

Wisdom
of years

Average
cognitive power

Positive
attitude

Cultural fit
in question

Above
average
compensation

Executive
presence
issues

What Should we Do
About Hal?



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Hal's a loyal, friendly and well-liked guy. He's been with your company more than 20 years. He's in a big, important role.

Hal was a great fit with the company when he joined, but is a highly questionable fit with its future needs. His performance is consistently rated at or slightly below average. His role is one that's a critical experience to develop future General Managers.

So, what should you do about Hal?

If you've attended our [Talent Management Institute](#), you've discussed Hal and have a point of view. If you haven't, you still likely recognize Hal as someone that makes up anywhere between 5% and 20% of your workforce.

These employees perform at the low end of average with an occasional good year that gives them just enough lift to limp-along for one more year. And then one more. If you ranked them against all other employees, they'd never be in the upper 60%

Their performance isn't so poor that it's obvious they should be terminated. But, it would be easy to replace them with higher quality talent at the same salary if you chose to.

They're often good corporate citizens – they live the values, are nice to others. They may be long-service employees who performed well years ago but who don't have the capability or mindset to perform at a high level today

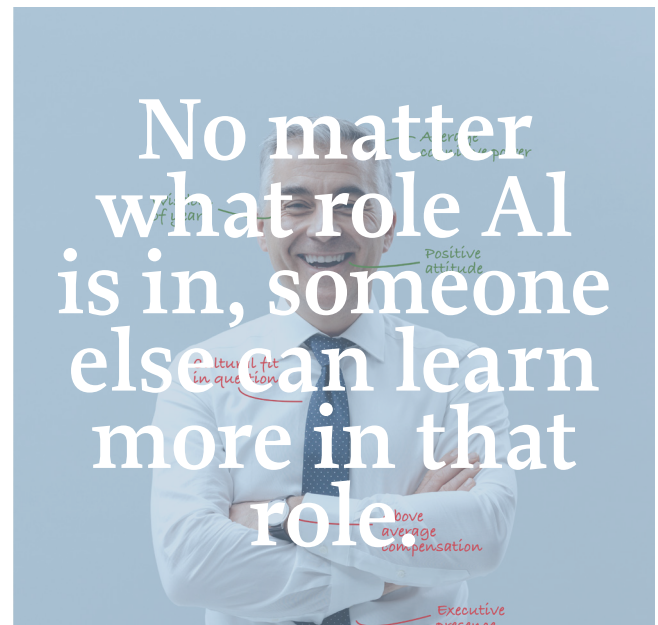
What you should do about Hal

There's a great starting point to answer the question, "What to do about Hal?": Ask an investor or a customer. If you told one of your company's largest institutional shareholders about Hal and asked them what they would recommend you do, their answer would be quite clear: "Fix him or send him on his way."

Of course, you could invest enough effort in Hal to make him a more consistently average performer. But why would you do that when you can invest in someone who would consistently perform at a higher level in that role? In fact, you would likely hear the same thing from his peers and a few direct reports.

Since you have Hal's in your organization that you likely aren't proactively managing, we want to encourage you to take faster action because:

The performance benefits will be immediate: We have yet to meet a corporate



executive who regretted upgrading the quality of their direct reports. If someone is a Hal, it means that 60% – 70% of employees at their level perform better than they do. Unless your recruiting process is fundamentally broken, your next hire will easily outperform that person.

If you're concerned that Hal has unique knowledge that you'll lose or that must be transferred to their replacement, make sure that their very generous severance package includes having them train their replacement and transfer that knowledge.

They block others' advancement: No matter what role Hal is in, someone else can learn more in that role. Their direct reports are looking up and wondering if the company will ever recognize that this person just can't do the job. After a bit of wondering they'll leave or quiet quit, assuming that the

company doesn't value high performance.

You'll be judged by their mediocre results:

As Hal's manager, you're being held to a high performance standard and he isn't helping you deliver results. Your manager knows you need to act on him. Every day you don't act reflects poorly on your ability to build a high performing team.

Team engagement will increase: Hal may be well liked by peers and coworkers, but they know he's not the best talent for the job. They may miss him, for a while, but they'll soon value the high performing replacement much more.

We know from our client work globally that high performing companies regularly upgrade their talent and don't tolerate lower performers very long. They have this mindset because they value performance and want the best possible talent in every job. Their executives' Talent Philosophy is that the bar for "average performance" moves up a lot every year.

How to find your Hal's

You likely know today who your Hals are but it helps to have quantitative data to support your choices. Performance ratings are the best starting point but likely not at their face value. Hal probably received "meets expectations" ratings for the past 5 years.

So, if you stack ranked all employees at Hal's level, where would Hal rank in that hierarchy? It's likely that many employees received a higher performance rating at least one of those years. Hal's average rating over time may quickly sort him into the bottom quar-

tile. You can also stack rank last year's bonus payouts. You can run a "lifeboat" exercise or conduct a Buy, Sell, Hold discussion.

Concerns about terminating Hal

Even if you like the idea of sending Hal onto his next adventure, you likely have some legitimate questions about how to do it. You don't want today's termination to become tomorrow's social media firestorm. Those questions and concerns likely include:

We never documented to Hal that he's a low performer. The concern with firing low performing employees when you don't have sufficient documentation is that they'll sue you for unfair termination. If that's your primary concern, here's a great way to avoid paying out lots of money tomorrow – pay out a decent amount today. (NOTE: Neither that statement or any other advice in this article is intended to be legal advice. Ask your General Counsel for guidance on this topic.)



We always recommend a respectful send-off with generous financial consideration. Respect plus money will sharply reduce your risk of a termination ending up in court. Again, this is management advice, not legal advice.

For our friends in countries with works councils or whose management workers are represented by an organized body, you're obviously tied to those rules. That shouldn't change your urgency to move Hal out, just the process by which you do it.

Our Talent Philosophy or company values say that we show respect for employees.

How is firing Hal consistent with that value? You can show employees respect and still deliver strong financial results for your company. Respect doesn't mean keeping underperforming employees in their job. That doesn't show respect for the company, your shareholders, or your coworkers and doesn't speak positively about your ability to manage anyone.

Respect should be shown by treating your employees like adults and being transparent with them about their current performance and about your concerns for their future performance.

Why not develop Hal or move him to

another role? You could do either, but it's highly unlikely that a 40th percentile performer will ever be a sustained 70th percentile performer in the same job or at the same level. In very rare cases, there is such a fundamental misfit that moving someone to a new role will spark high performance. In most cases, however, Hal is in a job too large for their capabilities.

If you're committed to building talent internally, you can give Hal coaching, training, experiences and other developmental activities to try to bring them to the 50th percentile. You may get there. By making that choice, you haven't invested in helping those at the 65th percentile get to the 85th percentile. Science would say that shift is where you'll get a better return on your investment.

We have a "nice" company culture. How could we make this work?

Most cultures are nice cultures and most employees are nice people. They get along with their coworkers and are good organizational citizens. There's nothing that prevents you from having a nice culture and taking this action.

When people say, "nice culture," what they often mean is that their culture is paternalistic, passive-aggressive, not transparent and not honest with employees. Nice is defined as never sharing bad news or confronting low



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performance. If that's your culture, you definitely need to move Hal out because there's a long line of other Hal's behind him who also need to go.

They're the only person who can do the job. This is only person who knows how to do this/s/he's the key guy/gal on the project/I can't find a replacement. Each of those statements may be true in the short term but none is a valid long term excuse for inaction. Unless this individual is the only scientist with experience researching a specific molecule that may create your blockbuster drug, there's another one who can do the job.

It might take you 6 months or a year to find that person, so start looking today. We don't advise that you move so fast that you harm

the business. But, if you've said this person is a Hal, every day they are there you're agreeing to suboptimal business results.

Just do it

It may sound cavalier to suggest that you terminate your population of Hals. We believe that better corporate returns are easily found in upgrading performance in these roles and that your Hals will never deliver superior results.

Treat your Hals humanely, respectfully and generously. But recognize that your responsibility is to deliver a successful company to your customers, shareholders and investors. That can happen much more quickly when you have far fewer Hals.

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