



## **The Most Wonderful Time of the Year (Except for Two Things)**

**Law Department Management**



We are fast approaching the end of 2015 with a tinge of holiday expectation. For the most part, it is a wonderful time of year.

But for me the season includes two dreaded end-of-year events: the dentist and performance reviews.

My problem with the dentist is my own fault. I postpone and delay, rationalize and reason why I can wait just a bit longer for a regular cleaning and check-up. As December looms, I finally accept my fate and make the appointment.

The dentist and hygienist are kind and gentle. But in the end, I am sitting at a backward incline as someone uses medieval tools to scrape my teeth, while simultaneously admonishing me to floss and brush just a bit better. I would retort, but I have at least three metal implements dangling from my jowls. Conversation is pointless.

In the end, however, I can always laugh about the experience as I quickly leave the dentist's chair.

Performance reviews, however, leave little room for laughter. Annual performance reviews are the dental exams of corporate life.

Regardless of how sophisticated the review process, and no matter how much technology we use to dress up the event, we are still telling someone — or someone is telling us — there is “room for improvement” in our professional lives. No matter how careful and gentle we try to be, it is a grating, irritating task.

---

No one seems to have found a workable solution to performance reviews. We all want to succeed in our jobs, improve where we can and compensate for areas where improvement is not realistic. These are important, useful conversations. We benefit from them.

But performance reviews are never flawless. Someone typically leaves the conversation either slighted or confused. If my boss tries to sandwich a negative comment between two positive remarks, I will only hear the negative.

And the most problematic aspect of the annual performance review, by far, is comparative ranking. Many companies impose a bell curve on employee evaluations. There can only be a few outstanding stars and there should only be a few hopeless misfits. Everyone else should fall somewhere in the middle of the spectrum. These rankings either inform or control the entire performance review process.

But there is a more disturbing question: Should employees be told their comparative ranking?

The traditional answer is “yes.” The theory is that employees with middle rankings will strive to improve, those with high rankings will work harder to stay there, and those with poor rankings will self-select out of the company.

This traditional approach, however, has always felt wrong to me. Life is competitive. But if I should be working collaboratively with my peers — as a group and on a team — how does the knowledge of my comparative ranking help the company?

There is finally some hard data that supports my misgivings. University of Pennsylvania Professor Ivan Barankay has conducted a study comparing the performance of employees who are told their comparative performance ranking versus those who are not. It was an objective evaluation, based on simple data (product sales), without preconceptions.

It turns out that knowledge of one’s comparative ranking does not affect performance for employees overall. Surprisingly, however, not knowing one’s comparative rank actually improves performance.

Barankay conducted his study using a nationwide sample of furniture salespeople, some of whom were told their ranking and others who were not. Employees who did not know their ranking were 11 percent more productive. Of the employees who knew their ranking, men were statistically less productive, while women remained about the same. Barankay presents a wide array of calculations and analysis in his paper, but the data strongly suggests that simply telling an employee how they rank is not an efficient management tool.

And that is fine with me. I don’t want to know how I rank. For me, comparative and competitive information undermines my performance and the productivity of my team.

Now, if I can only convince my dentist to take the same approach. I really don’t want to know if others patients floss and brush better than I do.

---

[Bill Mordan](#)



General Counsel and Company Secretary

Shire PLC