Dairy Farm Business

Performance Feedback, Monitoring, and Incentives
Why Feedback?

The human resource objective of a dairy manager should be to maintain a productive, stable, and committed workforce. Performance feedback to employees is one of the essential keys to making that elusive objective a reality. Most people are uncomfortable with uncertainty. When employees are uncertain about their work performance and job security, they cannot be as satisfied and productive as possible. Feedback reduces employee uncertainty and provides direction about how well an individual is performing and how he or she can improve.

Being motivated to do a “good job” is hard if you don’t know what “good” is or what the expectations are. Employees appreciate feedback on their performance and constructive criticism that helps them to gain success. If coaches never offered any advice on how to hit the ball, run faster, or jump higher, their players would be in trying to improve their performance. Your employees feel the same way when they get little to no feedback about how they are performing.

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Six Characteristics of Useful Feedback

- **Specific**
  Feedback should be specifically related to recognizable elements of performance or particular incidents that can be easily understood by both the employee and supervisor. Whenever possible, feedback should include objective information.

- **Relevant**
  Feedback should focus on behaviors or attitudes that have a direct impact on performance. Issues or opinions unrelated to job performance have no place in job feedback.

- **Credible**
  Feedback should come from a trusted source that has a developed rapport with the employee. The source of feedback needs to be in a position to observe employee performance. In other words, a milking supervisor who never visits the night crew cannot credibly provide them with feedback.

- **Frequent**
  Feedback needs to be frequent enough to provide direction that helps employees shape their performance. Limiting feedback to formal reviews once or twice a year is not enough to help employees improve. Less-experienced employees need feedback more frequently, but even experienced people need to hear it often enough to stay motivated and feel valued.

- **Timely**
  Feedback needs to occur close enough in time to performance so that it has meaning. Feedback about a critical incident in particular needs to come almost immediately after the incident takes place. Otherwise, the meaning and importance of the incident for learning begins to decline rapidly. Never wait for a formal review to provide feedback on a critical incident—provide informal feedback right away.

- **Linked to a Source of Help**
  Feedback should not end with the employee wondering what to do next. Negative feedback, especially, should always conclude with a series of positive steps that the employee can take toward improvement. The steps might be some specific recommendations (like from a coach), direction toward a source of further training, or plans for a change in the work system that limits performance. Don’t miss the opportunity when giving positive reinforcement to include coaching that will lead to an even better performance.
Formal Performance Feedback

Periodic, formal feedback about performance for individuals is known by many names: performance review, annual evaluation, performance appraisal, and so forth. It's usually carried out on an annual or twice-yearly basis and is often associated with pay adjustments. The purpose of the performance review is to help employees improve their work and develop a plan for gaining new skills.

Although the documentation needed to terminate an employee with chronic performance problems may start here, the goal of the review process is not discipline or punishment, but rather constructive feedback for improvement. Employees appreciate formal feedback on their performance and constructive criticism that helps them to succeed.

Performance review is a process for gathering data about how well each employee is doing his or her respective job, followed by a confidential face-to-face meeting with that employee to give feedback about the data. While a formal performance review as the only source of feedback that employees receive is common, this is not a good situation. Feedback given during the formal performance review should be based on informal feedback and coaching that employees receive from supervisors on a frequent, ongoing basis. The formal review may be viewed as a summary of the employee's work over the given period of time and an opportunity to plan for future development.

Getting Started with Performance Reviews

To get started with performance reviews, some key issues must be addressed. First, performance reviews need to be thoroughly explained to employees so that they understand the purpose. Remember, the purpose of the performance review is to help employees improve their work and develop a plan for gaining new sets of skills. Employees tend to feel threatened when a manager announces for the first time that he or she is starting performance reviews. Also, once a performance review system is in place, all new employees should be made aware of the system at their date of hire.

Second, who will be responsible for gathering data and conducting reviews? In most cases, an employee's direct supervisor bears this responsibility. If the supervisor is uncomfortable with this responsibility, he or she may be assisted by a more senior manager or an outside advisor. If data exists from ongoing informal feedback, then begin with that data; if not, collecting data and using informal feedback for a period of time before conducting formal performance review with employees is probably better (see “Informal Feedback” below.)

Third, when will reviews be conducted? Some operations use a yearly system based on the calendar or on the anniversary date of employee hires. The disadvantage to using the calendar (all done in February or some other month) is that the reviewer must block out substantial time for conducting reviews. The advantage to the calendar method is increased opportunity for comparison among employees. The disadvantage to using employee hire anniversary is that the review may need to be scheduled during a particularly busy time, and being rushed or rescheduled makes the employee feel less important. The advantage to the anniversary method is that if merit raises are tied to perfor-

mance review, then length of employment may be considered at the same time.

Fourth, standard forms, data summary sheets, records, etc., should be developed so that employees see what the criteria are for evaluation and how information will be gathered before the actual review process begins. You will need to have up-to-date job descriptions, and the job duties or responsibilities that you evaluate in the formal performance review should reflect those found in the job description for each employee.

On the next page is an example performance review worksheet. The supervisor and employee should each complete a copy of this worksheet separately and bring it to the scheduled private interview. The four questions at the bottom are intentionally open ended so that they will generate discussion. Question four should stimulate a very significant conversation about ways to cooperate for the employee's development.
Performance Review Worksheet

Name: ___________________________  Date: ___________________________

This document is to be completed separately by employee and the supervisor prior to performance review meeting.

<table>
<thead>
<tr>
<th>Job Duty or Responsibility</th>
<th>Below Standard</th>
<th>Standard</th>
<th>Above Standard</th>
<th>Not Performed</th>
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1. Please list the job responsibilities that you consistently do well:

________________________________________________________________________

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________________________________________________________________________

2. Please list the job responsibilities in which you have recently improved your performance:

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

3. Please list the responsibilities in which you feel you need to improve your performance:

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

4. How can I, as your supervisor, help you do a better job for the organization?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Informal Feedback

In order for feedback to help improve group or individual performance, it must be received on a regular and frequent basis. Informal feedback fills this need. Informal feedback might simply be a pat on the back when the supervisor notices that a job was particularly well done. It might be a problem-solving session for the herdsperson and breeder when the records indicate that reproductive efficiency is declining. Any communication about performance that is carried out in an informal setting is informal feedback.

When a dairy farm manager is carrying out the role of supervisor, informal feedback and coaching make up the largest and most important parts of that role. Good supervisors maintain open communication with their subordinates. They listen closely to their ideas and concerns and are always offering feedback on their performances. By offering ideas and direction toward improvement whenever feedback is negative, supervisors act as a coach to help their subordinates grow and improve.

Base Feedback on Performance That a Group or Individual Can Control

Not all feedback is appropriate for all situations. Some forms of feedback are appropriate for groups and others for individuals.

The general principle is that feedback on results or actions should be based on things that are within the control of the person or group receiving the feedback. Giving feedback to an individual or group about something they can’t control is pointless and discouraging to the recipient. Milkers who are doing a good job with proper procedures in the parlor in an effort to earn a quality bonus are discouraged when environmental mastitis due to poor conditions in the freestalls elevates somatic cell counts.

Feedback for individuals should be focused on things that the individual can control. Someone higher up in an organization will have more control than someone in an entry-level position. For example, a parlor manager is responsible for many different aspects of milking parlor efficiency, while a milker may only be responsible for his or her specific activities while milking and cleaning up. In order to give quality feedback, whether formal or informal, gathering relevant data in advance is important.

Gathering Data for Feedback

This section discusses some appropriate ways to gather data for group and individual feedback.

Group Data

Simple Plotting and Trend Lines

Feedback to groups of workers can be very simple with powerful results. Take the example of a complete milking center staff—they have wide influence over how well cows perform on certain performance indicators. Because of this wide influence and the fact that a group of people can accept more responsibility than an individual can, you can directly measure important performance indicators such as somatic cell count. The milking center staff can control the cleanliness of udders before cows are milked, the procedure that is used to milk, and how cows are handled in the milking center. If given proper training, authority, and responsibility, the staff can largely control the quality of milk shipped from the farm.

A group with this kind of wide-ranging authority and responsibility needs a reliable and objective system for gathering feedback on their own performance. In fact, they can gather their own feedback and chart it on a regular basis. The example below is a simple chart for tracking actual somatic cell count (SCC), standard plate count (SPC), and preliminary incubation (PI). This type of feedback chart should be posted prominently in a place where the milking center staff members can review progress.

Regular feedback helps to build workers’ understanding about how the group’s actions affect performance in the cows. A good supervisor will step into the coaching role and explain how the group’s actions as well as other outside influences can affect animal performance.

Milk Quality Monitor (2001)
**Group Problem-Solving Meetings to Address Performance Challenges**

Group problem solving can be used to address a performance problem in a positive way. Rather than giving negative feedback or punishing a group that is struggling, managers can call a meeting to discuss recent trends. The meeting can be used to gather information about a problem and begin developing strategies and tactics to correct it. Addressing a problem with group problem solving skips the unproductive blame game.

**Group Recognition to Build Teamwork and Recognize Successes**

Group meetings should also be used to celebrate achievements. The achievement could be reaching a certain goal or just maintaining performance at a good level. This type of positive group feedback keeps people motivated and focused on important performance measures.

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**Individual Data**

**Performance Check**

One of the simplest ways to monitor individual work performance is the job performance check. This technique assumes that the worker has the basic skills necessary to complete the job and that the work conditions, equipment, and supplies required to properly perform the job are in place. To gather data necessary for feedback, the job supervisor simply visits the worksite immediately after the job is completed and takes note of indicators that define the essential elements of the job. For informal feedback, the supervisor would then follow with appropriate feedback to the responsible worker.

For formal feedback, the supervisor should make some notes or fill out a form so that the material can be reviewed with the worker later. The form should list the indicators that define the essential elements of the job and use some sort of scale to assess how well those elements appear to have been performed. The example below is a feedback sheet for routine freestall barn maintenance.

**Performance Observation**

Performance observation is simply the act of spending time with employees as they are carrying out their work. Supervisors should spend enough time with workers that they do not feel uncomfortable with the supervisor’s presence and will not dramatically alter their performance. A supervisor that is present while work is carried out can gather data and offer feedback directly to the worker. A form or notes such as those in the example for job performance check can also be filled out during or immediately following performance observation.

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**Barn Maintenance Feedback Sheet**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Below standard</th>
<th>At standard</th>
<th>Above standard</th>
<th>Notes</th>
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<tbody>
<tr>
<td>Manure removed from alleyways</td>
<td></td>
<td></td>
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<tr>
<td>Manure and wet spots cleaned from freestalls</td>
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<tr>
<td>Bedding refilled</td>
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<tr>
<td>Bedding properly groomed</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Water troughs cleaned</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gates properly positioned</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tools put away</td>
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</tbody>
</table>
While either performance check or performance observation can be used to gather data on many different jobs, some cases exist where performance observation is essential. For example, performance observation is most likely necessary to gather data about how well a milking procedure is carried out. This can be combined with elements of performance check such as using cotton swabs to judge how well teats are cleaned in order to gather even better information for feedback.

Performance Graphing

Although gathering and plotting objective information that relates to individuals over time can be difficult, it can also be very rewarding. To be effective, this information must meet three conditions:

1. It must measure an important performance indicator.
2. It must depend directly on the individual worker’s performance.
3. It must be fed back to the worker very soon after the work is performed.

New milking parlors with automated information systems often generate a wealth of useful information that can be used for feedback to workers. This information ranges from basic, such as start and end time, to advanced, such as information about how quickly cows reached peak milk flow rate. This information can be used to measure how well workers are following procedures and stimulating cows for milk letdown.

Without automated systems, generating valuable real-time performance data for individual feedback is more difficult. One example is total milk harvest from a herd of cows when measured by each milking shift. This data can be gathered simply by measuring bulk tank weight after each milking. Monitoring trends in this data can provide insight about whether all cows are being milked, how well the cows are prepped and milked out, and the kind of environment that workers create in the milking center.

In the example below we can clearly see that Shift 2 is not harvesting as much milk as the other two shifts on certain days. Closer analysis reveals that the days when milk production is down occurs on weekends. This objective data, if posted where all can see, is likely to lead all milkers to strive for better performance in their respective shifts. If a pattern such as that above appears, the milking center manager can bring it up with the poor performers and seek a solution.

Performance Incentives

A father who wanted to reward his young sons for a “job well done” put some items (new fishing equipment, leather tool belt, and so forth) on a pegboard with some numbers attached to each item. The numbers represented the total “points” that the boys needed to earn that particular item. Dad had a check sheet of their chores and each evening he would return it to the boys to add up their points. The father had calculated that each boy should be able to earn a prize by the end of the summer. Less than six weeks later, new items were added to the pegboard—the boys had exceeded their proud father’s expectations.

An incentive can be monetary—extra money for improved milk quality, increased hourly rate for cross-training, or merit raises in pay for outstanding performance. An incentive can be nonmonetary—flexible working hours, public recognition for performance.
flexible working hours to some employees may be considered an incentive. Depending on whether incentives are given to individuals or groups of employees, not everyone may qualify for the incentive.

In order for incentives to be effective motivational tools for improving performance, the incentives must be important to the employee. Offering flexible working hours to some employees might be more valued than offering a small per-hour increase, depending on their individual circumstances. Likewise, additional responsibility in their job will be a burden to some employees and will be appreciated by others. Fit the incentive to the employee.

Along with importance to the employee, monetary incentives should be linked directly to both the bottom line of the business and to the areas under direct control of the employee. Providing extra dollars to employees for performance that does not improve profitability is not a sound long-term strategy. Offering incentives to employees that they don’t completely control is likely to frustrate workers and reduce performance. When designing incentives, ask these three questions:

1. Will this incentive be valued by the employee?
2. Is the incentive directly tied to outcomes that improve profitability?
3. Do employees receiving incentive directly control all areas related to the desired outcome for the incentive?

Incentives are regular rewards earned by meeting goals and performing well. Once incentives are put in place, they become a habit. Employees learn to expect the extra money or flexibility in scheduling. Because of this expectation, incentives may lose motivational power over time and are difficult to remove without disrupting employee morale.

### Relating Feedback to Standards, Goals, and Incentives

Employees should receive feedback in the context of clearly defined performance standards and goals. In most cases, workers that are well aware of the performance standards will know right away whether their work is acceptable. Because of the natural desire of most people to do a good job, this knowledge will lead them to perform at a level that meets or exceeds the standard.

For example, a calf feeder who clearly understands that the farm’s standard and his responsibility is to have all calves well bedded at all times will make sure that all calves are wellbedded. He knows that if his supervisor sees that calves are messy and wet, it will reflect negatively on his own performance. This is a clearly observable and understood standard that leads to the desired performance—well-bedded calves. Because the standard is well understood, the calf feeder performs at a level that is likely to earn him positive rather than negative feedback.

Let’s carry this example a little further and relate it to performance goals. Suppose the farm has a performance goal of losing no more than two calves per month that are between the ages of two days and two months. If the calf-raising team clearly understands this goal and also clearly understands the role that having clean, well-bedded calves plays in achieving it, then the chances are quite high that every person on the calf-raising team will consistently make sure the bedding is up to standard so that they can meet the goal. The desire for positive feedback is now combined with the social desire to be accepted as a valuable part of the calf-raising team.

Let’s take one more step with this example. Suppose that the performance goal of losing no more than two calves per month also carries a financial incentive. If the goal is met, each member of the calf-raising team receives an extra $50 bonus with his or her regular paycheck. Now, think about the pressure on each person to make sure that calves are well bedded. It’s quite likely that this calf-raising team is going to be motivated every day to take care of calf bedding as well as all the other little things that they know go into a low calf-mortality rate.

Evaluate the organizational environment that you ask your employees to work in.

- Do employees receive regular feedback on performance?
- Are standards clearly defined and easily understood by all?
- Do goals exist that are achievable yet challenging and lead toward improved productivity?
- Do employees understand how their work contributes to goal achievement?
- Are incentives clearly understood and relevant to aspects of performance that the employees can control?
- Finally, do feedback, goals, and incentives all reinforce one another?

### Conclusion

Providing feedback, both positive and negative, is an important part of every manager’s responsibility. People need to know specifically what parts of the job they do well and what parts they need to improve. A yearly or twice-yearly performance review that may be linked to pay raises is a good way to provide formal feedback and help employees to develop but does not replace the daily communication about work performance. An incentive program can be a useful tool for motivating and rewarding key employees, but it should be used in combination with both informal and formal feedback for the best overall outcome.