

# MANAGING DATA vs. GUT FEELING

## Productivity Improvement

By: Stephen J. Mulvany  
MANAGEMENT TOOLS INC.

Frederick B. Chaney  
Former CEO of TEC

### FIVE QUESTIONS FOR THE CEO TO CONSIDER

**1. Do Your Data Systems Reflect Employee Performance?** Most organizations have excellent financial accounting systems so ROI, inventory levels, gross/net profit, unit costs, etc, can be monitored. However, individual and department employee performance — efficiency, quality, attendance, turnaround/response time, safety, and turnover — are seldom tracked by a simple, usable system. When determining what to measure, put yourself in the employees shoes:

- What measurement would be interesting for the employee?
- Would the employee feel that he can influence the measure?
- Is the measure feasible to track?
- Will improvement in the measure have significant impact on the employee, his supervisor, and the company's profits?

*There's more potential  
in working with your  
higher performers than  
your low performers.*

**2. Do You Have Feedback Systems That Provide Employees With Ongoing Data-Based Information On Their Performance?** If you want to have immediate improvement in your workforce's performance, simply increase the levels of feedback. Our assessments show that employees at all levels — from hourly workers to senior management— claim they don't get enough feedback on how they're doing. And, when they do get feedback, it usually describes what went wrong. Consider the following points when giving feedback:

- Whenever possible, use graphs to show employee performance. They give a quick overview and are objective and less emotional.
- Feedback should be specific and immediate.
- Negative feedback tends to slow a worker, rather than help him improve. Maximize individual strengths through positive feedback.

**3. Do Your People In Supervisory Positions Understand Their Primary And Secondary Accountability Levels?** During a safety assessment in a coal mine, we once asked a section foreman, "What are you responsible for as a section foreman?" "Getting coal out of the mine", he answered. "Who is responsible for safety?", we asked. "That's the Safety Department's job", he responded. This response is typical for areas outside the primary objective of a department.

Instead of shifting responsibility to other support groups, each manager should take an active role in improving indicators in such critical performance areas as safety, turnover, attendance and quality. Once the mine's management gained the foreman's support in recognizing safety performance, division incident rates were reduced 37%, there were 89% fewer days lost due to accidents, and government inspector's citations decreased 31%.

**4. Do Employees (Management And Non-Management) Who Perform At Above-Average Levels Receive Additional Recognition?** Performance is affected by what occurs before and after the person actually performs. Antecedents kick-start the behavior, while proper consequences will maintain it. The “before” (job descriptions, goals, objectives, policies, instructions from the boss, and mentoring) control only about 15% of a worker’s level of performance. While the “after” (merit increases, incentives, promotions, social recognition) affect approximately 85% of an employees output. In other words, *performance is a function of its consequences*. If a worker does not feel that his increased performance “makes a difference” to his boss, he is likely to decrease output and could later become a turnover statistic.

*Unfortunately, the most common thing to happen to the good performer is nothing at all.*

Be careful that any economic recognition is well planned with no loopholes. We have found that the most powerful reinforcer is social recognition, and it can be given daily at no cost. The most effective social reinforcement is specific, immediate, individual and sincere.

We once had a productivity improvement project that demonstrates the power of social over economic reinforcers. The restaurants had just concluded a wine sales contest with trips, cash prizes, etc. During the contest, approximately 39% of the tables sold wine the first month and 35% the second month (compared to 31% before the contest). After the contest, sales feedback and social recognition only were given and the wine sales reached 41% — a higher level than during the contest!

**5. What Are The Supervisory Skills Of Those Who Manage Others?** In fast-growing organizations, those with the most vocational or technical expertise are promoted to supervisory positions, assuming that because they were good workers, they will be effective supervisors. We are confident that with proper development and experience they will become excellent supervisors, but “pixie dust” won’t do the job.

Ken Blanchard suggests that you have 3 choices when putting together a mature management staff: 1) pay top dollar, 2) train/develop your managers, or 3) pray.

**THE PRIDE® MODEL** — Listed below are immediate steps front-line supervisors can take to increase performance. If they are implemented systematically and consistently, soon the supervisor will learn to manage proactively using data (specifics) rather than gut feeling (generalities).

**Pinpoint:** Vision/Mission/Values, goals & objectives, action plans success activities pinpointed performance

**Record:** Performance measurement, tracking & graphing, data feedback, target setting

**Involve:** Personal inventory, active listening, assertiveness, performance feedback

**Develop:** One-on-one meetings, recognition, coaching and corrective discipline, personal leverage, performance reviews

**Enhance:** Benchmarking, process evaluation

**The Role of the CEO.** If the CEO says, “go fix my people” the system will fail. The CEO must take a visible, supportive position in a productivity improvement program.

- Tour your operation periodically to see the posted graphs and recognize supervisors and individual employees for improved performance.
- Write recognition memos. Such letters are shown to family and kept for years.
- Hold or participate in data-review meetings.
- Graph data on your subordinates’ critical variables and post the graphs in your office.
- Publicly state that your goal is to continually strive to improve productivity; and that increased job satisfaction is a byproduct of high performance, not the reverse.

*There is no such thing  
as an overnight success.  
It is the result of  
ongoing effort.*

---

---

#### **STEPHEN J. MULVANY**

President and founder of Management Tools Inc., a performance and customer service improvement company.

Steve is also a highly rated keynote speaker and workshop facilitator. His international reputation includes the Young President’s Organization, The Executive Committee, Fortune 500 companies, and numerous industry associations.

Steve graduated with high honors in three years from the University of California at Davis. His graduate work at U.C. Davis and Cal State University, Sacramento was concentrated in Education and Business Administration

#### **FRED B. CHANEY**

Former Chairman and CEO of TEC (now called Vistage).

Fred’s experience includes development of human factors requirements for Boeing’s manned space systems, positions with North American Rockwell and teaching assignments at USC and Pepperdine University.

Chaney received his Ph.D. in Managerial Psychology from Purdue University and post doctoral work through a National Science Foundation Fellowship at the University of London.