

We sometimes forget that the purpose of leadership and management in organizations is to *accelerate business results through people*.

Because inspirational leadership and effective management can easily become compelling topics on their own, and because many organizations expend significant resources to develop leaders and managers who *behave* in certain ways, the link to business results can sometimes be lost in the shadow of sought-after personal attributes or competencies thought to characterize good leaders and managers. But let us be clear: the reason we seek to develop these characteristics in our leaders and managers is that we hope they will accelerate business results. This includes both external success indicators, such as customer satisfaction, profitability and market share, and internal results, such as employee engagement and retention.

This paper explores an approach to organizational leadership and management called *Performance Thinking*. It provides a means of directly linking the behavior of employees to the organization's mission and goals, and optimizing conditions that enable the best possible *human* performance aligned with company strategy and culture.

Questions About Performance

Anyone who seeks to accelerate results through people must be able to clearly address three important questions:

What is human performance? While the answer to this question might, at first glance, seem obvious or trivial, we find among organizational stakeholders a variety of definitions of performance. One explanation for this diversity is that the term *performance* can refer to many things, including *financial* performance, *system* performance, *market* performance, and so on. In the present context we are referring to *human* performance, about which there are numerous perspectives and definitions related to behavior, accomplishments, and results.

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What influences performance? There are perhaps as many different answers to this question as there are theories or publications about psychology or management practice. Most managers and leaders have their favorite explanations for why people behave as they do, and about what can be done to influence behavior. HR professionals in specialties such as training, compensation, recruiting or organizational development often have their own theoretical or pragmatic perspectives on topics related to human



motivation, environmental design, cultural values, and so on. Often the theories or perspectives that managers, leaders and HR professionals bring to this question are *partial* explanations of behavior influence, not systemic or comprehensive models. Seldom do stakeholders have a shared, systemic or comprehensive response to this question that can be applied in day-to-day management and leadership. Without a clear and comprehensive answer to the question of behavior influence, one might ask whether it is even possible to manage and lead in a systematic or predictably effective way. Without a full account of the variables that influence behavior, we're likely to miss important factors.

How can we understand and improve performance? The answer to this question clearly depends on responses to the first two. If we know what human performance is, and what influences it, then there should be able to formulate a logic for understanding and improving performance that leaders and managers can apply.

Answers to these three questions form the foundation for what we call *Performance Thinking*.

Managing Performance Across Organizations: Obstacles and a Solution

Before proceeding in more detail about how leaders and managers can use *Performance Thinking* to maximize results, it's important to touch on the social-organizational elements of performance management and performance improvement. While an individual leader or manager can have enormous impact on individuals and teams within an organization, a *network or community* of people who share an understanding of performance and its drivers can multiply that impact many times, enabling an organization to continuously improve performance and accelerate results.

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As we have discussed in the 2009 white paper, *A View from the Top: Human Performance in Organizations*), most organizations suffer from organization-wide obstacles to coordinated and aligned performance management. An inability to connect day-to-day employee behavior and performance improvement programs to organizational results ("Bridges to Nowhere"), disconnected and uncoordinated efforts to support or improve performance ("Parts of the Elephant"), combined with different and often conflicting language for describing human performance and its drivers ("The Tower of Bable"), often impede leaders' and managers' ability to work with each other and with the overall community of employees to maximize return on investments in people. Managers and leaders in organizations tell

us in surveys that they recognize the significant potential for eliminating these disconnects and inconsistencies and for improving performance management, even in companies that pride themselves with excellent leadership and management.

Performance Thinking, as described below, provides a powerful antidote to disconnected and uncoordinated performance management, when practiced and shared by managers and leaders across an organization. As such, it offers a vehicle, not only for improving individual leadership and management practices, but also for executing strategy, strengthening corporate culture, and driving important initiatives and processes through all levels and functions within an organization.

What Is Human Performance?

Our answer to the first question posed earlier will determine how we can proceed to *improve* performance. Much like the heart surgeon who must know the anatomy of the chest and surrounding organs before beginning heart surgery, we must know the definition and the elements of human performance before we attempt to change or improve it. Along with Thomas F. Gilbert (1978), one of our mentors and a pioneer in the field of human performance improvement, we believe that human performance is *behavior producing products (accomplishments or work outputs) that are valuable because they contribute to business (or organizational) results.*

The Performance Chain

The Anatomy of Human Performance



The Performance Chain is a simple mental model that packs a lot of information. Managers and leaders quickly understand that to achieve the types of business results they seek, employees must produce valuable outputs that contribute to those results. They see that specific *work outputs* provide a “missing link” between behavior and business results that helps to pinpoint what behavior is important. And they understand that to

achieve desired business results, organizations need to configure and manage combinations of behavior influences with a more systemic or integrated approach than usual.

We teach managers and leaders to a) clearly define the performance their people need to achieve, and b) link the behavior of their people to desired business results by identifying, measuring, and continuously improving valuable work outputs. Once leaders and managers understand the anatomy of performance in a particular situation, they can work with employees to *improve* results by answering the second question: What *influences* human performance?

What *Influences* Human Performance?

We all have our favorite theories about motivation, learning, and other factors that influence performance, whether we can articulate them or not. The list of variables – both individual and environmental – capable of affecting how people perform can seem endless. Unfortunately, just as we all have our favorite theories or explanations for what influences performance, we usually have our preferred or usual methods or tools for helping people to perform. Many managers, for example, jump almost immediately to “more training” as the solution to performance gaps. Or they blame people for having a “bad attitude.” Or they conclude that there is a bad match of job assignment to people. Perhaps because we all prefer simple answers, the “solutions” that many leaders and managers offer to improve performance often focus on one or two types of intervention, not a *combination* of all the factors needed to ensure desired behavior and job accomplishments.

This is where another simple yet powerful mental model comes into play: The Six Boxes® Model.

The Six Boxes® Model of Behavior Influence





We have found that this six-cell framework is capable of encompassing any and all of the variables affecting behavior, based on information from research in the behavior sciences as well as from decades of consulting practice. By using this model to understand and configure combinations of behavior influences, leaders and managers can approach behavior change and performance improvement in a more systemic and systematic way. For more background about the model, see our white paper, *What's So New About The Six Boxes® Model?* (2005).

How Can We *Understand and Improve* Human Performance?

Once a leader or manager has clearly defined performance using the elements of the Performance Chain, he can then work with colleagues and employees to create action plans for developing or accelerating the target performance, using the Six Boxes Model as an analysis and design framework, in conjunction with simple tools and job aids. The remainder of this paper outlines what we call the Six Boxes® Approach to management and leadership, stepping you through what we call *performance improvement logic*.

1. Focus on Valuable Work Outputs

The key to identifying valuable human performance is to focus on individual and team *work outputs* that contribute to business results. Selecting and targeting the right work outputs is among the most difficult yet important responsibilities of any manager or leader. By anchoring one's understanding and description of human performance in work outputs – not behavior, not skills or knowledge, and not personal characteristics – we link the day-to-day activity of our people to the results our organizations seek to achieve. This is conceptually simple, yet sometimes it can be difficult in practice, especially for beginners.

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Among the reasons for this difficulty is that as humans we seem to focus on *activity* or behavior, not on the products (outputs) of that behavior, when we describe how we contribute to results. And yet, it is precisely our valuable *work outputs* that generate return on the investments that our organizations make in us, *not* our behavior per se. In fact, behavior itself is costly because it must be developed, supported and managed. We can conceptualize return on investments (ROI) in people as the *value of the work outputs* that those people produce *divided by the cost to support their behavior*. Thus, discovering the work outputs that contribute most to business results is the first task of a manager or leader who seeks to accelerate results through people.

2. Establish Links to Business Results and Criteria for a “Good” Work Outputs

We must be certain that the work outputs we target are actually contributions to the business results we seek. Good performance strategy, as well as good “lean” process improvement, attempts to eliminate work outputs that are revealed NOT to contribute to business results. For business reasons we must focus on work outputs that actually deliver value. And for the sake of our employees themselves, it is important to clarify how what they do and produce contributes to business results, to accomplishing strategic and operational objectives, so they can remain fully engaged with the success of the team.

When we identify the business results to which work outputs contribute, it enables us to sharpen our understanding of what a “good” work output must be. We add criteria to target which ones we should *count* as meeting specifications and those that need improvement. We use intended business results, as well as customer requirements and relevant corporate values, to help us identify the features or characteristics the work outputs must have in order to be considered valuable.

This process of identifying links to business results, customer requirements and organizational values enables leaders and managers to clarify expectations, define what they will measure (count), and sharpen feedback that they provide employees.

3. Identify the Behavior Needed to Produce Target Work Outputs

Once a leader or manager can identify work outputs needed from employees, and communicate with the employees about outputs and criteria to set expectations, the next step is to specify – in some cases very precisely, in other cases more generally – what behavior will be required to produce desired work outputs.

When leaders work with their teams to plan for strategy execution, for example, they must decide with the teams about *who* needs to produce *what* work outputs, and *why*, i.e., how the outputs will contribute to achieving the organization’s overall strategic objectives. And they must often define at some level of detail the activities (behavior) that employees will need to produce the target work outputs. This discussion allows teams to communicate and clarify expectations about priorities, time, and resources needed to support each key type of activity.

4. Select Measures and Goals

Once a leader or manager has determined what performance is required, by specifying behavior that produces work outputs that are valuable because they contribute to business results, deciding how to *measure* the performance is a good next step. These three elements of the Performance Chain can all be measured. Depending on specifics, and on accessibility to data, we can monitor the target

business results, count “good” work outputs and those that do not meet criteria, and measure behavior – either by sampling it periodically or by continuously recording or counting key activities.

We generally recommend *counting* work outputs as the most direct and revealing measurement approach. Counting outputs that meet criteria allows us to provide feedback to performers as well as to make relatively frequent decisions about whether we should change conditions to accelerate success or reverse downturns in performance.

With the elements of performance description and measurement in hand, managers or leaders can set very specific goals for their people. A goal includes a description of desired performance, a measure of that performance (of behavior, work outputs, and/or business results), and an aim or target level defined by the measure, e.g., 20 contracts completed to specification per month with 1 or fewer rejected ones requiring re-work.

As a side benefit of this approach, “S.M.A.R.T” goals are easy to set when we use the Performance Chain and associated measures to define performance.

5. Investigate and Plan for Behavior Influences to Accelerate Results

Once we have defined performance using the Performance Chain, and have decided how we’ll measure progress, we use the Six Boxes Model to investigate current conditions (if the target performance already exists) and plan for the most cost-effective combination of behavior influences to support the target performance.

This investigation usually involves conversations with employees, and sometimes observations, to identify:

As a result of these conversations, we usually discover multiple opportunities for improvement, frequently including changes in our behavior as managers

- behavior influences that currently support or enable desired performance
- behavior influences that work against or obstruct performance, and
- additional behavior influences that might cost-effectively make a positive impact on the desired performance by completing and balancing the overall “system” of behavior influences represented by the Six Boxes Model.

We use the Six Boxes® Model as the framework for this investigation, often relying on a series of questions to guide us through conversations and observations with employees. As a result of these conversations we usually discover multiple

opportunities for improvement, frequently including changes in *our* behavior as leaders or managers to clarify expectations and provide more frequent and useful feedback. In this context, it is always important to recognize that as leaders and managers, we are responsible for many of the most important elements in our employees' overall performance environment. We set expectations, provide feedback, may influence tools and resources, can reward and recognize good performance, can help people acquire new skills and knowledge, and so on.

One of the most common and potent requests from employees is for more frequent or more explicit expectations about what's important, how to prioritize, and how what is expected that will contribute to the organization's results. Employees seek alignment, clarity, and conditions that will enable them to do their best. As leaders and managers we should constantly strive to align and clarify expectations and provide informative feedback to bring out the best in our people.

Beyond box 1 issues (expectations and feedback), we often discover opportunities for improving tools and resources (box 2); arranging more positive, immediate and certain consequences and incentives for desired behavior (box 3); helping employees acquire new skills and knowledge (box 4); and sometimes making adjustments in assignments that provide a closer match between our employees' strengths and capabilities and the work we expect them to do (box 5).

When we ask probing questions about their motives and preferences (box 6), we often discover ways to reward and recognize excellent performance that will be more meaningful and effective for individuals. We sometimes uncover matches between our employees' motives and aspects of the work environment or culture that can be used to improve how we deliver other behavior influences. In the end, box 6 – which includes “attitude” – is usually the result of conditions in the first 5 boxes, so that conversations about individual and team motives and preferences can reveal information about the overall motivational effect of our management practices and systems. This investigation can provide important keys to employee engagement, retention, and productivity.

How Leaders and Managers Apply Performance Thinking

Leaders and managers can apply the overall approach to understanding and improving performance described above in many different ways, with different tools, in different situations, and for different purposes. Overall, the steps listed on the previous pages are the same. Here is a short list of how some managers and leaders have applied *Performance Thinking* by adapting those steps to their particular challenges and opportunities:

- **Increase employee engagement by linking behavior to business results:**
By defining performance as behavior producing valuable work outputs that contribute

to business results, leaders draw a clear “line of sight” from the day-to-day activities of their team members to the important results that the organization seeks to achieve. This can play a major role in improving employee engagement in the mission of the Company and focusing attention on what matters.

- **Execute strategy through individuals and teams:** When the organization sets strategic objectives, focusing on the work outputs that individuals and teams can contribute to those objectives provides a link from activity to results. Using the Six Boxes Model to plan for team and individual performance gives managers and team leaders a way to contribute *directly* to strategy execution.
- **Strengthen Company Culture:** When leaders define the *cultural values* of an organization, they need to bring those values *alive* through the day-to-day behavior of their employees. Performance Thinking enables leaders to identify behavior that’s most important, and systematically plan to support and strengthen that behavior using the Six Boxes Model of behavior influence.

By defining performance as behavior producing valuable work outputs that contribute to business results, leaders draw a clear “line of sight” to the important results that the organization seeks to achieve.
- **Manage people day-to-day:** The potential of a manager, or leader-manager for accelerating the performance of those who report directly to them is enormous. Six Boxes Performance Thinking gives managers a framework for pinpointing work outputs and behavior, and then creating action plans with employees for continuous improvement and emulation of exemplary behavior. It’s also a powerful performance problem-solving-tool kit.
- **Set and achieve better, more valuable performance goals:** Using the Performance Chain to link behavior to business results, and adding measures based on clear criteria for “good” work outputs allows managers to set crystal clear, measurable performance objectives for their people. Using the Six Boxes Model to discuss and plan for performance enables managers and leaders to help their employees perform their best.

Developing Managers and Leaders

We practice what we espouse when it comes to developing managers and leaders. We’ve learned that the process involves some learning, lots of practice, and development of peer sharing and culture among leaders and managers. Once they’ve learned the models and logic of *Performance Thinking* in a series of workshops, leaders and managers learn to apply those models and logic to specific situations and priorities through a process of receiving feedback and recommendations in 1:1 or group coaching sessions. On a

foundation established by training and coaching, we help leaders build a culture or network of shared practice so that the accumulated expertise that comes from applying *Performance Thinking* can be spread across the organization.

Vehicles such as Skip Level Meetings and Peer Learning Groups provide tools for organizational development around Performance Thinking, and some of our larger corporate clients have internal initiatives to “spread Performance Thinking across the enterprise.”

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