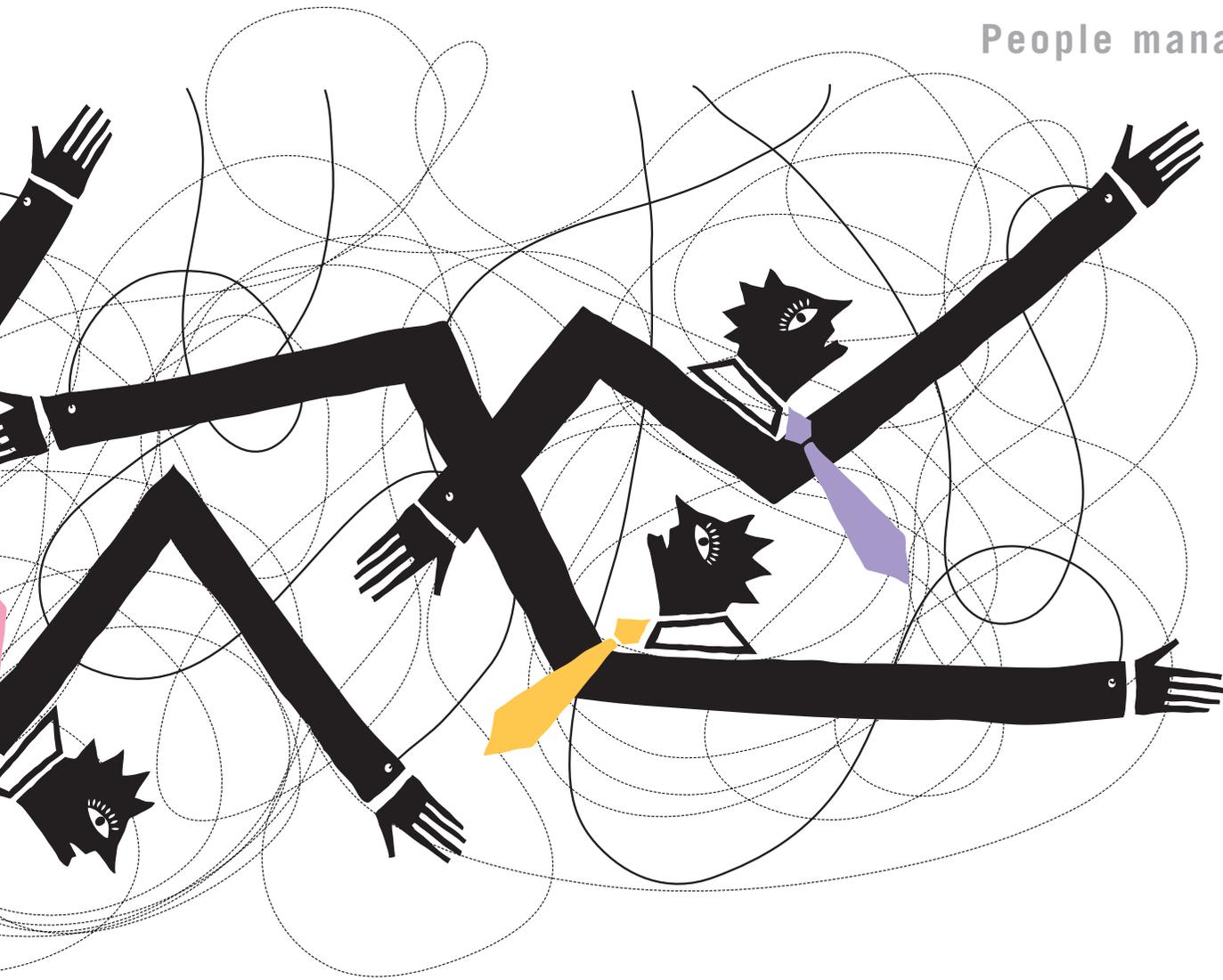




# People management: building a free performance organization

BY *PEDRO MANDELLI*



Although any organization whose performance falls below expectations can condition human performance and improve the level of its results through traditional tools - imposing daring goals, offering huge bonuses, bosses who are strongly oriented to short-term deliveries and process performance indicators - it will certainly not achieve high performance through such conditioning. Self-sustainable superior results begin to turn into reality when people in the organization feel that their performance is free, which leads them to strive to meet their goals. It is a difficult and laborious process that demands a true revolution in management qualifications.

Many executives whose photographs are published on magazine covers because they have recovered companies that were going through difficulties and led them to remarkable performance may not have the needed confidence, profile and experience to create an organization in

which employees will make a difference voluntarily because they wish for and see personal advantages in acting this way. It also frequently happens that they have not learned from their recent experience - 10 years - how to meld a large group of people around a noble main cause that will actually add value to all stakeholders, be they internal or external ones.

It is impossible to set up a high performance organization if conditioning factors are not fully installed and working as an infrastructure that can maintain the position of its results.

It is worth investing strongly and fully in a free performance organization when it is people management that brings it its main competitive advantage. In organizations where work processes are stable, the level of automation is planned within industrial design, products are highly standardized, long-term purchasing and supply contracts are the norm, and their clients are truly at their mercy, it

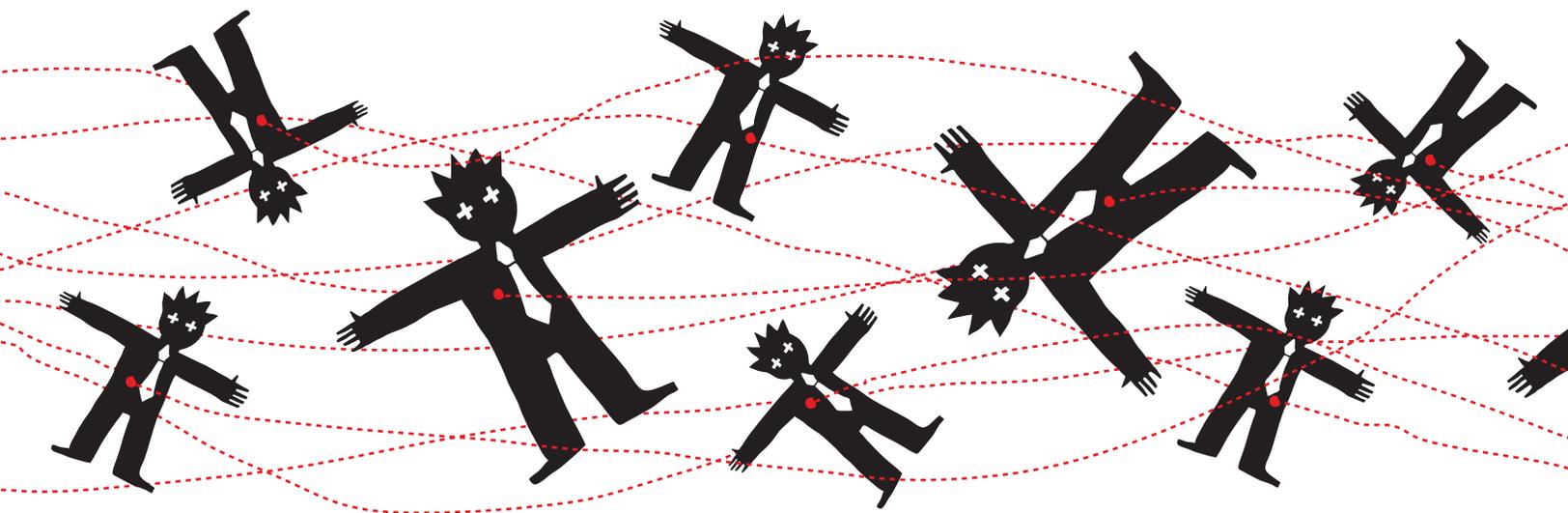
may be possible to compete for quite a long time while using only conditioning tools.

In such an organization, process will guarantee very good levels of performance because it is almost self-regulating. It is different from a company that needs high-speed in business and in innovation, where there is also a work process that regulates performance but where it is the human factor that really makes the difference.

Actually, human and business performances are different things. At certain companies, it is possible to obtain high business performance without similar indexes in human performance, as the process self regulates and adjusts itself to the level of competitiveness that is expected.

he will receive another, more ambitious one. Should this employee complain about the impossibility of meeting these successively higher goals, s/he will inevitably hear the boss reply: "Either you do it or you are out of the game". The tool that drove the person to higher performance ends up losing its effectiveness if it is used beyond its limits, as it will wear out the tool, the leader and the subordinate - a relationship within which everyone loses out.

**SHORT-TERM ORIENTATION: THE GREAT EXCUSE FOR HUMAN CONDITIONING** It is the quality of the bosses that, by and large, determines human performance. With the coming of downsizing they now find a sword hanging over their heads: either they do it



However, if we have to design a change process for this kind of company, one whose results are very poor due to internal deterioration, there will be a strong need to count on high human performance. Therefore, the act of setting up a free performance culture will depend on the characteristics of the business segment, the company's strategic identity, and the kind of situation it finds itself in at the time.

Some organizations try to obtain maximum human performance by using conditioning tools to a level of performance that is higher than the one they can offer, and in such cases they can and will provoke high stress at work. For example, when an employee meets his/her goal (one of these tools) s/

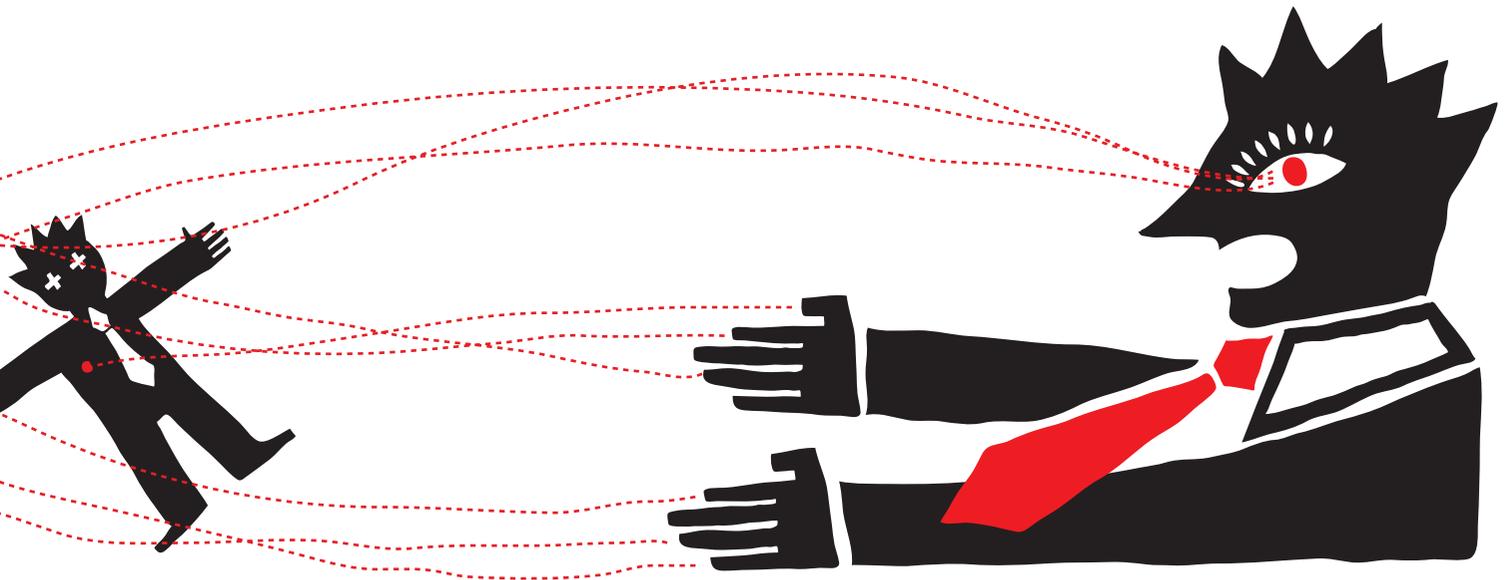
in the short term - and surprise the higher levels - or they get out. At the beginning of this decade we began to notice that, proportionally speaking, company presidents lose their jobs more often than workers do. To try to keep their jobs, the Number 1 guy finds it necessary to manage people through short-term orientation.

Competence at execution is nothing more than a strong emphasis on the very short term. It works up to a certain point and bosses manage to raise the organization's performance, but taking it beyond what is necessary will certainly lead the organization down the quick path to organizational deterioration. Figuratively, we can state that there is a limit to an automobile's speed in each gear

and that its engine will blow up if we over rev it, that is, there comes a time when you need to shift gears.

As most of our organizations have been struck by competitiveness and a focus on the short term, this was a good path to recovery. The dark side of it was that negativism came to the fore. For the last 15 years, what is the good news each one of us has taken home about the company we work for? Increasing demands, downsizing, outsourcing, reengineering, mergers and acquisitions, strategic alliances, daring goals, and others. Even more: you are responsible for your own career and so you must deal with employability, take care of your health, etc. We pass this on to our children. Ask

**THE QUEST FOR HIGH PERFORMANCE** The way to move from conditioning to high-performance, where people set their own challenges, is to build a free performance organization. How can we do that? Let us start by an example: in 2006, the subsidiary of a multinational in Brazil was awarded the prize of best company in the group worldwide. The president wanted to turn the celebration event into a more meaningful event, one that would not just serve to hand out a cash award but that would make people commit themselves even more: “Take the best people in all the group and take them to a hotel for about four days. Tasks they must carry out on those days: none. All they have to do is to take advantage of what the hotel has to offer.” Stranger:



any 25-year-old young person nowadays how much they believe in companies and you will see that their answer will be very close to “Zero”.

It is a fact that we have managed to make companies competitive up to now, but we do not know how to guarantee superior performance. What are the tools used to raise performance from being sufficient to being conditioned? Basically, goals and bonuses. However, when people manage to achieve a 70% performance level they learn how to defend themselves from goals and become used to bonuses. Organizational climate research and performance assessments have proved not to lead to continuous high performance, as they are only good at measuring position.

“And won’t there be any little lecture to say that it will be more difficult next year?” “No”.

One must be brave to take everyone to an event such as this and believe it will generate more commitment - it is a challenge to believe in people’s responsibility. The president spent the four days playing tennis and golf, swimming in the pool and getting to know people even better. When they came back, over 80% of those people asked for their budgets back and revised their goals upwards.

It is much more difficult to do this than to use another conditioning tool known as “the boss”. Boss and goals represent a very surprising combination. It works, mainly when the boss is very

short-term oriented. The president is changed at a company where the level of performance stands at 40% or 50%. The newly-arrived president will quickly replace all the managers and supervisors, the company will achieve twice the results and he will be applauded by all. He will be on a magazine cover. Nevertheless, he is not a good president: he has just conditioned the organization by replacing some poorly performing bosses for others who are quicker. However, after the company has reached the level of 70% performance the same short-term will still be demanded of them, they will have mental breakdowns and some will begin to leave because they can no longer take it. Deep down, this approach only works to recover organizations whose performance is very poor and that do not know what to do to achieve high performance.

There is a very strong combination in human conditioning at companies: you know your goal and the way your boss works, and you get a bonus for this. It is a highly conditioning system that works with bonus and remuneration - the so-called moving goal. You plan your goals for the following six months and if you achieve superior performance the system will automatically raise the bar for the following six months. But the more you do, the worse it gets. The solution would be to remain below the goal so that it will come down, but then you are placed within a forced curve. It is a system that takes the company from the sufficient to the conditioned, but not to high performance.

Extrinsic motivations allow people to read the environment and to behave according to its demands. They develop a certain natural adaptation - they come in and see how it all works, the goals, the remuneration, the structure, the boss, and from such they will perform according to the mechanism that is imposed on them. Only some companies have already done their homework and they have brought the process from being sufficient to being conditioned.

## **HOW TO ACTUALLY ADVANCE TOWARDS SELF-SUSTAINABLE PERFORMANCE:**

**1. Developing trust:** two move on from conditioned to free performance it is first necessary to work with high levels of trust from the company to the people, from the people to the company and from

people to people. There must be transparency and people must be involved in setting up the strategy while also having the chance to reposition themselves. One way to raise the levels of trust is to develop mechanisms that will attribute responsibility to individual behavior and promote the natural selection of those who do not deserve trust: this must be considered case-by-case, as each company has its own emotional grids. Above all, it is necessary to work with low complacency. Trust, but remove the traitor. Guide, give him a very short time to adapt himself, and if he does not, then fire him. Because if feedback is repeated two, three or four times and there is no punishment, everyone will feel authorized to make the same mistake; it is also unfair to the team. It means leading different people by effectively different ways, with low complacency, that will drive superior performance. If you do not put out clear signs and do not treat everyone equally, you will not achieve superior performance.

You cannot buy a software program to increase trust within the company. This feeling grows through small attitudes practiced as time goes by. An example: In a certain year, a famous organization noticed that it would overshoot its annual budget because it was moving much faster than its legs could carry it, that is, it had achieved results far beyond its expectations. Senior management then decided to bring forward the distribution of results participation by several months, as people's performance was far superior to the numbers for the year. What happened was that production and sales volume increased even more in the final months of the year, as the company had shown people that it really trusted them.

Trust is based on a basic premise - it is giving. You do not demand that others trust you. You are the one who must trust first. Therefore, when a company wishes trust to sprout up it must give itself to people. How can it give itself? There are two basic little rules: first of all, the company must produce superior results for everyone, it must surprise them; second, it must be concerned about those people; not a paternalistic concern; concern is the guarantee and the way we show we are committed to the people who depend on us and that we will do our best to meet their expectations;

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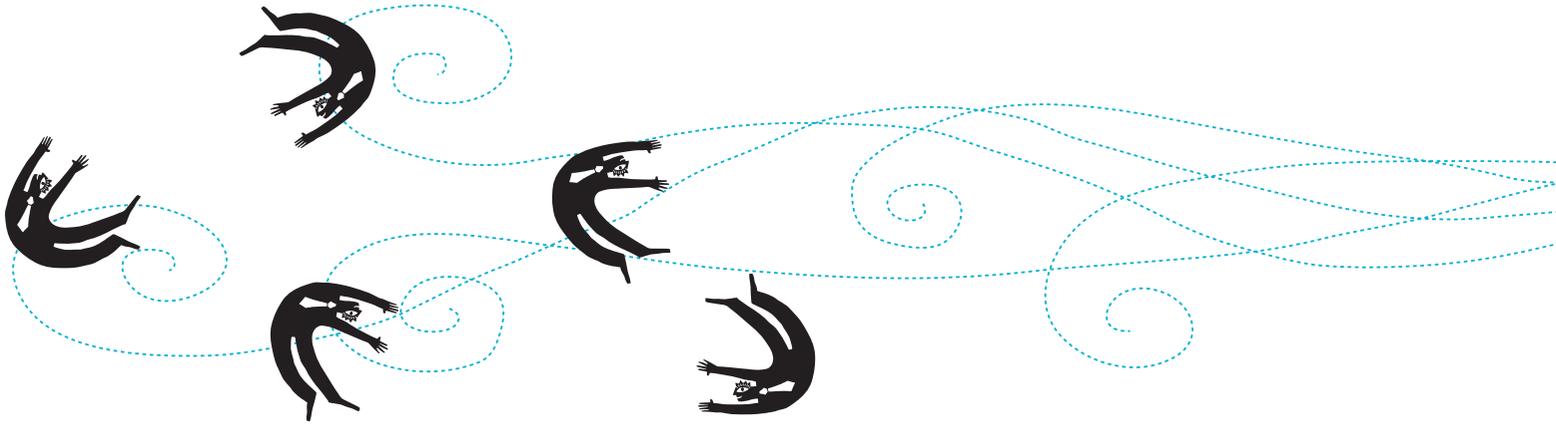
and thirdly, the company must act in an upright, honest, ethical and responsible way. There must be a high level of these three foundations. The level of trust will be compromised if any one of them is lacking. Many prioritize results and compromise either their integrity or their concern about achieving results, which will always lead to low levels of trust.

This will all reflect on the management style, on the quality of the bosses - and here we must remember that being the boss is only a position, but being a subordinate is a state of mind. Every time they turn a community into subordinates, bosses will be moving towards conditioned performance. If they work with free performance then the bosses themselves will become useless. This is a complete turnaround in management style and it is not simple to carry it out. Actually, it is doubtful if training can manage to do it.

A proposal to structure and implement a program that will raise the levels of trust consists of setting up performance-free organizational areas that will serve as models for the performance of those who are conditioned. It is true that these efforts are sponsored, but it is not possible to mobilize an organization towards high-performance by carrying it out along top-down terms. The process is set up in organizational towers and from

such a foundation it will infiltrate itself throughout the organization as it works with the so-called leadership pipeline, with the president's men at all levels, to carry out a matrix infiltration. The good examples of free performance at organizations must be applauded so that they will actually turn into models and become a reference for other areas for a long time.

**2. The needed recognition:** within the conditioning system, an organization will keep people indebted to it all the time. Moreover, no matter how much they work there will always be a performance vacuum. On the other hand, when working with free performance it is necessary to recognize that work has become excellent, it has surpassed expectations, and people themselves must own up to defects. This is very difficult to achieve. It is not possible to use a conditioning ritual in the quest for free performance. There are some old rituals that are absurd nowadays, such as awarding a pin or a watch with the company logo on its face to an employee who has achieved superior performance for ten years running. This only works for those who have no alternative, and the pin will not guarantee anyone's job if a merger comes along or if the company is sold. It is worth highlighting that free performance is more laborious, because



it is necessary to perform on your own and always seek the kind of performance that will surprise. Furthermore, it is not always that the tools used by the company are aligned to free performance. A way to get round such a problem is for the manager to work with awards outside the conditioning mechanisms that company offers. For example, enroll only those who are making a difference for an international event, or give them a day off.

### **3. Good mood as a hiring premise and active communication as a way to keep employees:**

another important detail is that it is not possible to achieve superior performance with ill-humored people. As there is no selection criterion that would keep the company from hiring them, such people will come into the company and end up by always being against everything, by being negative. When I see them undergoing selection tests I worry that they will deceive the unwary. It is necessary to invest more time and to use the concept of group dynamics in the selection process. Ill-humored people always make good use of the grapevine, or technically, the psychosocial system that is present in every company, and which is fed by three broad sources: the negative, the ironic and the envious. It is through the grapevine that negative people will achieve much better results than positive ones, who will always be known as apple polishers.

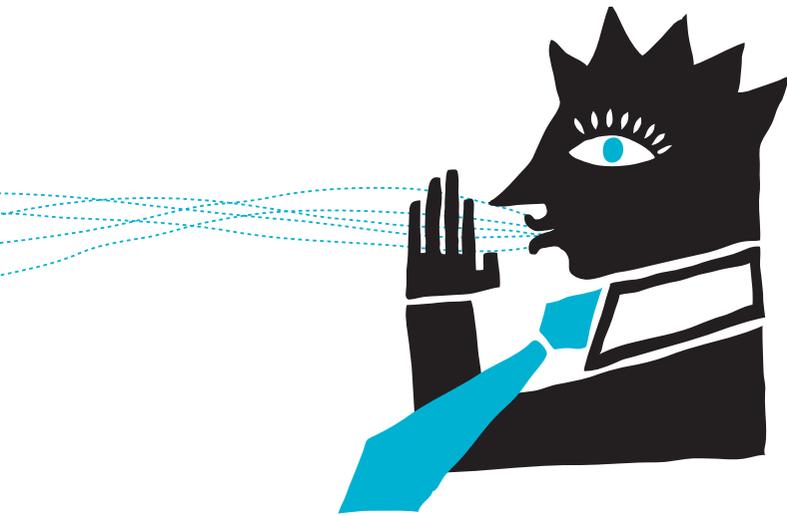
The first thing a company must do to achieve superior performance is to assess its communications mechanisms. Generally, the union newspaper will circulate much more quickly and efficiently than the company one, and it will be much more widely read. Perhaps the best option would be to cancel all newspapers and keep only a company magazine that will be delivered to employees' homes. The grapevine is so strong

at the work environment that when an employee picks up the company magazine, reads some good news and remarks, "look here, they're doing this", his workmate will reply: "And you believe it, don't you?" However, what is really important is that the boss should spend more time talking to his employees; a formal meeting every fortnight is not enough. Intense face-to-face communication that undermines levels is the key to ensure a positive climate and the subsequent placing of negative people in their proper places - preferably outside.

Everyone's involvement and commitment cannot be obtained when a huge consulting company is hired to formulate, within a period of four months, a business strategy that will be communicated to the managers in a 2 1/2 hour meeting. It is more efficient to set up many work groups and have each one of them discuss new markets, new products, compared advantages, etc. They will research and hold discussions, and then a first workshop will be held to bring the ideas together. They will then go back to discuss again, then hold a second workshop, a third workshop, and at the end of four months people will have prepared a strategy they have effectively worked on and to which they will be committed.

### **4. And how about values?**

As regards values, it is not enough to hang a frame on the wall with the title "Our Values", because most of the people who arrive at a company nowadays do not even know what value means, what ethics means. What does being honest mean? - ask young people and they will answer you: "it depends". I would like to suggest that during the integration period some days should be set aside for "values schooling". It is not to spread the company's values, but it is for people to perceive that their attitudes must



## THE MORE VISIBLE THE PERSON BECOMES THE GREATER HIS HOPE OF BECOMING MORE VALUABLE AS A PROFESSIONAL TO ANY ORGANIZATION

be based on values and that when they read what is written in “Our Values” they will know what it means. People who do not have a foundation of values must leave the company. That is why values schooling is needed during integration: a company is not a place for those who do not fully subordinate themselves to principles that guide work relations and human development.

### 5. Liking people is different from liking things:

if we are to manage superior development we cannot treat people as if they were things. People who are treated like this will behave like this, and at best, they will respond through conditioned behavior. This is known as treating people like objects. We must know the people we work with. We must know what moves them internally, what their needs are, and how we can inspire them to superior performance. It is obvious that this means hard work, but those who have learned how to like people know that when we treat them as human beings they manage to achieve really surprising speed and performance.

### 6. The other ingredients: working on sociability and

collaboration is one of the key issues. Sociability can appear naturally either for good or for bad, when it turns into collusion and self-support - learn how to turn it into good. Collaboration is a management action that you must force upon people. You must also force a quest for content and creativity on everyone all the time. I would state that no one should have only one job at a company, but that employees should preferably have a job that they know how to perform and another one they do not know how to perform yet. On the job that they know how to do they use their arms and on the one they do not know how to perform they will use their heads - and both these things work simultaneously. Finally, we must take autonomy to its limits by suppressing any vestige of Guiding Norms, while also making sure people gain visibility. This is actually one of the strongest exchange currencies in free performance, because the more visible the person becomes the greater his hope of becoming more valuable as a professional to any organization. Every time someone feels he has enough space he will speed up his mechanisms to remain at the company.

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## CONCLUSION

The passage from conditioned to free performance demands a revolution in management qualification that implies redesigning the system of governing people throughout the company. Do not try to achieve it through campaigns, as they will work for a while and then everything will return to the previous standard. It is necessary to carry out a full intervention in the existing culture. This kind of project is generally left in the background when performance reaches good levels, even though it may be almost “driving people to an early grave”. However, should you decide to carry it out, it will be necessary to assume that free performance is effectively a competitive differential and not only a way to win the ‘best company to work for’ trophy.