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How Minimising Management Supervision Can Maximise Employee Performance

Since the dawn of the Industrial Revolution, thinking and tools for managing employees towards high performance have remained the same. General practice about managing individual performance says all employees must be given stretch goals at the beginning of each year; managers must closely monitor performance and give regular feedback to ensure employees put their best foot forward every day; and performance must be measured and rewarded based on the pre-set stretch goals.

There are several problems with this approach. Firstly, this system places the onus of enabling performance mostly on the shoulders of managers rather than employees themselves. Essentially, we've been treating people like machines that must be constantly programmed, monitored and controlled for optimal performance. Secondly, even while the existence of the performance bell curve is well acknowledged, we conveniently forget all about it in the beginning of the year and expect all employees to uniformly write stretch goals and perform at the highest level. According to the bell curve (which is derived from the 80:20 rule) theory, in any group of people, performance distributes itself along a bell shaped curve in which 20% are top performers delivering 80% of the results, 60% are average performers, and 20% are poor (bottom) performers. However, when everyone is asked to perform at the "stretch" level but stacked along the bell curve at the end of the year, it leaves both managers and employees feeling cheated.

In today's reality where the very nature of work has been democratised, it is time to turn this logic upside down. What if, instead of stretch goals, employees were given goals that only specify the minimum level of performance outcomes required, and leave everything else loose or undefined? Sounds impractical, even crazy? Not really if you consider what's changing in today's workforce. To understand the tectonic shift taking place in the nature of work, consider Uber. Uber neither employs any taxi drivers nor owns any cars, yet it is one of the largest taxi companies in the world today. An Uber driver:

- Decides when he wants to work and when not. If it is his partner's birthday in the middle of the week, he has the option of not taking a customer and taking his partner out to lunch instead. He blends work-life boundaries rather than "managing" them.
- Realises that her income depends directly on how much she drives.
- Realises that the continuation of her contract with Uber depends largely on the customer ratings she gets after each ride. In other words, she must self-manage performance on the job.
- Has the flexibility of switching to another mobile app-based taxi company if offered a better deal.
- Knows that with technology-enabled infrastructure (internet enabled home office, Wi-Fi enabled coffee shops, 24-hour print and copy shops, reasonably rentable executive suites and overnight delivery services), he has the perfect self-employment ecosystem at his disposal allowing him to offer his services to businesses other than taxi operations. It is now possible to be an Uber driver, an Instacart shopper, a paid blogger and an Airbnb host at the same time. In other words, he has discovered the joys of being a "free-agent".

One can safely argue that all Uber drivers' earnings also follow the bell curve distribution i.e. 20% of them earn the most; the next 60% earn average revenue, and finally the bottom 20% earn the least. But we cannot determine just by looking at the numbers that the bottom 20% are poor performers. Perhaps some of the bottom 20% are not bad drivers or shirkers, maybe they just want to drive enough to balance their budgets and pursue other interests for the rest of the time. Maybe they are students who want to drive only on weekends, or perhaps they are young mothers who only want to drive while their kids are at school.

If free agents can have so much flexibility, why can't full-time employees? More importantly, can companies even afford to treat full time employees in the same manner as before in this brave new free world? Is it (or was it ever in the past) possible to expect all employees to work at the highest level? This brings me back to the question: What if, instead of setting SMART and stretch goals for all employees, we set minimum goals to keep the job, and leave the rest to employees. Those who want to do more in order to earn more and get promoted, let them decide and show their commitment and leadership energy. And those that don't want to go the extra mile, allow them to do the minimum (or at least less than the maximum) so that they can blend their work-life the way they see fit. In this case, the consequences should be very clear – you reap what you sow, just as entrepreneurs do!

In any case, by their own admission, companies agree with the 80:20 rule and admit that performance falls along the 20:60:20 curve. Why not accept this fact and allow employees to self-manage where they want to be at any point in time? It would eliminate much of the subjectivity inherent in performance ratings, and free managers from the burden of driving performance. Of course, a major pre-requisite for using this idea successfully is that there should be clear communication between managers and employees throughout the year so each knows exactly what to expect. If communication is regular, honest and effective, there will be a lesser chance of mismatched expectations at year-end, and consequently everyone (managers and employees) should be happier. Such a performance management system would particularly benefit women. If a high performing woman wants to take her foot off the pedal for a few years because she wants to take care of a young baby, she wouldn't be frowned upon under such a system. Once her baby is old enough and she feels it is time to step on the gas again, she may. She decides!

"But if you allow employees to get away with just the minimum, the organisation will suffer. Who will do all the work that needs to get done?" This is the counter argument against creating an open source performance management system described above. The truth is that with or without such a system, performance will distribute itself along the 20:60:20 curve anyway. By acknowledging it, you set the right expectations and let people contribute as much as they want without stress or stigma. As the knowledge-is-free-and-abundant digital economy matures further, companies will have no choice but to give more freedom. The good news is that a free mind works and produces more than a forced mind, so no, work will not suffer.

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