



HOT TOPIC

Benchmarks Are Dangerous

By Howard Morgan and Cathy Swody

As leaders and coaches, we recognize how important it is for people to understand how they are performing. To increase understanding, we encourage the use of assessments and 360-degree feedback as tools for providing insights into leadership. Progressive clients even use employee surveys to inform leaders how well they are engaging their teams. We hope that these tools will provide a better understanding of the current situation in an organization and form the foundation for positive personal/organizational change.

Regardless of the type of assessment or feedback process, leaders frequently want to know how their scores compare to everyone else's scores. "Is this a good score?" "How do other people typically rate here?" These questions come as no surprise to any of us. People want to compare their results to a known standard or benchmark. Basically, we are all competitive and like any other competition, we want to perform at the highest level. As companies, or individuals in companies, we want to know how good we are doing compared to the competition. But do we *really* want to know? If we do, relying on benchmarks from other companies to interpret a person's results can be problematic. In our own experience, we have seen the following three pitfalls in making these dangerous comparisons:

1. Benchmarks are ambiguous.

Uncertainty about what benchmark numbers truly represent limits their value. Benchmarks, in many ways, are a "black box." What goes in the box? The selection of companies represented in the benchmark is often biased. Benchmarks are not necessarily the best companies. Rather, benchmarks typically reflect a sample of convenience—the best clients of a particular consulting firm, for instance. Even if details such as the industry, geographical location, and organizational size are supplied, the benchmark may not be a useful referent point. Such factors as the type of instrument and the commonality of the questions can also be challenges in uniquely different companies. Many times, it is unclear when the benchmark information was collected. For example, leaders are comparing their current performance to how other companies performed years ago. When it is unclear *who* exactly is in the benchmark and *when* the information was collected, making fair comparisons is nearly impossible.

2. Benchmarks are in the eye of the beholder.

When leaders score better than the benchmark, we have found that the benchmark serves as a "pat on the back" rather than a catalyst for better performance. Scoring lower than the benchmark is not a recipe for motivation either, as leaders often then criticize the validity of the benchmark. This draws away from the important question: How am I doing against *my* fullest potential?

3. Benchmarks distract people from real work.

Leaders do not improve by virtue of knowing how others leaders are doing. A focus on how everyone else is performing takes attention away from pursuing real results. Benchmarks add noise and are not actionable by themselves. Benchmarks don't offer solutions. They don't explain how to improve performance. At best, benchmarks encourage people to catch up with competitors, but not surpass them; benchmarks encourage mediocrity, but not superiority. This is similar to "teaching to the test" rather than fostering real learning.

Moving Beyond Benchmarks

If leaders and their coaches avoid the trap of benchmarks, what can be used instead to help leaders understand their results and motivate improvements? Our advice is to simply focus on information that provides real value. Within an organization, the best comparison numbers are inspirational. How does the person compare to the best leaders in the organization? What do scores look like in the parts of the organization with the best business results? Comparisons like these can provide leaders with context and help them understand their relative performance.

More importantly, it's time to remind ourselves why leaders ask for feedback from the people they work with. People ask for feedback as a way to hold a mirror up and see themselves as others see them. Let's forget about how leaders at unnamed companies were rated years ago. It doesn't matter. Instead, let's focus on the behaviors we see in the mirror and make the changes necessary to be successful.



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