

Connecting Performance to Goals

An international discussion on developing employees

“WHY ARE SOME OF OUR 2000 FRANCHISE STORES exceeding our goals, while others aren't making the grade?” This question kept gnawing at Sergio Barbi, Franchising Coordinator for O Boticário, a fast-growing cosmetics and fragrance company in Brazil. He explains, “I see some franchise owners go on to open up three or four successful stores, while others stagnate with only one—which is mediocre at best. And I want to know why.”

Finding people to run a successful franchise operation is complicated. They have to be entrepreneurs, but they also need to work within the parameters of the organization. It's a tricky combination. But it's a combination Barbi knew existed. He just needed to get better at identifying people who had the right balance.

“We knew this was at the heart of our business,” shares Barbi. “From the start, we knew we needed help to redefine our goals and vision, as well as to gain a solid understanding of what it takes to succeed in a franchise role, and then hire and develop the right people.”

So, O Boticário turned to Caliper for insights into what needed to change. As Barbi says, “We needed to hear from someone who's been there, someone who's helped other companies in situations similar to ours.”

In addition to working with O Boticário directly, Caliper consultants thought it would be beneficial to put O Boticário in touch with Dialight, a New Jersey-based manufacturer of LED lighting products, where great strides have been made in employee development and team building over the past three years.

So Barbi flew in from Brazil to meet with Scott Ernst, who was Dialight's Director of Human Resources, to get first hand information on what they'd been doing to develop and retain successful employees.

Ernst: When I was asked if I would meet with you, I thought it was intriguing, since Caliper has been helping each of our companies in different ways in two completely different parts of the world. So, tell me how I can be of assistance?

Barbi: I'm particularly interested in how you've been making employee development work for your company.

We've worked with Caliper to identify the qualities that distinguish our most successful franchise owners and managers.

And we're hiring new people who match these ideal profiles. But, we know that's just a starting point. We also need to change the way we're managing our operations.

Ernst: I can certainly relate to that. We've gone through a number of changes here. Several years ago, we knew that communication was one of our biggest problems. As one employee here puts it, “We were on a need-to-know basis. And we never needed to know.” This was particularly evident in the way our managers were handling performance evaluations. Each review was done in isolation, with just the manager's input. We realized we needed to do something differently to communicate our goals, identify people's key talents, determine who should be promoted, and help employees develop. So, we implemented a very comprehensive, in-depth performance evaluation process which Caliper calls the

ThreeSixty. It starts with a personality profile which provides objective insights into an individual's strengths and potential. Then appraisals and suggestions are incorporated from peers, supervisors and subordinates. All of this is done in a spirit of helping our managers improve. Discussions of results and plans for change evolve from the findings. This process helps us communicate more directly and openly. And by clarifying expectations we improve performance.

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Barbi: *I've heard of situations where this approach backfires—where feelings are hurt and bridges are burned. How do you know people are ready for it? How did your employees respond to evaluating their managers?*

Ernst: Overall, I'd say this new approach has been received well. But it definitely needs an introduction so everyone knows this is an open process with the ultimate goal of helping us all get better at what we do. And for this to happen, we need to be both forthright and supportive of one another. When it was first introduced, people did have different reactions to the process. Workers on the floor thought it was great to be asked to evaluate the senior staff. The feeling was, "No one ever asked us what we thought before." It gave people who often feel they can't express their views about someone who's in a higher-level position a way to open up.

But, of course, with anything new there is going to be fear. Some people were skeptical. They were afraid of repercussions because their bosses would know who said what. We also had employees who really liked their bosses and were afraid that a negative comment would be held against them.

Barbi: *Do you really think people answer it honestly?*

Ernst: I do. Each year the process gets better, and people are more and more open. Especially since they see that their feedback results in real improvements.

Barbi: *So, you really believe this helps people work together better?*

Ernst: Definitely. I firmly believe in working as teams, and that's how we're set up here at Dialight. You always get better answers when you've got people working together effectively. Everybody brings something valuable to the table. They complement one another and fill voids.

But real teamwork requires clarity on everyone's part about the goals and objectives, and a solid understanding of one another's strengths and limitations.

Barbi: *That is definitely a problem for us. For example, marketing wants to make things more beautiful, financial wants to make more money, and the engineers want to make things more reliable. They're each focused only on their one particular area—sometimes to the exclusion of others.*

Ernst: One thing that has really helped us is that the goals of every individual are linked to the performance of the entire company.

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This has enabled us to redefine how we work together and evaluate performance. And when we combine that with the knowledge we have of each employee's personality strengths and potential, we come up with a very effective team.

Barbi: *Have you been able to measure improvement?*

Ernst: Absolutely. Our managers rate employees once a year on a scale of one-to-six, with one being poor, and six indicating the person can part the water, and then walk on it when necessary. This enables

them to see from year-to-year if people are improving, staying stagnant—or need to leave.

I can actually see a more open communication channel between the people who have participated in the Caliper *ThreeSixty* process. Once people have gotten to know one another on a more personal level they are much more relaxed about exchanging their ideas.

We have one manager who was seen as difficult to communicate with. People would say, "I don't feel like I get a fair hearing from him. He doesn't listen to me." One individual went to him with a report and tried to explain a situation. This manager just grabbed the report and started writing notes and crossing things out. If things weren't exactly the way he would've done them, he didn't want to hear what someone else had to say. We had him participate in a training program with listening at the heart of it. As a result, his listening has improved and the communication in the whole department is better.

From my own personal Caliper *ThreeSixty* experience, I can tell you that people mentioned I needed to work on personal organization and time management. I know I'm not a detail guy. But I made a major effort to change the way I did certain things where details and paperwork were concerned. In my next yearly evaluation, the responses showed I'd made improvements and was getting better in this area, although I could still use some more work on documentation. So I continue to work on it.

Barbi: *Thank you for your time and openness. This has been very helpful. Let me ask just one last question. Where do you see your process leading from here?*

Ernst: Well, I see our performance evaluation system as a continuous improvement process. Our ultimate goal is to create an organization that can respond to our customers' needs and keep business growing. This will only happen as we continue to develop our individual strengths and work together even more effectively. ■