

Why Integrity Doesn't Drive Performance (Jan 11)

By Kris Dunn

What did Enron, HealthSouth and Madoff Investment Securities all have in common besides broken leadership that decided to live a lie rather than own up to business failures?

They all undoubtedly had the words “integrity,” “teamwork” and “communication” (or close synonyms) as part of their corporate core values or vision statement. There’s a message embedded in that reality. The message is about lip service versus what’s real in your company, and how empty organizational values can be if there’s no attempt made to make them operational.

I’ve been thinking a lot about performance management lately. Of special note is the fact that I’m trying to think of ways (real ways, not mere lip service) that the performance management process can be used to reinforce or build cultural values at a company.

The main thought I’ve had is that to make the true cultural play when it comes to your performance management system, you’ve invariably got to make some of your current team members uncomfortable with your view of values, and possibly even make them think that they don’t belong at your company.

See if you can identify your own company in this morality tale. Let’s start with the following assumptions and realities about company values and performance management:

1. Most companies have some form of the following values in their values, vision or mission statements: integrity, teamwork, communication and community. It’s Mom, apple pie and Chevrolet to put these components into your values or mission statement. (At least it was before Chevrolet became the backwater label in a lineup of 164 different brands at GM. Maybe it’s more like Mom, apple pie and Toyota in today’s world.)

Everybody includes these in their statements. It’s easy to do, whether the leadership truly believes in the values or not.

2. The same companies usually make no meaningful effort to provide real feedback to team members on how they stack up against those values. Most companies write their values or mission statements, print the posters and then perhaps create an annual or quarterly recognition program around the values. Poof! They’re done. Back slaps all around as the senior leadership team congratulates itself for being so ethical and team-oriented. Nice work, gang.

3. Some companies have the right instincts and go further by attempting to tie core values to their performance management systems, but invariably fall short of the goal. It’s good when companies see that the values they’ve identified aren’t linked closely enough to behavior on the front lines, and attempt to incorporate those values into their performance management systems. Few of the companies that choose this path go far enough, however. To truly link the values with frontline behavior, you’ve got to get into the ugly details of what’s expected related to each value. And those requirements have got to have some teeth.

To summarize the problem, *most company values and mission statements are so far removed from daily activity that they never become useful as gauges on how work is actually done in a company.* They also aren’t front and center enough to guide decision-making on a daily, weekly or even quarterly basis.

But there’s a better way. If a company really wants to make a culture out of core values, you need to put what you truly value in the “Company X Values” section of your performance review document, in whatever form that takes.

You know where to find that, right? It’s usually the second section of a mature performance review process. It comes right after the position-specific goals and objectives. While the goals and objectives section of the review is tailored to a position or an individual, the values section usually uses the same values for all employees within the company.

Here's an example of what most companies would use when incorporating "integrity" in the values section of their performance review process:

INTEGRITY – *Demonstrates uncompromised integrity in all actions with customers, team members and all other stakeholders.*

Yawn. That approach sounds great on the surface, but the problem with this methodology is that it places the manager in a classic trap. You've given your view of integrity and told employees, via this performance review process, that it's important. Unfortunately, by simply citing it and giving your managers no other tools to work with, you've pushed them into an uncomfortable corner.

If you've ever tried to rate someone on integrity via a definition like this (and the same holds true for teamwork, communication and other "softer" values), you know it's next to impossible to defend yourself for giving anything other than the highest score to an employee. How do you tell someone she's a "3" or a "meets" on integrity? The next question out of the smart employee's mouth is one of the following: "How do I improve my score on integrity?" or "Why am I not an 'exceeds' on integrity?" The average manager's response is 20 seconds of silence before he changes the subject.

Enter the opportunity: Arm the manager with tools that enable a real conversation on the value in question. This conversation might actually drive behavior related to the soft value the company claims it holds in high regard.

Instead of rating the employee on the super-broad integrity statement cited above, take it and then create three to four statements that illustrate how integrity plays out on a daily basis in your organization. Then have the manager rate employees on how they perform against the behavioral statements you created.

Here's an example:

INTEGRITY—*Demonstrates uncompromised integrity in all actions with customers, team members and all other stakeholders.*

As evidenced by:

1. Team member keeps all commitments (large and small) and effectively communicates changes as they occur.
2. Team member effectively balances needs of company with needs of customer, doing best to represent the interests of both parties.
3. Team member acts upon identified unethical conduct.

(Rate team member on each desired behavior using your existing rating scale; roll-up of all ratings leads to overall rating for value.)

By using this approach, you go from an impossible theoretical exercise to actually beginning to make your core values operational. Note that I used one behavior you would expect with integrity (acting upon unethical conduct), but I threw in two that dramatically expand the conversation and integrate the concept of integrity into the employee's day-to-day work.

My definition of integrity includes keeping all commitments, communicating changes in commitments in a timely fashion and keeping the profit mission of the company in mind when dealing with customers.

Having a meaningful conversation with an employee about how to improve an "integrity" score just got easier—if you're willing to be candid. Insert your own evidence statements to meet your needs. Spice it up more than I did if you really want to drive conversation.

This approach is not without risks. To many, outlining the specific behaviors you expect for each core value is going to feel a bit nasty or a little mean. It may make many of your employees feel like they don't belong in your company (if your managers can deliver the feedback in an honest and authentic fashion, that is).

But it's what it takes to make your core values mean something beyond the posters and balloons you ordered for the mission statement launch party.

It might also be the most meaningful step you can take to help your company avoid being the next Enron, HealthSouth or Madoff Investment Securities.

About the Author:

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