



Everything you wanted to know about the  
Performance Management Eye Chart  
and were not afraid to ask.



Increase Your Odds  
of Success with  
Leadership Alignment

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## Everything you wanted to know about the **Performance Management Eye Chart** and were not afraid to ask.

Our key premise is that the fastest and most effective way to improve performance throughout an organization is to improve the effectiveness of leadership, one leader and one department at a time.

We also recognize that:

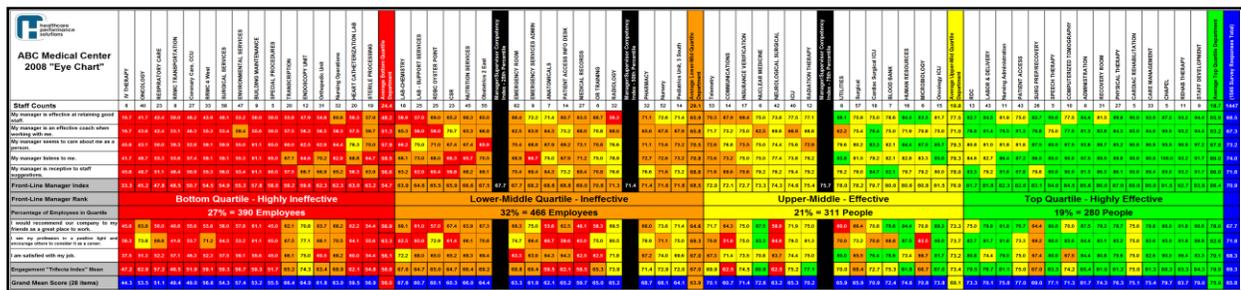
*Assessing leadership performance is similar to swimming:  
You cannot assess competency with a written test.*

One essential business practice for a large organization is to achieve the best alignment and probability of success by appointing (matching) the most effective leadership talent available with the demands of the position. Quite simply, this means consistently appointing the Right People in the Right Roles.

We have found that business leaders don't relate well to and are not motivated by statistical coefficients and academic correlations. They need practical and applied causal links and measures of performance that they can readily see and relate to logically and emotionally. Do the measurement tools need to be scientifically valid and reliable? **Absolutely.** Should the data be presented in a way that is less effective, often confusing, overloaded with information, and difficult to interpret? **No.** That is where Performance Management Eye Charts come in.

The **Performance Management Eye Chart** (PMEC) is created using data from your existing employee-satisfaction survey (a bottom-up front-line leader assessment). The PMEC is a visual tool that compares leadership effectiveness and cultural engagement at glance. Leaders can instantly see which departments have healthy cultures of excellence and which ones are facing difficulties. With a unique style of presenting information in a way that allows both detailed focus and overall vision, the Eye Charts synthesize and present meaning, allowing you to see the complete performance picture. The PMEC also illustrates how front-line leaders compare to one another in your organization, to their peers, and to national percentile rankings.

## If you could actually see "Analytics" and "Business Intelligence," what would it look like?



In the PMEC, departments or leaders are listed across the top; employee-engagement measures or other objective criteria are listed down the side. Once departments are assigned a color for each criteria, they are ordered based on the colors to present an easy-to-read spectrum of departments from failing (red) to excelling (green). Within each department, problem areas or strengths are easily differentiated by their color.

Of all the five senses, our brain is designed to best process information visually, rather than as words or numbers. There is actually no math involved in the processing and interpretation of visual information; the "uptake" or "get it" factor is instantaneous, which is why people respond emotionally to art. Looking through a large numerical table or spreadsheet takes a lot of mental effort, but information presented visually can be grasped in a few seconds. The brain identifies patterns, proportions, and relationships to make instant subliminal comparisons. The Eye Charts are designed to illustrate visual correlations with any measureable criteria.

The right hemisphere of the brain recognizes shapes and colors. The left hemisphere processes information in an analytical and sequential way and is more active when people read text or look at a spreadsheet. The Eye Charts allow for both left and right brain interpretation of information and relative performance in a single view. Displaying information in this format can make a significant difference by enabling people to understand complex matters quickly and to consider more creative solutions.

Creating a more objective and transparent culture of high performance requires that business leaders use sophisticated performance measurement tools to more easily differentiate and interpret information in a way to make better business decisions. The Eye Chart suite of tools allows for the visual display of quantitative information, making it easier for leaders to quickly understand what is happening in their companies. The format makes it simple to make an instant analysis of an individual manager or to do a comparative analysis of managers within a leader's total span of responsibility or control.

Another feature of the Eye Chart tools is their affordability and ease of use. There is no proprietary software to purchase because all the tools and data are integrated within Microsoft Excel, and the entire suite of tools connects instantly to the web for unlimited access to related information.

**The Performance Management Eye Chart** quantifies and illustrates the impact that leadership has on overall performance and the existing culture, one leader and one department a time. One can instantly observe the capability and performance of an entire leadership team with both an overall view and detailed focus. There are several unique perspectives that can be visually displayed from a bottom-up perspective.

1. The front-line leadership Index score is calculated by averaging 5 to 9 individual leadership attributes, as observed by staff and measured with the employee engagement survey.
2. There are three frames of reference for comparisons of leaders and departments:
  - First, there is a forced quartile ranking and a performance differentiation by leader and department within the organization.
  - Second, there is a percentile ranking for all people within the organization appointed to a leadership/management role.
  - Third, there is a percentile ranking compared to their peer group of management or most similar function.
3. In addition, virtually all employee engagement instruments include specific cultural health or outcome items such as job satisfaction, organizational loyalty, and professional engagement. The PMEC incorporates this data to quantify the overall cultural health of the department.
4. Optional Reporting Formats: We often will complement the "soft" leadership and culture metrics with specific hard metrics or outcome indicators, including financial performance, quality indicators, safety and even gains in performance improvements. This perspective allows for the easy display of Integrated Performance Measurement results at a glance.

### **Talent Management Eye Charts**

The Talent Management Eye Chart is a top-down multi-rater assessment of the demonstrated leadership ability represented by every leader within the organization. This display provides a large-scale visual comparison across departments based on executive, director, and front-line manager leadership talent. With this version of the Eye Chart, executives can instantly observe which managers may be overleveraged and which leaders are underleveraged. The combination of the top-down TMEC and the bottom-up PMEC offer an objective 'multi-rater' evaluation that is reliable, accurate, and inexpensive. The correlation or overlap between the two Eye Charts is typically 90%.

### **What to Expect the First Year**

It typically takes approximately three cycles of implementation for an organization to develop a core competency in Leadership Alignment and Talent Management. Here is what you should expect to do in the first year:

- First discover and then validate demonstrated leadership effectiveness (as perceived by the staff).
- Second, quantify the degree of cultural health that exists in each department.
- Third, differentiate performance both within the organization and within your industry, using the percentile rankings.

## Accuracy and Potential Errors

The P MEC is about 85% accurate overall. Errors to watch for are sample size error, false positives, false negatives, "mirages," and "headwind" and "tailwind" factors. Here are a few examples:

- People are often appointed to a manager or director role that actually has very few direct reports. As a result, they may not have enough responses (minimum of 5) to produce a performance column on P MEC (sample size error).
- As the employee survey process becomes more refined and detailed, sample size error can occur with incomplete employee responses in smaller departments (say only 3 responses in a department of 6 or 10).
- There can be multiple people in a supervisory role in a larger department, making the results difficult to link to individual managers. In this case, leaders need to consider the culture for the whole department and determine who should take ultimate ownership.
- There can be false positives, such as when employees in a small department "game" the employee survey to increase their scores. This typically happens in less than 10% of the departments.
- There also can be false negatives, when disruptive employees in a department are part of a legacy culture that was unhealthy, disruptive, or extremely negative. The new leader has the difficult task of establishing new standards that may receive significant resistance. I refer to this phenomenon as assassinating the substitute teacher.
- A "mirage" occurs when people believe that "partnering" to assist a leader's performance is sustainable. When leaders above struggling managers provide an assist with their performance by doing some or all of the job for them, it creates the optical illusion that the manager is capable. It has been proven that over the long term, very few managers who are significantly overleveraged have the ability to sustain performance on their own without a partnering assist from leaders above them.
- It is easier for smaller departments/functions to perform in the Yellow or Green Quartiles because they essentially receive a slight "tailwind" assistance. Smaller departments allow managers to build better relationships and they have less complexity to manage. While it is not guaranteed that a smaller department will be high-performing, it is a little more likely in most organizations.
- Larger departments/functions actually encounter a slight "headwind" due to increased complexity in managing large numbers of people. The headwind factor can be a factor with either a larger department or a complex one that faces considerable obstacles and barriers to performance.

In most cases, these errors can be recognized by examining the data carefully, especially if the results seem incompatible with other assessment methods.

### **Improving a Manager's Performance**

Improving performance with a manager is possible but unlikely. With a "tenured manager", one who has been in the position for 3 years or longer, the following odds of success reflect their likelihood of improving performance within their quartile band and to the next performance quartile.

- Improvement within the original quartile zone: likely, **50%**.
- Improvement of one quartile (Red to Orange): somewhat unlikely, **25%**.
- Improvement of two quartiles (Red to Yellow or Orange to Green): unlikely, **10%**.
- Improvement of three quartiles (Red to Green): very unlikely, **< 5%**.

### **The odds of success in creating a healthy culture with desirable performance outcomes**

Organizations and departments scoring in the top half on employee engagement **essentially double their odds of success in comparison to those in the bottom half.**

A good guide to use for performance at the organization-wide level is that if the leadership performance and organizational engagement scores are above the **50th percentile**, the organization is likely to perform well on all outcome metrics. Organizations scoring at approximately the **75th percentile** were **66%** more likely to perform above the industry averages, and those in the top decile were **80%** more likely to perform above the industry average.

Other, more detailed meta-model research (Gallup 2009) demonstrated that the median gaps between **Top-Quartile** business units showed the following gains over **Bottom-Quartile** business unit performances:

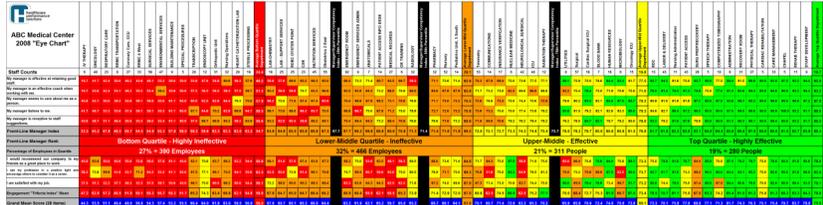
- 12% in customer satisfaction ratings
- 16% in profitability
- 18% in productivity
- 25% in turnover (for high-turnover organizations)
- 49% in turnover (for low-turnover organizations)
- 49% in safety incidents
- 27% in shrinkage (theft)
- 37% in employee absenteeism
- **41% in patient safety incidents**
- **60% in quality outcomes.**



**The Impact of Leadership and Cultural Engagement:**

Good leadership affects every aspect of the business, including the patient experience, employee morale, and financial results.

**Direct and indirect benefits of improved leadership alignment and cultural engagement**



**Restoring Healthcare back to the Rewarding Calling to “Make a Difference.”**



Success Profiles Inc. Research, 1992-2009

A study by Success Profiles in July, 2010 examined the leadership performance and cultural engagement index scores of 104 healthcare systems throughout the United States.

There were **42** organizations that had below-average leadership and engagement index scores. The collective average percentile ranking was at the **39th percentile**. Those same organizations had a collective average Care Ranking at the **25th percentile** (nationally calculated and ranked by the Commonwealth Fund and WhyNotthebest.com).

There were **62** organizations that had above-average leadership and engagement index scores. The collective average percentile ranking was at the **68th percentile**. Those same organizations had a collective average Care Ranking at the **89th percentile**.

% of patient that received "Overall Appropriate Care"	National % rank
45.1%	1.0%
48.3%	1.2%
51.4%	1.5%
53.6%	1.8%
54.6%	2.1%
56.7%	2.8%
57.8%	3.4%
58.9%	4.0%
59.9%	4.7%
62.0%	6.7%
64.2%	9.3%
65.2%	10.9%
66.3%	12.7%
67.3%	14.8%
68.4%	17.1%
69.5%	19.6%
70.5%	22.3%
71.6%	25.3%
72.6%	28.4%
73.7%	31.7%
74.8%	35.2%
75.8%	38.8%
76.9%	42.5%
77.9%	46.2%
79.0%	50.0%
80.1%	53.8%
81.1%	57.5%
82.2%	61.2%
83.2%	64.8%
84.3%	68.3%
85.4%	71.6%
86.4%	74.7%
87.5%	77.7%
88.5%	80.6%
89.6%	82.9%
90.7%	85.2%
91.7%	87.3%
92.8%	89.1%
93.8%	90.7%
94.9%	92.1%
96.0%	93.3%
97.0%	94.4%
98.1%	95.3%
99.1%	96.0%
99.5%	96.6%
99.9%	97.6%
100.0%	99.0%

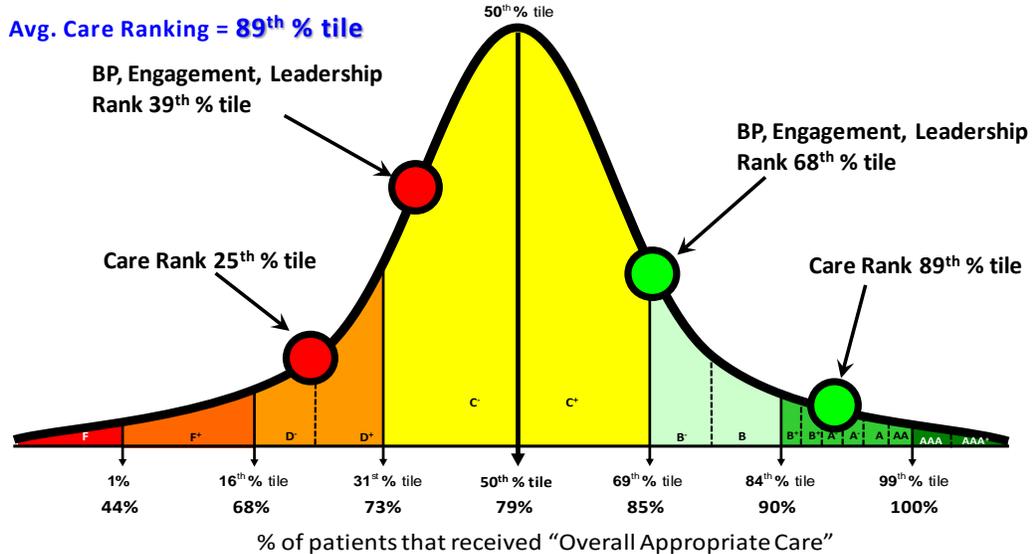
**104 Organizations Business Practice & Leadership scores (Top ½ vs. Bottom ½)**

**42 Organizations - Avg. Leadership/engagement for Below 50% tile group = 39<sup>th</sup> % tile**

**Avg. Care Ranking = 25<sup>th</sup> % tile**

**62 Organizations - Avg. Leadership/engagement for Above 50% tile group = 68<sup>th</sup> % tile**

**Avg. Care Ranking = 89<sup>th</sup> % tile**



**Transparency: The sharing of leadership alignment data presented on the Eye Charts**

Once the data has been gathered and organized into an Eye Chart, it must be shared with the managers and leadership of a company or business unit. It is natural for this to be an uncomfortable process in the beginning; for some, transparency will create high anxiety. In every way, leaders need to learn to be more comfortable being uncomfortable. In essence, you will be creating "constructive tension" about responsibility and performance. You actually want people to care if they fall short of performance targets and be motivated to raise their game to reach the established standards.

Performance Management Eye Charts can be presented in a group meeting as long as the leaders are at a mature level and their individual results are derived from their respective managers within their overall span of responsibility.

Talent Management Eye Charts can be shared with those who contribute to the overall performance ratings but unless the organization is experienced with the business practices of open-book management, we recommend that the TMEC results are only shared in a one-on-one setting with individual managers and leaders.

The Eye Chart process typically takes three to five years to master. Each successive cycle is a refinement or increased mastery of the business practices related to accurately assessing leadership performance and cultural engagement. None of these business practices are very capital or labor intensive. They are, however, perspective intensive, as leaders change the way they see the impact that demonstrated leadership ability has on overall performance.

### **Additional Challenges:**

- In a not-for-profit culture such as a hospital, people tend to be uncomfortable with being held to performance standards and to operate in an open-book environment.
- The degree to which the established performance metrics are objective, transparent, and competitive is often directly proportional to the degree of transparency in publishing performance results. In high-performing business cultures, it becomes the expected standard to know the score and keep the score so that the score can improve. This is most common in organizations that practice open-book management.
- Low performers will often challenge the data and the validity of the process because they are uncomfortable their performance metrics being published (transparent) and the perceived fairness of the measurement process.
- Since performance review "grade creep" is widespread in healthcare (where approximately 97% of all employees receive a passing grade on their reviews) it is often a shock to some to receive a lower-than-average score. Therefore, it's logical to expect pushback or disagreement from many leaders in the bottom (RED) quartile.
- With any leadership evaluation process, C- and D-level leaders have a tendency to significantly overrate their performance, especially when conducting self ratings. B-level leaders are fairly accurate in the assessment of their own performance and A-level leaders actually have a tendency to underrate themselves.

### **Using the Eye Chart Tools to Spot Potential Union Activity**

Another way Performance Management Eye Charts can help a business is in identifying departments that might be vulnerable to union organizing. Union organizing nearly always takes place in Red or Orange departments or functions. Knowing which departments are vulnerable gives management the ability to focus on them to counter union activity.

For 18 years I've had a close relationship with Jim Squyres in Bozeman, Montana. Jim worked for the US Postal Service (USPS) for 35 years in a variety of roles, spending the last 16 years as Postmaster in the Bozeman office. Jim was recognized both regionally and nationally as one of the most effective and highest-performing managers in the USPS. As a result of his extensive experience and proven track record of performance, he is uniquely qualified to comment on the impact that labor unions have on organizational culture and performance.

The following observations about the challenges in working with labor unions represent a summary of his experiences.

- The existence and purpose of labor unions evolved out of the prevailing ideology of working class solidarity.
- Activity by labor unions in the United States today centers on collective bargaining over wages, benefits, and working conditions for their membership and on representing their members if management attempts to violate contract provisions.

- When labor combinations or cartels capture monopoly control over who employers can hire and impose higher wage rates, the number of jobs available in these companies and industries declines. This is the simple result of the law of demand: when unions raise the price of labor, employers purchase less of it. While an increase in labor productivity can partially offset higher labor cost, labor productivity cannot be raised cheaply. Unions clearly contribute to an anticompetitive force in labor markets. In fact, labor unions are most often very reluctant to encourage continuous productivity gains that lead to more total performance output with fewer workers.

For these reasons, a company will be better able to maintain continuous improvement in operations and culture if it remains non-union.

### **Poor Leadership, Unhealthy Cultures, and Unions: Top 10**

Organizations with dissatisfied and disgruntled employees have the tendency to create the cultural mindset of "Us vs. Them" where the leaders are not respected or trusted. Individual departments with ineffective front-line leadership and an unhealthy sub-culture can create an environment where disengaged employees are in favor of third-party representation.

Compared to employees in YELLOW and GREEN departments, employees in RED and ORANGE departments are less satisfied with their jobs, less loyal to their organizations, less engaged in their profession, and more often feel that there is a lack of communication and trust with upper levels of management. They also tend to feel that "things are done to them" and they may have little job security if not represented by a union.

Employees in RED and ORANGE departments often feel less valued and as a result do not have a sense of belonging; they tend to have an adversarial relationship with leadership instead of trusting and respecting it. They therefore seek to have rights and representation. They want a seat at the table for decisions, for their voice to be heard and their ideas listened to. When this occurs, labor unions become more attractive to employees.

When labor unions are entrenched, rules, policies, procedures, and regulations often take priority over doing what's right or what makes sense (on both sides). In the USPS, there are actually people employed to do nothing but spend their time looking for union/labor violations and documenting and filing grievances against management. This practice can take on a life of its own and for Jim (in a high performing office with a healthy culture), it consumed approximately 1/3 of his time as a leader.

The ability to act on lower-performing employees becomes extremely difficult with third-party representation because of the legal and regulatory obstacle course. Also, the ability to recognize and reward high-performing employees is often awkward and difficult: there may be limitations of what can be rewarded, peer pressure on singled-out individuals is demoralizing, and there can be passive-aggressive retaliation for going above and beyond the norm.

In every case where a business I have been involved with has had to combat labor union organizing, the catalyst for the organizing has been championed by employees working in the RED departments on the Performance Management Eye Chart. Therefore, knowing which departments are in the RED zone is critical for focusing efforts to combat unionization.

*In conclusion, organizations that tolerate ineffective leadership and unhealthy sub-cultures of performance are in essence compromising their immune system to become a vulnerable environment for labor union activity.*



For more information, please contact us at: *Right People Right Roles* 877-582-8884,  
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