapidly changing industry will make learning and development an even more important part of a food and agribusiness firm's talent strategy in the future. High-performing employees are looking for organizations that will invest in their personal growth as leaders. Self-provision of learning and development will remain important to some firms. But even these firms are likely to draw on the myriad of professional development programs available from universities and other providers. Technology here has enabled very flexible, customizable learning and development options that can be integrated into the ongoing activities of employees, blurring the lines between 'work' and 'school.'

Engagement and Retention – Building a culture and climate where employees want to be is a central role of food and agribusiness firm leadership. New issues are emerging here, driven in part by some of the market dynamics mentioned above. How will leaders create a culture that feeds employee passions, a climate where women and minorities can thrive? How will they address dual career situations and bring aboard talent without agriculture backgrounds? How will increasingly challenging career-life balance issues be handled? Is a higher rate of employee turnover simply part of our reality now, and how does this impact human talent strategy?

Obviously, success in this broad area of engagement and retention will be core to an effective human talent strategy.

Succession Planning – With 39 percent of CEOs and 21 percent of general and operations managers (across all industries) ages 55 and older, food and agribusiness firms must be planning for the next generation of leadership (2013 Bureau of Labor Standards Current Population Survey). For farmers, ranchers, and agricultural managers, the numbers are even more stark with 55 percent of this group 55 and older. Effective succession planning certainly includes many of the elements of the talent model described earlier. But, how food and agribusiness firms develop an intentional, deliberate strategy to identify, retain, cultivate, and advance high-potential talent will say much about their long-term success.

The six elements of the Center for Food and Agricultural Business Talent Management Model have been briefly highlighted here. We hope that you find the insights in this themes report, which captures the most important points from the 2015 National Conference for Agribusiness, framed around the Talent Management Model, helpful to you and your organization as you plot your course in this most essential area of human talent management.

ENGAGEMENT

Synopsis prepared by Karen Grabow and Mike Boehlje

Do your employees love their jobs? That is the ultimate test of an engaged workforce. Engaged employees are willing to go above and beyond what would typically be expected of them in their work activities. They are:

- Inspired: "I want to do this!"
- Committed: "I am dedicated to the success of what I am doing!"
- Fascinated: "I love what I am doing!"

Marc Effron and Miriam Ort, authors of One Page Talent Management, argue that employees are more engaged if they:

- Have chances to use different skills over time.
- Believe the work they do is meaningful, worthwhile, and valued by the company and the customer.
- Have control over how to organize their work.
- Receive regular feedback about their effectiveness.
- Have the opportunity and understand how their work contributes to the success of the entire enterprise or business unit.

Does having an engaged workforce matter? Do firms that have more highly engaged employees exhibit higher financial and customer satisfaction results? A recent study by Engage for Success ("Nailing the Evidence") summarizing the extensive research in this area concludes:

- *Revenue Growth:* Organizations in the top quartile of engagement scores demonstrated revenue growth 2.5 times greater than in the bottom quartile.
- *Profit:* Companies with engagement scores in the top quartile had twice the annual net profit of those in the bottom quartile.
- *Productivity:* Organizations in the top quartile of employee engagement had 18 percent higher productivity than those in the bottom quartile.
- *Innovation:* 59 percent of engaged employees said that their jobs bring out their most creative ideas against 3 percent of those less engaged.
- *Employee Turnover:* Companies with high levels of engagement show turnover rate 40 percent lower than companies with low levels of engagement.

The evidence is clear: Engaged employees are critical to the long-term success of the company. So what is the evidence on how engaged employees are? A recent Gallup Management Journal survey determined:

- 29 percent of employees are actively engaged in their jobs, meaning they work with passion and have profound connection to the company.
- 54 percent of employees are moderately or not engaged, meaning they are putting in time and/or have "checked out."

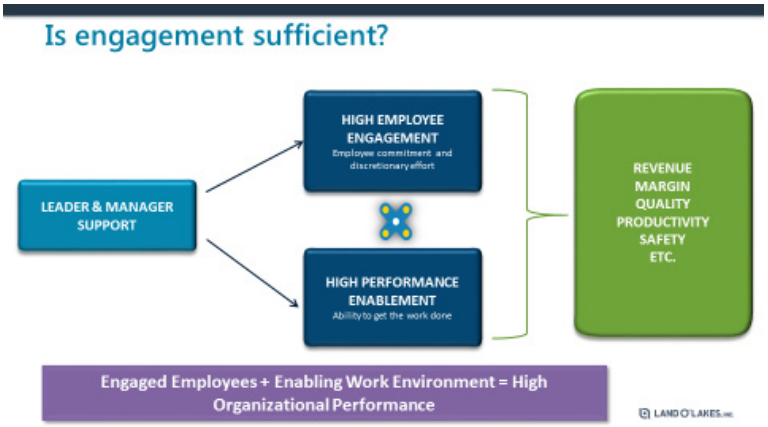


Figure 1.

Figure 2.

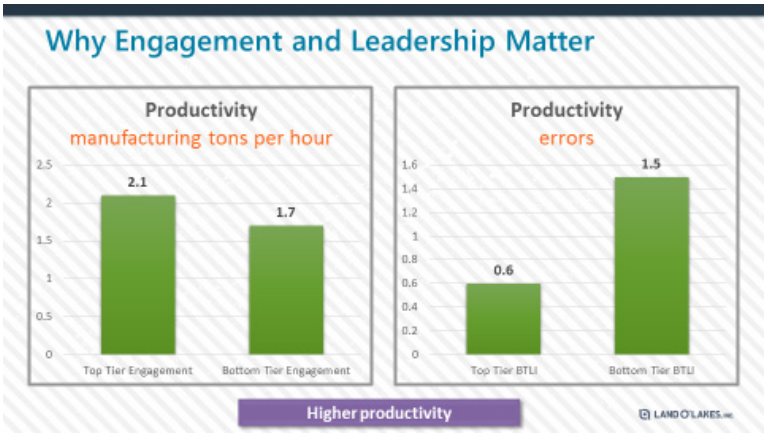


Figure 3.

Figure 4.

- 17 percent of employees are actively disengaged, meaning they are unhappy with their work and often disruptive in the workplace.

These are clearly disturbing results. Given the critical nature of employee engagement on business success, what can be done to improve engagement? In a study for Engage for Success, David MacLeod and Nita Clarke identify the following four key factors:

1. Visible, empowering leadership that provides a strong strategic narrative about the organization, where it has come from and where it is going.
2. Engaged managers who:
   - Focus their people and give them scope to innovate and contribute.
   - Treat their people as individuals and build individual relationships.
   - Coach and stretch their people.
3. The voice of the employee is heard throughout the organization so that information and ideas do not just flow downward from the top, but cascade upward too.
4. There is organizational integrity, where the values on the wall are reflected in day-to-day behaviors.

So how do you improve employee engagement? A manager of human resources analytics at a large agricultural manufacturing company indicated that first it is essential for managers to understand the fundamental drivers of engagement and to effectively embrace those drivers. In theory, there could be different drivers in different environments. The drivers identified:

- Inspired to do their best work.
- Feeling of personal accomplishment.
- Feeling valued.
- Likely to achieve career objectives.
- Involved in decisions.
- Trust/Confidence in Leadership.
- Recognition.
- Work connection to higher purpose.
- Treated fairly.
- Pay for performance.
- Commitment to ethical business decisions.

Effective managers are essential, but engagement is a shared responsibility between manager and employee, requiring the following behaviors:

Manager

- Provide ongoing feedback.
- Create an environment for effective communication.
- Recognize and value employee contributions.
- Involve employees in decisions.
- Provide support on career development.
- Take action on feedback.

Employee

- Be involved in decisions that affect your work.
- Be open to feedback and making changes.
- Take advantage of coaching and mentoring resources.
- Be proactive for your career.

These are resources that managers can use to facilitate and enhance employee engagement:

- Stay Interview: Conversational Guide
- Employee Profile: Career Development Conversations
- Feedback Center: General Feedback, Upward Feedback
- Supervisor Skills Training
- Diversity and Inclusion Training
- Manager's Tip Sheets
   - Recognition
   - Engaging Production Employees
   - How to Build Successful Relationships with Employees

Loren Heeringa, Senior Vice President and Chief HR Officer for Land O' Lakes, Inc. indicated that the challenging marketplace they face has required Land O' Lakes to embrace a highly engaged accountability-driven culture, stronger leadership and new talent. A critical component of reenergizing the company has been employee engagement as reflected in Figure 1 and Figure 2. Increased engagement and leadership has had a demonstrable impact as evidenced by the productivity improvement and reduced errors (Figure 3). Finally, Heeringa emphasized that effective engagement requires leadership that is motivating and trusted to create a work environment where employees can expect to meet career goals and feel valued (Figure 4).

LEARNING AND DEVELOPMENT

Scott Downey

Background

Research on how we develop people begins with a study of resilient human behaviors—looking at those who excel despite facing extreme adversity. People who demonstrate resilience have been found to use a variety of "internal and external developmental assets" that are present in all of our lives. Internal developmental assets are strengths and characteristics of the individual that lead to effectiveness and success. These may be innate, where people are born with them, but they can also be developed over a lifetime. External developmental assets are qualities and support systems within the environment that facilitate positive adaptation and healthy growth of people.

Applied to the sales process, we see resilience as salespeople who are able to perform well, despite adverse circumstances, such as competitive pressures, a difficult economic environment or working in organizations that are in transition (for example, following a merger). Most sales managers notice that some salespeople seem to be resilient while others are not, but it is important to recognize the manager's role in providing support that leads to resilient sales behavior. Managers who are strong at developing internal assets tend to hire well and then support traits that lead to resilient salespeople. Managers who are strong at developing external assets create an environment that leads to resilience in salespeople.

The research presented at the National Conference for Agribusiness in fall 2015 sought to identify how mechanisms that support developmental assets exist among agribusiness sales managers. Responses from 79 sales managers out of more than 600 who had previously attended Center for Food and Agricultural Business sales management programs was collected and organized around responses to a 40-question survey that was intended to measure eight developmental assets.

These assets were measured on a self-report basis, with each item scaled from one to 10, with 10 being anchored by a statement reflecting a high level of usage by the manager and one being anchored by a statement that reflected a lower level usage by the manager. Note that high or low levels of usage in any asset category does not imply that a manager is good or bad. It simply reflects the style of the manager as reported by their own assessment. It is not possible or even desirable for a manager to be a ten or a zero in all eight asset areas. The responses of agribusiness sales managers presented in this research merely provide a comparison.

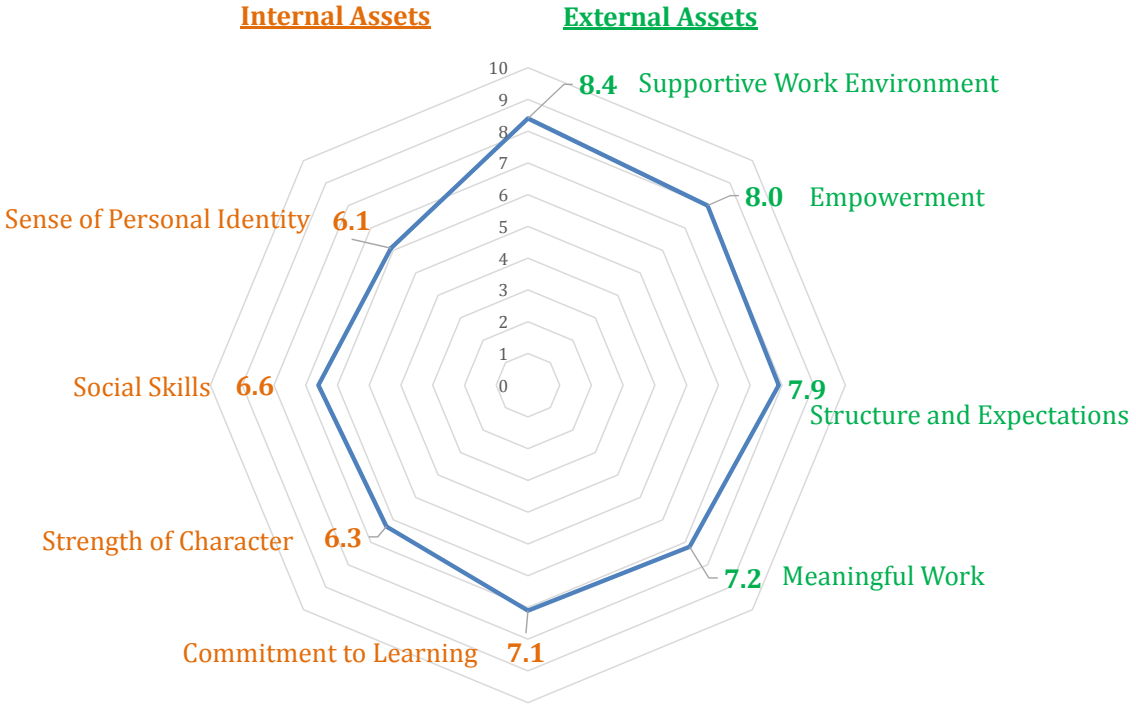


Figure 5. Results of sales manager self-reported assessment of developmental asset usage.

Results
A description of each asset is provided below. In general, agribusiness sales managers reported less focus on internal assets and more focus on external assets.

Internal Assets
Commitment to Learning 7.1 – The extent to which an employee is intrinsically motivated to continue to grow professionally and to achieve success.
Strength of Character 6.3 – Components of personal character and reflections of moral developmental level such as ethic of care, belief in equality and social justice, and the values of integrity, honesty and personal responsibility.

Social Skills 6.6 – Key components of social competence, which includes capacities for interpersonal and cultural competence, abilities to plan and make good decisions based on sound judgment, and conflict resolution skills.

Sense of Personal Purpose 6.1 – A solid sense of personal identity which is composed of a realistic awareness of personal power and accurate self-esteem.

External Assets
Supportive Work Environment 8.4 – The extent to which the organization provides direct support for employee performance and creates an overall environment of support for high achievement.

Empowerment 8.0 – Organizations that value employees and communicate this in meaningful ways engender trust, loyalty and a sense of ownership of both work tasks and performance results on the part of their employees.

Structure and Expectations 7.9 – The ways in which the structure of the organization and its operational procedures provide clear expectations and guidelines for successful performance of duties and responsibilities.

Meaningful Work 7.2 – The extent to which the organization supports and promotes meaningful activities. It encompasses whether or not work tasks are viewed as busy work, and the extent to which they are clearly and explicitly linked to organizational goals.

Analysis
The results indicate that agribusiness sales managers tend to focus less the person and more on the environment that they create for salespeople. In many ways, this isn't surprising. Agriculture salespeople are often pretty dispersed, and there is little training for managers about how to develop people. The history of sales management in agribusinesses is a relatively short one. Most managers were promoted to management because they were good salespeople, rather than because of their developmental skills.

Developing people is only one role managers play: Most have budget and forecasting responsibilities, many sales managers retain customer contact responsibilities with larger accounts and most have operational and price adherence responsibilities as well. Each of these factors may contribute to the developmental style used by the manager.

Managers who wish to focus more on developing people can pay attention to the following five aspects of developmental conversations that could be useful.

1. Expressing care: Before a supervisee will be open to new inputs into their work practices, they must be aware that their manager cares about them.
2. Challenging growth: This is where a manager can reflect the high hopes they have for the supervisee and gain commitment from the supervisee that this is an area of mutual interest.
3. Providing support: This means more than a statement of support. This is backed up by resources.
4. Sharing power: An effective developmental conversation is also one where the manager shares power and doesn't just display all of the solutions to the challenges faced by the supervisee.
5. Expanding possibilities: This implies that both the manager and the supervisee work together to identify possible actions that will help the supervisee achieve more of their potential.

Understanding the use of assets and ways to bring them into conversations can help managers take more control of their developmental style. As agribusinesses get more sophisticated and complex, the ability of managers to be better at developing people will be critical.

SUCCESSION PLANNING, TALENT REVIEW AND TALENT DEVELOPMENT

Karen Grabow

Talent Reviews and Succession Planning have been called the engine of effective talent management. These processes address the talent questions that should be asked in every organization:

- How can we maintain continuity as leaders move on?
- Do we have strong capabilities in the areas needed to drive current and future strategic imperatives?
- Do we have our strongest talent in our most critical roles?
- Who has the potential for key leadership roles and how can we get them there quickly and effectively?
- How can we retain our talented individuals and how should we groom them for larger roles in the future?
- What investments should we be making in talent?

Surveys have found 50-75 percent of companies routinely engage in talent reviews with more or less formality. One expert has gone so far as to suggest that companies that do not conduct talent reviews are "irresponsible." The most effective processes are straightforward and uncomplicated.

Critical roles are those roles central to the achievement of your strategy. These are the roles that make the greatest difference to your bottom line. They create value for your stakeholders. And they are positions in which the performance of different individuals varies significantly, such that strong performers meaningfully out-contribute weaker performers. These are the 10-20 percent of your positions that are responsible for the greatest proportion of your business results. As such, these are the positions on which to focus your talent review and development resources.

The "Nine Box" is a simple tool developed and popularized by General Electric and now widely used as the basis of talent reviews. It is a matrix onto which a manager plots his/her current employees in one of three levels of current performance and one of three levels of future potential. Most managers have no problems identifying the current performance level of their talent, but struggle with diagnosing future potential. In fact, the most common

ASSESSMENT OF POTENTIAL GRID

Potential 1-3 Year	Performance: Low	Performance: Medium	Performance: High
High			
Medium			
Low			

Figure 6.

mistake managers make in this process is confusing performance with potential. Many strong performers—individuals important to the organization in their current roles—do not have the potential for future leadership. Perhaps the most common example of this risk is companies that promote their best sales people to sales managers only to discover they've now got a poor manager AND have lost a great revenue producer!

Identifying potential to advance is a judgment managers make by evaluating three key attributes of their strong performers: ability, engagement, and aspiration.

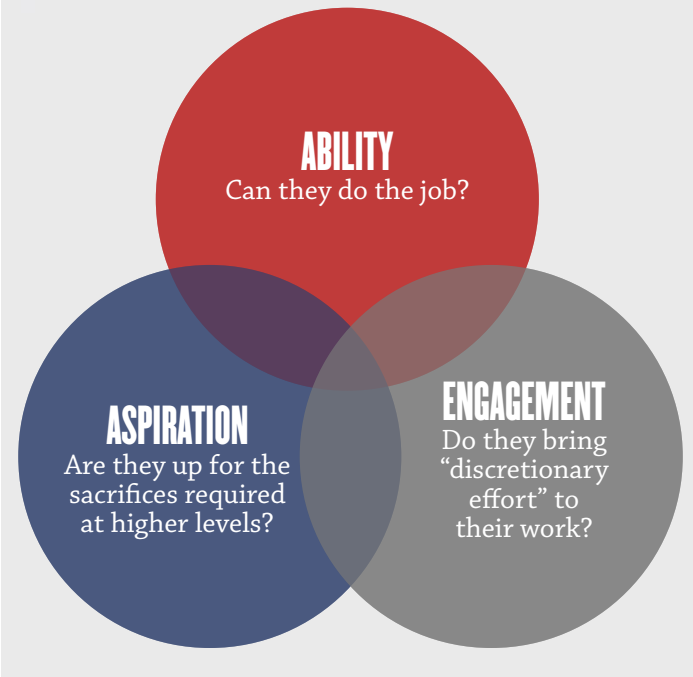


Figure 7.

A Talent Review or Succession Planning Session is a meeting in which managers share their nine-box matrices, discuss and calibrate the placement of each of the key employees across the team and decide on follow-up actions. Focus should be on planning to accelerate development of those individuals in the three upper right boxes and planning to improve the performance (or make a determination about the suitability of the individual for the role) for any in the lower left corner. Companies known for their effectiveness in developing leaders differentiate their development approach and investment for each box on the grid.

Potential for what role? Development for what role? Are key questions addressed by contemplating which of your talent (names in the upper three right boxes) could grow into which of your critical roles and by when:

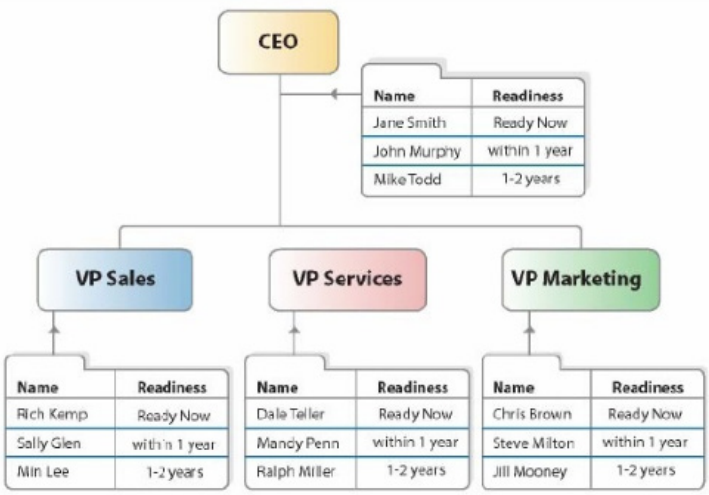


Figure 8.

The talent review is best facilitated by adherence to a set of ground rules (the "secret sauce") that clarify the responsibility of every manager for the organization's "talent pool," specify that no one "owns" their talent, and spell out the role of each manager in the talent review conversation and the follow-up retention and development work.

Developing and "Grooming" Talent is the essential follow-up to the talent review. It is an ongoing process of ensuring your talented people will have the capabilities they need for their targeted future opportunities. Managers engage employees in their development, provide increasingly challenging assignments and coaching support. Ensuring those experiences translate into learning requires accurately assessing the employee's needs, identifying the right development experiences that stretch the individual in the areas of development need, and effective coaching.

In sum, where talent review is a straightforward and routine discipline—practiced annually or semi-annually with effective follow-up—companies are best positioned for future success.

ALIGNING TALENT WITH STRATEGIC CAPABILITIES IS THE KEY TO SUCCESS

Allan Gray

Most company SWOT (strengths, weaknesses, opportunities and threats) analyses start with people as the number one strength of the company. This seems superficial at best. If every company's number one strength is their people, it can't possibly be a strategic advantage; since the core of strategy is differentiation. The key is to determine what capabilities your strategy requires and then determine the talent that will be necessary to execute that strategy at the highest level. According to Brian Becker, Mark Huselid, and Richard Beatty, authors of The Differentiated Workforce: Transforming Talent into Strategic Impact, designing a talent strategy to match your company strategy can shift the focus from the so called "war for talent" to a "war with talent."

Harvard Business School professor Michael Porter suggests successful strategy is at least partially determined by performing a set of activities differently than competitors in ways valuable to customers. Those activities form strategic capabilities for the firm. A company that can differentiate by identifying and leveraging a set of strategic capabilities will be much better positioned to whatever market conditions they face.

A strategic capability is an organizational asset that combines talent, information, technology and routines. There are many important capabilities needed to compete effectively in the marketplace, but only a few of those can be strategic. The primary difference between important and strategic capabilities lies in the company's focus on a subset of the important capabilities as the way they will

differentiate themselves with their core customers relative to their competitors. Examples of strategic capabilities might include research and development for a major agricultural seed and chemical company, logistics and distribution for an input supply distributor, or strong customer relationship management at an agricultural retail organization. These broad examples, while helpful for us to visualize what a capability might look like, are still far too generic to be a strategic capability for a particular company.

Walmart, for example, clearly has capabilities around logistics and distribution. But so do their competitors. It is the specific set of activities that Walmart executes at such a high level that sets them apart from the industry, allowing them to achieve above-average returns more often than not.

Strategic capabilities are unique to a particular company. A company is not likely to be successful by picking strategic capabilities from a list that seems to fit. This is because strategic capabilities should create a unique value proposition for the customer and be sustainable over long period of time.

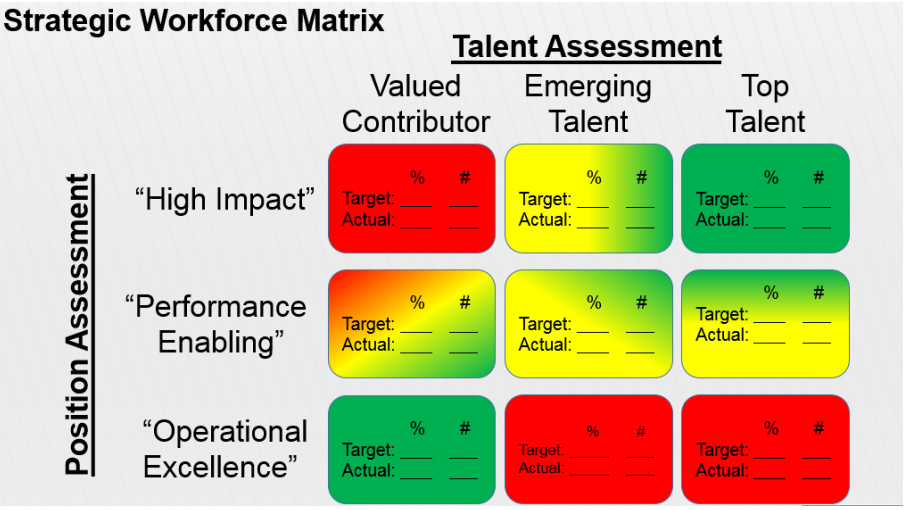


Figure 9.

Picking from a list of generic capabilities might, however, help identify important capabilities that are necessary to compete in the industry. For example, the U.S. grain-handling industry most assuredly would see efficient asset design, unloading capacity, asset location, risk management, and strong farmer relationships as important capabilities. But a single company can only develop a few of those capabilities into truly strategic capabilities.

So how can a company identify two or three capabilities that can be developed into a sustainable competitive advantage?

Four key questions can help identify strategic capabilities:

1. Is the capability an important source of the value proposition you offer to customers?
2. Is this capability relatively unique among your firm's close competitors?
3. If your close competitors all rely on a similar capability, is your firm "head and shoulders" above the competition in the execution of that capability?
4. If your close competitors all rely on a similar capability, does your firm execute on par with industry standards (or well enough to remain profitable)?

The answer to the first question has to be yes for the capability to be considered strategic. Questions two through four help to determine how much strategic value the capability has. Answering yes to the second question means you have identified a strategic capability that creates the most value for your customers and will be very difficult for competitors to copy. These strategic capabilities, while rare, are the ones you want to invest a disproportionate amount of resources in.

John Deere, for example, is known for the strength of its dealership network in North America. The company and its dealers have invested heavily to build the talent, information, technology and routines that have created this recognized strategic capability.

Once you can clearly identify those two to three capabilities that create your company's true source of competitive advantage, you want to examine those positions in your company that most critically impact your strategic capabilities. The critical roles:

1. Make the biggest difference to your company's strategic success.
2. Are where your strategy requires better talent than your competitors to win.
3. Are where improvements in talent make the biggest difference in your strategic success.
4. Are where you see the most variability in performance among people in those roles.

The roles that meet these criteria are considered high-impact jobs. Of course, not all jobs are high impact. Some jobs are more performance-enabling jobs that allow high-impact positions to multiply their impact. Still other positions are operational excellence positions that are required to meet the company's production and service requirements, but would not be considered strategic.

In those high-impact jobs, we want to invest a disproportionate amount of our resources in recruiting, developing, and retaining top talent. Because the people in these roles are the ones that create and execute the core capabilities of our business and give us the best chance to win in the marketplace. The Strategic Workforce Matrix helps us think about how we can align our talent with our assessment of various positions in the business. The more we have our emerging and top talent in more strategic roles, the better we will be at differentiating our strategy from our competitors. That provides us a higher chance of winning in the marketplace.

PERFORMANCE MANAGEMENT

Mike Gunderson

The center's Talent Management Model starts with the business strategy. Talent recruitment is the next important step. Once the team is in place, it's time to align the acquired individual's goals with the business strategy and goals. This ongoing process of aligning goals and tracking completion of those goals is performance management.

Performance management is key to financial success. The National Center for the Middle Market has documented that the firms that self-assess as doing well on performance management outperform peers on revenue growth, profit growth, employee growth, and overall performance. The Center for Food and Agricultural Business executed a similar survey targeting employees in food and agribusiness firms. More than 600 respondents confirmed what was true in middle market firms is also true in food and agribusiness: performance management matters.

Generally, food and agribusiness firms seem to be doing well with performance management.

Nearly half of all respondents graded their performance management as an A or an A-/B+ (Talk about grade inflation!). There is some opportunity to better in many food and agribusiness firms. Even those who graded well might see opportunity to continually improve the system. Those interested in improvement might consider One Page Talent Management as a resource.

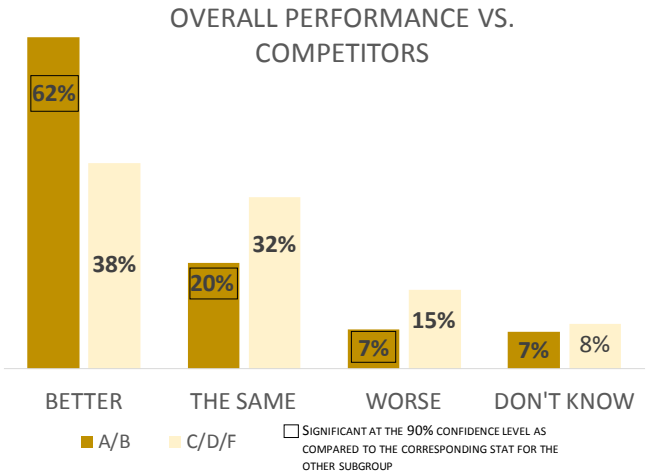


Figure 10. Overal Performance of Firms by Self- Assessed, Performance Management Grade

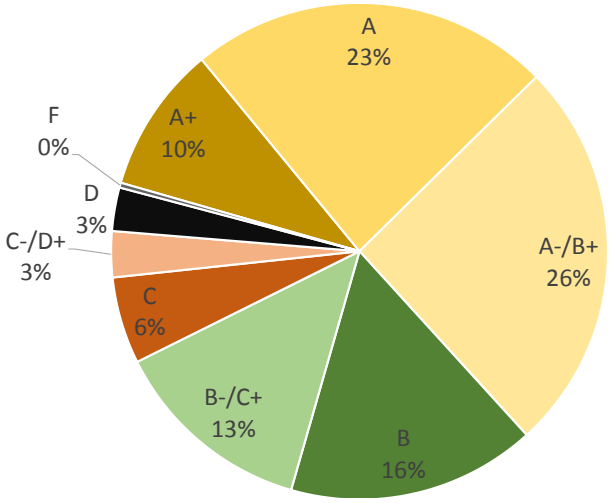


Figure 11. Self-assessment of firms' performance management

In One Page Talent Management, authors Marc Effron and Miriam Ort review the scientific principles behind performance management and talent management more broadly. The second chapter is dedicated to the science of performance management and what works. The authors discuss the trade-off between effort/complexity and value added. They suggest that frequently complexity bogs down performance management processes to the point managers are no longer willing to complete them and employees receive no meaningful feedback.

Regarding performance management, Effron and Ort suggest four key considerations when deciding on individual goals:

1. The harder the goal, the more it motivates.
2. Goals aligned with self-interest motivate the most.
3. Specific goals create higher performance.
4. Too many goals reduce the effort on each one.

Hard Goals Motivate

Generally, employees will rise to the challenge. In the center's survey, we discovered that most respondents found goals to be appropriately challenging. For about 12 percent of respondents, goals weren't challenging enough. Notably, it was employees, rather than managers or executives, who were more likely to respond that goals were not challenging enough. This suggests that if there is a question regarding the challenge, managers might push employees a bit further.

Aligned Goals Motivate

At the heart of performance management is aligning employee and company goals. In the survey, respondents that self-graded performance management as an A or a B, were much more likely to indicate that employee and company goal alignment is clear.

A Few Specific Goals Lead to Performance

Many faculty in the center have advocated for SMART goals, or those that are specific, measurable, attainable, realistic and timely. While Effron and Ort agree that goals should meet these criteria, they see attainable and realistic as redundant. They also note that importance of goals is omitted from SMART and suggest goals should be SIMple—specific, important, and measurable. The

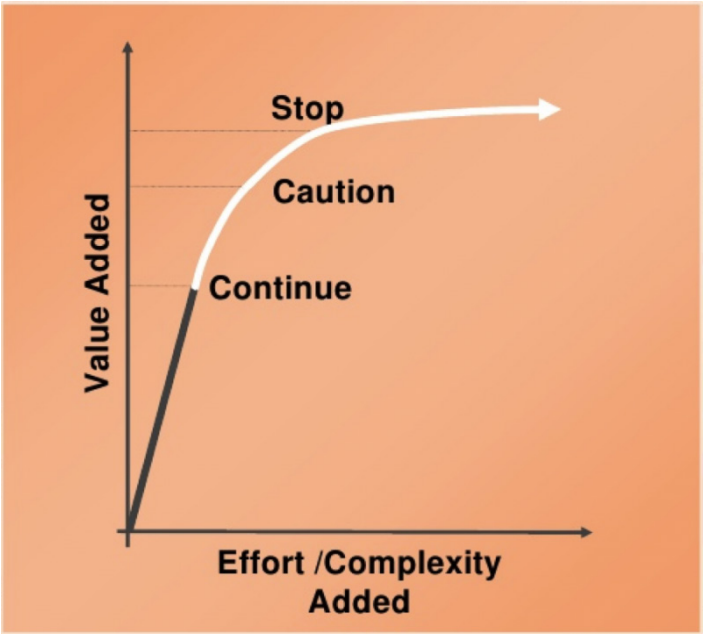


Figure 12. Complexity and Value Tradeoff (from *One Page Talent Management*)

authors suggest having just three and no more than four goals for an individual to achieve. Any more than a few and the employee cannot focus.

Giving Feedback

Once SIMple goals are established, performance management involves assessing the degree of achievement of those goals. The annual review is commonplace in food and agribusiness firms. Many performance management experts, Effron and Ort included, note that this is simply not frequent enough. Ongoing, informal feedback is viewed as more effective among professionals in food and agribusiness firms. Some food and agribusiness firms have opted to ditch the traditional annual review in favor of more frequent, ongoing feedback. This allows for course correction and mentoring.

Other Considerations

Some managers struggle conducting performance management with only results in mind given that sometimes luck (good or bad) can play a role in outcomes. It is worth considering evaluating based on behaviors in addition to outcomes. In the center's survey, sales, marketing, and human resources professionals were much likely to use a combination of outcome and behavioral assessment relative to finance and operations professionals.

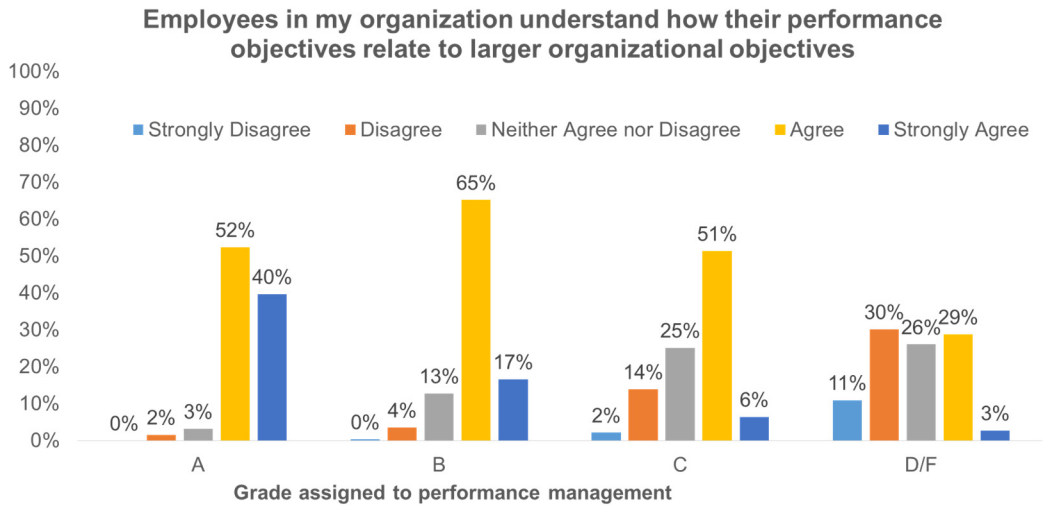


Figure 13. Alignment of goals

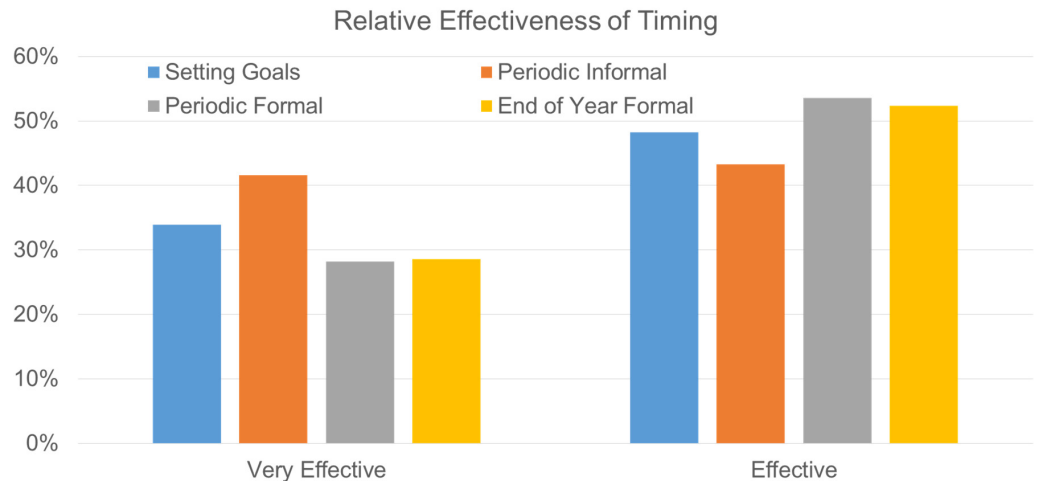


Figure 14. Feedback Timing

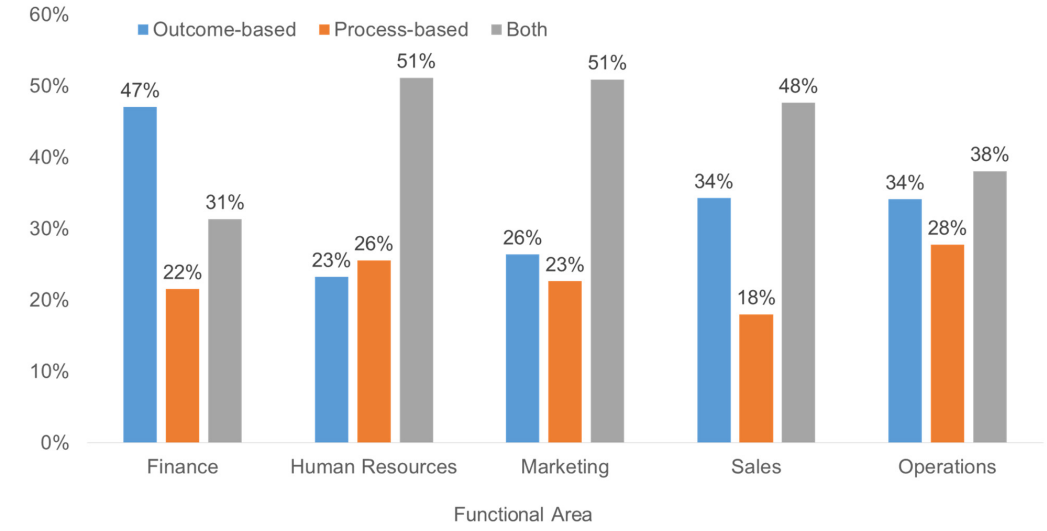


Figure 15. Assessing outcomes or behavior

The key to deciding on assessing outcomes or behaviors is the value/complexity tradeoff. If collecting data regarding behaviors is costly and burdensome, it might not add enough value to cover the complexity tradeoff. While Effron and Ort are skeptical of including behaviors as part of the assessment, McChesney, Covey, and Huling suggest in their book, The 4 Disciplines of Execution, that employees can be trusted to self-report behaviors. Any faulty reporting will ultimately become apparent in the outcomes.

Another point of disagreement that arises in these two books is whether employees should be involved in setting their own goals. McChesney, Cover, and Huling suggest that allowing employees to set the goals results in greater employee ownership of and motivation toward achieving the goal. Effron and Ort suggest that employees are not good at setting appropriate goals, and a manager can create motivation by means that are more effective.

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