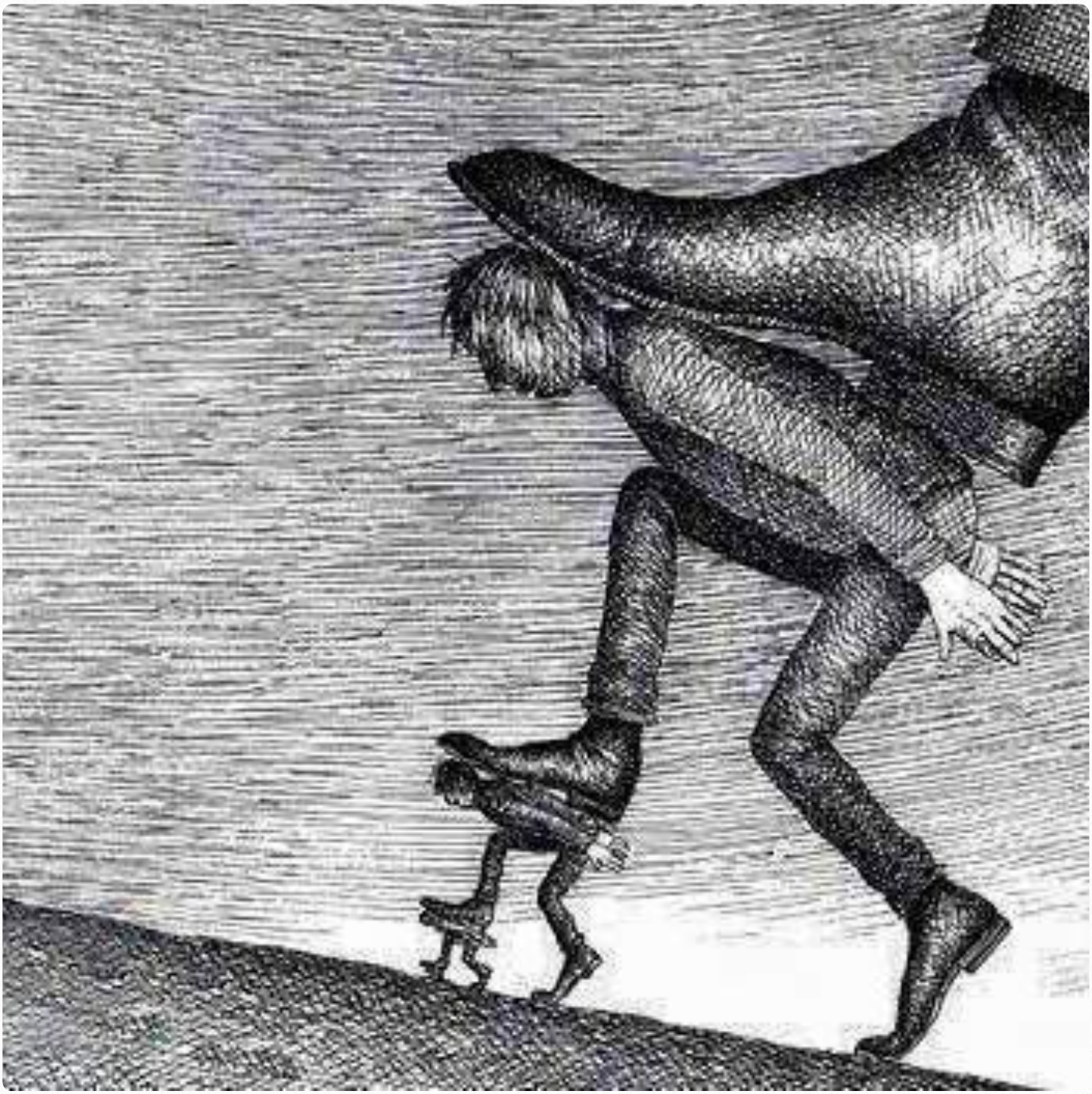
Module Four | Class One and Two

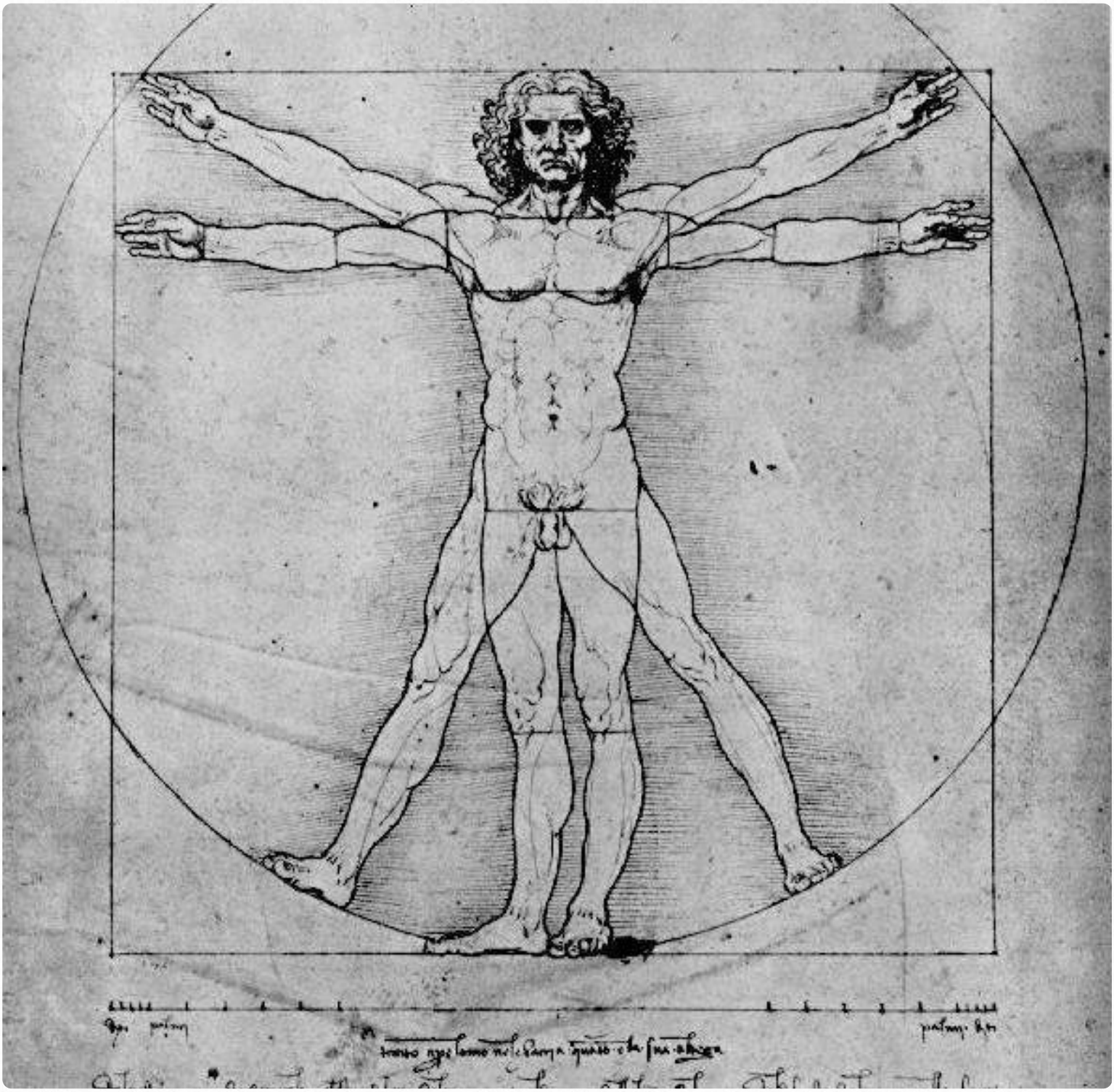
Humanism 1



MOD4

Holistic Humanism

CLASS DAY ONE



I do not believe in a fate that falls on men however they act, but I do believe in a fate that falls on them unless they act.

- Buddha

Everything You Need to Know About Giving Negative Feedback

by Sarah Green Carmichael

There's a lot of conflicting advice out there on giving corrective feedback. If you really need to criticize someone's work, how should you do it? I dug into our archives for our best, research- and experience-based advice on what to do, and what to avoid.

Never, ever, ever feed someone a "sandwich." Don't bookend your critique with compliments. It sounds insincere and risks diluting your message. Instead, separate your negative commentary from your praise, and don't hedge.

Schedule regular check-ins with your direct reports, so that giving feedback — both negative and positive — becomes a normal part of the weekly routine.

Don't lump your critical feedback together with discussions of pay and promotion — as in typical year-end evaluation. This creates a toxic cocktail of emotions even the most mellow employee will have trouble managing. Instead, make these separate conversations.

The adage "praise in public, criticize in private" is an old management mantra. But sometimes, you have to be critical in public. Holding people accountable sometimes means discussing performance issues with the group, even if it feels uncomfortable.

Ask permission. This may sound odd — especially if you're the boss — but you can tip people off that a critique is coming (making them more receptive to hearing it) if you start the con-

versation with, “Can I give you some feedback?”

Avoid jumping to conclusions or seeming like a bully by sticking to the facts. For instance, if employees are leaving early and showing up late, they could be having a family emergency or a health issue. Simply state the behavior you’ve observed and let them explain what’s going on.

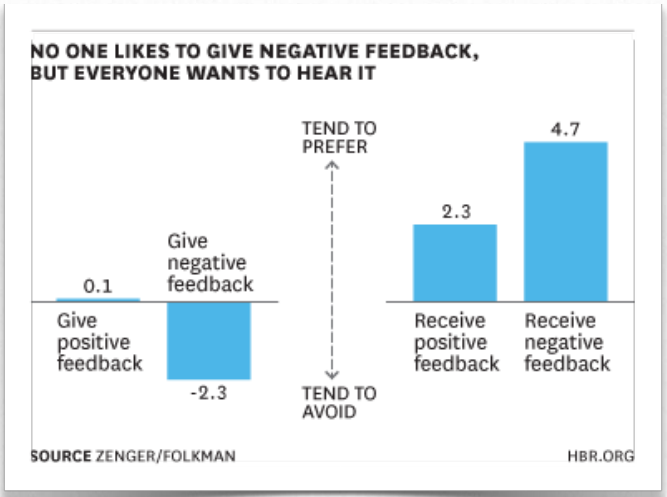
Try framing your critique in terms of the positive result you want to achieve, rather than as what’s wrong with the person. Make it about the impact the employee could achieve by working differently. Ask “What are your goals?”

Be specific about the new behavior you’d like to see.

If you’re delivering some particularly hard-to-hear news, consider giving the person the rest of the afternoon off. Studies have shown that top performers are especially vulnerable to major setbacks. Show compassion not by softening the blow with false praise, but by giving bad news straight and then offering some breathing room.

If the person you’re giving feedback to gets defensive or lashes out, keep your preferred outcome and preferred working relationship in mind. You can’t prepare for every possible thwarting mechanism someone might throw at you, but you can control your reactions.

Recognize that everyone wants corrective feedback — yes, even Millennials and even experienced, expert workers. Consulting firm Zenger Folkman found that while managers dislike giving critical feedback, all employees value hearing it — and often find it even more useful than praise.



There’s one important caveat here, however, and that’s the ideal praise-to-criticism ratio. While we may not be willing to admit it to ourselves, we do need to hear praise. And studies of both the most effective teams and the most happily married couples have shown that the ideal ra-

He who has never failed somewhere, that man cannot be great.

- Herman Melville

tio is about five compliments to every criticism.* So do shower your team with kudos — just don't do it at the same time you're critiquing them.

And when you do offer plaudits, praise effort — not ability. Carol Dweck's well-known research has shown that's the best way to keep people motivated and it makes criticism feel less threatening and personal. After all, if you've been told your whole life, "You're so smart!" a rebuke might make you wonder, Am I dumb now? Focusing your praise on behaviors — "You guys really put a lot of attention to detail into this" or "I'm so impressed with how hard you worked to get this done on time and under budget" — means that when you have to deliver some corrective feedback, people are more likely to take it in the same vein rather than as a personal attack.

PEOPLE WHO ARE NOT OPEN TO FEEDBACK ARE EXTRAORDINARILY DIFFICULT TO WORK WITH.

Performance Assessment

You Get What You Expect From Performance Assessment

by Ron Ashkenas

Does your organization grade on a curve? In other words, when assessing employee performance, does your process force you to produce a bell curve with roughly 10% high performers and 10% poor performers, with everyone else falling in the middle? If that's the case, then you're not alone. Ever since GE popularized the notion of performance differentiation in the 1990's, this type of distribution has become almost standard procedure for many firms. Unfortunately, as a result some organizations that use this system end up with

mechanical practices that unintentionally reduce organizational effectiveness rather than enhance it.

Where most firms falter is in their misunderstanding of GE's broader context, which integrates talent development into performance assessment. GE's differentiation philosophy assumes that most people have the capacity to continually grow if they are stretched, challenged, and developed. To make this happen, GE requires rigorous and continuous goal setting to achieve objectives that push people beyond their normal boundaries. Then GE provides an array of developmental support vehicles to help people succeed, including rotation programs for entry-level professionals; special programs for new and recently-promoted managers; business-specific training; mentoring and coaching; in-depth assessments for executives; sessions on Lean Six Sigma and change acceleration; and much more.

Tying all of this together is GE's annual Session-C process — an organization-wide talent review that assesses the performance of individuals and business units all the way up to the CEO. During this process, managers give their people brutally candid feedback based on achievement of stretch objectives and demonstration of company values. To quantify their performance, employees are then placed on a 9×9 grid reflecting these two dimensions.

Even though GE starts with the assumption that everyone can succeed, the reality is that not everyone does. Some people excel on both dimensions and are highly rewarded, promoted, stretched again, and developed further. Others struggle to make it on one dimension or the other, and are given targeted development as needed. Then there are people who fail on both dimensions, and leave the company (voluntarily or not). But when Session-C ends, the process begins again for the next year with the bar raised even higher.

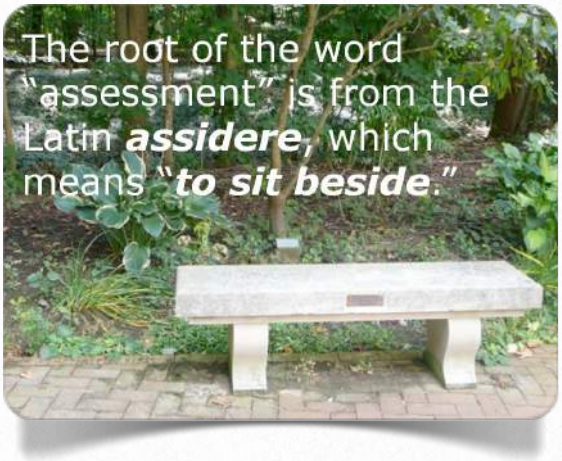
The key point here is that the performance differentiation "curve" should not be a formula, but rather a natural fallout of human performance across large numbers of people. If managers give truly candid assessments, there won't be "excellents" across the board — some people will be average and others will fail. Sure, in a small business unit or function, the bell curve might not appear. But across a hundred or thousand people, the curve will assert itself. And if it doesn't, it's a signal that managers are not being honest with their assessments.

It is not in the pursuit of happiness that we find fulfillment, it is in the happiness of the pursuit.

- Denis Waitley

The problem with organizations that have only adopted the bell curve — and not the rest of the integrated process — is that they end up forcing differentiation by the numbers. Managers start with the formula instead of performance. This formulaic approach reverses the basic assumption that all people have the capacity to achieve stretch performance and continue to grow and develop. Instead, focusing on the curve gives the demoralizing message that only a few people can be successful, and the rest will be average or less. And if managers expect their people to perform at average levels (or worse), they will. It's a reverse Pygmalion Principle: People will perform downward to meet the lowered expectations. If they know that true performance and achievement will not make a difference in their ratings and their future, why bother? And for those that do want to really achieve and make a difference, they will look for an organization that is more like GE and will truly reward stretch performance.

When it comes to performance assessment, does the process in your organization encourage or discourage exceptional achievement? What's your experience with "grading on a curve".



Movie 1.1 Child labor: More Complicated Than You Think

Child labor around the world is nothing new. AJ+ meets three children who have their own reasons for being young and on the job. How would you solve child labor without hurting the economic situation of families?

Performance Review

How to Document a Performance Review

by Harvard Business Review Staff

The annual performance review can be stressful. But while many managers focus their attention on what they'll say in the face-to-face conversation, they forget the importance of documenting their impressions in the right way. The following piece, adapted from the book Performance Reviews, will help you write down your feedback in a way that will both meet your organization's requirements and pave the way for an effective discussion.

A truth that's told with bad intent, beats all the lies you can invent.

- William Blake

Once you have analyzed your employee's performance, record your feedback in a way that can be shared and saved. When preparing a formal written assessment, refer back to your company's guidelines so you're adhering to the appropriate format. If your company does not have a standard form, create one.

Your organization may require you to provide a general rating of the employee's performance, individual ratings of specific aspects of their performance, or a combination of ratings and qualitative information. Follow the instructions given to you, but don't be constrained by the format of the form. Instead, adapt or amend it so you can tell the whole story. Your employee will find your observations, comments, and examples more useful than a numeric rating alone. Include attachments—comments too long to include on the form, or the employee's development plan from the previous year—if they will enrich your evaluation.

Record your observations about your employee's job performance as objectively as possible, and tie your conclusions to hard data. Provide evidence of progress (or lack thereof) by connecting accomplishments with established goals: "Derek increased sales by 7%, which exceeded his goal of 5%." "Laura reduced her error rate by 20%; her goal was 30%." Then your employee can easily grasp the assessment criteria and recognize the evaluation as fair.

Also include specific examples. The more information you can provide, the more likely the employee will be to repeat and even improve on positive behaviors—or correct less positive ones. Use the most telling examples to make your point in your written evaluation, and save the rest for your review ses-

sion in case you need to support your judgment during the conversation. These examples should include:

- Details about what you observed. Let's look at Theo, a customer service representative. Theo has more than doubled the orders he's filled over the past year, now that he's learned how to use the new customer database. But don't just say that; back it up with detail. For example, write: "Last year Theo filled 15 orders per day. This year his average was up to more than 30 per day. He also asks fewer questions now that he's effectively using the customer database."

- Supporting data, such as reports or 360-degree feedback: "Siobhan helped Theo learn how to use the new customer database, and she reports that he's using it on a regular basis."

- The impact on your team and organization: "After Theo learned how to use the new database, he no longer had to rely on colleagues to find out pertinent information. The whole team began fulfilling orders more quickly because they were answering fewer questions from him, which improved cash flow for the organization."

Expressing your observations as neutral facts rather than judgments is particularly important when giving negative feedback. For example, "Theo doesn't seem to care about customers" negatively characterizes Theo rather than describing his behavior. "Theo doesn't know how to talk to difficult customers" also isn't helpful, because it infers a lack of knowledge instead of identifying a skill that Theo can improve upon. On the other hand, "Theo received five complaints from extremely unsatisfied customers," is more objective and specific to a particular job requirement.

When giving positive feedback, on the other hand, combine specific achievements with character-based praise. For example: "With the new accounts she generated, which delivered $1.25 million in business, Juliana exceeded the goal we set for her last July by 27%. Her creativity and perseverance drove her to look beyond the traditional client base; she researched new industries and networked at conferences to find new customers." Acknowledging the traits and behaviors that made those results possible will show your direct report that you see her as an individual—which can generate pride and boost motivation.

A leader is one who, out of madness or goodness, volunteers to take upon himself the woe of the people. There are few men so foolish, hence the erratic quality of leadership in the world.

- John Updike

Supporting your assessment with specific examples and details not only makes it more likely that the employee will be able to hear and learn from your feedback, it also mitigates any possible legal ramifications in particularly egregious situations. If an employee's work is beginning to suffer, or if you suspect that you might need to dismiss someone due to poor performance, it's vital that you document the individual's behavior and the steps you've taken in attempting to correct it. As a rule of thumb, include in your evaluation only statements that you'd be comfortable testifying to in court. If you have any questions about legal ramifications, consult with your human resource manager or internal legal team.

Finally, write down the three things the employee has done best over the course of the year and the two areas that most need improvement. Ask yourself, "What's the single most important takeaway I want the employee to remember?" Distill your message down to a single key idea—your overall impression of his performance. These few points will determine the overarching message that you want to convey in the review discussion, and having them documented will prevent you from forgetting any important points when you're in the moment.

the Google™ diet

HOW GOOGLE OPTIMIZES EMPLOYEE HEALTH
(or at least influences their eating habits)

Everything at Google starts with

peo•ple an•a•lyt•ics

Google has a special HR department that analyzes consumer behavior, and then "nudges" employees into better decisions.

For Example:

Since people tend to fill their plates with whatever they see first...

...the salad bar is the first thing you'll see in the Google cafeteria

GREEN MEANS GO
Green-colored tags in the cafeteria indicate healthy, low-calorie choices

RED MEANS WHOA!
Red-colored tags in the cafeteria denote fatty, high-calorie foods

HOW GOOGLE HYDRATES

47% increase in water consumption when water is placed in the fridge at eye-level

7% decrease in calories from soda

$72 MILLION

Amount Google spends annually on free employee food.

People who take big plates tend to eat more

32%

of all diners choose smaller plates when the above sign was posted in the Google cafeteria.

9%

drop in caloric intake from candy consumption at Google when goodies were placed in opaque bins

Most desserts at Google **are designed to be eaten in three bites**, reducing caloric intake and curbing potential binges.

Sources:
http://beyondhcgweightloss.com/the-google-diet-in-the-cafeteria-google-gets-healthy
http://www.fastcompany.com/magazine/164/google-employee-health
www.huffingtonpost.com/2008/04/23/google-spends-72-million_n_98255.html

Infographic provided by www.medicalsupplementalinsurance.com • Created by oBizMedia

Movie 1.2 Last Week Tonight with John Oliver: POM

In response to our segment in our premiere on food labeling, POM Wonderful sent us a refrigerator full of juice and an elegantly worded letter implying what we can do with it.

People Analytics

What People Analytics Can’t Capture

by Daniel Goleman

After I gave a talk at a global consultancy about how to better handle the strains of extensive travel and demanding clients, one of the consultants took me aside and confided that it’s not just the clients who make them crazy – her own boss was a tyrant and bully who screamed at people for the smallest lapse. He made life so miserable for his direct reports that many of the best had moved on to other companies.

That encounter came to mind as I read TIME's recent cover story on the latest fad in human resources, using big data analytics and personality test scores to predict who is best for a given job – so-called "XQ."

Of course many businesses are reaping rewards from big data analytics. But there are also some areas of disappointment. Experts caution that big data, like any other, is only as good as the questions being asked – and that some algorithms can make unhelpful assumptions.

There's a saying in the sciences, "Statistics means never having to say you are certain." In any massive data analysis, for instance, there will be random correlations that look "significant" but actually are noise, not signal.

And then there's the question of what metrics a personality test uses to gauge "success." Big data needs a hard outcome metric for performance, but the most readily available metrics may not actually be the most important variables in organizational flourishing.

A manager – like the demotivating petty tyrant mentioned above –can force his people to work hard to meet quarterly targets, for example, while destroying the emotional climate that sustains the life-blood of any organization. We have long known that managers who focus too much on performance at the expense of people can be ruinous to the organization over the long term. Using an outcome metric like an executive's earnings performance, while ignoring his role as a boss and his impact on the morale, loyalty, focus, and stress levels of his direct reports, may result in a false indication of who's really the best boss.

It's telling that at Google, that bastion of algorithms emerging from giant data sets, engineers refused to use just such a method to decide on promotions. As Laszlo Bock, head of hiring at Google explained, the very fact the company knows so much about algorithms lets it see their limits. The assumptions built into a test can themselves be biased against certain traits and so discriminate unfairly.

But the biggest objection comes from the fact that the strongest predictor of a person's future behavior is their past performance itself. And that performance gets evaluated best by people who know that person well.

That's the case made, for instance, by Claudio Fernandes-Araoz in his instant classic on hiring, It's Not the How or the

Real generosity to the future, lies in giving all to the present.

- Albert Camus

What But the Who. He advises that the most trustworthy and valuable information will come from honest interviews with people who have worked in the past with a given job candidate.

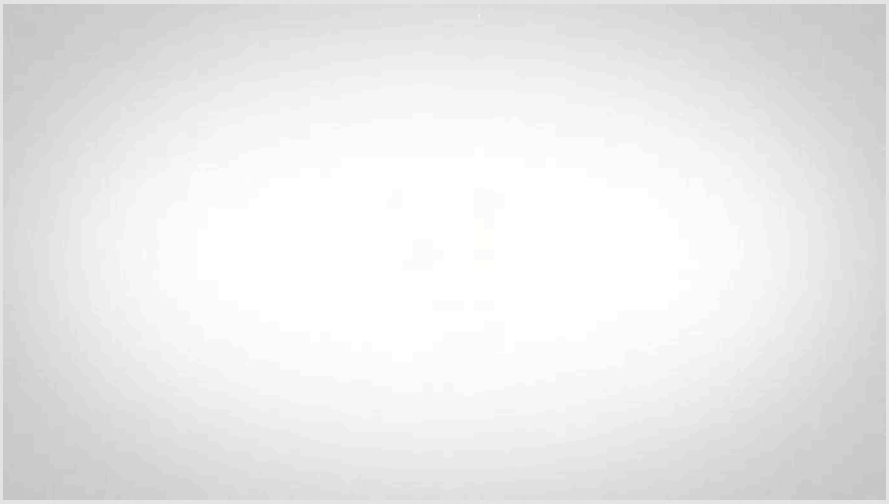
Consider the power of a leader's character – a factor that interviews, not multiple-choice tests, can assess best (after all, someone who lacks integrity is likely to lie about indicators of honesty). As Fred Kiel's research shows, character traits like integrity and compassion are surprisingly strong drivers of business success. Those high in these qualities, Kiel found, got five times better business results than did those low in them.

In evaluating a candidate's integrity, which would you trust: how that person answered test questions bearing on honesty, or what people who know that person have actually experienced?

So here's what I'd recommend. Keep in mind the distinction between a threshold competence and a distinguishing one. A threshold skill means everyone must meet this criterion just to be considered for a job. At Google, the threshold includes test scores showing you are in the top 1% of IQ. For companies using the so-called XQ, big data analysis of test scores, a certain level of correlation could be taken as the threshold.

After that, though, are distinguishing competencies, the skills or abilities that you find in star performers in an organization but not in those who are mediocre – those just good enough to keep their job. It's the distinguishing competencies you're looking for in your due diligence with people who have worked with this person in the past.

Movie 1.3 Myanmar: Villagers Vs. Foreign Investors



Villagers in Myanmar have protested against major Chinese oil and mining corporations for two years, claiming they are stealing their land and ruining the environment. China's investment in Myanmar has recently declined, but U.S. trade with the country is on the upswing. Will American companies treat local people any better?

State of Mind

Get in the Right State of Mind for Any Negotiation

by Michael Wheeler

Steve Jobs and Bill Gates had a prickly relationship. On the one hand, their two companies did significant business with each other. (Microsoft actually wrote software for some Apple devices.) But the two men also were rivals, both in the marketplace and in the public spotlight. Jobs' biographer Walter Isaacson described their relationship as "a scorpion dance, with both sides circling warily knowing that a sting by either could cause problems for both."

Sometimes emotional flare-ups threatened their collaboration. As Isaacson recounts in his book, Jobs was enraged, for example, when Microsoft was on the verge of launching Windows. He claimed that the new platform blatantly copied Apple's graphic operating system (even though Apple had itself liberally borrowed programming developed earlier at Xerox, PARC).

Gates visited Apple headquarters in hopes of smoothing things out. Instead, Jobs excoriated him in front of Apple's top management team. "You're ripping us off," he shouted. "I trusted you, and now you're stealing from us!"

Gates didn't yell back, though. Instead he sat calmly and offered another way of looking at the situation. "I think it's more like we both had this rich neighbor named Xerox," he said, "and I broke into his house to steal the TV set and found out you had already stolen it."

Gates' poise — his ability to manage his own feelings in a high-pressure situation — exemplifies a key feature of emotional intelligence (EI). His own calm proved contagious. Jobs' anger abated a bit in the meeting and then the two men discussed their differences privately in later conversations. Recalling the incident, Gates said, "I'm good at when people are emotional. I'm kind of less emotional."

Note that Gates didn't describe himself as unemotional. He obviously knows that feelings are important when dealing with other people, especially in a negotiation.

The heart of EI is self-awareness, the capacity to sense the first stirrings of anger or anxiety. That awareness, in turn, must be coupled with an understanding of what kindled that particular response. Depending on the situation, it might be something that another person has said or done. But if we dig deep enough, we sometimes see that our own attitudes are the real source of our visceral response.

Together with my colleagues Kimberlyn Leary and Julianna Pillemer, both of whom are psychologists, I've explored the thoughts and feelings that people bring to the bargaining table. We did in-depth interviews with seasoned negotiators, all with two or more decades of experience under their belts. (You can read more about our research in "Negotiating with Emotion.")

Every person we interviewed expressed some degree of anxiety about negotiation. With a few subjects, it was only a minor concern, but with most it was the domi-

nant emotion. And if you think about it, that's not surprising.

- People were concerned about the unpredictability of the process. Will it be easy to reach agreement or hard? Is an acceptable deal even possible?
- Then there were worries about other people's intentions. Win-win negotiation sounds great, people said, but what if the other party is a cutthroat?
- Plus there was ample self-doubt. Even after sealing a deal, people wonder if they left money on the table — or pushed too hard and damaged a relationship.

Such feelings hamper effective negotiation. If anxiety isn't properly managed, it can make you defensive — and lots of other bad things will follow. You may be reluctant to reveal your interests, for example, fearful of being exploited. And if you're wary of others, you may be too quick to interpret an innocent question as a ploy. Most important, if you are tense and closed yourself, others may misread your defensiveness as hostility and prompt them to be defensive themselves. Tensions may escalate as a result.

We perform better if we can maintain the poise that Gates showed in his confrontation with Jobs. It's not a matter of suppressing our emotions. That's neither feasible nor desirable. After all, we care about the issues we negotiate. We want to argue passionately for those things we need and deserve. And we also need to be clear that when we say no to an unreasonable demand, we mean it. Instead of ignoring these important feelings, you have to be aware of them and not let them take over.

More fundamentally, we need to connect with others especially in long-term transactions. It's hard to understand other people's feelings if we haven't grappled with our own. In short, preparing for negotiation requires more than simply reading draft contracts, running the numbers, and developing a good fallback. It requires emotional preparation, as well.

My colleague Amy Cuddy has demonstrated in her ground-breaking research how our posture not only reflects our feelings, but how we carry ourselves directly influences hormone levels, which in turn shape our feelings. Emotions flow both to and from our bodies. Standing tall for just two minutes — adopting a "power pose," as Amy calls it — lowers cortisol, which is strongly associated with anxiety.

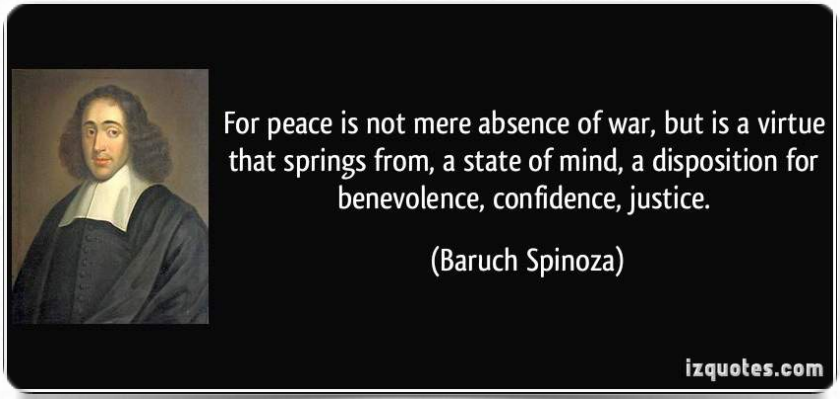
The fool doth think he is wise, but the wise man knows himself to be a fool.

- Shakespeare

Our thoughts shape feelings, as well. A study by another colleague — Allison Wood Brooks — suggests that simple words we tell ourselves have a powerful impact. She made subjects anxious by telling them that they would have to sing along with a Karaoke machine in front of an impassive stranger. On hearing the task, people's heart rates jumped up markedly.

But before they began to sing, she instructed them to say a three-word sentence. Half were told to say, "I am anxious." The other half said, "I am excited." Those who said "excited" significantly out-performed those who said "anxious." Allison suggests that rather than trying to calm yourself down when feeling anxious, re-channel that energy so that you can lean into the task at hand.

Amy and Allison's findings are important in their own right. They offer specific techniques for reducing stress and fostering presence. Their work reminds also us that even though we can't ever command how a negotiation goes (other parties will have their own agendas and attitudes), we still can lighten our own emotional baggage. It's fine, in short, to have strong feelings when we negotiate. The trick is not to allow those feelings to have us.



5 TIPS TO WIN ANY NEGOTIATION

No matter how much you may hate to negotiate yourself into a deal — or even out of one — negotiating is a very legitimate business skill to acquire. Based on psychological research, here are some tips that will help you to get what you want.

1

Focus on the first 5 minutes

In a study published in the Journal of Applied Sciences, the first 5 minutes of a negotiation can predict the negotiated outcome. During these minutes, the other party is trying to figure out if you actually mean what you say or if you're merely trying to get more than what you know you're worth. Start out likable so that the other person doesn't shut down on you.

2

Start higher than what you'd feel satisfied with

In an article in Current Directions in Psychological Science, researchers say you should always start high in negotiations. These starting prices will eventually "form an anchor," which will come to affect every other number that follows it. Even if you know the number is ridiculously more than what you would be satisfied with, you are the only person who knows this.

3

You should start your arguments first

According to this study published by Harvard Business School, you should always consider going first during a negotiation. What are the benefits of making the first offer? You are able to set the anchor number (see #2). The study says that by "making the first offer, you will anchor the negotiation in your favor." Making the first offer will also show the other party that you are a confident individual.

4

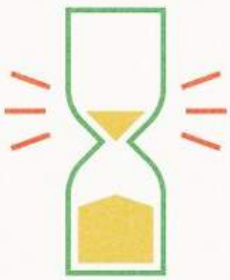
Drink coffee

The more caffeine you consume, the less likely you'll budge in an argument, according to a study published in the European Journal of Social Psychology. This will probably lead to "greater agreement" during the interaction.

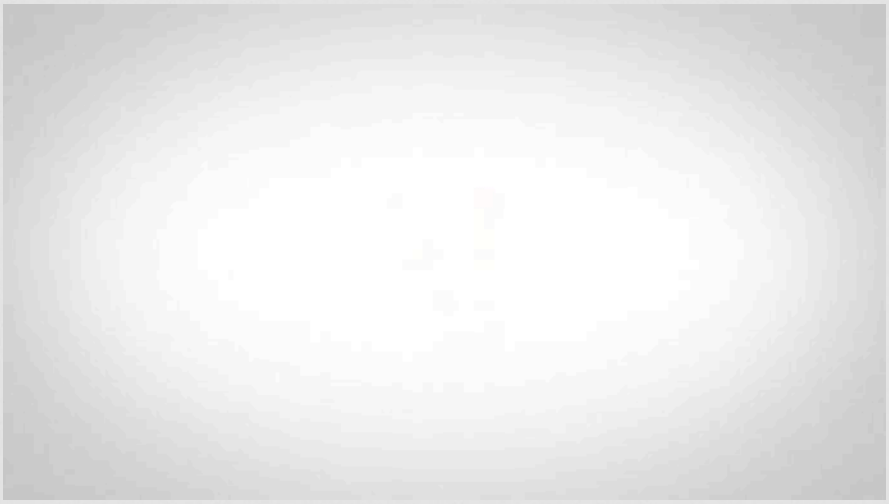
5

Convince the other party that time is running out

In an article published in ScienceDaily, researchers say that "sold-out products create a sense of immediacy for customers; they feel that if one product is gone, the next item could also sell out." People think that if a product is sold out, it must mean that it's good. If they don't make the move now, someone else will.

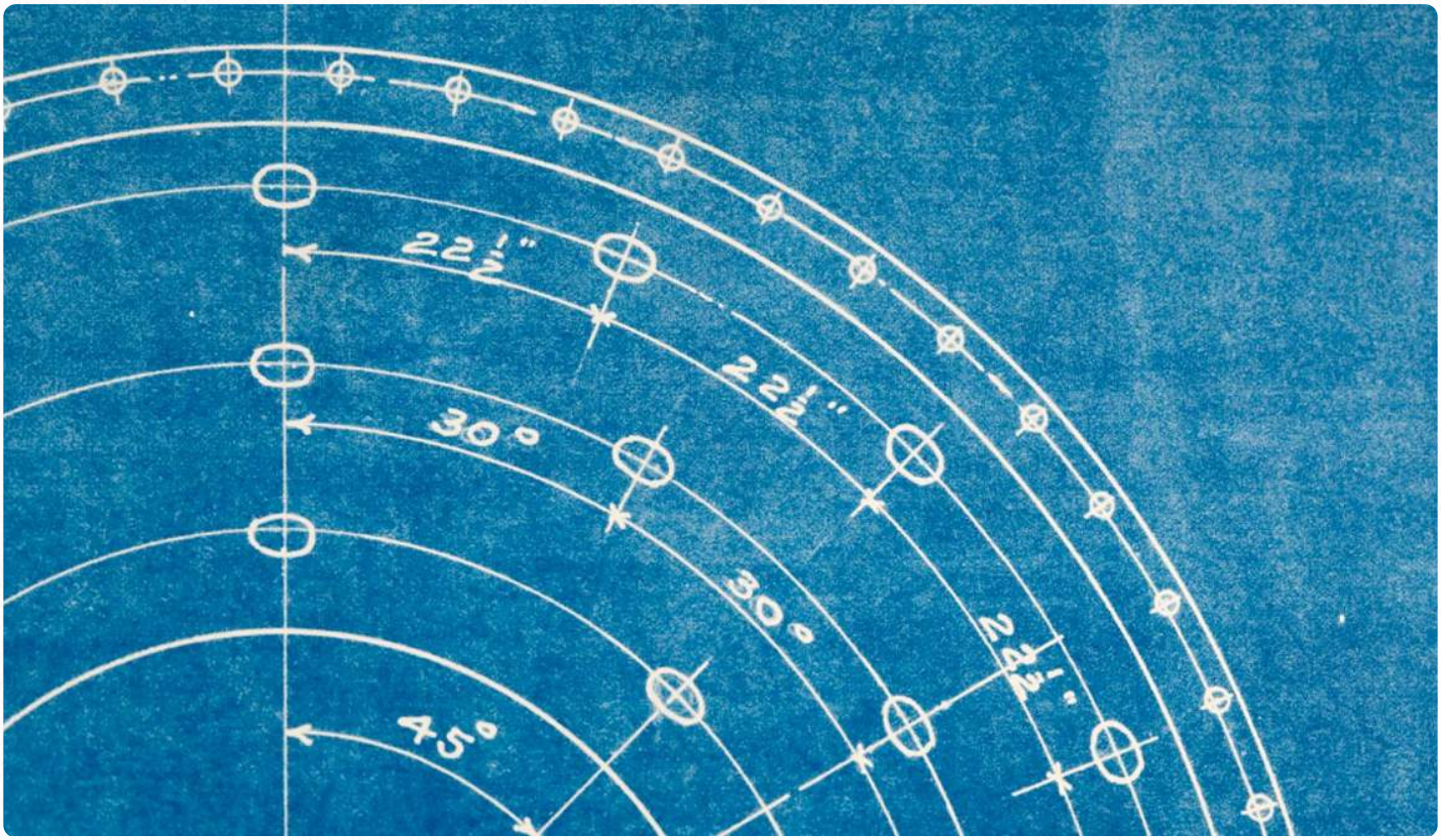


Movie 1.4 How Much Of The U.S. Does China Own?



The growing U.S. national debt is problematic. And it's no secret that China owns a lot of it. How much U.S. debt has China purchased?

Meeting Agenda



How to Design an Agenda for an Effective Meeting

by Roger Schwarz

We've all been in meetings where participants are unprepared, people veer off-track, and the topics discussed are a waste of the team's time. These problems — and others like it — stem from poor agenda design. An effective agenda sets clear expectations for what needs to occur before and during a meeting. It helps team members prepare, allocates time wisely, quickly gets everyone on the same topic, and identifies when the discussion is complete. If problems still occur during the meeting, a well-designed agenda increases the team's ability to effectively and quickly address them.

Here are some tips for designing an effective agenda for your next meeting, with a sample agenda and template below. You can use these tips whether a meeting lasts an hour or three days and whether you're meeting with a group of five or forty:

Seek input from team members. If you want your team to be engaged in meetings, make sure the agenda includes items that reflect their needs. Ask team members to suggest agenda items along with a reason why each item needs to be addressed in a team setting. If you ultimately decide not to include an item, be accountable — explain your reasoning to the team member who suggested it.

Select topics that affect the entire team. Team meeting time is expensive and difficult to schedule. It should mainly be used to discuss and make decisions on issues that affect the whole team — and need the whole team to solve them. These are often ones in which individuals must coordinate their actions because their parts of the organization are interdependent. They are also likely to be issues for which people have different information and needs. Examples might include: How do we best allocate shared resources? How do we reduce response time? If the team isn't spending most of the meeting talking about interdependent issues, members will disengage and ultimately not attend.

List agenda topics as questions the team needs to answer. Most agenda topics are simply several words strung together to form a phrase, for example: "office space reallocation." This leaves meeting participants wondering, "What about office space reallocation?" When you list a topic as a question (or questions) to be answered, it instead reads like this: "Under what conditions, if any, should we reallocate office space?"

A question enables team members to better prepare for the discussion and to monitor whether their own and others' comments are on track. During the meeting, anyone who thinks a comment is off-track can say something like, "I'm not seeing how your comment relates to the question we're trying to answer. Can you help me understand the connection?" Finally, the team knows that when the question has been answered, the discussion is complete.

Note whether the purpose of the topic is to share information, seek input for a decision, or make a decision. It's difficult for team members to participate effectively if they don't know whether to simply listen,

give their input, or be part of the decision making process. If people think they are involved in making a decision, but you simply want their input, everyone is likely to feel frustrated by the end of the conversation. Updates are better distributed — and read — prior to the meeting, using a brief part of the meeting to answer participants' questions. If the purpose is to make a decision, state the decision-making rule. If you are the formal leader, at the beginning of the agenda item you might say, "If possible, I want us to make this decision by consensus. That means that everyone can support and implement the decision given their roles on the team. If we're not able to reach consensus after an hour of discussion, I'll reserve the right to make the decision based on the conversation we've had. I'll tell you my decision and my reasoning for making it."

Estimate a realistic amount of time for each topic. This serves two purposes. First, it requires you to do the math — to calculate how much time the team will need for introducing the topic, answering questions, resolving different points of view, generating potential solutions, and agreeing on the action items that follow from discussion and decisions. Leaders typically underestimate the amount of time needed. If there are ten people in your meeting and you have allocated ten minutes to decide under what conditions, if any, you will reallocate office space, you have probably underestimated the time. By doing some simple math, you would realize that the team would have to reach a decision immediately after each of the ten members has spoken for a minute.

Second, the estimated time enables team members to either adapt their comments to fit within the allotted timeframe or to suggest that more time may be needed. The purpose of listing the time is not to stop discussion when the time has elapsed; that simply contributes to poor decision making and frustration. The purpose is to get better at allocating enough time for the team to effectively and efficiently answer the questions before it.

Propose a process for addressing each agenda item. The process identifies the steps through which the team will move together to complete the discussion or make a decision. Agreeing on a process significantly increases meeting effectiveness, yet leaders rarely do it. Unless the team has agreed on a process, members will, in good faith, participate based on their own process. You've probably seen this in action: some team members are trying to define the problem, other team members are

wondering why the topic is on the agenda, and still other members are already identifying and evaluating solutions.

The process for addressing an item should appear on the written agenda. When you reach that item during the meeting, explain the process and seek agreement: "I suggest we use the following process. First, let's take about 10 minutes to get all the relevant information on the table. Second, let's take another 10 minutes to identify and agree on any assumptions we need to make. Third, we'll take another 10 minutes to identify and agree on the interests that should be met for any solution. Finally, we'll use about 15 minutes to craft a solution that ideally takes into account all the interests, and is consistent with our relevant information and assumptions. Any suggestions for improving this process?"

Specify how members should prepare for the meeting. Distribute the agenda with sufficient time before the meeting, so the team can read background materials and prepare their initial thoughts for each agenda item ahead of time.

Identify who is responsible for leading each topic. Someone other than the formal meeting leader is often responsible for leading the discussion of a particular agenda item. This person may be providing context for the topic, explaining data, or may have organizational responsibility for that area. Identifying this person next to the agenda item ensures that anyone who is responsible for leading part of the agenda knows it — and prepares for it — before the meeting.

Make the first topic "review and modify agenda as needed." Even if you and your team have jointly developed the agenda before the meeting, take a minute to see if anything needs to be changed due to late breaking events. I once had a meeting scheduled with a senior leadership team. As we reviewed the agenda, I asked if we needed to modify anything. The CEO stated that he had just told the board of directors that he planned to resign and that we probably needed to significantly change the agenda. Not all agenda modifications are this dramatic, but by checking at the beginning of the meeting, you increase the chance that the team will use its meeting time most effectively.

End the meeting with a plus/delta. If your team meets regularly, two questions form a simple continuous improvement process: What did we do well? What do we want to do differently for the next meeting? Investing five or ten minutes will enable the team

If the only tool you have is a hammer, you tend to see every problem as a nail.

- Abraham Maslow

to improve performance, working relationships, and team member satisfaction. Here are some questions to consider when identifying what the team has done well and what it wants to do differently:

1. Was the agenda distributed in time for everyone to prepare?

2. How well did team members prepare for the meeting?

3. How well did we estimate the time needed for each agenda item?

4. How well did we allocate our time for decision making and discussion?

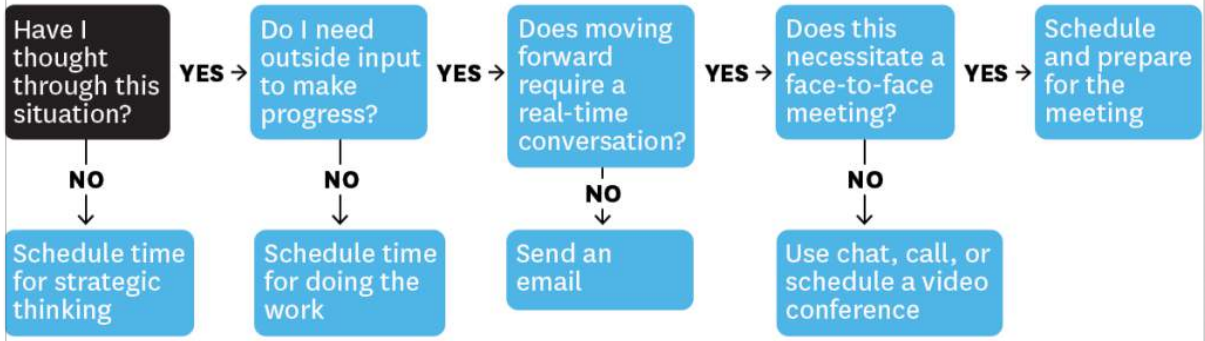
5. How well did everyone stay on-topic? How well did team members speak up when they thought someone was off-topic?

6. How effective was the process for each agenda item?

To ensure that your team follows through, review the results of the plus/delta at the beginning of the next meeting.

If you develop agendas using these tips, and the sample agenda and template below, your team will have an easier time getting — and staying — focused in meetings.

SHOULD I HOLD A MEETING?



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A SAMPLE MEETING AGENDA

TOPIC	PREPARATION	PROPOSED PROCESS
1 **What changes, if any, should we make to the agenda?** TIME: 2 minutes PURPOSE: Decision LEADER: Mike	None	▪ Mike polls team.
2 **What deltas from the previous meeting will we focus on this meeting?** TIME: 3 minutes PURPOSE: Decision LEADER: Anne	Review applicable deltas from previous meeting notes.	▪ Anne reviews areas of improvement that we agreed to focus on during this meeting.
3 **How do we best manage the fluctuating internal demand for our services?** TIME: 50 minutes PURPOSE: Decision LEADER: Peg	Identify relevant information, criteria, and assumptions that you believe should guide our decision.	▪ Statement of the problem. TIME: 5 minutes ▪ Team identifies and agrees on relevant information to consider. TIME: 10 minutes ▪ Identify and agree on criteria for acceptable solutions. TIME: 10 minutes ▪ Identify and agree on assumptions. TIME: 10 minutes ▪ Craft solutions that meet the above constraints. TIME: 15 minutes
4 **Which firm should we select for the adjacent markets acquisition study?** TIME: 15 minutes PURPOSE: Decision LEADER: Martin	Read the attached memo recommending three firms. Be prepared to ask questions and share your initial preference and your reasoning.	▪ Questions and additional information regarding the recommendations of the three firms. ▪ Decision to select one firm.
5 **What developmental assignments are available during the next FY for high-potentials?** TIME: 15 minutes PURPOSE: Decision LEADER: Noah	Review the attached memo identifying the current high-potential managers and the areas in which we are seeking developmental assignments for them. If feasible, be prepared to offer an appropriate developmental assignment.	▪ Identify the available developmental assignments. ▪ Match the assignments to the pool of high-potential managers. ▪ Agree on next steps for any high-potential managers who have not been given a developmental assignment.
6 PLUS/DELTA: **What did we do well for this meeting? What should we do differently for the next meeting?** TIME: 5 minutes PURPOSE: Decision LEADER: Carrie	None	▪ Members identify pluses and deltas. ▪ Team agrees on deltas to work on for next meeting.

SOURCE ROGER SCHWARZ HBR.ORG

MEETING AGENDA

MEETING NAME _____

DATE _____

TIME _____

TOPIC	PREPARATION	PROPOSED PROCESS
1 TIME ALLOTTED: PURPOSE: LEADER:		
2 TIME ALLOTTED: PURPOSE: LEADER:		

MEETING PREPARATION CHECKLIST

Use this tool to prepare for your next big meeting.

Have you:

- ☐ Identified the purpose of the meeting?
- ☐ Made sure you really need a meeting?
- ☐ Developed a preliminary agenda?
- ☐ Selected the right participants and assigned roles?
- ☐ Decided where and when to hold the meeting?
- ☐ Confirmed availability of the space?
- ☐ Sent the invitation?
- ☐ Sent the preliminary agenda to key participants and stakeholders?
- ☐ Sent pre-reading or requests which require advance preparation?
- ☐ Followed up with invitees in person, if appropriate?
- ☐ Chosen the decision-making process that will be used (majority vote, group consensus, or leader's choice)?
- ☐ Identified, arranged for, and tested any required equipment?
- ☐ Finalized the agenda and distributed it to all participants?
- ☐ Verified that all key participants will attend and know their roles?
- ☐ Prepared yourself (drafted presentations, printed handouts, etc.)?

SOURCE RUNNING MEETINGS (20-MINUTE MANAGER SERIES), HARVARD BUSINESS PUBLISHING HBR.ORG

Movie 1.5 Vice News on China's One Child Policy

What happens when 50 million men can't get laid? China's "one child" policy, coupled with a longstanding cultural predilection for male babies, has created a market where marrying-age men outnumber women by the millions.

The fabric of this social engineering has thrown old-fashioned courtship out the window and created a lucrative business catered to matchmaking. VICE travels across China to meet with bachelors searching for love, and talk to a professional matchmaker who explains the scope of the issue and tries to find a girlfriend for correspondent Thomas Morton.

Capture Attention

7 Ways to Capture Someone's Attention

by Ben Parr

Your long-term success depends on winning the attention of others. If your boss doesn't notice your work, how will you get a promotion? If your team doesn't listen to you, how can you lead effectively? And if you can't capture the attention of clients, how does your business or career survive?

"Attention is the most important currency that anybody can give you," Steve Rubel of Edelman once told me. "It's worth more than money, possessions or things."

If I have seen further... it is only by standing on the shoulders of giants.

- Isaac Newton

But very few people know the science behind captivating others. That's why I spent two years researching the subject for my new book. I sifted through more than 1,000 psychology, neurology, economics, and sociology studies. I interviewed dozens of leading researchers and attention-grabbing thought leaders, including Sheryl Sandberg, Steven Soderbergh, and David Copperfield, just to name a few. And I drew on my years of experience with startups, both as co-Editor of Mashable and a venture capitalist.

I learned that there are seven triggers that call people to attention:

Automaticity. If somebody fires a gun in the air, you're going to turn your head. If a female hitchhiker wears red, she's more likely to get picked up. Sensory cues like these to direct our attention automatically. It's a safety and survival mechanism that helps us react faster than our brains can think. I'm not suggesting you speak louder than everyone else and always wear crimson dresses or socks. But think about more subtle ways to play on people's instincts to capture attention. For example, try giving a star prospect or client a hot cup of coffee or tea. One study published in Science found that exposure to that kind of warmth made them more giving and friendly.

Framing. Our view of the world is shaped by our biological, social, and personal experiences and biases. These frames of reference lead us to embrace and pay attention to some ideas and to ignore others entirely. To leverage this trigger, you have to either adapt to your audience's frame or change it. One technique you might use to achieve the latter is repetition. A classic study from the 1970s found that if you expose subjects to the same statement (e.g. "Tulane defeated Columbia

in the first Sugar Bowl game.") repeatedly, they will start to believe it is true. So don't be afraid to repeat a message if you want it to sink in.

Disruption. We pay special attention to anything that violates our expectations. This is because we have an innate need to figure out whether the incident signals a threat or a positive development. In academic circles, this is known as expectancy violations theory. The more disruptive something is, the more interesting it becomes. To get the attention of your bosses, clients and colleagues, try surprising them in a positive way: ask an unexpected question, beat a tough deadline, invite them for a walk instead of a coffee.

Reward. Many people believe the neurotransmitter dopamine causes us to feel pleasure. But, according to Dr. Kent Berridge of the University of Michigan, it is much more aligned with anticipation and motivation. It fuels our desire to "want" food, sex, money or more intrinsic rewards like self-satisfaction and a sense of purpose. The prospect of capturing these things makes us pay attention. Your goal as a manager should be to identify the incentives that most appeal to your employees, colleagues and bosses and to make them more visceral in their minds. Rewards we can touch, experience, or even just visualize have a greater impact on our attention. For example, when you're offering your team an off-site retreat at the end of a big project, don't just tell them about it – send them pictures and make them salivate.

Reputation. Consumers consistently rate experts as the most trusted spokespeople, more than CEOs or celebrities. There's a scientific reason for this: in a 2009 study, Emory University neuroeconomist Greg Berns found that the decision-making centers of our brains slow or even shut down while we are receiving advice from an expert. This is a phenomenon Dr. Robert Cialdini calls "directed deference." So, especially if you're trying to capture the attention of people who don't know you, feel free to lead with your credentials, establish your expertise and cite others who are most knowledgeable on the topic at hand.

Mystery. Ever wonder why we're unable to put down a good book or stop binge-watching shows like Lost? Our memory is fine-tuned to remember incomplete stories and tasks. There's actually a scientific term for this: the Zeigarnik effect, named after the Soviet psychologist who discovered it. We also dislike uncertainty and will actively try to reduce it by any means possible,

We shall rekindle the hearts of man, to the valor within, in a world that has grown chill.

- J.R.R. Tolkien

and you can use this to your advantage. Say you're meeting with a prospective client or recruit, and you'd like her to come back for a second meeting. Tell her a story or assign yourself a task that you'll complete when she does. Her compulsion for completion will nag at her, which means you've got her attention.

Acknowledgement. Dr. Thomas de Zengotita, a media anthropologist and author of Mediated, believes that acknowledgement – our need for validation and empathy from others – is one of our most vital needs. "All mammals want attention," he told me. "Only human beings need acknowledgment." Key to this is a sense of belonging to a community that cares about us. Create that feeling for anyone whose attention you'd like to capture, and they'll repay you.

The most effective employees, managers, and executives are the ones who use these seven triggers to shine a spotlight on their ideas, projects, and teams. Understanding the science of attention is a prerequisite to success in the information age.

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Movie 1.6 Last Week Tonight: New York's Port Authority

Locked in a dispute with Fishs Eddy, New York's Port Authority wants to regain control of its own image. John Oliver wants to help them make it happen.

Negotiating with Emotion

Negotiating with Emotion

by Kimberlyn Leary, Julianna Pillemer, and Michael Wheeler

People have strong feelings about negotiation. Sometimes those feelings erupt. The 2011 sale of a $3 million brownstone in New York's Greenwich Village almost fell apart because of a dispute over an old washing machine that the sellers had removed from the premises two days before the closing. Stephen Raphael, the lawyer for the owners, told the New York Times that it really wasn't worth fighting over, "but the buyers had already felt pressured to up their offer and to concede many things, and this was the last straw."

At the closing the sellers still refused to replace the machine. One of the buyers ripped up a seven-figure cashier's check for the balance due, put a match to the scraps, and stomped out of the room. The sellers finally relented and agreed to reduce the price by $300. The brokers found the angry buyer at a nearby bar, nursing a drink. They coaxed him back and the deal was done.

Negotiations can get even hotter. Fern Hammond, a New York broker, was present years ago when an angry woman flung a set of house keys at a man's face as hard as she could. "All of a sudden there was blood all over the place," Hammond said in the same Times story. "Everyone was pushing the papers out of the way." The target of the woman's anger was her own husband. She was furious that he had agreed to sell their place for less than she thought it was worth.

Yet while some people boil over in negotiations, others freeze up. Take Chris Robbins, an emergency room physician at a Boston hospital. Day and night Robbins makes tough decisions when lives hang in the balance and seconds count. He's exactly the kind of doctor you'd want if you were wheeled in on a stretcher: calm, cool, and collected under stress.

But his composure dissolves when it comes to negotiating. Robbins craved a spot in a highly selective clinical training program but was tied up in knots about asking for the two-month leave it would require. Such requests were unusual, and given staffing problems at the time, he risked seeming disloyal to the ER team. The mere prospect of a confrontation was so intimidating that Robbins never even raised the issue.

People like Robbins are practically phobic about going to the bargaining table. They'll do anything to avoid pushing or being pushed. They're neither competitive nor cooperative—instead, in psychological terms, they're avoiders. If their minimum needs are met, they'll sign on the dotted line just to end the stress of dealing with people who have different agendas and styles. That is an expensive aversion, however.

Then there's Donald Dell, a pioneering American sports marketer and agent. Dell relates in his book, Never Make the First Offer, that when he was just starting out, he was in a tense negotiation with the new corporate owner of the Head tennis racket brand. Head had previously struck an endorsement deal with one of Dell's star clients, Arthur Ashe, which gave the U.S.

Open and Wimbledon champion a 5% royalty on all sales. The new owner wanted to scrap the arrangement. Dell and Ashe naturally wished to keep it going.

Dell was in the middle of making his case to some senior executives when the door flew open and the company chairman stormed in. “Goddamnit!” he screamed. “This is outrageous. He’s making ten times what I’m making, and I’m chairman of this company!” more

The room went silent, and all eyes turned to Dell. How would he respond? Would he cave in, or blow up the deal by answering in kind? After a brief pause, Dell said, “But Pierre, Arthur has a much better serve than you do.” The tension was broken. People laughed and got back to business. They tweaked the royalty schedule and preserved what was really a profitable relationship for both sides.

The kind of poise Dell displayed can mean the difference between a deal and deadlock. It’s something deeper than being quick with a joke. It’s the ability to keep your head when all those around you are on the verge of losing theirs. As researchers (we explain our methodology later in this piece), we’re fascinated by negotiators like him, but we’re just as interested in people like Chris Robbins and the woman who flung the keys at her husband—people who seem unable to handle the strong emotions that negotiation often sparks.

Negotiation Theory and Emotion

Until recently most negotiation texts have regarded emotion—whether hot or cold—as an impediment to reaching constructive agreements. The classic book in the field, Getting to Yes, by Roger Fisher, William Ury, and Bruce Patton, earnestly advises readers to “separate the people from the problem,” as if negotiators should be like the coolly analytic Spock in Star Trek, rather than flesh-and-blood human beings.

Granted, rigorous preparation is crucial. The bigger the transaction, the more important it is to identify core interests, weigh walkaway options, and assess how other parties see their choices. Running the numbers and scouting the marketplace are essential before heading to the bargaining table. So is developing a plan B in case things don’t go as you’d like. All that makes sense.

But it’s only half the story. The truth is that your passions matter in real-life deal making and dispute resolution. You need to understand, channel, and learn from your emotions in order to adapt to the situation

at hand and engage others successfully. That means you need to be emotionally prepared to negotiate—even when you expect the process to go smoothly. Anxieties and petty resentments may lurk below the surface. If you let them fester, or if you inadvertently get under a counterpart's skin, talks can go off the rails. You also need to sense the first stirrings of your own feelings so that you don't tense up, tune out, or—like the Head chairman—explode.

Emotion plays a positive role in decision making, creativity, and relationship building—all key factors in reaching agreement.

Each of the coauthors of Getting to Yes addressed particular aspects of emotion in subsequent books. (See the sidebar "Further Reading.") These books represent an advance over the notion that negotiation is simply a matter of cool calculation. The things that people care about—not just outcomes, but also respect, power, and identity—are all bound to stir up strong emotions. As a result, separating the people from the problem is neither possible nor desirable.

Negotiation theory still has not fully caught up, however, with breakthroughs in neuroscience and psychology that reveal the positive role of emotion in decision making, creativity, and relationship building—all key factors in reaching agreement. For example, the neurobiologist Antonio Damasio has shown that people with damage to the right hemisphere of the brain (the emotional side) have great difficulty making decisions. That's because emotions tell people what's important to them—what they want to obtain and preserve—and also allow them to see matters holistically and to avoid being ensnared by details.

A recent study by Teresa Amabile, of Harvard Business School, and her research colleague Steven Kramer explored the close link between emotion and creativity. The two analyzed nearly 12,000 diary entries provided by 238 employees in seven companies and found that feeling positively challenged or happy at work increases both productivity and creativity. As Amabile and Kramer explain in The Progress Principle, this effect is self-reinforcing: Positive feelings increase creativity, which in turn can lead to positive feelings within a team or an organization. Creativity is particularly important in negotiation when the parties are at an impasse.

Much of relationship building takes place on a nonverbal, nonrational plane. Alex (Sandy) Pentland's research team at the

MIT Media Lab has developed the sociometer, a device about the size of a smartphone, which gauges interpersonal dynamics. It has a microphone but doesn't record words; rather, it simply registers the volume, pitch, and pace of utterances. It also has an accelerometer to track body movement (a gauge of physical energy) and infrared beams to track whether two people are directly facing each other.

Sociometer output looks like a cardiogram, with various lines tracing peaks and valleys. When researchers see that two people's readouts are aligned and balanced, they can tell that a relationship is going well.

Pentland and his Sloan School colleague Jared Curhan analyzed data from pairs of subjects doing simulated negotiations. Without hearing a single word the parties said, and looking only at data from the first few minutes of interaction, they were able to predict with significant accuracy which pairs would eventually reach agreement and, among those, which were more likely to creatively expand the pie.

The message is clear. Being an effective manager, a high-performance team member, or a skilled negotiator requires attunement to one's own emotions and the ability to relate affirmatively to the emotions of others. That insight has driven much of the work in the field of emotional intelligence. The concept was novel 15 years ago but is now familiar, thanks largely to the psychologist Daniel Goleman. His popular books on the topic drew heavily on the research of Peter Salovey, of Yale, and John D. Mayer, of the University of New Hampshire, and built on their definition of emotional intelligence as "the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions." Specifically, emotionally intelligent people have the capacity to:

- identify the emotions they and others are experiencing;
- understand how those emotions affect their thinking;
- use that knowledge to achieve better outcomes;
- productively manage emotions, tempering or intensifying them for whatever purpose.

Though the business world was quick to apply emotional intelligence to leadership development, team building, and people management, it's gotten surprisingly little attention in the field of negotiation.

The Heart of the Matter

Some negotiators, like Donald Dell, seem to be naturals. They can sense the emotional state of other parties and respond effectively in the moment. They also recognize that their own outlook strongly influences other people's moods and behavior, because emotions are contagious. They are able to navigate complicated situations and elicit constructive engagement from people who might not otherwise be cooperative.

That ability does not come easily to some others. But the good news is that developing poise and balance is possible, although it requires confronting what it is about negotiation that stresses so many people. That has been the focus of our research. The stakes can be high in a business context, of course. A sales manager may need to nail down a deal with a key customer to meet his quarterly target. Someone in procurement may need to negotiate favorable terms on a key component so that her company's product can stay competitively priced. Corporate counsel may want to settle an intellectual property suit rather than risk going to court.

People respond differently to such demands, for reasons of temperament but also of circumstance. (It's much easier to be confident and relaxed, for example, if you're in a strong bargaining position and have the full support of your boss and colleagues.) But our research shows that much also depends on an individual's mental model of negotiation. Though he may be only dimly aware of his underlying assumptions about the process, the images he holds strongly influence his feelings and behavior at the bargaining table.

As part of an ongoing study, we conducted in-depth interviews with 20 seasoned negotiators to explore their thoughts and feelings about the process. Our subjects were mostly managers, all with at least 10 years of professional experience; a few lawyers and public officials were in the pool as well. We used the ZMET method developed by Gerald Zaltman, of Harvard Business School and Olsen Zaltman Associates, which draws on interdisciplinary research from cognitive psychology and affective neuroscience. Zaltman and his colleagues believe that people think primarily in images and certainly not in words alone.

To uncover the "deep structure" of how people think about something, ZMET relies in particular on metaphorical images they choose and on how they describe those images.

About two weeks before we interviewed our study subjects, we asked them to collect six to eight images that they associated with some aspect of the negotiation process. They could copy pictures from magazines or books, or even sketch their own. When we met, the explanations they gave for their choices were rich with emotional content. In the concluding phase of our interviews, we had our subjects make collages of their pictures that would reflect their overall thoughts and feelings about negotiation. (See the sidebar "How Negotiators Depict Their Emotions.")

All the people we spoke with had strong and conflicting feelings about negotiation. Some of them had sunnier views than others. None, we felt, were as apprehensive as Chris Robbins or as zealous as Donald Dell. But even those who seemed to find the process most exciting and gratifying also spoke about tightropes, traps, and the dangers of tripping up or being exploited. And those who described negotiation as largely an onerous process also acknowledged potential silver linings. Outwardly all our subjects seemed confident and successful, but even the optimists among them admitted feeling various degrees of anxiety about negotiation. For many that anxiety is compounded by having to handle uncertainty and reconcile mixed emotions.

Our findings are consistent with results from a recent study by Alison Brooks and Maurice Schweitzer, of the University of Pennsylvania. When they asked people what emotions they'd feel in negotiating for a car or a higher salary, anxiety topped the list. To see how that feeling affects negotiation performance, the researchers used music to induce it in their subjects: The experimental group heard the screeching strings from Hitchcock's Psycho, while a control group listened to portions of Handel's Water Music. Thus primed, subjects from the two groups were paired off to do a simulated negotiation via instant messaging.

The results were striking. The anxious subjects had lower expectations, made lower first offers, responded more quickly to offers, and exited the bargaining sooner. And—no surprise—they got worse outcomes. Brooks and Schweitzer assert that if feelings induced by a temporary stressor can negatively affect negotiation behavior

and results, the impact of real-world emotions could well be more powerful.

Indeed, after doing a content analysis of hundreds of pages of interview transcripts (more than 300,000 words in all), we found that people regard the negotiation experience as inherently stressful for three particular reasons.

The first is lack of control. People negotiate in order to accomplish something that they can't achieve unilaterally, whether it's getting a supplier to provide goods or services at an acceptable price, colleagues to pitch in on a rush project that needs to be done yesterday, or parties to a lawsuit to drop their claims. In every case others potentially stand between them and what they need and believe they deserve. And, of course, those others may in turn see them as obstacles.

The second reason is unpredictability. Anyone walking into a negotiating session faces a lot of unknowns—a significant source of stress. She can't foresee how cooperative or competitive others will be. She can't dictate their words and actions any more than she'd let them script hers. Circumstances can change too. One manager we interviewed likened the process to a fast-paced hockey game, saying, "Out of the blue, you may have to react to something you have been working on in one way, and then something entirely new is introduced, and you have to veer off and refocus." For people like Donald Dell, the surprise element is exhilarating. ("I live for such moments," he says.) But for many others, it's anxiety-producing.

Though people may be only dimly aware of their underlying assumptions about negotiation, those assumptions strongly influence their feelings and behavior at the bargaining table.

Third is the absence of feedback on the negotiator's performance. At the end of the day, there's plenty of room for doubt and second-guessing. Even if you reach an agreement, who's to say you couldn't have pushed for more? Then again, it's hard to know if you pushed too hard and taxed an important relationship. As a result almost all our subjects worried about their own competence and vulnerability. Flickers of self-doubt were fanned by the lack of feedback. "It's not always clear," said one senior manager describing an image he had chosen, "who is the wizard behind the curtain and who is the charlatan."

Virtually all those we interviewed also spoke of the gap between an ideal negotia-

tion and what for them is often harsh reality. They understood the win-win concept but feared that it would be trumped by hard bargaining. The pictures they clipped for us and their verbal metaphors included alligators and other predators lying in wait. As they explained their images, their sense of vulnerability and the fear of being devoured came through. With limited control, unpredictability, and the lack of feedback combining and colliding, it's no wonder that, as other research studies have shown, just calling something a negotiation can provoke strong visceral reactions.

Coping with heightened and conflicting feelings is itself a challenge. One of our subjects described it as a balancing act: "You want to maximize your opportunity and the relationship you have with that person." Zaltman and his colleagues told us that they have found negotiation much more emotionally difficult than other personal roles and activities they've studied.

Warming Up for Negotiation

Denying the emotional complexity of negotiation is not the answer. Instead you need to acknowledge your concerns and recognize your hot buttons. Just as important, you need to remember that no matter how well composed your counterparts seem, inwardly they may be feeling a swirl of mixed emotions. It is rarely in your interest to confirm their worst fears. And if you want them to be centered, creative, and positive, you must be poised yourself.

Just like star athletes who are "in the zone," wise negotiators are centered, energized, and resilient in the face of strong feelings.

We have developed a six-step warm-up exercise to help you become emotionally prepared to negotiate effectively. As you'll see, it's not a matter of suppressing your feelings. Rather, it's a matter of drawing on them as a resource so that you can be focused, engaged, and agile.

1. How do you want to feel going into the negotiation? 2. Why?

These first two questions are linked. When we do this exercise in negotiation classes, students often say they want to feel relaxed, focused, and confident, because they associate those positive emotions with a pathway to agreement. But other students say that although it's fine to be composed, one can't be complacent. They want to be alert and maybe even a bit on edge so that they have the energy to drive the process forward.

Further discussion reveals that it's not one or the other—negotiators need to be simultaneously calm and alert, proactive and patient, fully grounded yet creative. But each pair seems to be a contradiction. How can you remain calm if you're also on the lookout for danger? Ditto for being proactive and patient: Either you shake things up or you wait for the dust to settle, but how can you do both at the same time? And as for practicality and creativity, it's some trick to keep your feet firmly on the ground while stretching for the stars. But this is really the point of our questions. Most students come to realize that as they go into a negotiation, they should have clarity about the balance they will need to strike.

3. What can you do beforehand to put yourself in an ideal emotional state?

This question often takes people aback, because they've never thought about how to positively influence their own emotions. After a minute or so they come up with practical suggestions. One student might draw on his experience preparing for a big exam: "Don't tense yourself up with last-minute cramming." Others have proposed meditation as a way of putting distracting thoughts aside. Some people suggest listening to music beforehand. What you choose should depend on what emotional state you are trying to achieve. If you tend to be reserved or don't advocate strongly enough for yourself, the theme from Rocky might pump you up. If others tell you that you sometimes come on too strong, perhaps "Clair de Lune" would be a better pick.

The less time you have to prepare yourself emotionally, the more important it is to use your time wisely. Imagine that you're at your desk working on the quarterly budget when the phone rings. It's your counterpart in a tough negotiation that has dragged on longer than expected. Instead of starting right in, you might say, "Glad you called. Let me wrap something up here, and I'll get back to you in three minutes flat." Then you could lean back and take a deep breath. You might even follow the example of athletes and visualize yourself performing at your best with just the right combination of calm and alertness.

4. What can throw you off balance during a negotiation?

Emotional hot buttons vary from person to person. What rolls off some people's backs can get under other people's skin. Some negotiators have infinite patience, whereas others get frustrated when talks drag on. Think about a time when you

didn't perform at your best. What happened, and why? Did you become agitated or too disengaged? When in the process did the problem arise? Make sure you learn from your experience. Candid feedback from negotiating teammates can be helpful.

5. What can you do in the midst of a negotiation to regain your balance?

One obvious answer is take a break. Stepping out for even a few minutes can clear your head. It can work like a reset button in the discussion, disrupting whatever dysfunctional pattern has emerged. And when you can't leave the room, you can break a negative mood by changing the focus of the conversation. If you are getting nowhere wrangling over the nuts and bolts of a deal, try shifting to a discussion of broad principles and concerns—or to points of process. The simple act of asserting control can help you recenter yourself.

If you feel early signs of anger or anxiety arising, take a deep breath. That's familiar advice because it works. When you're tense or tired, your respiration slows. Reoxygenating the blood does wonders. You are a physical being, after all. As research by our colleague Amy Cuddy has demonstrated, what you feel emotionally is significantly affected by what you do with your body. If you stand tall, with your feet well apart and your arms outstretched, testosterone—the hormone that boosts confidence and the willingness to take risks—elevates, whether you're a man or a woman. Just as important, that posture lowers cortisol, the hormone associated with anxiety. Doing a "power pose," as Cuddy calls it, is a healthy form of self-medication. If you hold that pose for just a couple of minutes, its positive effects stay with you much longer.

6. How do you want to feel when you're finished?

When we ask this question in classes, some people blurt out, "Relieved." That attests to the stress they feel while they're negotiating. Others answer, "Satisfied"—often meaning satisfaction with both the outcome and their own performance. The latter attitude reflects acceptance of the fact that not everything in negotiation is foreseeable or entirely within our control.Work in the field of emotional intelligence, especially in leadership and on high-performance teams, has shown that it is possible for people to recognize, manage, and learn from emotion. Negotiators—veterans and novices alike—can

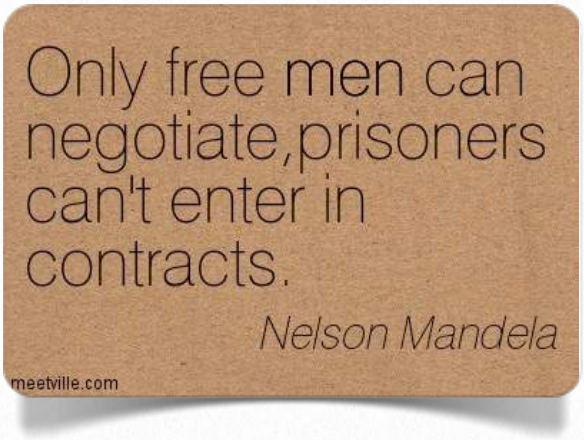
In criticism I will be bold, and as sternly, absolutely just with friend and foe. From this purpose, nothing shall turn me.

- Edgar Alllan Poe

also deepen their own emotional awareness and become more attuned to the feelings of others.

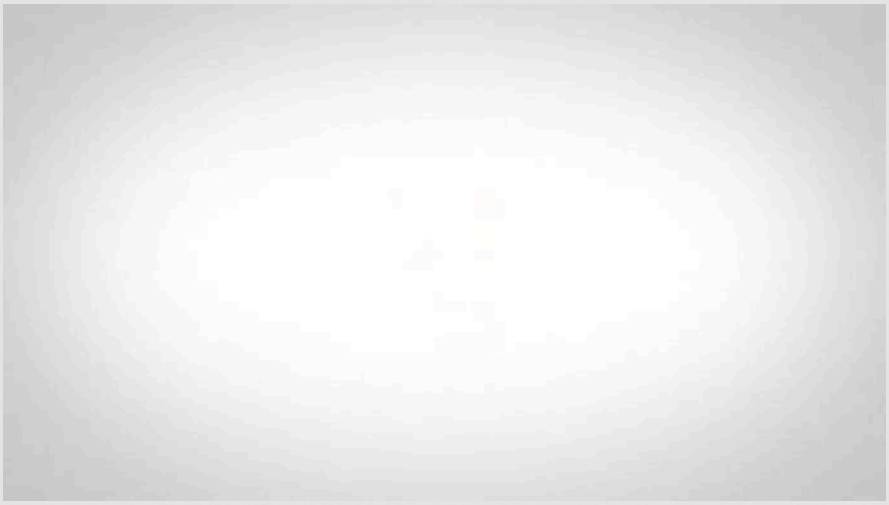
Wise negotiators understand that managing emotions means more than identifying them and then setting them aside. Just like star athletes who are “in the zone,” they are centered, energized, and resilient in the face of strong feelings. They prepare emotionally as well as substantively for any high-stakes negotiation.

It is clear that much of the value available to businesses—and much of the progress desperately needed by societies—depends on negotiated solutions between parties, none of whom are immune to emotion. Those of us who focus on negotiation should encourage people to let their feelings guide them toward achieving successful outcomes.



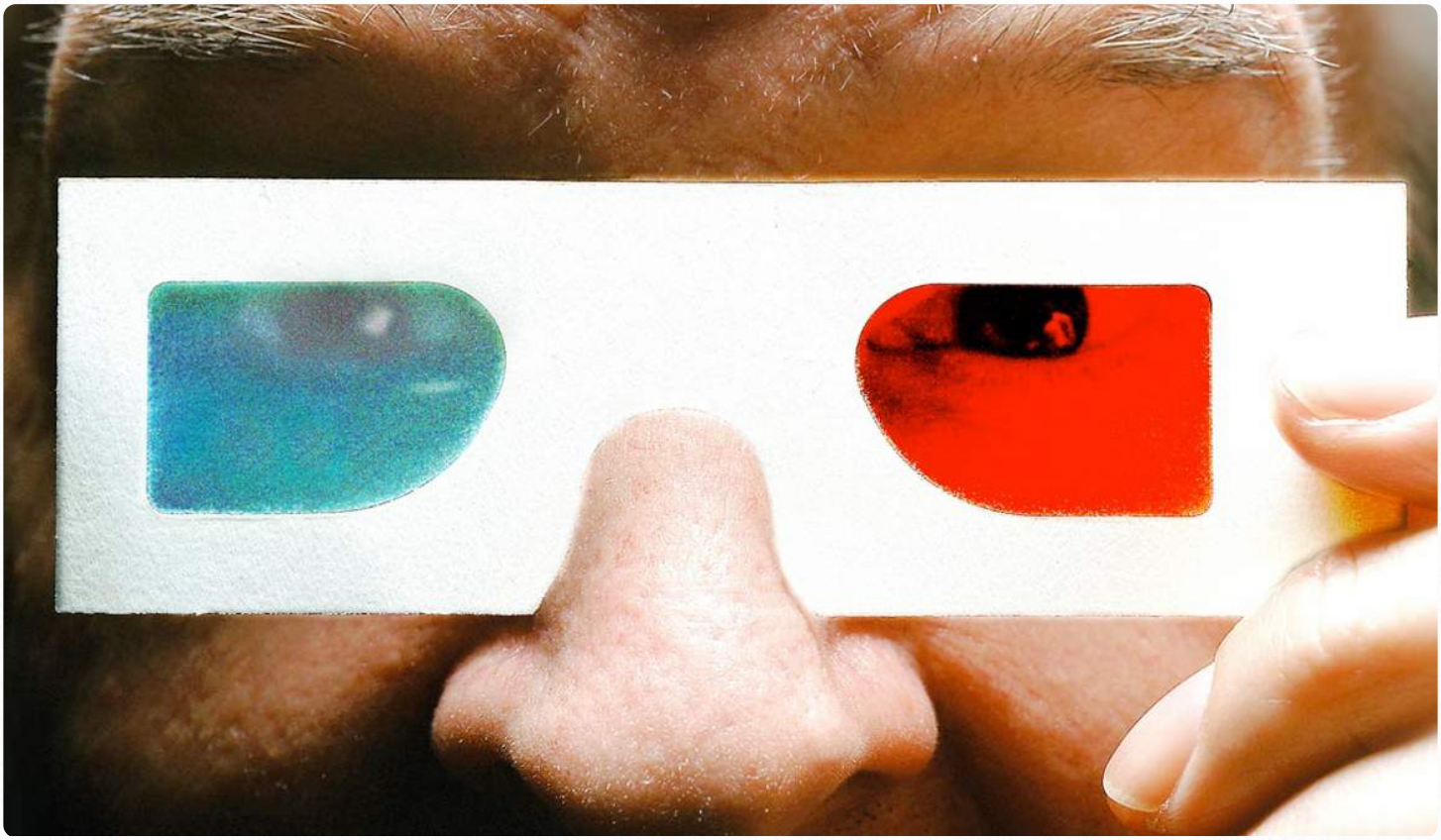
COLOR EMOTION GUIDE

Movie 1.7 New Beef Ban In India Sparks Protest



Protesters express anger over a new beef ban in a western India state, Maharashtra, which has added bulls and bullocks to a list of animals banned for slaughter.

Engage Employees



What Great Managers Do to Engage Employees

by James Harter and Amy Adkins

Less than one-third of Americans are engaged in their jobs in any given year. This finding has remained consistent since 2000, when Gallup first began measuring and reporting on U.S. workplace engagement.

Gallup defines engaged employees as those who are involved in and enthusiastic about their work and workplace. But the majority of employees are indifferent, sleepwalking through their workday without regard for their performance or their organization's perform-

ance. As a result, vital economic influencers such as growth and innovation are at risk.

Gallup's latest report, State of the American Manager, provides an in-depth look at what characterizes great managers and examines the crucial links between talent, engagement, and vital business outcomes such as profitability and productivity. Our research shows that managers account for as much as 70% of variance in employee engagement scores. Given the troubling state of employee engagement in the U.S. today, it makes sense that most managers are not creating environments in which employees feel motivated or even comfortable. A Gallup study of 7,272 U.S. adults revealed that one in two had left their job to get away from their manager to improve their overall life at some point in their career. Having a bad manager is often a one-two punch: Employees feel miserable while at work, and that misery follows them home, compounding their stress and negatively affecting their overall well-being.

But it's not enough to simply label a manager as "bad" or "good." Organizations need to understand what managers are doing in the workplace to create or destroy engagement. In another study of 7,712 U.S. adults, Gallup asked respondents to rate their manager on specific behaviors. These behaviors – related to communication, performance management, and individual strengths – strongly link to employee engagement and give organizations better insights into developing their managers and raising the overall level of performance of the business.

Communicate Richly

Communication is often the basis of any healthy relationship, including the one between an employee and his or her manager. Gallup has found that consistent communication – whether it occurs in person, over the phone, or electronically – is connected to higher engagement. For example, employees whose managers hold regular meetings with them are almost three times as likely to be engaged as employees whose managers do not hold regular meetings with them.

Gallup also finds that engagement is highest among employees who have some form (face-to-face, phone, or digital) of daily communication with their managers. Managers who use a combination of face-to-face, phone, and electronic communication are the most successful in engaging employees. And when employees attempt

to contact their manager, engaged employees report their manager returns their calls or messages within 24 hours. These ongoing transactions explain why engaged workers are also more likely to report their manager knows what projects or tasks they are working on.

But mere transactions between managers and employees are not enough to maximize engagement. Employees value communication from their manager not just about their roles and responsibilities but also about what happens in their lives outside of work. The Gallup study reveals that employees who feel as though their manager is invested in them as people are more likely to be engaged.

The best managers make a concerted effort to get to know their employees and help them feel comfortable talking about any subject, whether it is work related or not. A productive workplace is one in which people feel safe – safe enough to experiment, to challenge, to share information, and to support one another. In this type of workplace, team members are prepared to give the manager and their organization the benefit of the doubt. But none of this can happen if employees do not feel cared about.

Great managers have the talent to motivate employees and build genuine relationships with them. Those who are not well-suited for the job will likely be uncomfortable with this "soft" aspect of management. The best managers understand that each person they manage is different. Each person has different successes and challenges both at and away from work. Knowing their employees as people first, these managers accommodate their employees' uniqueness while managing toward high performance.

Base Performance Management on Clear Goals

Performance management is often a source of great frustration for employees who do not clearly understand their goals or what is expected of them at work. They may feel conflicted about their duties and disconnected from the bigger picture. For these employees, annual reviews and developmental conversations feel forced and superficial, and it is impossible for them to think about next year's goals when they are not even sure what tomorrow will throw at them.

Yet, when performance management is done well, employees become more productive, profitable, and creative contribu-

tors. Gallup finds that employees whose managers excel at performance management activities are more engaged than employees whose managers struggle with these same tasks.

In our Q12 research, Gallup has discovered that clarity of expectations is perhaps the most basic of employee needs and is vital to performance. Helping employees understand their responsibilities may seem like "Management 101" but employees need more than written job descriptions to fully grasp their roles. Great managers don't just tell employees what's expected of them and leave it at that; instead, they frequently talk with employees about their responsibilities and progress. They don't save those critical conversations for once-a-year performance reviews.

Engaged employees are more likely than their colleagues to say their managers help them set work priorities and performance goals. They are also more likely to say their managers hold them accountable for their performance. To these employees, accountability means that all employees are treated fairly or held to the same standards, which allows those with superior performance to shine.

Focus on Strengths over Weaknesses

Gallup researchers have studied human behavior and strengths for decades and discovered that building employees' strengths is a far more effective approach than a fixation on weaknesses. A strengths-based culture is one in which employees learn their roles more quickly, produce more and significantly better work, stay with their company longer, and are more engaged. In the current study, a vast majority (67%) of employees who strongly agree that their manager focuses on their strengths or positive characteristics are engaged, compared with just 31% of the employees who indicate strongly that their manager focuses on their weaknesses.

When managers help employees grow and develop through their strengths, they are more than twice as likely to engage their team members. The most powerful thing a manager can do for employees is to place them in jobs that allow them to use the best of their natural talents, adding skills and knowledge to develop and apply their strengths.

4 WAYS TO IMPROVE PERFORMANCE MANAGEMENT

High-performance organizations | Low-performance organizations

DESPITE THE HYPE, FEW HAVE ABANDONDED TRADITIONAL PM

DOES YOUR COMPANY HAVE A FORMAL EMPLOYEE PERFORMANCE MANAGEMENT PROCESS?

Yes: 83% / 64% — 1.3x

MOST ARE DOING IT ...

TO WHAT EXTENT DO YOU BELIEVE YOUR ORGANIZATION IS EFFECTIVE AT PERFORMANCE MANAGEMENT?

High or very high extent: 28% / 6% — 4.7x

BUT FEW ARE DOING IT WELL ...

Small or not at all: 19% / 45%

DO EMPLOYEES FIND YOUR PERFORMANCE MANAGEMENT PROCESS FAIR?

29% find it fair

19% find it valuable

(the rest find it too time-consuming)

AND EMPLOYEES ARE INCREASINGLY DISSATISFIED WITH IT.

Source: i4cp

IMPROVE YOUR PM WITH THESE TIPS

1 FOCUS ON EXTERNAL GOALS

High-performance organizations are **nearly 3x more likely** to predominately **focus PM goals externally** on customer's needs, markets, and competitors.

2 APPLY PM TO ALL POSITIONS

Low-performance organizations are **nearly 2x more likely** to say they have **no PM for top-level leaders.**

NEGATIVE CORRELATION

3 MAKE SURE GOALS ARE CLEAR

High-performance organizations are **more than 2x more likely** to **lead by example in data-based decision making** and to **provide analytical and modeling tools.**

4 ALWAYS USE COACHING

High-performance organizations are **more than 3x more likely** to have **coaching as an aspect of their PM process.**

i4cp INSTITUTE FOR CORPORATE PRODUCTIVITY

Download the report at i4cp.com

Movie 1.8 Zappos Case Study Video

Zappos, the online retailer, has used incredible customer service to create an extremely loyal customer base. Small ecommerce businesses that want to grow would be wise to take a lesson from Zappos.

As an example of Zappos' almost insane customer care, the company has even been known to shop at other stores for customers.

Performance Mgt

Reinventing Performance Management

by Marcus Buckingham and Ashley Goodall

At Deloitte we're redesigning our performance management system. This may not surprise you. Like many other companies, we realize that our current process for evaluating the work of our people—and then training them, promoting them, and paying them accordingly—is increasingly out of step with our objectives.

In a public survey Deloitte conducted recently, more than half the executives questioned (58%) believe that their current performance management approach drives neither em-

ployee engagement nor high performance. They, and we, are in need of something nimbler, real-time, and more individualized—something squarely focused on fueling performance in the future rather than assessing it in the past.

What might surprise you, however, is what we'll include in Deloitte's new system and what we won't. It will have no cascading objectives, no once-a-year reviews, and no 360-degree-feedback tools. We've arrived at a very different and much simpler design for managing people's performance. Its hallmarks are speed, agility, one-size-fits-one, and constant learning, and it's underpinned by a new way of collecting reliable performance data. This system will make much more sense for our talent-dependent business. But we might never have arrived at its design without drawing on three pieces of evidence: a simple counting of hours, a review of research in the science of ratings, and a carefully controlled study of our own organization.

Counting and the Case for Change

More than likely, the performance management system Deloitte has been using has some characteristics in common with yours. Objectives are set for each of our 65,000-plus people at the beginning of the year; after a project is finished, each person's manager rates him or her on how well those objectives were met. The manager also comments on where the person did or didn't excel. These evaluations are factored into a single year-end rating, arrived at in lengthy "consensus meetings" at which groups of "counselors" discuss hundreds of people in light of their peers.

Internal feedback demonstrates that our people like the predictability of this process and the fact that because each person is assigned a counselor, he or she has a representative at the consensus meetings. The vast majority of our people believe the process is fair. We realize, however, that it's no longer the best design for Deloitte's emerging needs: Once-a-year goals are too "batched" for a real-time world, and conversations about year-end ratings are generally less valuable than conversations conducted in the moment about actual performance.

But the need for change didn't crystallize until we decided to count things. Specifically, we tallied the number of hours the organization was spending on performance management—and found that completing the forms, holding the meetings, and creating the ratings consumed close to 2 million hours a year. As we studied how those

hours were spent, we realized that many of them were eaten up by leaders' discussions behind closed doors about the outcomes of the process. We wondered if we could somehow shift our investment of time from talking to ourselves about ratings to talking to our people about their performance and careers—from a focus on the past to a focus on the future.

We found that creating the ratings consumed close to 2 million hours a year.

The Science of Ratings

Our next discovery was that assessing someone's skills produces inconsistent data. Objective as I may try to be in evaluating you on, say, strategic thinking, it turns out that how much strategic thinking I do, or how valuable I think strategic thinking is, or how tough a rater I am significantly affects my assessment of your strategic thinking.

How significantly? The most comprehensive research on what ratings actually measure was conducted by Michael Mount, Steven Scullen, and Maynard Goff and published in the Journal of Applied Psychology in 2000. Their study—in which 4,492 managers were rated on certain performance dimensions by two bosses, two peers, and two subordinates—revealed that 62% of the variance in the ratings could be accounted for by individual raters' peculiarities of perception. Actual performance accounted for only 21% of the variance. This led the researchers to conclude (in How People Evaluate Others in Organizations, edited by Manuel London): "Although it is implicitly assumed that the ratings measure the performance of the ratee, most of what is being measured by the ratings is the unique rating tendencies of the rater. Thus ratings reveal more about the rater than they do about the ratee." This gave us pause. We wanted to understand performance at the individual level, and we knew that the person in the best position to judge it was the immediate team leader. But how could we capture a team leader's view of performance without running afoul of what the researchers termed "idiosyncratic rater effects"?

Putting Ourselves Under the Microscope

We also learned that the defining characteristic of the very best teams at Deloitte is that they are strengths oriented. Their members feel that they are called upon to do their best work every day. This discovery was not based on intuitive judgment or gleaned from anecdotes and hearsay; rather, it was derived from an empirical study of our own high-performing teams.

Our study built on previous research. Starting in the late 1990s, Gallup conducted a multiyear examination of high-performing teams that eventually involved more than 1.4 million employees, 50,000 teams, and 192 organizations. Gallup asked both high- and lower-performing teams questions on numerous subjects, from mission and purpose to pay and career opportunities, and isolated the questions on which the high-performing teams strongly agreed and the rest did not. It found at the beginning of the study that almost all the variation between high- and lower-performing teams was explained by a very small group of items. The most powerful one proved to be "At work, I have the opportunity to do what I do best every day." Business units whose employees chose "strongly agree" for this item were 44% more likely to earn high customer satisfaction scores, 50% more likely to have low employee turnover, and 38% more likely to be productive.

We set out to see whether those results held at Deloitte. First we identified 60 high-performing teams, which involved 1,287 employees and represented all parts of the organization. For the control group, we chose a representative sample of 1,954 employees. To measure the conditions within a team, we employed a six-item survey. When the results were in and tallied, three items correlated best with high performance for a team: "My coworkers are committed to doing quality work," "The mission of our company inspires me," and "I have the chance to use my strengths every day." Of these, the third was the most powerful across the organization.

All this evidence helped bring into focus the problem we were trying to solve with our new design. We wanted to spend more time helping our people use their strengths—in teams characterized by great clarity of purpose and expectations—and we wanted a quick way to collect reliable and differentiated performance data. With this in mind, we set to work.

Radical Redesign

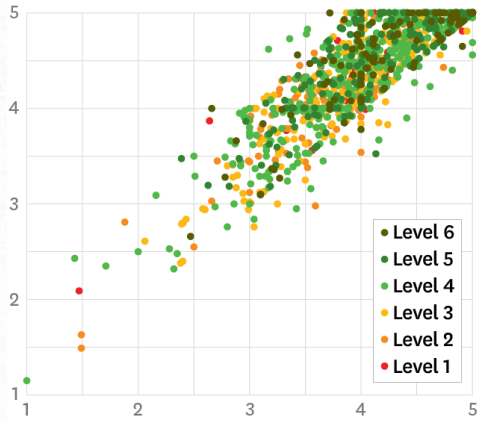
We began by stating as clearly as we could what performance management is actually for, at least as far as Deloitte is concerned. We articulated three objectives for our new system. The first was clear: It would allow us to recognize performance, particularly through variable compensation. Most current systems do this.

But to recognize each person's performance, we had to be able to see it clearly. That became our second objective. Here we faced two issues—the idiosyncratic rater effect and the need to streamline our

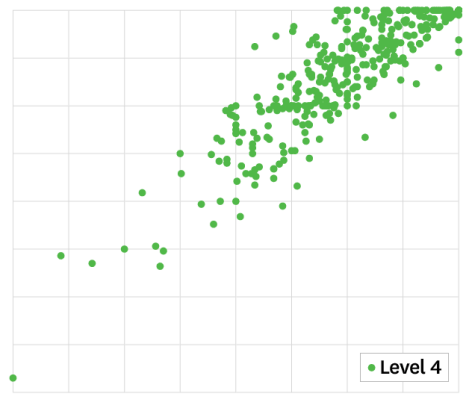
Performance Intelligence

In an early proof of concept of the redesigned system, executives in one large practice area at Deloitte called up data from project managers to consider important talent-related decisions. In the charts below, each dot represents an individual; decision makers could click on a dot to see the person's name and details from his or her "performance snapshots."

WHAT ARE TEAM LEADERS TELLING US?
First the group looked at the whole story. This view plotted all the members of the practice according to how much their various project managers agreed with two statements: "I would always want this person on my team" **(y axis)** and "I would give this person the highest possible compensation" **(x axis)**. The axes are the same for the other three screens.



HOW WOULD THIS DATA HELP DETERMINE PAY?
Next the data was filtered to look only at individuals at a given job level. A fundamental question for performance management systems is whether they can capture enough variation among people to fairly allocate pay. A data distribution like this offers a starting point for broader discussion.



traditional process of evaluation, project rating, consensus meeting, and final rating. The solution to the former requires a subtle shift in our approach. Rather than asking more people for their opinion of a team member (in a 360-degree or an upward-feedback survey, for example), we found that we will need to ask only the immediate team leader—but, critically, to ask a different kind of question. People may rate other people's skills inconsistently, but they are highly consistent when rating their own feelings and intentions. To see performance at the individual level, then, we will ask team leaders not about the skills of each team member but about their own future actions with respect to that person.

At the end of every project (or once every quarter for long-term projects) we will ask team leaders to respond to four future-focused statements about each team member. We've refined the wording of these statements through successive tests, and we know that at Deloitte they clearly highlight differences among individuals and reliably measure performance. Here are the four:

1. Given what I know of this person's performance, and if it were my money, I would award this person the highest possible compensation increase and

bonus [measures overall performance and unique value to the organization on a five-point scale from "strongly agree" to "strongly disagree"].

2. Given what I know of this person's performance, I would always want him or her on my team [measures ability to work well with others on the same five-point scale].

3. This person is at risk for low performance [identifies problems that might harm the customer or the team on a yes-or-no basis].

4. This person is ready for promotion today [measures potential on a yes-or-no basis].

In effect, we are asking our team leaders what they would do with each team member rather than what they think of that individual. When we aggregate these data points over a year, weighting each according to the duration of a given project, we produce a rich stream of information for leaders' discussions of what they, in turn, will do—whether it's a question of succession planning, development paths, or performance-pattern analysis. Once a quarter the organization's leaders can use the new data to review a targeted subset of employees (those eligible for promotion, for example, or those with critical skills) and can debate what actions Deloitte might take to better develop that particular group. In this aggregation of simple but powerful data points, we see the possibility of shifting our 2-million-hour annual investment from talking about the ratings to talking about our people—from ascertaining the facts of performance to considering what we should do in response to those facts.

We ask leaders what they'd do with their team members, not what they think of them.

In addition to this consistent—and countable—data, when it comes to compensation, we want to factor in some uncountable things, such as the difficulty of project assignments in a given year and contributions to the organization other than formal projects. So the data will serve as the starting point for compensation, not the ending point. The final determination will be reached either by a leader who knows each individual personally or by a group of leaders looking at an entire segment of our practice and at many data points in parallel.

We could call this new evaluation a rating, but it bears no resemblance, in generation or in use, to the ratings of the past. Be-

cause it allows us to quickly capture performance at a single moment in time, we call it a performance snapshot.

The Third Objective

Two objectives for our new system, then, were clear: We wanted to recognize performance, and we had to be able to see it clearly. But all our research, all our conversations with leaders on the topic of performance management, and all the feedback from our people left us convinced that something was missing. Is performance management at root more about "management" or about "performance"? Put differently, although it may be great to be able to measure and reward the performance you have, wouldn't it be better still to be able to improve it?

Our third objective therefore became to fuel performance. And if the performance snapshot was an organizational tool for measuring it, we needed a tool that team leaders could use to strengthen it.

Research into the practices of the best team leaders reveals that they conduct regular check-ins with each team member about near-term work. These brief conversations allow leaders to set expectations for the upcoming week, review priorities, comment on recent work, and provide course correction, coaching, or important new information. The conversations provide clarity regarding what is expected of each team member and why, what great work looks like, and how each can do his or her best work in the upcoming days—in other words, exactly the trinity of purpose, expectations, and strengths that characterizes our best teams.

Our design calls for every team leader to check in with each team member once a week. For us, these check-ins are not in addition to the work of a team leader; they are the work of a team leader. If a leader checks in less often than once a week, the team member's priorities may become vague and aspirational, and the leader can't be as helpful—and the conversation will shift from coaching for near-term work to giving feedback about past performance. In other words, the content of these conversations will be a direct outcome of their frequency: If you want people to talk about how to do their best work in the near future, they need to talk often. And so far we have found in our testing a direct and measurable correlation between the frequency of these conversations and the engagement of team members. Very frequent check-ins (we might say radically frequent check-ins) are a team leader's killer app.

That said, team leaders have many demands on their time. We've learned that the best way to ensure frequency is to have check-ins be initiated by the team member—who more often than not is eager for the guidance and attention they provide—rather than by the team leader.

To support both people in these conversations, our system will allow individual members to understand and explore their strengths using a self-assessment tool and then to present those strengths to their teammates, their team leader, and the rest of the organization. Our reasoning is twofold. First, as we've seen, people's strengths generate their highest performance today and the greatest improvement in their performance tomorrow, and so deserve to be a central focus. Second, if we want to see frequent (weekly!) use of our system, we have to think of it as a consumer technology—that is, designed to be simple, quick, and above all engaging to use. Many of the successful consumer technologies of the past several years (particularly social media) are sharing technologies, which suggests that most of us are consistently interested in ourselves—our own insights, achievements, and impact. So we want this new system to provide a place for people to explore and share what is best about themselves.

Transparency

This is where we are today: We've defined three objectives at the root of performance management—to recognize, see, and fuel performance. We have three interlocking rituals to support them—the annual compensation decision, the quarterly or per-project performance snapshot, and the weekly check-in. And we've shifted from a batched focus on the past to a continual focus on the future, through regular evaluations and frequent check-ins. As we've tested each element of this design with ever-larger groups across Deloitte, we've seen that the change can be an evolution over time: Different business units can introduce a strengths orientation first, then more-frequent conversations, then new ways of measuring, and finally new software for monitoring performance. (See the exhibit "Performance Intelligence.")

But one issue has surfaced again and again during this work, and that's the issue of transparency. When an organization knows something about us, and that knowledge is captured in a number, we often feel entitled to know it—to know where we stand. We suspect that this issue will need its own radical answer.

It's not the number we assign to a person; it's the fact that there's a single number.

In the first version of our design, we kept the results of performance snapshots from the team member. We did this because we knew from the past that when an evaluation is to be shared, the responses skew high—that is, they are sugarcoated. Because we wanted to capture unfiltered assessments, we made the responses private. We worried that otherwise we might end up destroying the very truth we sought to reveal.

But what, in fact, is that truth? What do we see when we try to quantify a person? In the world of sports, we have pages of statistics for each player; in medicine, a three-page report each time we get blood work done; in psychometric evaluations, a battery of tests and percentiles. At work, however, at least when it comes to quantifying performance, we try to express the infinite variety and nuance of a human being in a single number.

Surely, however, a better understanding comes from conversations—with your team leader about how you're doing, or between leaders as they consider your compensation or your career. And these conversations are best served not by a single data point but by many. If we want to do our best to tell you where you stand, we must capture as much of your diversity as we can and then talk about it.

We haven't resolved this issue yet, but here's what we're asking ourselves and testing: What's the most detailed view of you that we can gather and share? How does that data support a conversation about your performance? How can we equip our leaders to have insightful conversations? Our question now is not What is the simplest view of you? but What is the richest?

Our question now is not What is the simplest view of you? but What is the richest?

Over the past few years the debate about performance management has been characterized as a debate about ratings—whether or not they are fair, and whether or not they achieve their stated objectives. But perhaps the issue is different: not so much that ratings fail to convey what the organization knows about each person but that as presented, that knowledge is sadly one-dimensional. In the end, it's not the particular number we assign to a person that's the problem; rather, it's the fact that there is a single number. Ratings are a distillation of the truth—and up until

now, one might argue, a necessary one. Yet we want our organizations to know us, and we want to know ourselves at work, and that can't be compressed into a single number. We now have the technology to go from a small data version of our people to a big data version of them. As we scale up our new approach across Deloitte, that's the problem we want to solve next.

How Deloitte Built a Radically Simple Performance Measure

One of the most important tools in our redesigned performance management system is the "performance snapshot." It lets us see performance quickly and reliably across the organization, freeing us to spend more time engaging with our people. Here's how we created it.

1. The Criteria

We looked for measures that met three criteria. To neutralize the idiosyncratic rater effect, we wanted raters to rate their own actions, rather than the qualities or behaviors of the ratee. To generate the necessary range, the questions had to be phrased in the extreme. And to avoid confusion, each one had to contain a single, easily understood concept. We chose one about pay, one about teamwork, one about poor performance, and one about promotion. Those categories may or may not be right for other organizations, but they work for us.

2. The Rater

We were looking for someone with vivid experience of the individual's performance and whose subjective judgment we felt was important. We agreed that team leaders are closest to the performance of ratees and, by virtue of their roles, must exercise subjective judgment. We could have included functional managers, or even ratees' peers, but we wanted to start with clarity and simplicity.

3. Testing

We then tested that our questions would produce useful data. Validity testing focuses on their difficulty (as revealed by mean responses) and the range of responses (as revealed by standard deviations). We knew that if they consistently yielded a tight cluster of "strongly agree" responses, we wouldn't get the differentiation we were looking for. Construct validity and criterion-related validity are also impor-

It is easier to find a score of men wise enough to discover the truth, than to find one intrepid enough, in the face of opposition, to stand up for it.

- A. A. Hodge

tant. (That is, the questions should collectively test an underlying theory and make it possible to find correlations with outcomes measured in other ways, such as engagement surveys.)

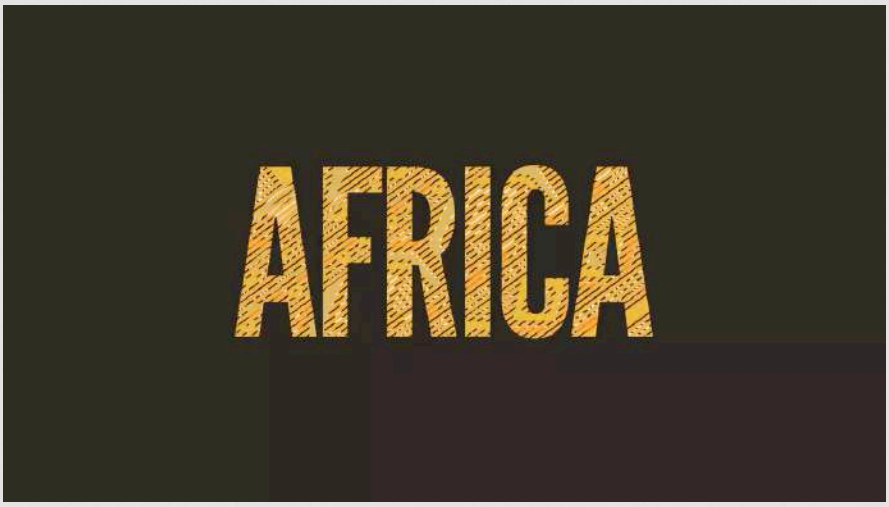
4. Frequency

At Deloitte we live and work in a project structure, so it makes sense for us to produce a performance snapshot at the end of each project. For longer-term projects we've decided that quarterly is the best frequency. Our goal is to strike the right balance between tying the evaluation as tightly as possible to the experience of the performance and not overburdening our team leaders, lest survey fatigue yield poor data.

5. Transparency

We're experimenting with this now. We want our snapshots to reveal the real-time "truth" of what our team leaders think, yet our experience tells us that if they know that team members will see every data point, they may be tempted to sugarcoat the results to avoid difficult conversations. We know that we'll aggregate an individual's snapshot scores into an annual composite. But what, exactly, should we share at year's end? We want to err on the side of sharing more, not less—to aggregate snapshot scores not only for client work but also for internal projects, along with performance metrics such as hours and sales, in the context of a group of peers—so that we can give our people the richest possible view of where they stand. Time will tell how close to that ideal we can get.

Movie 1.9 Why You Should Be Paying Attention To Africa



The world is looking to Africa, where start-ups are sprouting, new industries are on the rise and the middle class is growing. On a continent that is home to a number of the world's fastest growing economies, major foreign investors are seeing more potential than ever.

Letting You Down

What to Do If Your Team Is Letting You Down

by Anne Grady

I was working with a CEO who was frustrated that his team often failed to meet deadlines. When I asked why he thought that was, he explained that it was because they were lazy. When I met with the team to ask why they were often late, they explained that the culture of the organization was built around quality. They had been told that mistakes are not an option. They were so afraid to make a mistake, they strove for perfection instead of progress.

The CEO thought he was holding his team accountable. However, he had not clearly communicated that meeting deadlines was just as important as producing quality work.

Many leaders believe that holding people accountable is the key to getting the results they want. There's one problem with this, though: Sometimes we get frustrated with people for not meeting our expectations when we have never communicated what they were in the first place.

For example, an organization might have an expectation that employees be at work by 8 a.m. Employees may arrive on time, yet some may chit chat for an hour, others sit at their desk and check Facebook, and some actually start to work. You might assume they know that be at work means start working. Be careful about assumptions. Just because it seems like common sense to you doesn't mean it is to others.

Of course, first you have to know how you define what you want. This is often the most difficult step. Many times, we haven't clarified in our own minds what we want, yet we assume others are being thoughtless or selfish when they don't satisfy our needs. I was working with a manager who was frustrated by the way his team managed customer complaints. When I asked if he had communicated how he would like them handled, he looked at me like I was crazy and said: "I didn't think I had to explain something so basic!" Unfortunately, when you don't communicate what you want, you shouldn't be surprised when you don't get it.

To figure out what you really want your employee to do, ask yourself what you want the end-product to look like. How would you define success? For example, if you need something immediately, avoid terms like "ASAP" or "when you get a chance." Instead, you might ask, "are there any other barriers or competing priorities that will prevent you from meeting a 10 a.m. deadline?"

Since we tend to resist what we do not choose, leaders also need to get people involved in defining expectations. Get employees together and brainstorm what an ideal staff member would look like: team player, self-motivated, positive, and so on. Once you have the list, narrow it down to a handful of characteristics and define them. Get specific. For example, you and your team may define "positive" by the following behavioral expectations: open-minded to new ideas, solution-oriented, or always

greets customers with a smile. Define the specific behaviors you want to see.

Be aware that we may assign different meanings to words. You might want employees to act with integrity, but that can mean different things to different people. One employee infers that he or she should not gossip or spread rumors while another thinks it means following through on promises. Getting clear about expectations means that everyone is on the same page.

Finally, ensure your employees have gotten the message. Simply asking, "Do you understand?" is not ensuring understanding. Whether you ask the person to paraphrase, summarize, or re-explain, it is helpful to hear the other person reflect what they heard to make sure you are on the same page. No one wants to look like they don't get it, so in an effort to save face, they smile and nod in agreement. Instead of asking "Do you understand?" try saying, "Walk me through what you're going to do."

If you've done all of this and your team still isn't delivering the results you want, try taking these two steps:

1. Explain what you do want, rather than what you don't. For instance, your coworker might get frustrated that you don't respond to urgent emails fast enough. Rather than saying, "stop emailing about urgent issues", try, "when an issue is urgent, I would really appreciate it if you could call me or stop by my desk."

2. Reward the positive and coach the negative: Remember that people repeat behavior that gets attention. If your expectations are met, make sure you say thank you or show appreciation. If your expectations are not met, before assuming the person intentionally disappointed you, make sure you communicated what you wanted clearly.

Movie 1.10 Jackie Chan Against Buying Rhino Horns

Chinese attitudes towards buying illegal wildlife products such as rhino horn and ivory are undergoing a "big change", according to Jackie Chan.

MOD4

Holistic Humanism

CLASS DAY TWO

The teacher who is indeed wise, does not bid you to enter the house of his wisdom, but rather leads you to the threshold of your mind.

- Kahlil Gibran

It's Time to Split HR

by Ram Charan

It's time to say good-bye to the Department of Human Resources. Well, not the useful tasks it performs. But the department per se must go.

I talk with CEOs across the globe who are disappointed in their HR people. They would like to be able to use their chief human resource officers (CHROs) the way they use their CFOs—as sounding boards and trusted partners—and rely on their skills in linking people and numbers to diagnose weaknesses and strengths in the organization, find the right fit between employees and jobs, and advise on the talent implications of the company's strategy.

But it's a rare CHRO who can serve in such an active role. Most of them are process-oriented generalists who have expertise in personnel benefits, compensation, and labor relations. They are focused on internal matters such as engagement, empowerment, and managing cultural issues. What they can't do very well is relate HR to real-world business needs. They don't know how key decisions are made, and they have great difficulty analyzing why people—or whole parts of the organization—aren't meeting the business's performance goals.

Among the few CHROs who do know, I almost always find a common distinguishing quality: They have worked in line operations—such as sales, services, or manufacturing—or in finance. The celebrated former CHRO of GE, Bill Conaty, was a plant manager before Jack Welch brought him into HR. Conaty weighed in on key promotions and succession planning,

working hand in glove with Welch in a sweeping overhaul of the company. Mary Anne Elliott, the CHRO of Marsh, had had several managerial roles outside HR. She is overhauling the HR pipeline to bring in other people with business experience. Santrupt Misra, who left Hindustan Unilever to join Aditya Birla Group in 1996, became a close partner of the chairman, Kumar Mangalam Birla, working on organization and restructuring and developing P&L managers. He runs a $2 billion business as well as heading HR at the $45 billion conglomerate.

My proposal is radical but grounded in practicality: Split HR into two strands.

Such people have inspired the solution I have in mind. It is radical, but it is grounded in practicality. My proposal is to eliminate the position of CHRO and split HR into two strands. One—we might call it HR-A (for administration)—would primarily manage compensation and benefits. It would report to the CFO, who would have to see compensation as a talent magnet, not just a major cost. The other, HR-LO (for leadership and organization), would focus on improving the people capabilities of the business and would report to the CEO.

HR-LO would be led by high potentials from operations or finance whose business expertise and people skills give them a strong chance of attaining the top two layers of the organization. Leading HR-LO would build their experience in judging and developing people, assessing the company's inner workings, and linking its social system to its financial performance. They would also draw others from the business side into the HR-LO pipeline. After a few years these high potentials would move to either horizontal or higher-level line management jobs. In either case they would continue to rise, so their time in HR-LO would be seen as a developmental step rather than a ticket-punching exercise.

This proposal is just a bare outline. I expect to see plenty of opposition to it. But the problem with HR is real. One way or another, it will have to gain the business acumen needed to help organizations perform at their best.

EMPLOYEE PEFORMANCE REVIEWS

BRIDGING THE GAP

Do you evaluate your employees? If so, by what means?
Research shows that **80%** of companies conduct performance appraisals of their salaried employees. Out of the companies polled, **69%** are still using antiquated means.

21%

Utilizing Technology
Only **21%** of employees polled said that their organization uses online or software-based forms to submit their formal review.

What Employees Are Saying

70% say that their managers do not provide clear goals and directions.

70% say performance expectations are not clearly defined.

80% say their supervisor does not follow up on their review.

* Use of web-based evalution solutions improve ability to set employee expectations and follow-up.

80% of performance appraisal processes are inadequate.

65% say the most important information needed concerns ways to improve performance.

85% believe that the current process is moderately effective.

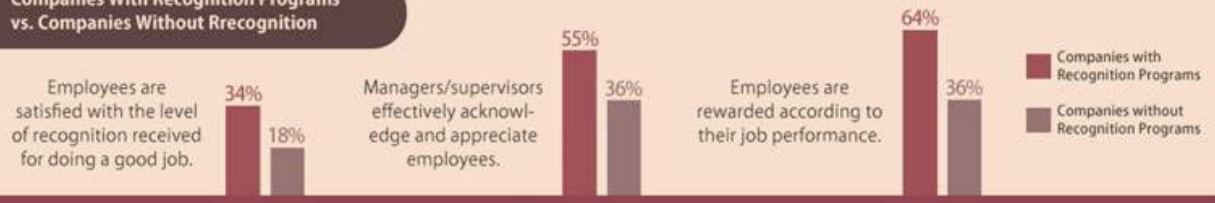
Why should you switch to advanced tools?
The answer is simple. Clearer goals for your employees, automated process, and improved performance.

94% of respondents say employee engagement is an important or very important workforce challenge.

42% of respondents currently track employee engagement levels.

65% use employee exit interviews as one of the ways they measure engagement.

Companies With Recognition Programs vs. Companies Without Rrecognition



49% of companies have formalized their employee assessment strategy, up from **40%** in 2011.

75% of high-performing companies can directly attribute positive changes in revenue or profitability.

Feedback-rich technologies can support HR's task to increase engagement among employees in the long-term.

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Web-based Performance Management
www.ReviewSnap.com

Assess Selection

Ace the Assessment

by Tomas Chamorro-Premuzic

If you thought your test-taking days ended when you left school, think again. Recent research shows that about 76% of organizations with more than 100 employees rely on assessment tools such as aptitude and personality tests for external hiring. That figure is expected to climb to 88% over the next few years. We're not talking just about screening for junior recruits. The more senior the role, the more likely the employer is to use assessments to identify candidates with the right traits and abilities. Global estimates suggest that tests are used for 72% of middle management positions and up to 80% of senior

roles, compared with 59% of entry-level positions. So even if you've never taken an assessment, chances are you'll have to in your next job search.

How can you get better at taking these tests so that they're opportunities to shine instead of stumbling blocks in your career? After 15 years of studying assessments and developing more than 100 of them for organizations, I can tell you there's no easy way to game well-designed tools. Companies use them to identify people with the traits and skills required for particular jobs, and new hires who have misrepresented themselves are quickly found out.

That said, if you're an informed test taker, you'll be more likely to showcase your best self. You'll also be in a better position to evaluate whether the job is right for you, just as potential employers are evaluating whether you are right for the job.

76% of organizations with more than 100 employees use tests for external hiring.

Organizations take these tests seriously, so you should, too. Here's what you need to know about the most common types and how companies are using them.

What Assessments Measure

Prehire assessments have been around at least since the Han dynasty in the third century. Chinese imperial leaders used them to gauge knowledge, intellect, and moral integrity when selecting civil servants. Modern personality and intelligence tests were introduced in the United States and Europe during World War I, to aid in military selection, and after World War II companies started adopting them to screen applicants.

Today employers like assessments because they greatly reduce the time and cost of recruiting and hiring. Tests also prevent interviewers from accepting or rejecting candidates on the basis of conscious or unconscious biases. And because tests can be given remotely and scored electronically, they widen the pool of candidates.

Most important, valid tests help companies measure three critical elements of success on the job: competence, work ethic, and emotional intelligence. Though employers still look for evidence of those qualities in résumés, reference checks, and interviews, they need a fuller picture to make smart hires. Research shows that tests for such traits are much better predictors of performance than are years of experience

or education—the sort of data that candidates typically highlight in their applications.

Let's look at the three traits employers are testing for.

Competence.

Competence is usually measured with aptitude tests, which consist of questions or problems (with objectively correct answers) designed to assess raw reasoning power. Ranging from generic IQ assessments to tests of specific abilities or skills, aptitude tests are used to evaluate what you know, what you can do, or what you're able to learn. The most common types measure verbal, numerical, abstract, or logical thinking. (For example, "True or false: 6/8 + 6/8 = 1.25 + 2/8." Or "Castle is to aristocrat as sewer is to _____.") For employers they are a great complement to résumés, especially when candidates are too junior, too similar, or too different to be compared on experience.

The key thing to remember about aptitude tests is that employers rely on them merely to establish that you have sufficient reasoning and learning skills. In most cases you don't need to be a top scorer; you just need to meet a baseline.

In recent years employers have also evaluated competence with situational judgment tests (SJTs). Like aptitude tests, SJTs present problems to solve, but the problems don't have objectively correct answers. Instead, experts or judges determine which answers are most and least desirable. These tests are typically untimed and focus more on tacit knowledge or practical know-how than on reasoning performance. And their content is more explicitly connected to a particular job role than is the content of traditional aptitude tests.

When you're confronted with an SJT, think carefully about the culture of the company that's administering it—just as you would to prepare for an interview in which you might be expected to answer scenario-based questions.

Work ethic.

Most companies seek employees who are ambitious, reliable, and trustworthy. These elements of work ethic determine not only whether people will get things done but also whether they'll fit in with the organization's culture and collaborate well. Self-report questionnaires, such as personality tests, are often used to evaluate those qualities by revealing typical patterns of behavior. They might, as in the sample ques-

tion below, give you a sense of which people can manage the tension between getting ahead and getting along—an ability most employers are looking for.

I say "most" because some organizations are much more accepting of extreme ambition than others. For example, a few years ago I helped Reckitt Benckiser, a multinational consumer goods company, develop an immersive personality test designed to attract candidates who were so "insanely driven" that they'd often act in bold and somewhat antisocial ways. This is a great reminder that organizations, and even departments within them, have their own profiles for success.

Emotional intelligence.

Ever since the psychologist Daniel Goleman popularized the concept, employers have been paying a great deal of attention to emotional intelligence, and rightly so. Many psychological studies demonstrate that EI is linked to overall job performance, entrepreneurial potential, and leadership talent. Further, its importance is not confined to specific roles.

Employers tend to assess EI through face-to-face interviews, but increasingly they also use psychological tests. Most of these look like self-report personality tests, but they specifically gauge interpersonal and intrapersonal tendencies. Candidates might be asked whether they find other people's sadness contagious, for instance, and whether they tend to avoid upsetting situations. Their responses help illuminate how empathetic and self-aware they are.

EI can also be evaluated through SJTs. Scenarios might involve making decisions under pressure or displaying appropriate social etiquette. An extreme example is Heineken's use of real-world SJTs in interviews, which confront candidates with the unexpected or the uncomfortable (handshakes that turn into hand-holding, for instance, or an interviewer who pretends to pass out) to test their resilience, people skills, and team spirit.

Some employers are starting to assess EI with "performance tasks." Like IQ or aptitude tests, these tasks, such as the "eye test," below, present problems to solve, but the decision maker determines which answers are best. (The eye test is modeled on questions developed by Simon Baron-Cohen, the director of the University of Cambridge's Autism Research Centre. The other sample questions are in the public domain.)

Sample Questions Employers Use to Measure Selected Traits

COMPETENCE

Imagine that you're a hotel concierge, and a guest asks you to make a dinner reservation at a specific restaurant. You know the place fairly well, and previous guests have given you negative feedback about it. But this guest seems very excited about the prospect of eating there and has not asked for your opinion. What do you do?

A. Congratulate the guest on his or her choice and make the booking.

B. Make the booking without providing your opinion.

C. Offer a couple of alternatives, explaining that they are probably better.

D. Share your opinion and say that several guests have been disappointed with the restaurant.

E. Pretend the restaurant is fully booked and offer to find an alternative.

Options C and D seem wiser than A and B (you don't want your guest to be unhappy); E is dishonest and a bit extreme. But the "right" answer may actually differ from hotel to hotel; it will be whatever the establishment's top-performing employees would do.

WORK ETHIC

Choose the most accurate statement below.

A. It is important for me to excel at everything I do.

B. I am good at everything I do.

C. If you want to be successful, you can't always put others' needs first.

People who select B tend to be narcissistic—research shows that narcissists don't hesitate to reveal themselves in assessments. Those who select C are likely to be overly ambitious. (If that seems obvious, you probably don't fall into either camp.) Statement A captures a healthy degree of ambition.

EMOTIONAL INTELLIGENCE

How would you describe the person in the photo at right?

A. Angry

B. Panicked

C. Mischievous

D. Passionate

The expression is meant to be "panicked," and by choosing that response you'll show that you're attuned to body language, which is critical to EI. But you can see the subjective element here—we're looking at a photograph of an actor's portrayal. Even so, academic studies suggest that questions like this can be effective complements to other kinds of tests.

SOURCE TOMAS CHAMORRO-PREMUZIC
FROM "ACE THE ASSESSMENT," JULY–AUGUST 2015

Though psychological assessments and other forms of EI testing might seem soft or silly, they give organizations a window into candidates' emotional literacy and social insight—qualities that are critical in many roles and organizational cultures.

Mastering the Tests

Now that you understand the types of tests and what employers hope to learn from them, I'd like to offer some general advice about how to improve your performance.

Everyone benefits when assessments reflect what people can do and what they're like. Even a candidate who desperately wants a job will regret getting one that's a bad fit. Still, it pays to do as well as you can. Here's how to set yourself up for success without compromising accuracy.

The Traits Employers Measure

	COMPETENCE	WORK ETHIC	EMOTIONAL INTELLIGENCE
TRAITS	• Expertise • Experience • Trainability	• Reliability • Ambition • Integrity	• Self-management • Social skills • Political skills
TOOLS USED TO MEASURE THEM	• Résumés • Aptitude tests • Situational judgment tests	• Personality tests • References • Peer evaluations • Values tests	• Interviews • Personality tests • Situational judgment tests • Performance tasks

SOURCE TOMAS CHAMORRO-PREMUZIC
FROM "ACE THE ASSESSMENT," JULY–AUGUST 2015

Practice.

Just as sample questions and prep courses help students raise their scores on college entry exams such as the SAT, assessment practice can give you an edge in your job search. It's estimated that up to half of employment candidates engage in some sort of preparation. And for good reason: It's not uncommon for people to increase their aptitude test scores by about 20% through practice. The practice book for the GRE is an excellent resource for sharpening your verbal, numerical, and logical reasoning. You can also find questions from psychological tests, SJTs, and other types of assessments online.

A review of 50 scientific studies with more than 130,000 participants shows that practice boosts performance on pretty much any kind of test, for three reasons. First, it decreases anxiety. As you'd imagine, the more trial runs you've had, the more confident and calm you'll be when taking a high-stakes test, because the various formats and questions, as well as the entire experience, will seem more familiar. You'll also discover what you don't know, so you can brush up and feel more prepared. Second, practice makes proven test-taking strategies, such as skipping and revisiting difficult questions, come more naturally when the pressure is on. You'll learn to ignore irrelevant information and make fewer errors in interpretation. And third, repeated test taking can help you develop the very qualities that employers measure. Neuroscientific evidence suggests that brain-training programs, including skill-based video games, can enhance your focus and your ability to detect patterns—skills that most aptitude testing is designed to assess.

Of course, practice is more effective if you know precisely what type of test your prospective employer uses. Ask the recruiter or anyone you know who works at or has interviewed with the company. Recruiters get paid for placing candidates, and current employees often get paid for referrals, so both should be motivated to help you.

Attend to logistics.

Research shows that personality, circadian rhythms, and stimulants interact to affect performance. People who are agreeable and conscientious, for example, are likely to be better test takers in the morning and so should avoid caffeine at that time, when they're naturally firing on all cylinders. The reverse is true for extroverted, creative people: They may need coffee to perform well in the morning but can be hindered by it in the afternoon, when they're already at their best. So if you have any control over when you take a test, choose wisely. Consider what time of day you are most focused and be careful about the food and drink you consume.

Be yourself, within reason.

This advice applies especially to personality and psychological assessments. Don't lie—you'll just improve your chances of landing a job that's not an appropriate fit. Good tests have anticheating features that detect anomalous or fake responses, and smart interviewers are quick to pick up discrepancies between test scores and real-world behaviors. However, when taking assessments, you can and should try to live

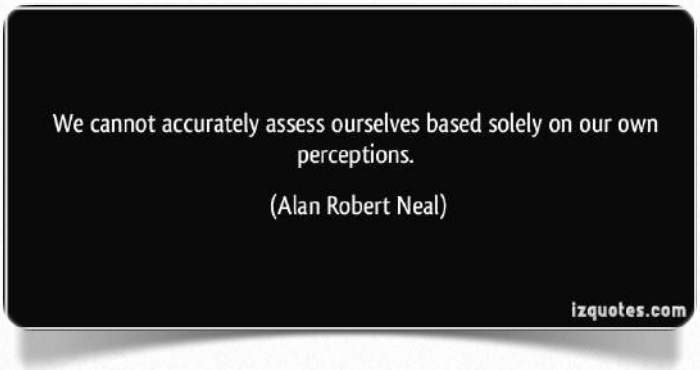
up to your most ardent supporters' image of you.

For instance, in most cases you would do well to portray yourself as driven, but not to the point of undermining others or behaving unethically. Savvy employers tend to look for moderately high scores on ambition, or a combination of high ambition and altruism. This approach is consistent with studies showing that "too much of a good thing" often has negative consequences.

Most employers map their assessments to their "competency models." That is, they note the qualities, skills, and values of their high performers and then measure those with validated tools. You can find out what traits organizations are looking for (global mindset, good judgment, resilience, and so on) by visiting their websites and reading their statements of values and purpose. That will give you a broad sense of the culture—and of how the "real" you might fare—before you even apply for a position.

Because companies find assessments so valuable in their hiring efforts, it's important to be prepared for any type that might be thrown at you. Most prehire tests are traditional self-report questionnaires, but technology is ushering in a new crop of tools. For instance, some employers are offering "gamified" tests online (complete with points and badges) in order to expand the applicant pool. They're also using algorithms to translate social media activity into an estimate of potential or fit. There's still work to be done to address validity and privacy issues, but you should expect more and more companies to use these innovative methods.

As you gear up to take a prehire assessment, remember that you're not just jumping through hoops for the employer's benefit. Tests can provide clues about an organization—how things work there, how success is defined, which traits matter most. You're getting a peek at expectations, which is invaluable in any job search.



KNOW THYSELF

THE MYERS BRIGGS AND JOB SATISFACTION

THE LETTERS OF MYERS-BRIGGS

MBTI= MYERS BRIGGS TYPE INDICATOR

The **MBTI** works by **EVALUATING** individuals based on **FOUR** "dichotomies".

INFORMATION	DECISIONS	LIFESTYLE	ENERGY
sensing or intuition(S)(N)	thinking or feeling(T)(F)	judging or perceiving(J)(P)	extrovert or introvert(E)(I)

2 MILLION
people take the Myers-Briggs every year.

Why are so **FEW** people **VERY SATISFIED** with their **JOBS?**

The Journal of College Student Development gave the MBTI to **200** college freshman to better understand how their **personality types** correlated to their preferred academic advising style.

Independent learners = **A+** students

Dependent learners = **D** students

CAREER OPPORTUNITES

Think you have what it takes to be a crime scene investigator?

INFJ	INFP	INTJ	INTP
TEACHER BACHELOR IN EDUCATION	WRITER BACHELOR IN ENGLISH/CREATIVE WRITING	COMPUTER PROGRAMMER BACHELOR IN COMPUTER SCIENCE	CHEMIST BACHELOR IN CHEMICAL ENGINEERING
ESFP	**ESTP**	**ESTJ**	**ISTJ**
PERFORMER BACHELOR IN PERFORMING ARTS	PARAMEDIC EMT CERTIFICATE	JUDGE DOCTORATE OF JURIS	DENTIST DOCTORATE IN DENTAL MEDICINE

WHAT ARE YOU?

89 of the **FORTUNE 100** companies use the MBTI to **HELP EMPLOYEES** find their **BEST FIT** within the company.

48.8% of respondents say that "(Their work being) **IMPORTANT** and **(GIVING)** a feeling of importance" is **most** important to them

Movie 2.1 Zappos Only Hires People Who Are Weird

Business Insider: "Even if they're a superstar," says CEO Tony Hsieh, "if they're not living up to those core values then we will fire them just for that reason."

Great Sales People

What Makes Great Salespeople

by Ryan Fuller

What behaviors drive successful salespeople? Last year, research by my people analytics company VoloMetrix identified three things that were highly correlated with top performing reps: More time spent with customers; larger internal networks; and more time spent with managers and senior leadership. These three behaviors persisted regardless of region, territory, or sales role, suggesting that they are foundational ingredients for success.

The wave of the future is not the conquest of the world by a single dogmatic creed, but by the liberation of the diverse energies of free nations and free men.

- John F. Kennedy

We came to these conclusions after studying the sales force of a large B2B software company using six quarters of quota attainment data for several thousand employees. We then correlated it against 18 months of VoloMetrix-created people analytics KPIs. Since then, we have had the opportunity to work with several more companies to perform similar and much deeper analyses.

Building off of the earlier findings, we have developed a broader framework for each of the behaviors we idenftified (two of which we combined), plus an additional one:

1. ***Customer engagement.*** This not not only includes overall time spent with customers, but also factors in the number of accounts touched; time spent with each; frequency of interactions; and breadth and depth of relationships built within them.

2. ***Internal networks.*** We've found that it's useful to break internal network characteristics into three sub-categories:

    - *General:* This includes overall number of relationships within the company; time spent interacting with other colleagues; and influence within the network.

    - *Support resources:* A set of metrics focused on the relationships reps built with sales support staff, including pre-sales specialists, inside sales reps, and others.

    - *Management:* A set of metrics concentrated on relationships between reps and their direct managers,

as well as broader rep engagement with company leadership.

3. ***Energy:*** This new angle, which is very much related to the previous two, includes a collection of metrics that measure overall time and effort exerted by salespeople.

In total, our new analysis suggests that sales success requires the right engagement model with customers, the right relationships within your own company, and putting in the needed time and energy. These insights may seem intuitive — and in many ways they are — but, according to the data, the details matter. Here's how our findings play out:

Customer engagement doesn't just mean spending time with customers. We've stated before that top performers spend up to 33% more time with customers per week which, depending on the company, is typically 2-4 additional hours of time. It's clear that time with customers matters. However, through further analysis we've found that degree of focus can matter as much or more than total time. For example, in one large B2B technology company, top performers spent 18% more time with customers per week. Yet they interacted with 40% fewer accounts over the course of a quarter allowing them to spend more time with each of those accounts relative to lower performers.

In other words, depth trumps breadth when it comes to accounts — top sellers focused on building deeper relationships with fewer customers rather than casting a wider net of shallower engagement.

Of course, these metrics are not one size-fits-all and the right balance varies by company based on what they are selling (e.g., highly consultative sales processes benefit most from depth whereas more transactional models can benefit from breadth). Regardless, these key metrics relating to time spent with customers and account relationships have emerged both as strong predictors of sales outcomes as well as highly actionable metrics for sales leaders to track, incorporate into territory design and use to help their teams improve performance.

A bigger internal network is generally better, with some nuances in sales support. No matter how we cut the data, top performers have significantly larger networks within their company (30-40% larger, which typically equates to 10-20 more people they interact with regularly), higher centrality (a measure of influence

within the network), and spend more time with leadership. When you think about the level of complexity in a large organization, it makes sense that people who find ways to build more relationships get exposed to more ideas from across the business, are able to access expertise quickly when needed, and have more context about what's happening. All of these things help them to be successful.

But building relationships doesn't mean attending lots of meetings, especially those with 20 or so attendees. When we measure relationships, it involves both a frequency and an intimacy component. To qualify as a "relationship," you have to not only interact with someone frequently (at least 2x per month), but that it also has to be in a relatively intimate group (five or fewer people involved in the meeting or email). So to establish a large network, you have to interact with many people, on separate threads, frequently.

This takes a lot of time. The top performers we study typically spend anywhere from 10-15 hours per week interacting with small groups inside their companies. Often sales executives balk at the idea of their reps spending so much time internally instead of out selling, but the data suggests that it is time well spent.

When we work with companies, we help them find ways to minimize large standing meetings and instead create ways to enable broader networks consisting of smaller groups of people. The unfortunate truth is that top performers in most companies are finding ways to build these bigger networks in spite of the processes they work within rather than because of them.

Management relationships are another important aspect of internal networking. Generally speaking, more exposure to senior leadership correlates with successful sales outcomes. That said, we have found a lot of variation in the specific interaction patterns between sellers and front-line managers across regions, product lines, and companies. For example, in some companies we have seen an inverse correlation between front-line manager involvement and seller success, meaning that top sellers spend less time with their direct manager than lower performers do. However, even in these situations, the top sellers spend relatively more time with other members of senior leadership.

Lastly, in complex sales organizations, the relationships between sellers and sales support staff is an area where more relationships is not necessarily better. In fact, in some cases sellers who have more rela-

tionships with sales support workers perform worse. This is sometimes the result of inconsistent pairings in which, for example, sellers aren't able to work with the same pre-sales specialist consistently and instead have to work with a different one each time. This can lead to more relationships, but a weaker team. We've also seen that there is a stronger relationship between the time spent with support relationships and the complexity and number of products being sold than there is to actual outcomes. In other words, sellers who are trying to sell a broader portfolio or simply have more complex offerings are more heavily dependent on support resources, regardless of their effectiveness.

Sales is hard work (but you probably knew that already). Consistently, we've found that top performers simply put in more time. Their weeks are approximately four hours longer, with up to 40% more time spent outside of normal working hours compared to their lower-performing counterparts. But the answer isn't saying that everyone should just work harder; even low performers work an average of 50 hours per week.

The implication, instead, is that every hour is precious. So echoing some of the findings above, here are some changes that could be made at the company level:

- If salespeople have 15 hours available to spend with customers in a week, focusing that time on five accounts at three hours each rather than 15 accounts at one hour each is likely to lead to better outcomes
- To facilitate the growth of internal networks, start with onboarding programs. New hires should meet and interact with a large and diverse set of colleagues, and can be supported through collaboration tools, trainings, coaching, and other mechanisms.
- Create a model where sellers have access to consistent support resources and staff. Having to start over with a different specialist in each account adds lots of overhead and reduces outcomes.
- Know that every additional product line in a seller's bag comes at the cost of requiring them to build more expertise and more internal relationships to have a shot at being successful. While offering a broad portfolio can provide a powerful value prop to customers in some situations, the implication on sellers needs to be carefully thought through.

There was never yet an uninteresting life. Such a thing is an impossibility.

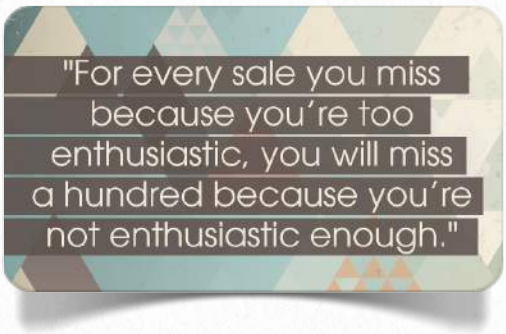
Inside of the dullest exterior; there is a drama, a comedy, and a tragedy.

- Mark Twain

- The right approach varies by company, and these things can and do change over time; companies that gather objective data on a regular basis to inform decision making have a massive competitive advantage over those that rely only on anecdotes and gut feel. Organizations we work with, for example, receive automated weekly updates on all of these metrics aggregated by team without any manual data gathering.

Lastly, a note on causality. All of the above metrics are highly correlated with sales success, but we haven't yet accumulated enough data to have confidence on which of these metrics are truly causal. So while it is true that top sellers spend more time with customers, it is not necessarily true that an underperformer would suddenly become more successful simply by spending more time with customers.

That said, rigorously proven causality is not a prerequisite for learning from these insights. Quite a few companies are enjoying immense value in the predictive power of these metrics, which typically account for up to 70% of the variance in sales outcomes quarter by quarter And having access to objective, up-to-date data on what behaviors works and don't work within a specific sales organization is a powerful compliment to existing management tools and allows leaders to set their teams up for success.



THE ANATOMY OF A PRODUCTIVE SALES REP

salesforce

Get Enough Sleep

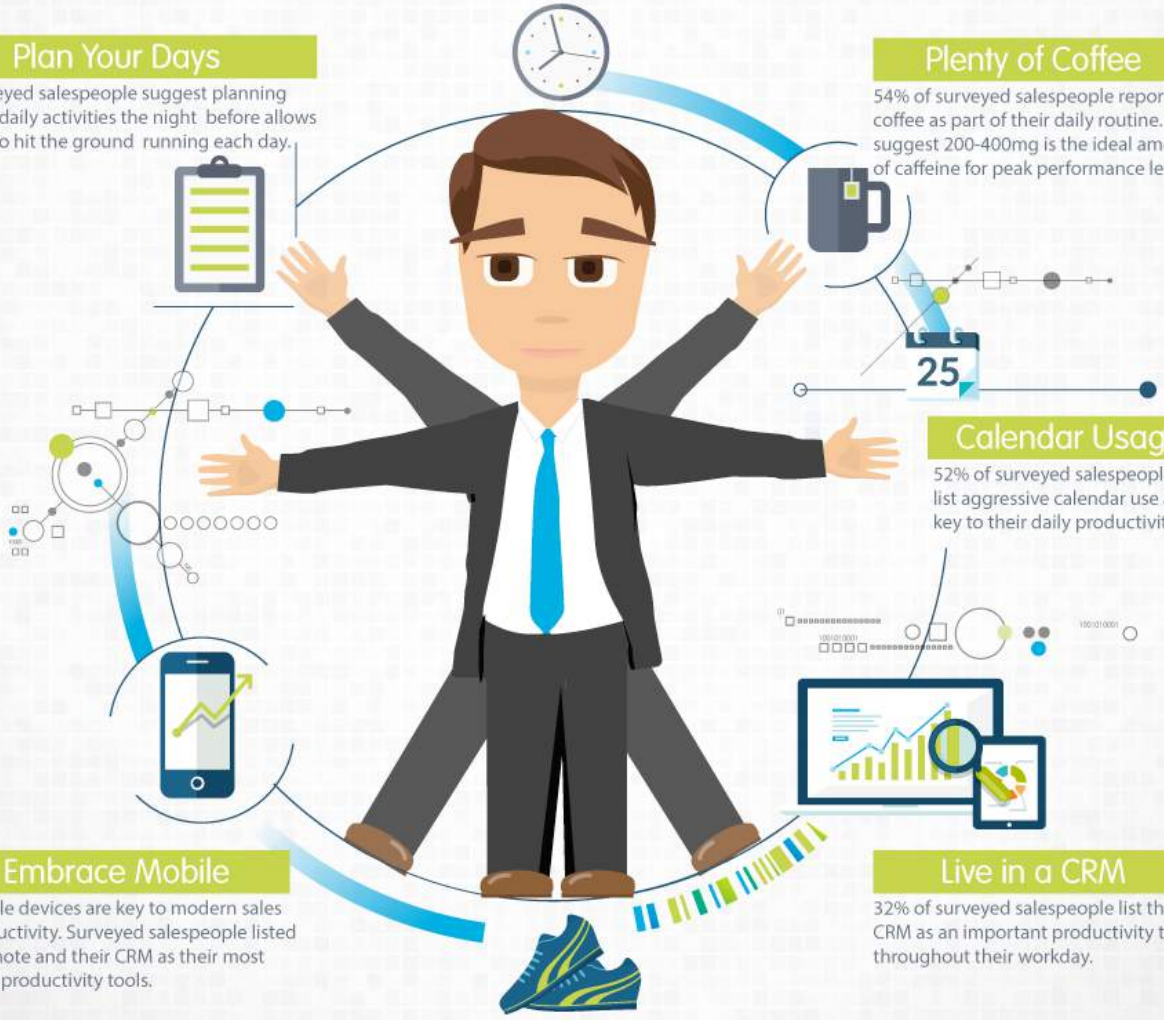
In a survey of sales influencers, the average time slept was 7.5 hours. Recent studies support that this is the ideal amount.

Plan Your Days

Surveyed salespeople suggest planning your daily activities the night before allows you to hit the ground running each day.

Plenty of Coffee

54% of surveyed salespeople reported coffee as part of their daily routine. Studies suggest 200-400mg is the ideal amount of caffeine for peak performance levels.



Calendar Usage

52% of surveyed salespeople list aggressive calendar use as key to their daily productivity.

Embrace Mobile

Mobile devices are key to modern sales productivity. Surveyed salespeople listed Evernote and their CRM as their most used productivity tools.

Live in a CRM

32% of surveyed salespeople list their CRM as an important productivity tool throughout their workday.

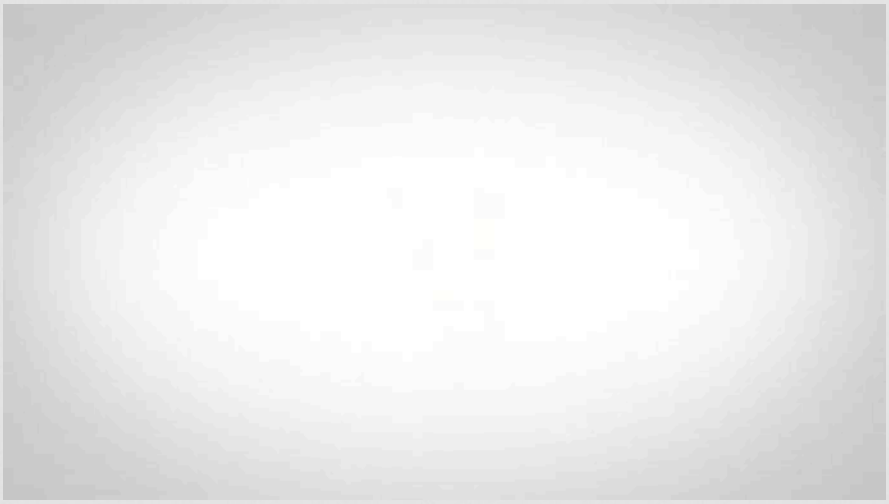
Get Moving

27% of surveyed salespeople report exercise giving them a productive edge. Studies suggest people who exercise during their workday are 23% more productive.

Get the full e-book for even more!

Secrets of the Most Productive Salespeople

Movie 2.2 Women In India Are Fighting Harassment



Women marched and danced in a sign of solidarity against gender-based violence in India on Friday. The march was organized by Akshara, as part of One Billion Rising, a campaign to end violence against women and promote gender equality.

Stay Motivated

How to Overcome Burnout and Stay Motivated

by Rebecca Knight

Even if you love your job, it's common to feel burnt out from time to time. Perhaps you just wrapped up a big project and are having trouble mustering motivation for the next one. It could be that your home life is taking up more of your energy than usual. Or maybe you're just bored.

What's the best way to recharge? Are some forms of rejuvenation better than others? How do you know if what you're feeling is ordinary burnout or something else, like chronic dissatisfaction?

What the Experts Say

Burnout — the mental and physical exhaustion you experience when the demands of your work consistently exceed the amount of energy you have available — has been called the epidemic of the modern workplace. "There's no question that we're at greater risk of burnout today than we were 10 years ago," says Ron Friedman, the founder of ignite80, the consulting firm, and the author of the book, The Best Place to Work: The Art and Science of Creating an Extraordinary Workplace. "In large part, it's because we're surrounded by devices that are designed to grab our attention and make everything feel urgent." Heidi Grant Halvorson, a social psychologist and the author of No One Understands You and What to Do About It, agrees. "There's a lot of pressure in this 24/7 cycle," she says. "It can lead you to feel lethargic, stressed, and depleted — literally spent." So you need to find ways to "put gas back in your tank." Here are some ideas for how to do that:

Take breaks during the workday

Burnout often stems from a "lack of understanding about what it takes to achieve peak workplace performance," says Friedman. "We tend to assume that [it] requires trying harder or outworking others, [which] may get you short-term results but [is] physiologically unsustainable." To perform at your best over the long term, you need regular "opportunities for restocking your mental energy," says Friedman. Take a walk or go for a run. Have lunch away from your desk. "Stepping away from your computer gets you out of the weeds and prompts you to reexamine the big picture," he advises. "It's often in the intervals between thinking really hard about a problem and then stepping away that solutions becomes apparent." But take your breaks at the right time, Halvorson says. When your energy is highest – often in the morning – you should focus on work and maximize your productivity. "Tackle your toughest challenges at those times," she says. Then step away for a rest.

Put away your digital devices

Before the Blackberry era, leaving your work at the office was the default. "If you wanted to take work home with you, that required effort and planning," says

Friedman. That's no longer the case. "Today we're all carrying around an office in our pocket in the form of a smartphone," so we're both psychologically and physiologically still attached. The remedy, he says, is to actively limit your use of digital devices after hours. Place your smartphone in a basket or drawer when you arrive home so you're not tempted to pick it up and check your email; or you might devise a rule for yourself about turning it off past 8pm. "Put away your phone," says Halvorson. "Whatever it is, it can wait until tomorrow."

Do something interesting

Instead of concentrating on limiting or avoiding work in your off-hours, Friedman recommends scheduling "restorative experiences that you look forward to." Making plans to play tennis with a friend or cook a meal with your spouse compels you to "focus on an approach goal — doing something pleasurable — instead of an avoidance goal — not checking email," he says. "Research shows that approach goals are easier and more enjoyable to achieve." Studies also indicate that doing an activity you find interesting — even if that activity is taxing — is better for you than simply relaxing. "What you do with your downtime matters," says Halvorson. Sure, it's appealing to laze on your couch with a tub of popcorn and a Netflix, but she recommends engaging in something more challenging — like a crossword or game of chess. "Even though it's difficult, it will give you more energy."

Take long weekends

Feeling mentally and physically exhausted may also be a sign that "you need to take some time off," says Halvorson. The break need not be a two-week vacation; rather, she says, when it comes to stress-reduction, "you get a much greater benefit from regularly taking three- and four-day weekends." While you're away, though, don't call the office or check your email. "You need to let go," she says. "Each of us is a little less vital than we'd like to believe."

Focus on meaning

If your job responsibilities preclude immediate time off, Halvorson suggests "focusing on why the work matters to you." Connecting your current assignment to a larger personal goal — completing this project will help you score that next promotion, for instance — will "help you fight the temptation to slack off" and will provide a "jolt of energy that will give you what you need to barrel through that day or the next couple

of days," she says. Be aware, however, that this may provide only temporary relief. "If you're burnt out from working too hard, you need to stop and take a real break."

Make sure it's really burnout

If none of these strategies work, you could be dealing with something more serious. If you're listless and fatigued but still feel effective on the whole, then it's probably just burnout. "But if you feel as though you're not making progress and that the work you do doesn't seem to matter," it's a different problem, Halvorson says. Is your manager giving you what you need to work at your best? If not, you may need a different position. Is the very nature of your work sapping your energy? If so, you may need to rethink your career.

Principles to Remember

Do

- Set boundaries around your use of digital devices during off-hours
- Incorporate regular breaks into your workday
- Focus on why the work matters to you if professional obligations preclude a vacation

Don't

- Check your email when you're taking a vacation or long weekend
- Spend all your downtime vegging; engage in activities that challenge and interest you
- Mistake constant fatigue and apathy for a temporary case of burnout; if you feel ineffective on a daily basis, it might be time to look for a new job

Case study #1: *Reflect on why your work matters*

As the co-founder, creative director, and CEO of Miss Jessie's, the New York-based hair care line, Miko Branch has a busy and demanding job. The workday is a constant blur of team meetings and calls, appointments with clients, and product planning sessions. "When I am in town, people are in and out of my office all day long," she says. "And when I'm travelling, I always check in by email at least every couple of hours."

Her secret to avoiding burnout had always been daily nap breaks. "Naps are just what I need to get my bearings," she explains. "Sometimes they last only 10 min-

utes; other times it's 30 minutes. Sometimes I use the couch in my office; other times I just lie on the floor with a blanket or jacket over me." But recently her naps weren't doing the trick. Facing multiple product launches and a looming deadline for a book about the genesis of Miss Jessie's, she was feeling extremely stressed. So she booked herself a three-day weekend in Miami to concentrate only on writing and editing. She was still working, of course, but she escaped the constant distractions of the office. And she inspired herself to keep at it by reminding herself why her business and this book meant so much to her both personally and professionally. "My sister and I created a business with no money," she says. "We're also female and we're women of color. I wanted to tell our story to inspire others and contribute in that way."

She completed the draft and she was back at work on Monday. "I felt refreshed," she says.

Case study #2: *Be prepared to change careers if your burnout symptoms linger*

Nicole Skogg, an optical engineer, felt tired and burnt out by her job at a small lighting manufacturer near Los Angeles. "I was doing a lot of mundane tasks — putting together a bunch of research data in a spreadsheet and organizing training sessions," she recalls. "The tasks felt repetitive and unchallenging." Even worse, a proposal she'd be working on — a business plan for an LED technology project that could drive long-term value for her company — had been rejected.

After the setback, her motivation flagged. Nicole, who had always been a go-getter found herself hitting the snooze button when her alarm went off each morning. She realized that she missed the strategic thinking she'd been doing on the new business plan. "It got me excited to come into work every day," she says. "I realized how you should always want to feel about your job." She was back to just "punching the clock."

A couple of months later, she left her job and struck out on her own. Today, she is the founder and CEO of SpyderLynk, a mobile marketing and technology company based in in Denver. In retrospect, her case of burnout was a turning point. "I am really excited about what I'm doing and I'm so thankful that all those years ago, that manager told me no," she says.

Movie 2.3 Vice: Congressman Jim McDermott Interview

On the next episode of VICE, premiering on HBO this Friday, April 19th at 11 PM, we interview Congressman Jim McDermott of the Seventh District of Washington State. Congressman McDermott has been one of the only experts and advocates in the US government on the issue of depleted uranium in Iraq. We sit down with him to get a firsthand account of the military's history of using depleted uranium munitions, the legacy it has left behind in Iraq, and why the US government refuses to do anything about it.

Make Yourself

How to Make Yourself Work When You Just Don't Want To

by Heidi Grant Halvorson

There's that project you've left on the backburner – the one with the deadline that's growing uncomfortably near. And there's the client whose phone call you really should return – the one that does nothing but complain and eat up your valuable time. Wait, weren't you going to try to go to the gym more often this year?

Can you imagine how much less guilt, stress, and frustration you would feel if you could somehow just make yourself do the things you don't want to do when you are actually sup-

posed to do them? Not to mention how much happier and more effective you would be?

The good news (and its very good news) is that you can get better about not putting things off, if you use the right strategy. Figuring out which strategy to use depends on why you are procrastinating in the first place:

Reason #1 *You are putting something off because you are afraid you will screw it up.*

Solution: Adopt a "prevention focus."

There are two ways to look at any task. You can do something because you see it as a way to end up better off than you are now – as an achievement or accomplishment. As in, if I complete this project successfully I will impress my boss, or if I work out regularly I will look amazing. Psychologists call this a promotion focus – and research shows that when you have one, you are motivated by the thought of making gains, and work best when you feel eager and optimistic. Sounds good, doesn't it? Well, if you are afraid you will screw up on the task in question, this is not the focus for you. Anxiety and doubt undermine promotion motivation, leaving you less likely to take any action at all.

What you need is a way of looking at what you need to do that isn't undermined by doubt – ideally, one that thrives on it. When you have a prevention focus, instead of thinking about how you can end up better off, you see the task as a way to hang on to what you've already got – to avoid loss.

For the prevention-focused, successfully completing a project is a way to keep your boss from being angry or thinking less of you. Working out regularly is a way to not "let yourself go." Decades of research, which I describe in my book Focus, shows that prevention motivation is actually enhanced by anxiety about what might go wrong. When you are focused on avoiding loss, it becomes clear that the only way to get out of danger is to take immediate action. The more worried you are, the faster you are out of the gate.

I know this doesn't sound like a barrel of laughs, particularly if you are usually more the promotion-minded type, but there is probably no better way to get over your anxiety about screwing up than to give some serious thought to all the dire consequences of doing nothing at all. Go on, scare the pants off yourself. It feels awful, but it works.

Reason #2 *You are putting something off because you don't "feel" like doing it.*

Solution: Make like Spock and ignore your feelings. They're getting in your way.

In his excellent book The Antidote: Happiness for People Who Can't Stand Positive Thinking, Oliver Burkeman points out that much of the time, when we say things like "I just can't get out of bed early in the morning, " or "I just can't get myself to exercise," what we really mean is that we can't get ourselves to feel like doing these things. After all, no one is tying you to your bed every morning. Intimidating bouncers aren't blocking the entrance to your gym. Physically, nothing is stopping you – you just don't feel like it. But as Burkeman asks, "Who says you need to wait until you 'feel like' doing something in order to start doing it?"

Think about that for a minute, because it's really important. Somewhere along the way, we've all bought into the idea – without consciously realizing it – that to be motivated and effective we need to feel like we want to take action. We need to be eager to do so. I really don't know why we believe this, because it is 100% nonsense. Yes, on some level you need to be committed to what you are doing – you need to want to see the project finished, or get healthier, or get an earlier start to your day. But you don't need to feel like doing it.

In fact, as Burkeman points out, many of the most prolific artists, writers, and innovators have become so in part because of their reliance on work routines that forced them to put in a certain number of hours a day, no matter how uninspired (or, in many instances, hungover) they might have felt. Burkeman reminds us of renowned artist Chuck Close's observation that "Inspiration is for amateurs. The rest of us just show up and get to work."

So if you are sitting there, putting something off because you don't feel like it, remember that you don't actually need to feel like it. There is nothing stopping you.

Reason #3 *You are putting something off because it's hard, boring, or otherwise unpleasant.*

Solution: Use if-then planning.

Too often, we try to solve this particular problem with sheer will: Next time, I will make myself start working on this sooner. Of course, if we actually had the willpower

to do that, we would never put it off in the first place. Studies show that people routinely overestimate their capacity for self-control, and rely on it too often to keep them out of hot water.

Do yourself a favor, and embrace the fact that your willpower is limited, and that it may not always be up to the challenge of getting you to do things you find difficult, tedious, or otherwise awful. Instead, use if-then planning to get the job done.

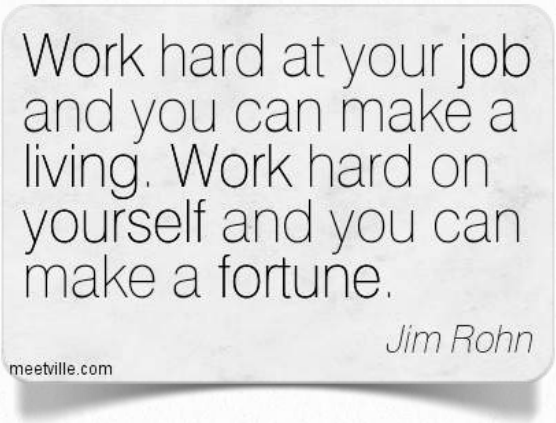
Making an if-then plan is more than just deciding what specific steps you need to take to complete a project – it's also deciding where and when you will take them.

- If it is 2pm, then I will stop what I'm doing and start work on the report Bob asked for.

- If my boss doesn't mention my request for a raise at our meeting, then I will bring it up again before the meeting ends.

By deciding in advance exactly what you're going to do, and when and where you're going to do it, there's no deliberating when the time comes. No do I really have to do this now?, or can this wait till later? or maybe I should do something else instead. It's when we deliberate that willpower becomes necessary to make the tough choice. But if-then plans dramatically reduce the demands placed on your willpower, by ensuring that you've made the right decision way ahead of the critical moment. In fact, if-then planning has been shown in over 200 studies to increase rates of goal attainment and productivity by 200%-300% on average.

I realize that the three strategies I'm offering you – thinking about the consequences of failure, ignoring your feelings, and engaging in detailed planning – don't sound as fun as advice like "Follow your passion!" or "Stay positive!" But they have the decided advantage of actually being effective – which, as it happens, is exactly what you'll be if you use them.



MAKE YOURSELF

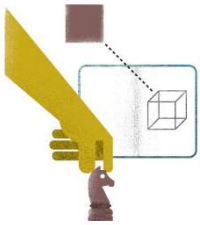
SMARTER

Everyone WANTS to be smarter, but how much of a difference can we really make?

TYPES OF INTELLIGENCE

CRYSTALLIZED

The information and functional knowledge stored in the brain



FLUID

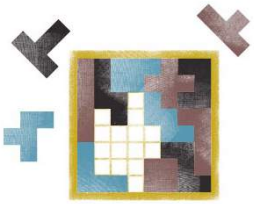
The ability to learn and think critically

HOW TO STRENGTHEN YOUR FLUID INTELLIGENCE

Previously thought to be untrainable abilities, information processing and problem solving skills are now believed to be improved by the following exercises:

MEMORY TRAINING

Uses strategic activities to increase activity in the prefrontal cortex and target the brain's weak memory centers



WORKING PUZZLES

Requires the integrated interpretation of multiple sets of information such as shape, pattern, and orientation

MEDITATING

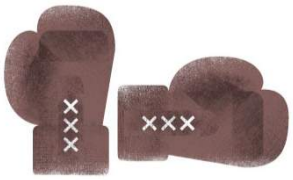
Sustaining attention and vigilance improves short-term memory

LEARNING A NEW LANGUAGE

Switching between languages ignites the prefrontal cortex, where higher-order functions occur

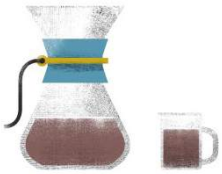
NAPPING

Resting for 90 minutes recharges and strengthens power in the hippocampus, thus improving memory and navigational skills



PHYSICAL EXERCISE

Stimulates production of BDNF (brain-derived neurotrophic factor), which nurtures the creation of new neurons and synapses



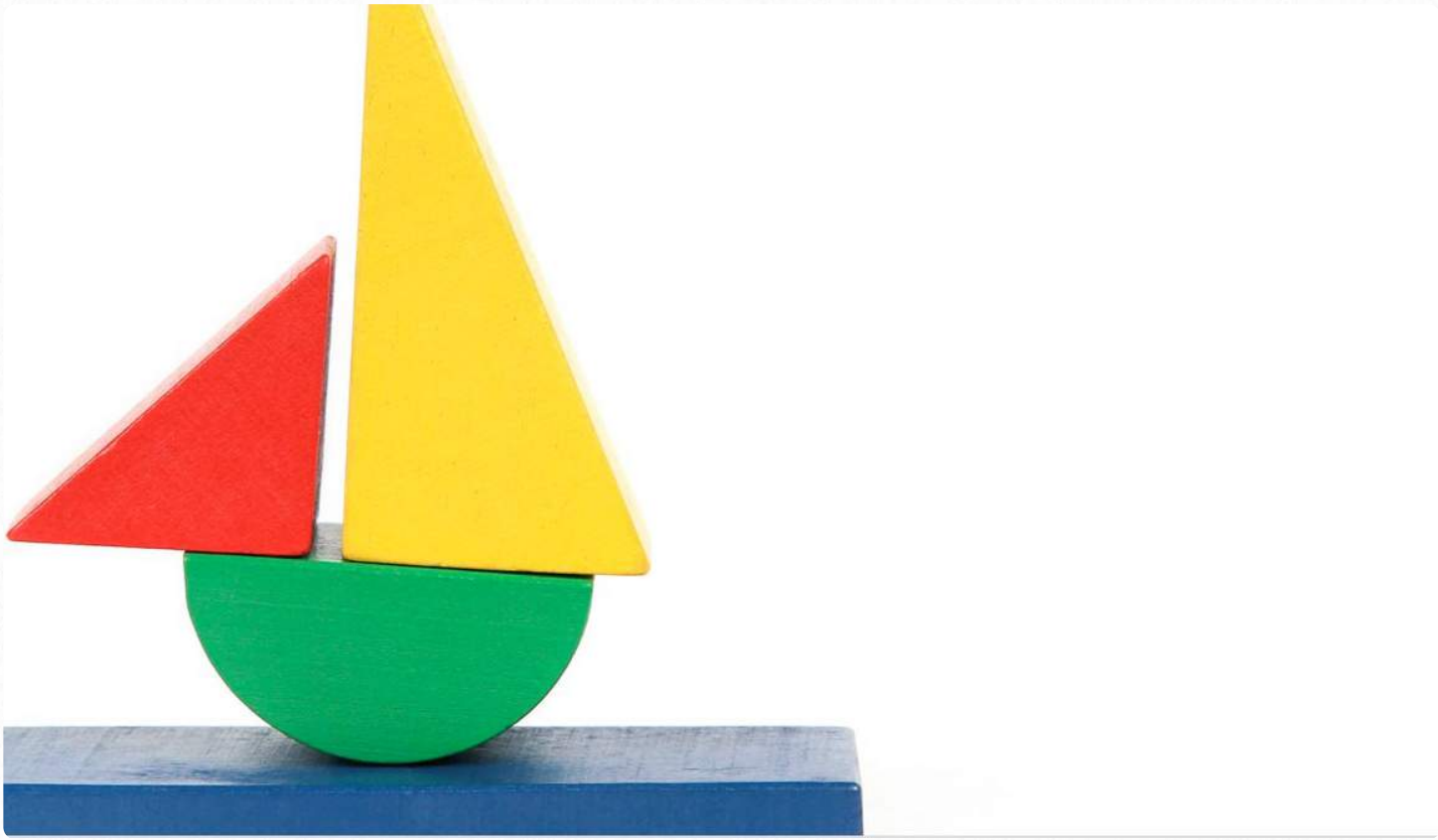
DRINKING COFFEE

Strengthens electrical activity between neurons

Movie 2.4 Zappos Family Music Video

A few months ago, the Blogs team started a committee that helped write, compose, produce, film and edit this music video! Our mission was to create a video that would give everyone outside of our office and the Zappos Fulfillment Center a sneak peek into our culture. We premiered the video at our quarterly All Hands Meeting last week, and we are releasing it into the wild world of the interwebs today! Special thanks to everyone who helped make it an Epic win!

Different Styles



Differing Work Styles Can Help Team Performance

by Carson Tate

Most leaders now recognize that the best teams leverage diversity to achieve long-term success. But many think about it in pretty narrow terms: gender, ethnicity, religion, sexual orientation, and/or age. Sometimes they also consider organizational attributes, like function or rank.

But there's another kind of diversity that might be even more helpful: differences in work style — or the way in which we think about, organize, and complete tasks.

We are never so vulnerable as when we trust someone.

And paradoxically, if we cannot trust, neither can we love.

- Anonymous

In any office you will find four basic types of people:

- Logical, analytical, and data-oriented
- Organized, plan-focused, and detail-oriented
- Supportive, expressive, and emotionally oriented
- Strategic, integrative, and idea-oriented

When members of a team, or leaders of an organization, all have the same style, you'll quickly run into trouble. For example, if everyone in your group has a big-picture, strategic, intuitive approach to work and chafes against the structure of project plans, you might frequently be over budget and behind schedule. Or, if everyone has a linear, analytical, and planned approach to work and dislikes disruption, innovative new product development would be impossible.

So how do you promote and leverage work-style diversity?

Observe your team members

In poker, they call them tells — betting patterns or unconscious behavior you can use to guess your opponent's hand. The same rules apply to work style.

To evaluate a report or colleague, think about the following questions:

- Does she consistently complete work early, in advance of deadlines or wait until the last minute?
- Does he send emails with only a few words or write novels?

- Does she gesture and use her hands while talking? Or is she more controlled and stoic in their movements?

These tells, both subtle and overt, will give you clues as to someone's work style. You might also try to take this quick assessment from the perspective of each team member.

Because work styles are fairly ingrained, recruitment, not development, is the best way to build diversity in a group. If you find that one or two work styles are overrepresented, it's probably time to add some fresh blood to your team.

Leverage everyone's strengths

Your logical, analytical colleague is at her best when she is processing data and solving complex problems. She will focus like a laser on achieving any stated goal or outcome and will ensure that you stay on budget.

Your organized, detail oriented colleague's strengths are in establishing order, structuring projects, and accurately completing tasks. He will ensure work is completed on time.

Your supportive, expressive colleague is most skilled at building relationships, facilitating team interaction, and persuading or selling ideas. She will keep all stakeholders up to date on work and effectively communicate ideas through the organization.

Your big-picture, integrative colleague can serve as a catalyst for change, brainstorming solutions to problems and synthesizing disparate thinking. He will drive innovation, ensure variety in both thought and execution and keep you moving forward.

Make sure that everyone understands the value each team member brings to the table and give people assignments in which they can use their skills to best effect.

Coach according to work style

To get the best from each person, consider using questions aligned to his or her respective work style.

For your logical, analytical colleague, ask:

- What is your goal?
- What are you seeking to achieve?
- Where can you find data that will help you make that decision?

Honesty and transparency make you vulnerable.

Be honest and transparent anyway.

- Mother Theresa

For your organized, detail oriented colleague, ask:

- How can you make _____ work more effectively?
- How will you decide which step to take next?
- What has worked for you in the past?

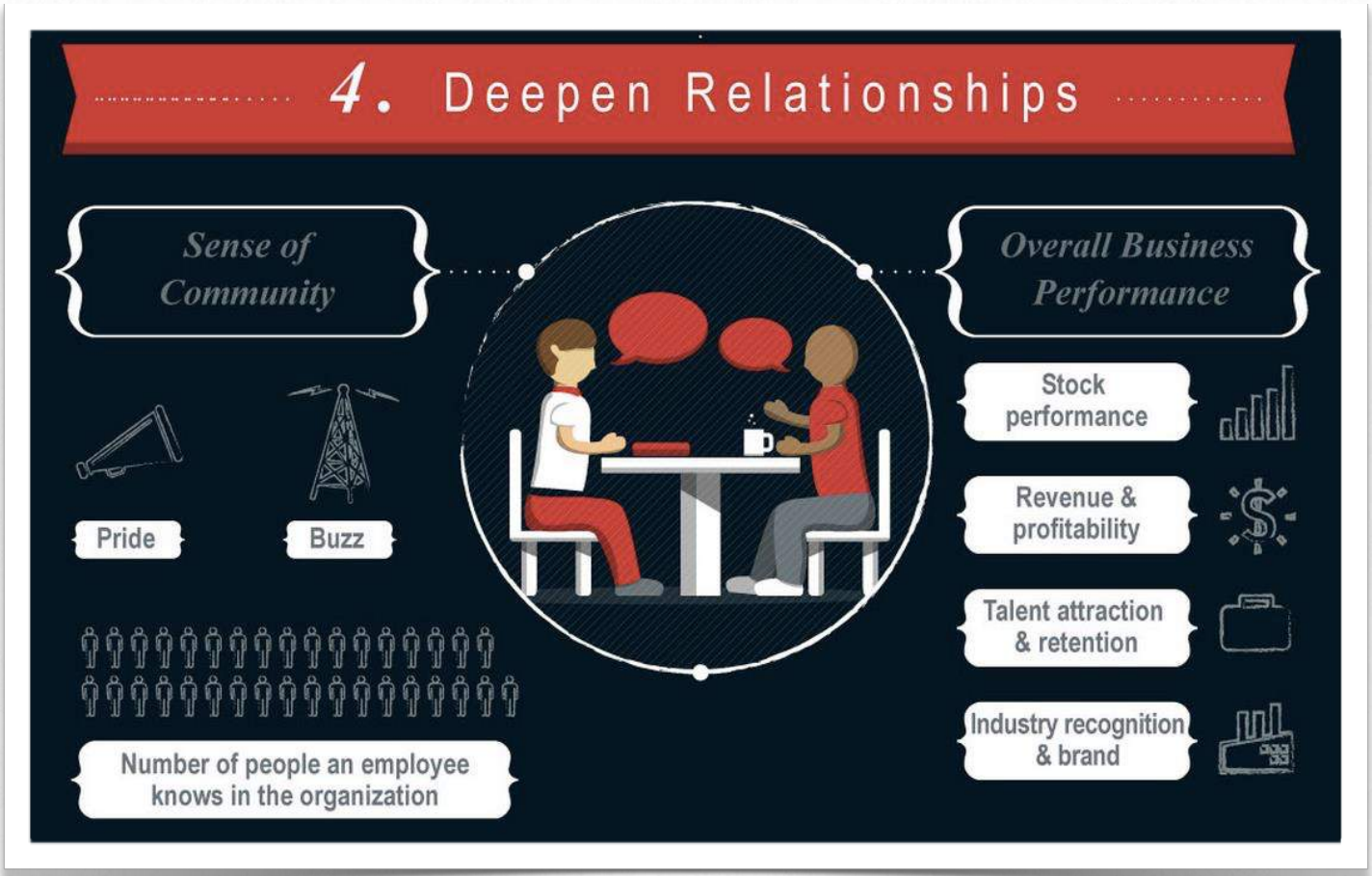
For your supportive, expressive colleague, ask:

- How is your behavior impacting others?
- Who can support you in this?
- Who else needs to be involved?

For your big-picture, integrative colleague, ask:

- What would the ideal future state look like?
- What ideas do you have for addressing _____?
- If there was something else you could do, what would it be?

There is huge value to be gleaned when you leverage work style diversity by observing your team members, playing to their strengths, and giving them tailored coaching.


4. Deepen Relationships
Sense of Community
Pride
Buzz
Number of people an employee knows in the organization
Overall Business Performance
Stock performance
Revenue & profitability
Talent attraction & retention
Industry recognition & brand

Movie 2.5 China Investment in Africa

After centuries of Western dominance, China has made a comeback as an economic super power. China is the second largest economy in the world and for most parts of the world, China has become an important trade partner.

Chinese foreign investments are booming: a great example are the rice plantations and engineering operations in Africa. Whilst the European Union and the United states are still wondering how to deal with the global economic shift, political relations are bound to change as well.

Cross-Dysfunction

75% of Cross-Functional Teams Are Dysfunctional

by Behnam Tabrizi

When I was in the midst of researching what caused cross-functional teams to succeed — and finding that many of them failed — I discovered a deeply dysfunctional development project in a huge multinational IT company. The company had invested $100 million in the project, which involved three divisions. Most of the team, and even some executives, knew the project was a dead-end two years before the company finally pulled the plug. As one middle manager told me, “No one was willing to go to management and say, ‘Let’s re-

deploy everyone, including myself, and do something else because this project isn't working.'"

This is just one example of the dysfunction that exists in cross-functional teams. In a detailed study of 95 teams in 25 leading corporations, chosen by an independent panel of academics and experts, I found that nearly 75% of cross-functional teams are dysfunctional. They fail on at least three of five criteria: 1.) meeting a planned budget; 2.) staying on schedule; 3.) adhering to specifications; 4.) meeting customer expectations; and/or 5.) maintaining alignment with the company's corporate goals.

Cross-functional teams often fail because the organization lacks a systemic approach. Teams are hurt by unclear governance, by a lack of accountability, by goals that lack specificity, and by organizations' failure to prioritize the success of cross-functional projects.

I studied cross-functional teams in industries including communications, software, pharmaceuticals, semiconductors, agricultural, chemical, manufacturers, retail, utility, consulting, internet software, government, insurance, and banking. We found a strong correlation between the minority of successful projects and their oversight by a high-level team that was itself cross-functional. A few successful projects didn't have cross-functional oversight — but we found in those cases that they benefitted from support by a single high-level executive champion. Projects that had strong governance support — either by a higher-level cross-functional or by a single high-level executive champion — had a 76% success rate, according to our research. Those with moderate governance support had a 19% success rate.

Our research showed that the reason why most cross-functional teams fail is because siloes tend to perpetuate themselves: for example, engineers don't work well with designers, and so on. The solution is to establish a "Portfolio Governance Team (PGT)," where high-level leaders make complex decisions on the various projects in their portfolio together. As they learn to work as a team, that attitude perpetuates itself in the teams under their purview.

In the mid-2000s, for example, Cisco created a cross-functional team, including representatives from marketing, software engineering, manufacturing, quality assurance, and customer service, to heighten security for router lines. The team had a three-layer structure. About 100 people could attend

the meetings, but there was a core group of 20 that communicated back to their functions. And, there was a small governance team at the top, made up of two vice presidents, the company's chief development officer and the leader of the core team of 20 people.

This implementation of cross-functional governance worked. Cisco is now the number one router security vendor, with business growing at about 80%

per year for 5 year followings its introduction, based on a case study that I wrote.

Through our research, we've identified some golden rules of governance for PGTs:

1. Every project should have an end-to-end accountable leader. At large companies, where the hierarchy can be multi-layered, cross-functional teams can benefit from a mirroring structure. For example, if the PGT includes vice presidents of engineering, design, marketing and product, a project team could include managers and directors from those functions. But there should be one end-to-end accountable leader overseeing each function, and one end-to-end accountable leader overseeing it all.

   However, one of the common breakdowns in cross-functional teams is people missing meetings. That's why the personal accountable leader for each function also needs to appoint and empower a decision-making substitute. At IBM Global Services, for instance, there are occasions when mid-level managers step in with the authority to make decisions. At IBM, mid-level managers also serve as the first line of defense for cross-functional escalation issues.

2. Every project should have clearly established goals, resources, and deadlines. Before the beginning of any project, there should be an approved budget, and a charter defining priorities, desired outcomes, and timeframes. Establishing those early on is one of the key roles of the PGT.

3. Teams should have the project's success as their main objective. Different functions may have their own priorities, and sometimes those conflict with the goals of the project. That's why it's crucial to include the success — or failure — of cross-functional projects in compensation and performance reviews of the people who work on or lead teams.

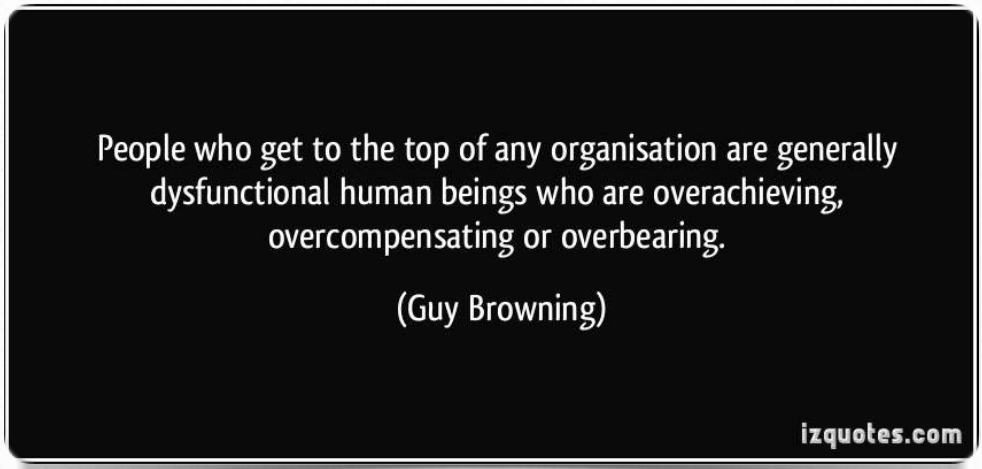
I refuse to accept the view that mankind is so tragically bound to the starless midnight of racism and war that the bright daybreak of peace and brotherhood can never become a reality.

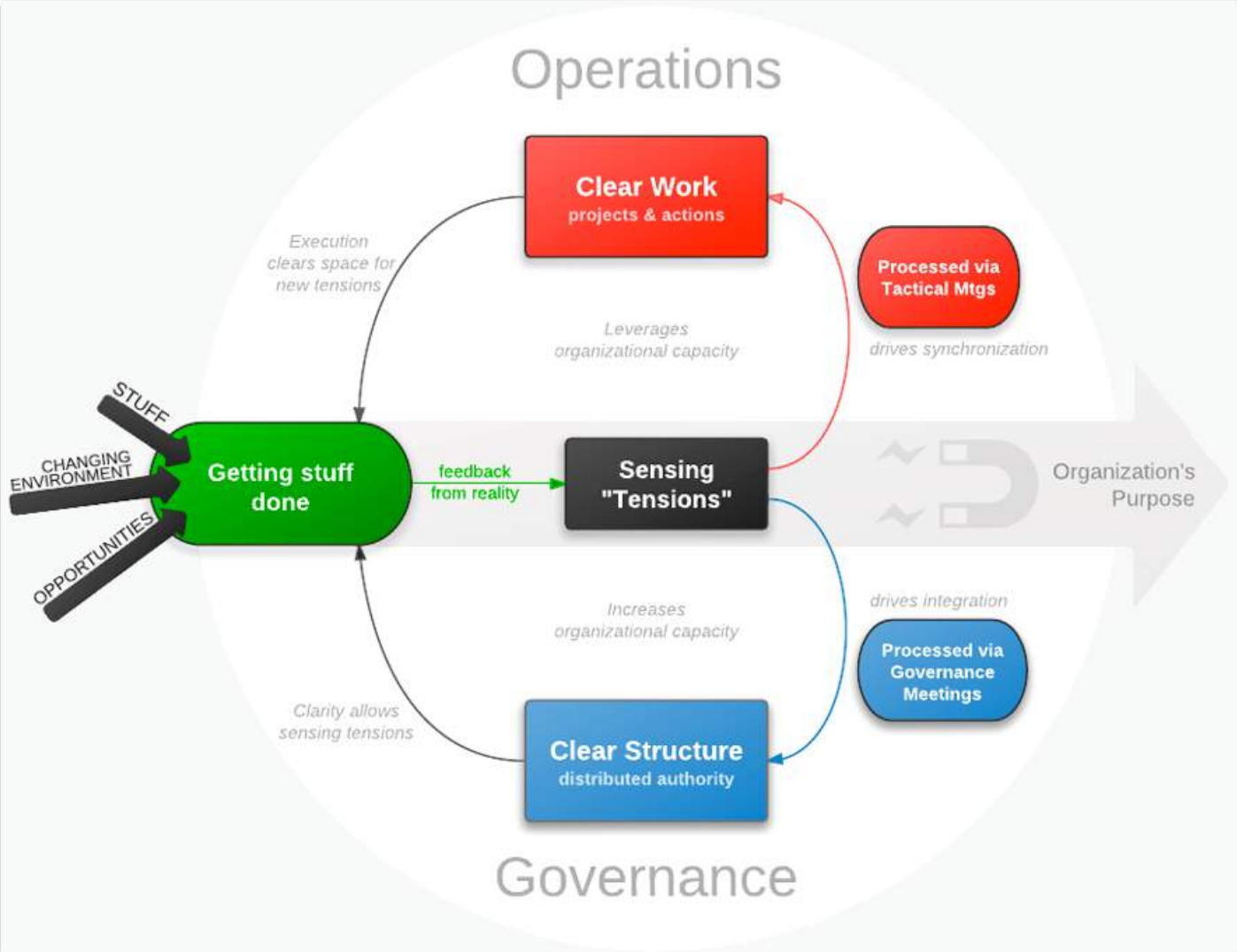
I believe that unarmed truth, and unconditional love, will have the final word.

- Martin Luther King, Jr.

4. Every project should be constantly re-evaluated. PGTs should keep a list of projects and priorities and routinely cut those that aren't working or that don't align with business goals. In fact, one of the key roles of the PGT is to follow William Faulker's advice to kill your darlings. Winnow constantly. Rapidly changing market conditions and customer demands force all companies to recalibrate their high-level corporate strategy. A PGT that is not routinely canceling some projects simply isn't doing its job.

Cross-functional teams have become ubiquitous because companies need to speed innovations to market. The teams are like arteries, connecting parts of the body, enabling the whole organism to renew itself. That's why it's so important for leaders to pay attention to the way cross-functional teams are set up and how well they work: when they don't function, the organization's arteries harden. When they do, goals are met and the organization is ultimately more successful.




Operations
Clear Work
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Execution
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new tensions
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OPPORTUNITIES
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Organization's
Purpose
drives integration
Increases
organizational capacity
Processed via
Governance
Meetings
Clarity allows
sensing tensions
Clear Structure
distributed authority
Governance

Movie 2.6 Introduction to Zappos on CBS

Tony's first startup taught him to pay close attention to company culture, outlines how founders can map company culture to their personal values, and explains why Zappos actually pays people to quit. Tony also discusses his latest efforts to accelerate the tech ecosystem in Las Vegas and his goal to fund at least 100 local tech startups.

We Hate HR

Why We Love to Hate HR…and What HR Can Do About It

by Peter Cappelli

Recent complaints about the HR function have touched a nerve in a large, sympathetic audience, particularly in the United States. The most vocal critics say that HR managers focus too much on “administrivia” and lack vision and strategic insight.

These feelings aren’t new. They’ve erupted now and in the past because we don’t like being told how to behave—and no other group in organizational life, not even finance, bosses us around as systematically as HR does. We get defensive when we’re instructed

to change how we interact with people, especially those who report to us, because that goes right to the core of who we are. What's more, HR makes us perform tasks we dislike, such as documenting problems with employees. And it prevents us from doing what we want, such as hiring someone we "just know" is a good fit. Its directives affect every person in the organization, right up to the top, every single day.

The complaints also have a cyclical quality—they're driven largely by the business context. Usually when companies are struggling with labor issues, HR is seen as a valued leadership partner. When things are going more smoothly all around, managers tend to think, "What's HR doing for us, anyway?"

This doesn't mean that HR is above reproach. Quite the contrary: It has plenty of room to improve, and this is a moment of enormous opportunity. Little has been done in the past few decades to examine the value of widely used practices that are central to how companies operate. By separating the effective from the worthless, HR leaders can secure huge payoffs for their organizations. But it's important to understand HR's tumultuous history with business leaders and the economy before turning our attention to what the function should be doing now and in the future.

The "Personnel" Pendulum

How top executives feel about HR pretty reliably reflects what's going on in the U.S. economy. When the economy is down and the labor market is slack, they see HR as a nuisance. But sentiments change when labor tightens up and HR practices become essential to companies' immediate success.

Think back to the Great Depression. People would put up with nearly anything to stay employed. Line managers complained that personnel departments were getting in the way of better performance, which they thought could be achieved with the "drive" system: threatening workers and sometimes even hitting them if they failed to measure up.

Similarly, business leaders didn't put a lot of stock in HR during the 2001 and 2008 recessions, because employees—keenly aware of how replaceable they were—stayed put and more or less behaved themselves. Because companies had a large pool of job seekers to draw from, wages stayed flat and productivity rose. More em-

ployees were working harder for the sake of security. And that remains true in our "jobless recovery" from the latest financial crisis. Although 83% of people in a Salary.com survey said they would look for a new job in 2014, the number who are actually quitting has not yet spiked. So it's still easy for leaders to push back on all those annoying HR policies. They seem superfluous.

In the "gray flannel suit" era, 90% of positions were filled from within—and 96% of large companies had an entire department to do workforce planning.

Consider, in contrast, times when labor wasn't so plentiful. In the 1920s—when the economy was booming, and keeping workers was both hard to do and crucial to business—personnel departments started to make supervisors treat their employees well. And after World War II, U.S. industry suffered a talent shortage unlike anything since. Many of the men (it was always men) who might have gone into business had fought instead. It didn't help matters that talent development had received little or no attention during the Depression. The postwar question "What happens if the boss gets hit by a bus?" pointed to a huge concern. About one-third of executives died in office—many of them from heart attacks—and no one was around to take their place. A lot of small companies went out of business, and many big ones had to be sold.

In that leadership void, modern HR was born, ushering in practices such as coaching, developmental assignments, job rotation, 360-degree feedback, assessment centers, high-potential tracks, and succession plans. They sound routine now, but they were revolutionary then. And they arose from an urgent need to develop and retain talent in the 1950s.

In that "gray flannel suit" era, 90% of positions (and virtually all those in the top ranks) were filled from within—and 96% of large companies dedicated an entire department to planning for workforce needs. Those numbers reflect an intense commitment to development, which paid large dividends. HR was a powerful function, voted the most glamorous area in business by executives.

Things have changed quite a bit. Only a third or so of today's hires are internal. Companies engage executive search firms to fill most senior-level vacancies. One in four CEOs comes from the outside. And companies spend less time and effort than they used to mapping out the talent they'll

need in the years to come: By the mid-2000s only a third were doing any planning in this area.

What happened? The economic slowdown of the 1970s practically eliminated labor shortages, and business leaders began dismantling those postwar programs designed to identify and develop good managers and workers. Corporations that held on to them, such as GE, were the exception. New companies, particularly in tech, could hire all the executives they needed when—thanks to layoffs and stalled advancement—people left the great organizations. Microsoft became the largest company in the world in terms of market capitalization, with virtually no investment in developing management skills. Others followed its example. As one CEO said to me at the time, "Why should I train people when my competitors are willing to do it for me?"

Meanwhile, supervisors spent less and less time on their direct reports. They had too many people under them to manage everyone carefully, and other tasks were given higher priority. In his book The Leadership Factor, the Harvard Business School professor John Kotter reported on this phenomenon at a leading New York bank in the early 1980s. Junior managers complained that their people-management tasks were distracting them from their more important roles as individual contributors, so the bank's leaders allowed them to devote less energy to evaluation and coaching.

Thus employees weren't getting the investment and attention they needed to grow. Even HR's brief resurgence during the dot-com boom—corporate recruiters, rather than IT workers, had the hottest job in the United States then, according to the Bureau of Labor Statistics—was limited to hiring and retention.

At the same time, more and more tasks that had traditionally been performed by HR (from hiring to development to compensation decisions) were pushed onto line managers, on top of their other work. And that's been the case ever since. HR is now in the position of trying to get those beleaguered managers to follow procedures and practices without having any direct power over them. This is euphemistically called "managing with ambiguous authority," but to those on the receiving end, it feels like nagging and meddling.

HR's Activities Closely Track the Labor Market

Early 1900s

The HR function (known as "industrial and labor relations") was born. After steel and oil had transformed U.S. business in the 19th century, it became clear that workforce management needed its own discipline.

1920s

In a thriving economy, good workers were hard to come by and even harder to keep. HR induced supervisors to treat people well.

1930s

During the Great Depression, supervisors favored the "drive" system of management (threatening and sometimes hitting) and saw HR as a hindrance. Workers put up with almost anything to stay employed. Talent development was practically nonexistent.

1950s

After World War II, one third of executives died in office with no one to replace them. To fill that void, HR created a host of revolutionary hiring and development programs.

1970s

As the economy slowed, labor was once again plentiful. Business leaders started undoing all those postwar programs designed to attract and develop talent.

Early 1980s

The U.S. went into a deep recession, and workers clung to their jobs. Rather than invest in HR, companies pushed hiring and development tasks onto line managers, who had neither the time nor the training to do them properly.

Late 1990s

During the dot-com boom, companies competed fiercely for "employer of choice" status to meet their soaring talent needs. So HR enjoyed a brief heyday, focusing primarily on hiring and retention.

2001

When the dot-com bubble burst and the economy tanked, business leaders felt little urgency to attract talent. Productivity rose, wages stayed flat, and HR lost the influence it had enjoyed during the boom.

2015

With the effects of the Great Recession of 2008 still lingering, most people with jobs aren't jumping ship yet, so executives feel no urgent need for HR programs. HR must make a case for them.

I recently participated in a debate of HR leaders staged by Will Peachey, the head of HR transformation for Capgemini. He kicked it off with a provocative question: Is HR as a function doing more harm than good by prompting line managers to take their responsibilities as supervisors more seriously? The position that carried the day was that things would be much worse for employees without HR's involvement. But there was also a palpable sense that in many organizations HR is simply slapping bandages on problems that will persist until top executives make talent issues a clear priority for managers.

What HR Should Be Doing Now

As the economy continues to recover, businesses may very well wait for labor to become scarce again before looking to HR for meaningful support. But HR can speed things up by assuming the reins now. It has the expertise to help companies get ahead of the market shift that we should all see coming. Here are the basic but powerful steps HR leaders can take:

Set the agenda.

Like any other function, HR must show why the issues it addresses matter to the business and that it has sensible ways to manage them. A few years ago the head of HR at a leading corporation—someone who had survived lots of restructurings—was asked about the key to his success. He said, "I do whatever the CEO wants." Though doing things the boss doesn't want is certainly a career-limiting strategy, too many HR managers wait to be told which is-

sues to tackle. If a company starts a wellness program after the chief executive has a heart attack, or launches a women's initiative after his daughter takes a job in the business, you can be sure that the HR team is not leading the charge.

CEOs and other operating executives are rarely experts on workplace issues. They often have no relevant experience, now that fewer of them are coming up through training programs and rotational assignments in which they could have learned effective people-management practices from knowledgeable peers. So the HR team can show these executives what they should care about and why. That means articulating a point of view on every people-related topic relevant to the business. For instance:

Layoffs.

According to a report published near the beginning of the 2008 recession, only about a third of HR departments said they were consulted on company decisions about which people to let go. That's a stunning lack of influence in an area where HR has the most expertise of any function.

Recruiting.

HR understands that structured interviews help identify the best candidates. Yet many organizations allow managers with no training in interviewing to go with their gut in asking questions and deciding whom to hire—which increases the risk of litigation as well as the cost of poor hires.

Flexible work arrangements.

Line managers who want to retain control often resist flextime and working from home. But HR leaders know that these arrangements can be highly effective.

Performance management.

Forced ranking—imposed by top executives who thought supervisors weren't tough enough in their evaluations—was the rage about a decade ago. Now most companies (including GE, where the practice became famous) are stepping away from it as they realize what HR has long known: Supervisors need the training, the time, and the incentives to have serious conversations with subordinates about performance and growth.

HR should be in front of every one of these issues, saying, "Here's how we should be

managing this task, and here's the evidence behind that view."

Focus on issues that matter in the here and now.

Many U.S. businesses still follow the talent-management playbook written in the 1950s. For example, even though elaborate succession plans are rarely used, companies keep creating them. Instead of copying what large corporations did decades ago, HR should craft company-specific (and industry-specific) policies that respond to today's challenges.

If you're wondering why that's not obvious, think of the simmering debate within HR about whether it should be a profession like accounting, with universal practices. This view has been championed by the Society for Human Resource Management and driven by its very successful certification programs, which teach and then document knowledge in designing compensation systems and other specialties.

Detailed knowledge of practices is essential, but it's more important to understand what works when and where. For example, rather than just knowing how to put a broad-based stock option plan in place, one ought to understand its pluses and minuses in various circumstances. Such plans add volatility to compensation that can be difficult for the business to control, so they may not be the top choice in an economy that's already unstable or even one that's in recovery but subject to unpredictable swings. And they are effective only when employees feel that they have sufficient autonomy and authority to influence stock performance.

To appreciate the importance of context, consider what's happening in consulting and tech firms, where developing skills and human capital is crucial to success. PwC and Juniper Networks have already abandoned traditional performance appraisals—perhaps the most reviled standard practice in all of management—and moved toward a model of ongoing conversation designed to improve skills and results. (See "Bright, Shiny Objects and the Future of HR," in this issue.) Microsoft and Deloitte are moving in a similar direction. Concerned about retaining key talent, Deloitte broke up the traditional promotion ladder, providing a more open and flexible framework for career advancement that accommodates both employee interests and changing business demands. (See "Reinventing Performance Management," HBR, April 2015.) And Infosys, in India, has figured out how to use the classroom to deliver the kind of contextual knowledge peo-

ple previously assumed had to be acquired on the job. The company teaches managers how to do business in other cultures and in particular industries—for instance, how to tailor their IT services to chemical companies in Germany.

All this is a matter of looking more closely at the environment in which the organization operates. It's about continually identifying new challenges and designing tools to meet them.

Acquire business knowledge.

HR has (and should have) deep knowledge about workplace issues. But it should also bring first-rate analytic minds into the function to help companies make sense of all their employee data and get the most from their human capital.

In a recent survey by Deloitte, HR leaders said they felt least prepared in the area of analytics—but some are doing exciting work on that front. Not surprisingly, Microsoft and Google mine their own data to predict good hires, and IBM uses its enormous employee database to create project teams more effectively. But companies outside the tech sector, too, are bringing analytics into HR. Cigna uses sophisticated data to minimize its own health care costs and identify its best performers. Managers of Cornerstone OnDemand (formerly Evolv) and other providers of call center software are parsing simple jobs in a hundred ways to predict and then improve performance.

In many businesses, CIOs and their teams are the ones wrestling with big data to solve classic HR problems, such as how to find the best candidates and which practices increase productivity. If HR is to set the agenda on people management, it must either staff up to handle those analyses itself or partner with people in the company who can do the work. Otherwise, the answers to fundamental HR questions will come from elsewhere in the business, and HR might as well pack it in.

Highlight financial benefits.

During the tight labor market of the late 1990s, an HBR article described how the HR team at Sears, Roebuck had demonstrated that improved employee attitudes led to a better customer experience and, in turn, to higher store profits. (See "Employee-Customer-Profit Chain at Sears," January–February 1998.) Few HR departments since have felt compelled to make the case that any of their practices could drive profits. Many don't calculate ROI, even though other functions have been expected to do so for at least a gen-

eration. That just feeds into business leaders' view of HR as a cost center where the goal is always to cut, cut, cut.

No doubt most HR departments were initially caught off guard by questions about whether practices such as expat and rotational assignments actually pay off. The information they gathered tended to focus on individual outcomes, such as job satisfaction; they didn't feel equipped to estimate financial returns. But that excuse no longer holds. The enterprise resource planning systems of most organizations contain copious data on turnover, productivity, and other factors that suggest which talent development programs merit investment.

Companies seldom have long-term plans with straightforward talent requirements. Instead they generate projects and initiatives to address successive needs.

Take IBM's recent decision to retrain IT consultants whose skills were obsolete. The company said it would provide on-site training during working hours one day a week for anyone who wanted to participate, but employees would share the costs by forgoing pay for the days they participated. With that requirement baked in, it was relatively easy to make a financial case for offering the program: The savings in hiring would be more than twice the costs of the training.

Quantifying costs and benefits in this way turns talent decisions into business decisions.

Walk away from the time wasters.

HR invests heavily in many programs that lack impact. Consider the current preoccupation with generational differences. There's little compelling evidence that they even exist: Young employees today appear to be remarkably like young employees decades ago, and they've always been a challenge to older managers. Their supervisors aren't having any unusual problems with them now. Nevertheless, many HR departments spend a lot of energy worrying about how Millennials want to work. Given all the other things to worry about, it shouldn't be a priority to learn how to manage one subset of subordinates differently. Everyone wrestles with engagement and satisfaction; Millennials aren't alone in that. But even if they were unique in their preferences, HR couldn't make managers tailor the supervision of them—it doesn't have the authority.

The same is true for diversity programs. Employment law prohibits diversity mandates in hiring and promotion practices, so

companies try to change line managers' attitudes and priorities instead. But such efforts are effective only if top executives lead them, transforming the culture. Otherwise HR is just a cheerleader for an initiative it can neither enforce nor measure; its leaders will end up pleading with line managers to take on yet another set of tasks, burning up more social capital in the process.

The Way Forward

One of traditional HR's biggest difficulties has been supporting business strategy, because it's such a moving target these days. Companies seldom have long-term plans with straightforward talent requirements. Instead they generate streams of projects and initiatives to address successive needs.

But HR is by nature a long-term play. Developing talent, heading off problems with regulations and turnover, building corporate culture, and addressing morale problems all take time. Often, leadership teams and priorities change before such initiatives have paid off. And when companies don't meet their performance goals for the quarter, those programs are among the first to go.

How can HR bring the long view back into organizations? By reconciling it with the immediate pressures that businesses face, which those one-at-a-time projects are designed to address. Even when company leaders say, "We will do this without our own employees, by outsourcing or engaging contractors," HR folks should be involved, because they're best able to assess whether those engagements will succeed. (After all, outsourcing is just paying to use another company's human capital and becoming reliant on it.) But meanwhile, HR should also keep stepping back to study those initiatives in the aggregate: What emerging needs do they point to? How do those needs map to the organization's talent pipeline and practices? Which capabilities need shoring up? How are things likely to change in the marketplace, and what will be needed then? Why don't we have the ability to handle those tasks internally? That's the kind of analytic counsel the "new HR" should provide. Then its job is to help organizations act on the insights.

Consider the recent decision at Comcast to bring world-class IT capabilities in-house, which will allow the company to develop its own software for managing and delivering online entertainment. The HR challenge there is clear: attracting and re-

Until the great mass of people shall be filled with the sense of responsibility, for each other's welfare, social justice can never be attained.

- Helen Keller

taining the best talent in Philadelphia, which is not known as an IT center. But with HR's guidance, the company is addressing that in creative ways, such as building and supporting an IT start-up community and targeting IT students and recent graduates raised in Philadelphia for internships and jobs. This big bet on the future rests on HR's ability to pull all that off.

Tech companies such as Google, Microsoft, and Apple are now on the front lines of HR innovation, largely because they have an acute need for specialized talent. Human capital is practically their only major asset; talent is in short supply; and competitors are eager to lure employees away. There's been some creative HR thinking in financial services as well, to predict and ward off unethical behavior. JPMorgan, for instance, is using an algorithm to identify employees who are likely to break the rules.

No crisis or scandal is necessary for HR to transform its practices, though. Nor should the function focus solely on innovations in hiring. Discretionary effort—by employees who are engaged and willing to give their best—is at the heart of organizational success, and managing and developing people is the way to drive and sustain that effort. So the time is ripe for reimagining human capital much more broadly. Business leaders will see that—if HR makes a compelling, evidence-based case for what matters, and jettisons what doesn't.

"PEOPLE ARE THE SINGLE BIGGEST COMPETITIVE ADVANTAGE A COMPANY HAS BECAUSE YOU CANNOT REPLICATE THEM."

Why HR Is Still Hot Everywhere but in the U.S.

Back in the 1950s, HR controlled the promotions and career of every manager at every level. For precisely that reason, William H. Whyte wrote in The Organization Man, it was the most glamorous job in business. The only other time that was true in the United States was in the late 1990s, when the labor market tightened up again and companies vied to become the "employer of choice."

HR hasn't fallen out of favor in other countries, however. In Japan it is still the preferred track to the C-suite. And in India, my studies with colleagues suggest, it's arguably the most powerful of all the functions. Indeed, across Southeast Asia, top executives are investing in the training and development of employees and more-sophisticated systems, especially for hiring. Even in Europe, which has a talent glut, HR appears to be growing in influence as companies recognize the importance of organizational culture, knowledge management, and so forth. The U.S. is the outlier.

The main reason HR is more vital elsewhere is that organizational power goes to the group that deals with the biggest problems—an idea dating back at least to the great economist Alfred Marshall. Businesses in the rest of the world have to deal with aggressive government regulation of the workplace, strong unions, political support for workers' interests, and often a real shortage of people who can even be trained for key jobs. Among developed countries the U.S. has the most favorable environment for employers—and the least incentive to make changes.

Ideology plays a role as well, though. The leaders who ran U.S. corporations after World War II had broad training in and appreciation for management and used a governance model based on balancing the interests of stakeholders, who included employees. Those leaders have been replaced by people disproportionately from financial backgrounds, whose model of governance—maximizing shareholder value—awards no special role to the interests of employees.

NETFLIX'S
Five Talent Tenets

1. Hire, reward, and tolerate only fully formed adults
2. Tell the truth about performance
3. Managers own the job of creating great teams
4. Leaders own the job of creating the company culture
5. Good talent managers think like businesspeople and innovators first, and like HR people last

hbr.org

Movie 2.7 Bad Hires Have Cost Zappos Over $100 Million

Business Insider: Hiring the wrong person leads to a domino effect of bad decisions.

Netflix HR

How Netflix Reinvented HR

by Patty McCord

Sheryl Sandberg has called it one of the most important documents ever to come out of Silicon Valley. It's been viewed more than 5 million times on the web. But when Reed Hastings and I (along with some colleagues) wrote a PowerPoint deck explaining how we shaped the culture and motivated performance at Netflix, where Hastings is CEO and I was chief talent officer from 1998 to 2012, we had no idea it would go viral. We realized that some of the talent management ideas we'd pioneered, such as the concept that workers should be allowed to take whatever vacation time they feel is appropriate, had been

seen as a little crazy (at least until other companies started adopting them). But we were surprised that an unadorned set of 127 slides—no music, no animation—would become so influential

People find the Netflix approach to talent and culture compelling for a few reasons. The most obvious one is that Netflix has been really successful: During 2013 alone its stock more than tripled, it won three Emmy awards, and its U.S. subscriber base grew to nearly 29 million. All that aside, the approach is compelling because it derives from common sense. In this article I'll go beyond the bullet points to describe five ideas that have defined the way Netflix attracts, retains, and manages talent. But first I'll share two conversations I had with early employees, both of which helped shape our overall philosophy.

The first took place in late 2001. Netflix had been growing quickly: We'd reached about 120 employees and had been planning an IPO. But after the dot-com bubble burst and the 9/11 attacks occurred, things changed. It became clear that we needed to put the IPO on hold and lay off a third of our employees. It was brutal. Then, a bit unexpectedly, DVD players became the hot gift that Christmas. By early 2002 our DVD-by-mail subscription business was growing like crazy. Suddenly we had far more work to do, with 30% fewer employees.

One day I was talking with one of our best engineers, an employee I'll call John. Before the layoffs, he'd managed three engineers, but now he was a one-man department working very long hours. I told John I hoped to hire some help for him soon. His response surprised me. "There's no rush—I'm happier now," he said. It turned out that the engineers we'd laid off weren't spectacular—they were merely adequate. John realized that he'd spent too much time riding herd on them and fixing their mistakes. "I've learned that I'd rather work by myself than with subpar performers," he said. His words echo in my mind whenever I describe the most basic element of Netflix's talent philosophy: The best thing you can do for employees—a perk better than foosball or free sushi—is hire only "A" players to work alongside them. Excellent colleagues trump everything else.

The second conversation took place in 2002, a few months after our IPO. Laura, our bookkeeper, was bright, hardworking, and creative. She'd been very important to our early growth, having devised a system for accurately tracking movie rentals so that we could pay the correct royalties. But

now, as a public company, we needed CPAs and other fully credentialed, deeply experienced accounting professionals—and Laura had only an associate's degree from a community college. Despite her work ethic, her track record, and the fact that we all really liked her, her skills were no longer adequate. Some of us talked about jury-rigging a new role for her, but we decided that wouldn't be right.

So I sat down with Laura and explained the situation—and said that in light of her spectacular service, we would give her a spectacular severance package. I'd braced myself for tears or histrionics, but Laura reacted well: She was sad to be leaving but recognized that the generous severance would let her regroup, retrain, and find a new career path. This incident helped us create the other vital element of our talent management philosophy: If we wanted only "A" players on our team, we had to be willing to let go of people whose skills no longer fit, no matter how valuable their contributions had once been. Out of fairness to such people—and, frankly, to help us overcome our discomfort with discharging them—we learned to offer rich severance packages.

With these two overarching principles in mind, we shaped our approach to talent using the five tenets below.

Hire, Reward, and Tolerate Only Fully Formed Adults

Over the years we learned that if we asked people to rely on logic and common sense instead of on formal policies, most of the time we would get better results, and at lower cost. If you're careful to hire people who will put the company's interests first, who understand and support the desire for a high-performance workplace, 97% of your employees will do the right thing. Most companies spend endless time and money writing and enforcing HR policies to deal with problems the other 3% might cause. Instead, we tried really hard to not hire those people, and we let them go if it turned out we'd made a hiring mistake.

Adultlike behavior means talking openly about issues with your boss, your colleagues, and your subordinates. It means recognizing that even in companies with reams of HR policies, those policies are frequently skirted as managers and their reports work out what makes sense on a case-by-case basis.

Let me offer two examples.

When Netflix launched, we had a standard paid-time-off policy: People got 10 vacation days, 10 holidays, and a few sick days. We used an honor system—employees kept track of the days they took off and let their managers know when they'd be out. After we went public, our auditors freaked. They said Sarbanes-Oxley mandated that we account for time off. We considered instituting a formal tracking system. But then Reed asked, "Are companies required to give time off? If not, can't we just handle it informally and skip the accounting rigmarole?" I did some research and found that, indeed, no California law governed vacation time.

So instead of shifting to a formal system, we went in the opposite direction: Salaried employees were told to take whatever time they felt was appropriate. Bosses and employees were asked to work it out with one another. (Hourly workers in call centers and warehouses were given a more structured policy.) We did provide some guidance. If you worked in accounting or finance, you shouldn't plan to be out during the beginning or the end of a quarter, because those were busy times. If you wanted 30 days off in a row, you needed to meet with HR. Senior leaders were urged to take vacations and to let people know about them—they were role models for the policy. (Most were happy to comply.) Some people worried about whether the system would be inconsistent—whether some bosses would allow tons of time off while others would be stingy. In general, I worried more about fairness than consistency, because the reality is that in any organization, the highest-performing and most valuable employees get more leeway.

The company's expense policy is five words long: "Act in Netflix's best interests."

We also departed from a formal travel and expense policy and decided to simply require adultlike behavior there, too. The company's expense policy is five words long: "Act in Netflix's best interests." In talking that through with employees, we said we expected them to spend company money frugally, as if it were their own. Eliminating a formal policy and forgoing expense account police shifted responsibility to frontline managers, where it belongs. It also reduced costs: Many large companies still use travel agents (and pay their fees) to book trips, as a way to enforce travel policies. They could save money by letting employees book their own trips online. Like most Netflix managers, I had to have

conversations periodically with employees who ate at lavish restaurants (meals that would have been fine for sales or recruiting, but not for eating alone or with a Netflix colleague). We kept an eye on our IT guys, who were prone to buying a lot of gadgets. But overall we found that expense accounts are another area where if you create a clear expectation of responsible behavior, most employees will comply.

Tell the Truth About Performance

Many years ago we eliminated formal reviews. We had held them for a while but came to realize they didn't make sense—they were too ritualistic and too infrequent. So we asked managers and employees to have conversations about performance as an organic part of their work. In many functions—sales, engineering, product development—it's fairly obvious how well people are doing. (As companies develop better analytics to measure performance, this becomes even truer.) Building a bureaucracy and elaborate rituals around measuring performance usually doesn't improve it.

Traditional corporate performance reviews are driven largely by fear of litigation. The theory is that if you want to get rid of someone, you need a paper trail documenting a history of poor achievement. At many companies, low performers are placed on "Performance Improvement Plans." I detest PIPs. I think they're fundamentally dishonest: They never accomplish what their name implies.

One Netflix manager requested a PIP for a quality assurance engineer named Maria, who had been hired to help develop our streaming service. The technology was new, and it was evolving very quickly. Maria's job was to find bugs. She was fast, intuitive, and hardworking. But in time we figured out how to automate the QA tests. Maria didn't like automation and wasn't particularly good at it. Her new boss (brought in to create a world-class automation tools team) told me he wanted to start a PIP with her.

I replied, "Why bother? We know how this will play out. You'll write up objectives and deliverables for her to achieve, which she can't, because she lacks the skills. Every Wednesday you'll take time away from your real work to discuss (and document) her shortcomings. You won't sleep on Tuesday nights, because you'll know it will be an awful meeting, and the same will be true for her. After a few weeks there will be tears. This will go on for three months. The entire team will know. And at the end you'll

fire her. None of this will make any sense to her, because for five years she's been consistently rewarded for being great at her job—a job that basically doesn't exist anymore. Tell me again how Netflix benefits?

"Instead, let's just tell the truth: Technology has changed, the company has changed, and Maria's skills no longer apply. This won't be a surprise to her: She's been in the trenches, watching the work around her shift. Give her a great severance package—which, when she signs the documents, will dramatically reduce (if not eliminate) the chance of a lawsuit." In my experience, people can handle anything as long as they're told the truth—and this proved to be the case with Maria.

When we stopped doing formal performance reviews, we instituted informal 360-degree reviews. We kept them fairly simple: People were asked to identify things that colleagues should stop, start, or continue. In the beginning we used an anonymous software system, but over time we shifted to signed feedback, and many teams held their 360s face-to-face.

HR people can't believe that a company the size of Netflix doesn't hold annual reviews. "Are you making this up just to upset us?" they ask. I'm not. If you talk simply and honestly about performance on a regular basis, you can get good results—probably better ones than a company that grades everyone on a five-point scale.

Managers Own the Job of Creating Great Teams

Discussing the military's performance during the Iraq War, Donald Rumsfeld, the former defense secretary, once famously said, "You go to war with the army you have, not the army you might want or wish to have at a later time." When I talk to managers about creating great teams, I tell them to approach the process in exactly the opposite way.

In my consulting work, I ask managers to imagine a documentary about what their team is accomplishing six months from now. What specific results do they see? How is the work different from what the team is doing today? Next I ask them to think about the skills needed to make the images in the movie become reality. Nowhere in the early stages of the process do I advise them to think about the team they actually have. Only after they've done the work of envisioning the ideal outcome and the skill set necessary to achieve it should

they analyze how well their existing team matches what they need.

If you're in a fast-changing business environment, you're probably looking at a lot of mismatches. In that case, you need to have honest conversations about letting some team members find a place where their skills are a better fit. You also need to recruit people with the right skills.

We faced the latter challenge at Netflix in a fairly dramatic way as we began to shift from DVDs by mail to a streaming service. We had to store massive volumes of files in the cloud and figure out how huge numbers of people could reliably access them. (By some estimates, up to a third of peak residential internet traffic in the U.S. comes from customers streaming Netflix movies.) So we needed to find people deeply experienced with cloud services who worked for companies that operate on a giant scale—companies like Amazon, eBay, Google, and Facebook, which aren't the easiest places to hire someone away from.

Our compensation philosophy helped a lot. Most of its principles stem from ideals described earlier: Be honest, and treat people like adults. For instance, during my tenure Netflix didn't pay performance bonuses, because we believed that they're unnecessary if you hire the right people. If your employees are fully formed adults who put the company first, an annual bonus won't make them work harder or smarter. We also believed in market-based pay and would tell employees that it was smart to interview with competitors when they had the chance, in order to get a good sense of the market rate for their talent. Many HR people dislike it when employees talk to recruiters, but I always told employees to take the call, ask how much, and send me the number—it's valuable information.

In addition, we used equity compensation much differently from the way most companies do. Instead of larding stock options on top of a competitive salary, we let employees choose how much (if any) of their compensation would be in the form of equity. If employees wanted stock options, we reduced their salaries accordingly. We believed that they were sophisticated enough to understand the trade-offs, judge their personal tolerance for risk, and decide what was best for them and their families. We distributed options every month, at a slight discount from the market price. We had no vesting period—the options could be cashed in immediately. Most tech companies have a four-year vesting sched-

ule and try to use options as "golden handcuffs" to aid retention, but we never thought that made sense. If you see a better opportunity elsewhere, you should be allowed to take what you've earned and leave. If you no longer want to work with us, we don't want to hold you hostage.

We continually told managers that building a great team was their most important task. We didn't measure them on whether they were excellent coaches or mentors or got their paperwork done on time. Great teams accomplish great work, and recruiting the right team was the top priority.

Leaders Own the Job of Creating the Company Culture

After I left Netflix and began consulting, I visited a hot start-up in San Francisco. It had 60 employees in an open loft-style office with a foosball table, two pool tables, and a kitchen, where a chef cooked lunch for the entire staff. As the CEO showed me around, he talked about creating a fun atmosphere. At one point I asked him what the most important value for his company was. He replied, "Efficiency."

"OK," I said. "Imagine that I work here, and it's 2:58 PM. I'm playing an intense game of pool, and I'm winning. I estimate that I can finish the game in five minutes. We have a meeting at 3:00. Should I stay and win the game or cut it short for the meeting?"

"You should finish the game," he insisted. I wasn't surprised; like many tech start-ups, this was a casual place, where employees wore hoodies and brought pets to work, and that kind of casualness often extends to punctuality. "Wait a second," I said. "You told me that efficiency is your most important cultural value. It's not efficient to delay a meeting and keep coworkers waiting because of a pool game. Isn't there a mismatch between the values you're talking up and the behaviors you're modeling and encouraging?"

When I advise leaders about molding a corporate culture, I tend to see three issues that need attention. This type of mismatch is one. It's a particular problem at start-ups, where there's a premium on casualness that can run counter to the high-performance ethos leaders want to create. I often sit in on company meetings to get a sense of how people operate. I frequently see CEOs who are clearly winging it. They lack a real agenda. They're working from slides that were obviously put together an hour before or were recycled from the previous round of VC meetings. Workers notice these things, and if they see a leader

who's not fully prepared and who relies on charm, IQ, and improvisation, it affects how they perform, too. It's a waste of time to articulate ideas about values and culture if you don't model and reward behavior that aligns with those goals.

The second issue has to do with making sure employees understand the levers that drive the business. I recently visited a Texas start-up whose employees were mostly engineers in their twenties. "I bet half the people in this room have never read a P&L," I said to the CFO. He replied, "It's true—they're not financially savvy or business savvy, and our biggest challenge is teaching them how the business works." Even if you've hired people who want to perform well, you need to clearly communicate how the company makes money and what behaviors will drive its success. At Netflix, for instance, employees used to focus too heavily on subscriber growth, without much awareness that our expenses often ran ahead of it: We were spending huge amounts buying DVDs, setting up distribution centers, and ordering original programming, all before we'd collected a cent from our new subscribers. Our employees needed to learn that even though revenue was growing, managing expenses really mattered.

The third issue is something I call the split personality start-up. At tech companies this usually manifests itself as a schism between the engineers and the sales team, but it can take other forms. At Netflix, for instance, I sometimes had to remind people that there were big differences between the salaried professional staff at headquarters and the hourly workers in the call centers. At one point our finance team wanted to shift the whole company to direct-deposit paychecks, and I had to point out that some of our hourly workers didn't have bank accounts. That's a small example, but it speaks to a larger point: As leaders build a company culture, they need to be aware of subcultures that might require different management.

Good Talent Managers Think Like Businesspeople and Innovators First, and Like HR People Last

Throughout most of my career I've belonged to professional associations of human resources executives. Although I like the people in these groups personally, I often find myself disagreeing with them. Too many devote time to morale improvement initiatives. At some places entire teams focus on getting their firm onto lists of "Best Places to Work" (which, when you dig into the methodologies, are really based just on

I never see what has been done; I only see what remains to be done.

- Buddha

perks and benefits). At a recent conference I met someone from a company that had appointed a "chief happiness officer"—a concept that makes me slightly sick.

During 30 years in business I've never seen an HR initiative that improved morale. HR departments might throw parties and hand out T-shirts, but if the stock price is falling or the company's products aren't perceived as successful, the people at those parties will quietly complain—and they'll use the T-shirts to wash their cars.

Instead of cheerleading, people in my profession should think of themselves as businesspeople. What's good for the company? How do we communicate that to employees? How can we help every worker understand what we mean by high performance?

Here's a simple test: If your company has a performance bonus plan, go up to a random employee and ask, "Do you know specifically what you should be doing right now to increase your bonus?" If he or she can't answer, the HR team isn't making things as clear as they need to be.

At Netflix I worked with colleagues who were changing the way people consume filmed entertainment, which is an incredibly innovative pursuit—yet when I started there, the expectation was that I would default to mimicking other companies' best practices (many of them antiquated), which is how almost everyone seems to approach HR. I rejected those constraints. There's no reason the HR team can't be innovative too.

Crafting a Culture of Excellence

Netflix founder and CEO Reed Hastings discusses the company's unconventional HR practices. *HBR: Why did you write the Netflix culture deck?*

Hastings: It's our version of Letters to a Young Poet for budding entrepreneurs. It's what we wish we had understood when we started. More than 100 people at Netflix have made major contributions to the deck, and we have more improvements coming.

Many of the ideas in it seem like common sense, but they go against traditional HR practices. Why aren't companies more innovative when it comes to talent management?

As a society, we've had hundreds of years to work on managing industrial firms, so a lot of accepted HR practices are centered in that experience. We're just beginning to learn how to run creative firms, which is quite different. Industrial firms thrive on reducing variation (manufacturing errors); creative firms thrive on increasing variation (innovation).

What reactions have you gotten from your peers to steps such as abolishing formal vacation and performance review policies? In general, do you think other companies admire your HR innovations or look askance at them?

My peers are mostly in the creative sector, and many of the ideas in our culture deck came from them. We are all learning from one another.

Which idea in the culture deck was the hardest sell with employees?

"Adequate performance gets a generous severance package." It's a pretty blunt statement of our hunger for excellence.

Have any of your talent management innovations been total flops?

Not so far.

Patty talks about how leaders should model appropriate behaviors to help people adapt to an environment with fewer formal controls. With that in mind, how many days off did you take in 2013?

"Days off" is a very industrial concept, like being "at the office." I find Netflix fun to think about, so there are probably no 24-hour periods when I never think about work. But I did take three or four weeklong family trips over the past year, which were both stimulating and relaxing.

Movie 2.8 Reveal: Last Train Home

Set against the backdrop of the world's largest annual human migration, Last Train Home follows Changhua Zhang and his wife Suqin, factory workers who travel home once a year on Chinese New Year to reunite with their family.

Sixteen years ago, the Zhangs left their young children to find work in the city, consoled by the hope that their wages would give their children a better life. But in a bitterly ironic twist, the Zhangs' dreams for the future are undone by their very absence.

This excerpt from the Emmy-nominated documentary follows the Zhangs as they head home from the city to their rural village.

Content or Native

Comparing the ROI of Content Marketing and Native Advertising

by Kelsey Libert

Many companies today rely on content marketing and native advertising to gain visibility for their brand — after all, 70% of people say they'd rather learn about products through content rather than through traditional advertising. But is either content marketing or native advertising a surefire way to boost brand awareness? And which one offers more bang for the buck?

To answer this question, we at Fractl, a content marketing firm, collaborated with Moz to survey over 30 agencies specializing in content marketing about content formats and the metrics they use to track ROI. And I'll get to what we found, below. But first, let's remind ourselves how each approach is different, and what each approach aims to do.

Content marketing agencies produce campaigns for brands (this is an example) and then pitch these to multiple top-tier publishers for coverage. Each time a publisher writes about a campaign, it will usually link back to the company as the source. These links increase a company's organic search rankings, direct traffic to the company's website, and drive user engagement for the brand via social media.

Whereas content marketing usually tries to secure dozens of media pickups, native advertising promotes content by paying to partner with a single publisher. (This is an example of a native advertising partnership between BuzzFeed and all Laundry Detergent.) Native advertising (also known as sponsored content) offers a guaranteed placement with a top-tier publisher that might have monthly unique visitors in the multi-millions.

The Differences Between Content Marketing and Native Advertising

	CONTENT MARKETING	NATIVE ADVERTISING
GOALS	• Search engine rankings • Brand awareness • Conversions	• Brand awareness • Social engagement
KPIS	• Number of leads • High-quality links • Total social shares	• Campaign views • Site traffic • Social engagement
CHANNELS	• Average of 27 publisher stories	• 1 publishing partner
BENEFITS	• Increased organic rankings • Drive brand awareness • Optimized for conversions	• Drive brand awareness • Drive brand engagement
CHALLENGES	• Securing publisher partnerships • Requires long-term investment	• Costly to scale • "Sponsored" tag perceived as ad • Lack of SEO benefits

SOURCE FRACTL

We took a data-driven approach to compare the efficacy of native advertising versus content marketing. Here's what we learned about how the two strategies stack up.

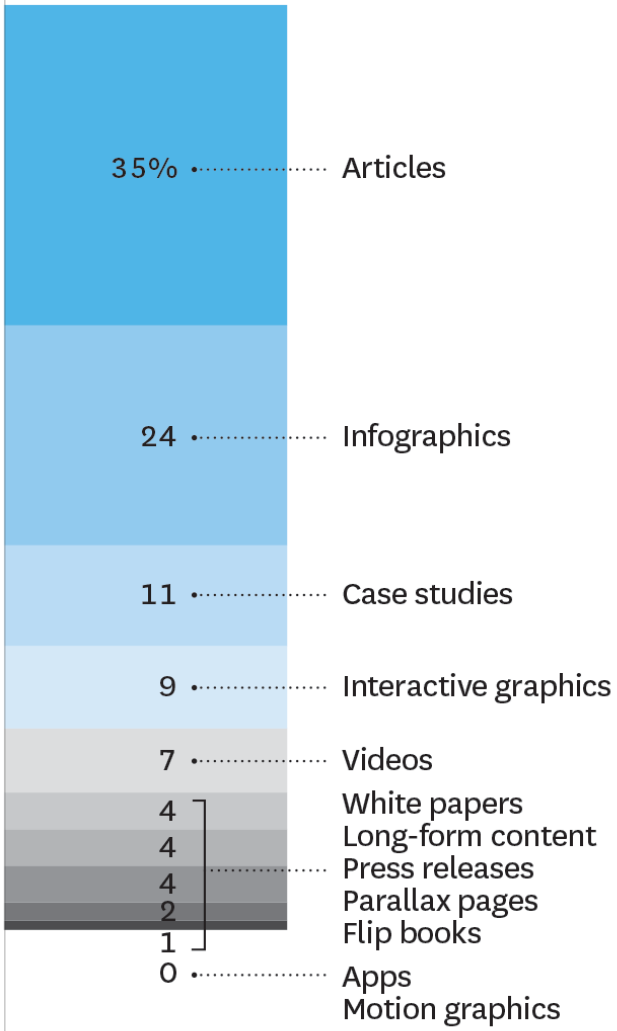
First, we looked at content marketing services. On average, 65% of agencies produce between one and 10 campaigns per month for each of their clients. The process for a single campaign includes idea generation, concept research, asset design, and – the final step – promotion. Once a team has completed production, they pass the campaign to a media relations associate who secures press coverage for the campaign. The goal: getting staff writers at a high-authority websites to produce a story about the campaign for their publishers.

In the early days of content marketing, widgets, and "listicles" dominated the landscape. As Google began penalizing brands for thin content pages and low-value link schemes, the industry scrambled to produce higher-quality content. Thus, like some publishers, content marketing agencies started to produce more articles and infographics than other content formats.

Almost half of clients measure content marketing success by the number of leads (i.e., customer conversions based on campaigns), high-quality links (i.e., links from high-authority publishers), and total social media shares generated by each campaign. Excluding outliers, the average content marketing campaign earns 27 links

What Clients Want Most from Content Marketers

Which three content formats do your clients order most frequently?



SOURCE FRACTL, MOZ

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from publisher stories (media pickups), whereas the average for each agency's "most successful campaign" is 422 links and the median is 150 links.

How much does this cost? We found that 70% of content marketing agencies offer monthly retainers, and these fall into five buckets: Less than $1,000, $1,000–$5,000, $5,000–$10,000, $10,000–$50,000, and $50,000–$100,000. Content marketing costs largely relate to the scope of the projects being produced (e.g., press releases versus interactive graphics) and their reach (e.g., influencer marketing versus no outreach). We found that a price tag of between $5,000-$50,000 correlated with campaigns that generated the most links, which suggests that agencies were able to produce innovative, larger-scope campaigns, influencer marketing, and content amplification, rather than just issuing press releases. At the lower end, we did not see as much activity, and we speculate that those firms did not have the resources to generate compelling campaigns. But interestingly, at the higher end, we did not see considerably more value being created once companies went over $50,000.

Next, we wanted to see how native advertising compares. We gathered native advertising cost data from a report by Relevance, another content marketing agency, to which we added 100 additional data points to see what nearly 600 publishers charge for native advertising. We included general news publishers that tend to dominate search engine results and have a collective social following of more than 100,000 people.

At first glance, we saw that the minimum investment to partner on a native advertising is exorbitant for most brands. For example, to team up with TIME on a native advertising campaign, a client can pay up to $200,000. On average, the cost of a native advertising campaign for top-tier news publishers was $54,014.29. (For lower-tier publishers, which we categorized as having a domain authority of less than 80, the cost drops to an average between $70 and $8,000.)

Clearly, native advertising is expensive. But what's the return? We reviewed 38 native advertising campaigns published on BuzzFeed, a leader for sponsored content, alongside 58 Fractl content marketing campaigns, to evaluate the reach (in terms of links) and engagement (social shares) of each. (Full disclosure again that my company Fractal is a content marketing agency.) Overall, Fractl's content marketing campaigns were republished and

The test of a first rate intelligence, is the ability to hold two opposed ideas in the mind, at the same time, and still retain the ability to function.

- F. Scott Fitzgerald

shared more than BuzzFeed's native advertising. For example, just comparing the top performing campaigns for each, we found that Fractl's 11 campaigns for client Movoto resulted in, on average, 146 pickups and 17,934 social shares. BuzzFeed's 13 campaigns for Intel resulted in one pickup on average and 12,481 social shares.

And in line with these findings, a report by eMarketer found that the most common issue cited by executives who use native advertising was of scale. Of course, you're paying to publish content solely on the site you're partnering with, which limits potential reach. One additional stumbling block: Google considers native advertising to be paid links, which prevents campaigns from improving the company's search engine rankings.

With its smaller reach, is native advertising ever worth the cost? For some firms with large budgets, the expense is worth it if it means aligning their brand with a high-authority publisher and the right niche audience. Ultimately, native advertising has been proven effective in drawing higher click rates than traditional banner ads and other outbound marketing methods, so as a replacement for those, it could make sense.

While I may be biased, these data-driven findings suggest how companies might get a better bang for their buck with content marketing — especially if they're looking for a wide reach with different publishers and audiences. However, for those mainly interested in guaranteed placement with a big-name publisher, native advertising might be the way to go.

Movie 2.9 China's Growing Appetite for Pork Part II

China is unable to feed itself. Its appetite has grown too large, too fast. Last year, a Chinese company bought Smithfield Foods, the iconic ham brand and America's largest pork producer in the largest Chinese purchase of an American business.

The deal came two years after China's communist government issued an edict directing its food industry to scour the globe in search of agricultural resources, prompting concerns about the government’s role in the takeover.

The Center for Investigative Reporting spent four months digging into the deal and produced two pieces that aired on PBS NewsHour. The reporting was funded in part by the McGraw Center for Business Journalism at the CUNY Graduate School of Journalism and The Grantham Foundation.

Part 2 looks at the consequences of China’s antiquated agricultural system at home – and the potential impacts of its search abroad for more food.

Price Changing

The Risks of Changing Your Prices Too Often

by Utpal M. Dholakia

Today's technologies allow digital businesses (as well as a growing roster of traditional companies) to change prices frequently, even minute-by-minute in real time if they want to. It is not unusual for prices to change on sites like Amazon, Expedia, and Priceline several times a day. But managers are struggling to understand these tactics. How often should companies really change their prices?

For any enterprise, the biggest constraint in changing prices is the "menu cost." Historically, price changes were expensive and time-consuming. Price lists had to be recalculated, typed up, and mailed to distributors and customers; new catalogs, labels, and signs had to be printed and press releases drafted. This forced companies to maintain prices. Throughout the 2000s, even as the internet continued to grow, prices remained the same for months at a time.

Over the past few years, however, technology has drastically shifted the economics of price changes. Pricing optimization software helps companies link cost, customer, and sales-performance data and dynamic pricing methods allow firms to take account of market factors, competitor actions, and customer responses.

Menu costs have fallen dramatically. In industry after industry, this puts pressure on managers to change prices frequently. The popularity of short-lived price promotions, flash sales, and daily deals has further destabilized prices. But the trend is most pronounced among digital businesses, where price-change costs are virtually zero.

Many marketers see frequent price changes as a way of keeping customers on the hook and luring them back to their store or sites. Constant price shifts seem to be a good way to offer discounts selectively and protect margins.

But for a lot of consumers, fluctuating prices are merely confusing, frustrating, and annoying. Changes stop customers in their tracks.

Price changes often make the buying decision infinitely more complex. Customers no longer have clear reference prices, so they don't know when to pull the trigger. Research shows that when decisions become complex, many people delay making decisions or back out of them altogether. For example, when a price moves around on an hourly basis, the best option for many consumers is to simply tune out and postpone the purchase.

Another insidious consequence is that constant price changes shift the customer's attention away from the product's features to its price. Humans are hardwired to pay attention to stimuli that change and ignore those that remain stable. So when prices fluctuate constantly (and other features don't), customers naturally turn their attention away from hedonic and experiential aspects of the product — the very factors that make a strong brand and allow the

Our greatest glory is not in never falling, but in rising every time we fall.

- Confucius

company to enjoy a price premium — and focus on price. Even products that used to be differentiated are seen as commodities. Nowhere is this phenomenon more evident than in furniture, where incessant sales have commoditized an entire category.

Frequent price changes are also perhaps the single biggest instigator of price wars. Most price changes, especially those that are publicized by companies, tend to be decreases. And when competitors see that a price is cut, they feel compelled to respond. Many airlines and supermarkets have fallen into this trap, ending up in bruising price wars as they match each others' cuts and get caught in fast-moving downward price spirals.

There are legitimate reasons to change prices, of course. A company may want to get rid of its remaining inventory and introduce new versions of its products. Companies like Apple, Sony, Dell, and LG have to do this. And in nondigital businesses, many products are seasonal: It makes sense to mark down sweaters in April and linen suits in October, for example. Other valid reasons for changing prices include rising raw material or labor costs, encouraging customers to try something new, and rewarding loyal customers.

But customer reactions to cavalier pricing actions may make quick fluctuations unproductive at best, and inflict lasting damage to a company's bottom-line at worst. Prices should be changed only as often as the enterprise's tactical objectives and overarching goals dictate.

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