

# No pain, no gain

*Feedback sessions are too often a waste of time, but there is another way.*

By Andros Payne

**Portfolio companies need top performances from each individual contributor. And rigorous, objective individual feedback is one of just a few levers management has to shape employee performance.**

**Why, then, is it that most managers hate to complete yearly individual performance reviews?**

**And why is it that HR has such a difficult time with compliance?**

**The answer is simple: 99 per cent of performance review processes are fundamentally broken, a waste of managers' time. Feedback, which is supposed to comprise constructive criticism has instead migrated to the "no conflict zone" – neither too negative, so that it requires an unpleasant discussion with an employee, nor so positive that it triggers a salary demand or justification to HR.**

**The problem, as any control system engineer will tell you, is that given the broad Gaussian spread of important soft-factor performance characteristics among employees, a feedback signal compressed around a single value is incorrect and therefore worthless. It is of no value as a differentiated feedback input to improve system performance. In the worst case, it sends the wrong feedback signals back to the individual and into the organisation, which encourages dysfunctional behaviours.**

**Humans are group animals. We hunt and win in packs. Criticism within the group is asocial behavior, so people naturally avoid it. Consistency is also a valued trait in groups as it builds trust. So, after overlooking a performance issue once, it is very difficult to go back with a hard message later. These factors lead to situations where sub-par performance is frustratingly accepted, sometimes for years, without the hard truths being addressed. In the worst case an on-paper "good performer" who is actually a poor performer can end up being fired abruptly. Then they turn to the lawyers.**

**There is a better way. We can outsmart people to do the otherwise uncomfortable - but right - thing for the company and constructively confront poor performers in their organisations. In order to do so, we need to exploit other deep human motivators: the fear of being shut out of a group.**

**We have to employ algorithms or rituals in which groups calibrate individual assessments with their peers. If managers are simply forced to stand and present their assessments to a group of peers and a supervisor, this drives a new level of transparency and rigour compared to if they complete a review quietly behind office doors.**

**It's also more fun to discuss differing views on a reviewee in a group of manager peers and agree on final conclusions. The result is an objective, hard-facts measure of soft-factor individual performance aspects. Confirming a point of view with a group of peers gives individual managers the confidence (and social pressure) to deliver the tough but important messages.**

**Also, for the recipient, feedback which is the result of a group vetting process and not just the subjective view of a single supervisor, is powerful. Low performers receiving negative feedback from the group will either take individual responsibility for their improvement, or find the social pressure unbearable and leave the organisation. Good outcomes in either case, and no more excuses.**

**Rigorous individual performance management has the potential to be an essential algorithm for continuous improvement and portfolio company value growth, but only if it is properly executed. For the remaining 99 per cent of companies, it will remain a troublesome waste of time.**

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