

# Managing Employee Expectations

David Drennan

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Recently on the 'Britain's Got Talent' TV show, a somewhat frumpy lady marched on stage to conduct an audition in front of a large theatre audience and three sceptical judges. The judges rolled their eyes when, although already 47, she said she wanted to become a 'professional singer', but she had never had the right opportunity. She thought she could become like Elaine Paige, the well-known singing star. More painful looks and rolling of eyes from both the judges and the audience. But Susan Boyle went ahead, and started to sing 'I Dreamed a Dream' from *Les Miserables*.

Within ten seconds of starting, her singing had the whole audience on their feet cheering. The judges faces bore looks of utter astonishment - she really could sing! When the cheers had died down, judge Piers Morgan, who gave her a standing ovation, said : "That is the biggest surprise I have had in three years of being a judge on this show. That was stunning!" Amanda Holden, another judge, told Susan : "We were against you at the start, but it was a privilege just to listen to that". In no time, a clip from the show was on YouTube. In less than a week, the clip had had more than 47 million views, more than Mandela, the Pope and President Obama combined. Unbelievably, a previously unknown middle-aged spinster from Scotland was suddenly a star.

There are two big reasons why Susan's performance made such an impact on the public everywhere. Most people live somewhat ordinary, even anonymous, lives, and they felt it was great that an ordinary lady like Susan, with few physical advantages, who had had few good breaks in her life, could suddenly get the chance prove to the world that she was someone of real talent. They could really identify with that, they loved the whole idea, she deserved it.

### The Power of Expectations

But the second big reason was : expectations. Had a nubile young lady come on stage looking the part, and sung the same song equally well, she would have gained great applause and judge approval, but her clip would never have appeared on YouTube. What made Susan unusual was that expectations of her performance were virtually zero before she started, and the gap between what she delivered and what was expected was just huge. That's what made her clip worth putting on YouTube, and the reason millions of people identified with her across the world.

That's the awesome power of expectations. It's not the performance alone that determines people's response, it's what was expected *before the event* that makes all the difference. That's a factor that's so important in life, and certainly in managing people, that every manager ought to know the essential principles, and put them to work on an everyday basis.

The point was well illustrated for me many years ago while working as a management consultant for a Company involved in computer manufacturing. Their American Managing

Director complained to me : “I don't understand these British people, David. Last year I offered them a bonus, and they more or less threw it in my face”. He told me that the previous year the Company had been doing well, and he indicated via their notice board that as a gesture of thanks he planned to pay a bonus at Christmas.

I later discovered there had been much speculation among employees about exactly how much the bonus would be. Despite average wages then being only around £20 a week, rumour built on rumour until the expected bonus generally fell somewhere between £50 and £100. The Managing Director had not been thinking of anything like such a figure. When his special bonus of £10 appeared in pay packets just before Christmas, instead of creating general delight and gratitude, there was widespread disgruntlement and hoots of derision.

### **The Laws About Expectations**

The lesson of this story is a fundamental one. If you fail to match or exceed your employees' expectations, even when you are giving money away, they will respond with complaints, ingratitude and even resentment. On the other hand, had our Managing Director kept his mouth shut - and I mean said nothing - but then put an *unexpected* £10 in each pay packet the week before Christmas with a personal note of thanks, good feelings about the Company would have been universal. It may seem perverse, but *exactly the same sum of money* will vary in its impact dependent on where expectations stand before the event.

This M.D. had tried to do the right thing, he thought he was being generous. But when he got nothing but catcalls and looks of disdain for his trouble, he didn't know where to turn. The shock certainly shook his confidence and almost paralyzed his ability to manage. Had he been aware of the simple, but fundamental, laws of expectations, however, it would have been a whole different story.

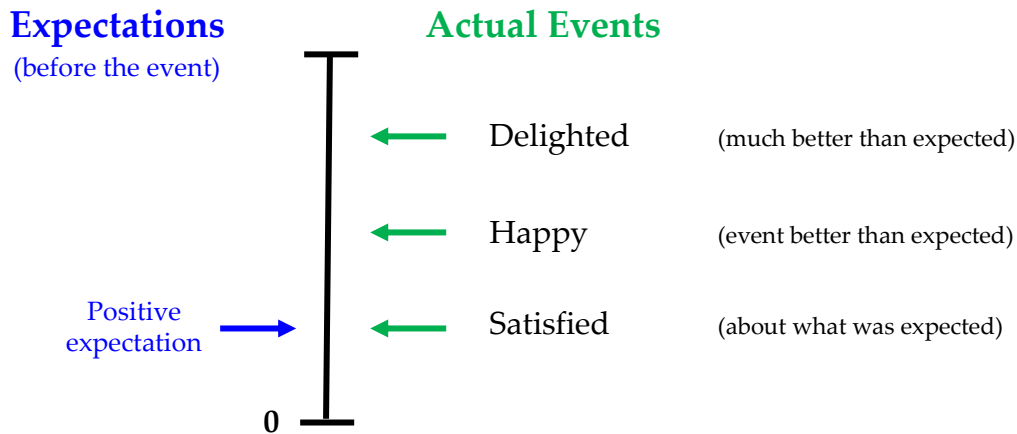
These are the Laws of Expectations, which determine people's reaction to actual events :

- Events which *match* expectations will gain ready acceptance. Events which *exceed* expectations will produce increasing degrees of happiness and delight.
- Events which *fall short* of expectations will be met by expressions of dissatisfaction. Events which *fall well short* of expectations will produce increasing degrees of disappointment, complaint and protest.

The implications of these relatively simple laws are far-reaching for anyone involved in management, simply because of the frequency with which such situations occur, whether dealing with employees, customers, or colleagues (or even family and friends). Most of us have had an intuitive awareness about expectations, but conscious awareness of their importance and power can radically alter how effectively people are managed.

The basic principles about expectations and emotional responses can probably be best described diagrammatically using this simple scale.





The 'zero' at the bottom of the scale represents 'no previous expectations'. In that state, it is virtually a guarantee that any good thing that happens will come as a 'pleasant surprise' and therefore will be well received. Note : it doesn't have to be big to produce good feelings, it just has to be unexpected. Good feelings will always result where there's a *positive gap* between what was expected (nothing in this case) and whatever good thing then comes along.

Now let's take the example of office-worker Ginny who is about to meet her boss to have her annual performance appraisal. This is an event which always raises apprehensions, but Ginny has heard that 3% is the *going rate* for pay increases this year, so she has modest positive expectations before the meeting (the blue arrow on the left-hand side of the chart). Her boss points out areas he feels she could improve, but in general he congratulates her on her good work, and says he is awarding her a 5% increase in pay. That beats Ginny's expectations, so she is very happy. However, the boss has something more to say : Mr Walker, one of the department's senior staff, is retiring soon, and he has decided to promote Ginny into that position. Now, Ginny is quite delighted.

The fundamental rule to bear in mind is that it is the *size of the gap* between what was expected and what happens that determines how pleased the individual will be, not just the event itself. On the other hand, if Ginny's boss had dropped a few hints that she might be in line for a special increase, she might have presumed it was going to be 6% at the top of the range, in which case 5% would not have had much impact. Equally, if she had been promised Mr Walker's job earlier, rather than be delighted, she might start asking why she was not getting his level of salary straight away.

There are three key points which come out of this simple example :

- Where expectations are zero, even small pleasant surprises will please.
- The higher the expectations, the more difficult it becomes to please.
- So keep good news confidential, even secret, until you are ready to announce.

Taking the trouble to manage expectations can have a fundamental effect on employee attitudes and motivation towards their managers and their organization. So it is worth describing some of the practicalities that flow from these basic principles.

## The Laws in Practice

As a general rule, don't let good news leak out. Rather keep it confidential so that when announced it comes as a pleasant surprise to 90% of your people. Small business entrepreneurs make a habit of using this device, though often unwittingly. For example, caught up in the general feeling of goodwill towards the end of the year, they may impulsively decide to send all their staff a turkey for Christmas. If it comes out of the blue, the staff begin to think the boss is marvellous.

Inevitably, however, he has raised their expectations in the process, so that everyone will begin to expect something similar the following year. If he sends everyone another turkey, he may be surprised to find that this time, instead of the usual delight and gratitude, people start complaining that the quality of their bird is not as good as last year, or that their colleague got a better one than they did . . . That's expectations for you.

But generally our seat-of-the-pants entrepreneur instinctively knows he has to do something different. Just when everyone is expecting a turkey, he surprises them all by buying everyone tickets for a Christmas show. Result : more good feelings, because the boss instinctively knows never to let expectations get entrenched by doing the same thing repeatedly. Unfortunately larger organizations tend to lose this kind of spontaneity which can be very effective in replenishing the tank of employee goodwill.

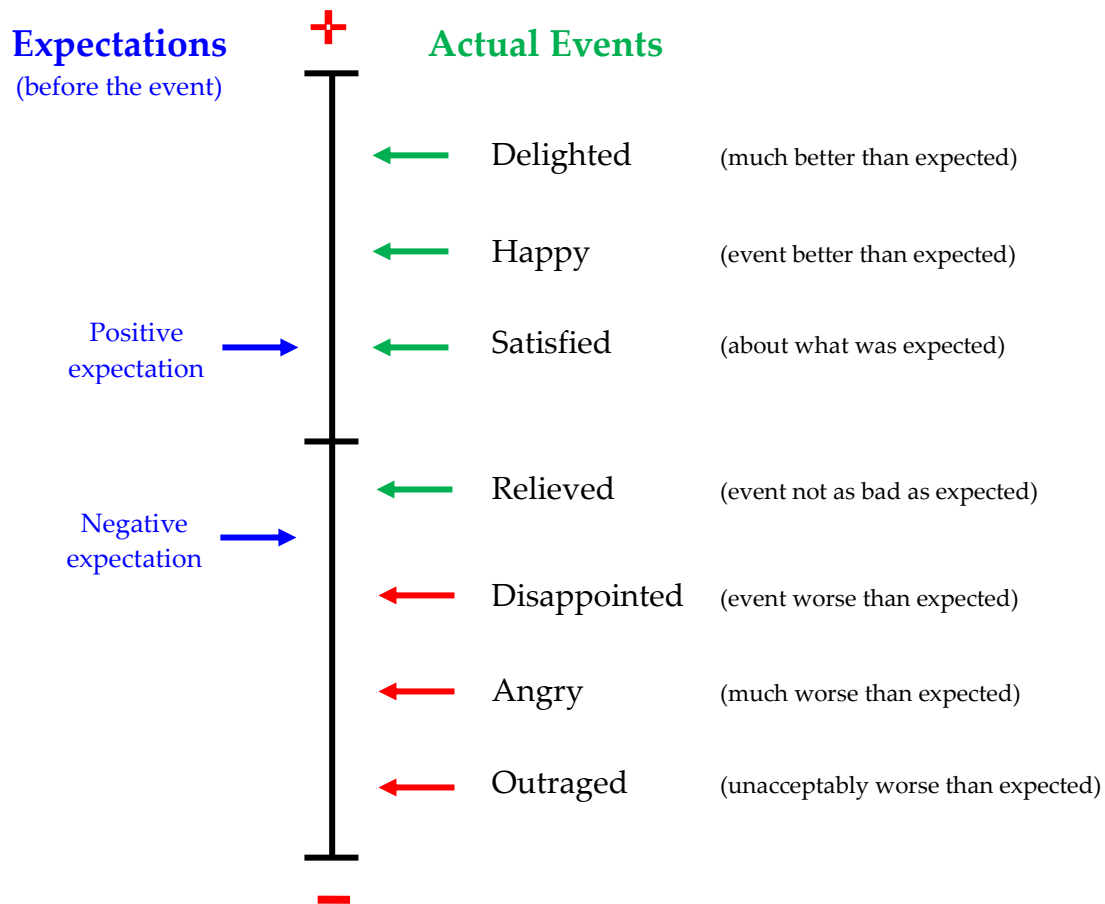
There are other times, however, when announcing in advance can have a positive benefit : for example, when a Company announces an increase in holiday entitlement. This can in fact generate two amounts of goodwill - one from the announcement itself, and another when the holiday is actually taken. In other words, the thoughts about a forthcoming holiday can give as much pleasure as the vacation itself.

I learned of one organization who announced in advance that it intended to mark a milestone in the Company's history by offering a gift to all employees : a wallet for the men, and a purse for the women. The news was unexpected and was widely well received. When the gifts finally arrived, employees were pleased with the quality, but they discovered the Company had forgotten to mention one thing . . . there was a £10 note inside every one. That's managing expectations.

## Managing Negative Expectations

Managing negative expectations needs quite different treatment. Generally, when people have been expecting some negative event in their lives, anything *better* than what was expected will bring feelings of relief. I well remember in my early thirties having a consistent pain in my stomach that convinced me I probably had cancer, since my father had died of the disease just a few years before. My daughter was just two at the time, and I thought 'I'm not going to have the chance of seeing her grow up'. It was a depressing thought. Wow, was I relieved when my doctor told me it was something quite simple. When I got back home, I sat back in the chair with a great sigh of relief, and was mightily grateful.

Most negative events are not exactly life and death affairs, but the expectations rules are the same : anything better than people's worst expectations will bring feelings of relief and gratitude; but the degree to which events are worse than expected will bring increasing feelings of disappointment, upset, anger, and protest. So now we can show the full expectations spectrum, both positive and negative.



For managers, the message is clear : events which match or exceed employees' expectations will result in general peace and goodwill. But those which fall short will produce reactions of disappointment and protest. But what happens when you think you cannot match employee expectations, or you have something to announce which may come as a nasty surprise? There are only two alternatives if you want to avoid trouble :

- Improve the content of the announcement until it does match expectations
- Take time to prepare employee expectations, or reduce them to a level where you can announce.

### Implementing Difficult Decisions

A simple but interesting example illustrates the point well. One well-known company had been shocked in the past when it decided to increase its cafeteria prices. Employees protested and immediately declared a boycott. They loudly catcalled those who went to fetch meals, deliberately moved from tables if diners approached with a tray, and made great play of bringing in their own food and drinks.

Several years later the managing director still remembered the episode and was distinctly apprehensive when his H.R. manager told him the subsidy was now out of control, and further price increases would have to be made. He assured him it could all be done without trouble or the usual 30% fall-off in meals take-up. The M.D. was still sceptical but let the H.R. manager go ahead. Fortunately, he knew something about managing expectations.

First, a notice was posted saying that the cafeteria subsidy had risen to 'intolerably high levels' and that a 'substantial increase' would be required soon. The notice deliberately gave no further details. Inevitably rumours started to circulate and the pessimists began to make everyone expect the worst. (By the way, this sort of 'trial balloon' enables feelings to be tested and avoid making an announcement which could misfire embarrassingly.)

Having allowed time for the message to percolate over a week or so, a second notice then appeared saying the company had managed to confine the increase to only 10%. It also showed that, despite the increase, the price of most dishes would be not more than the cost of the uncooked food and gave a number of examples. In addition, the increase in prices was not to take place until after the summer holiday shutdown. For the following three weeks everyone felt somehow they were getting a bargain and, when work resumed, prices exactly matched expectations. The feared 30% fall-off in meals take-up simply did not occur, and the whole process went through quite smoothly. Even the M.D. was pleased.

### **Announcing Unwelcome News**

There come times in every manager's life, of course, when there is no alternative but to communicate bad news. Managers often have tough decisions to take, which they know employees are not going to like very much. But they cannot afford simply to chicken out, otherwise they are in effect no longer managing their business. In such instances the answer is to prepare employees for any unpleasant changes stage by stage, and to treat those involved with genuine concern and sensitivity.

For example, you may have redundancies or even a plant closure to announce. Unless something dramatic, like a takeover or the loss of a huge order, has occurred, no-one will really be expecting it. If you make the announcement suddenly, you will not only provoke hostile and energetic reaction inside the company, but possibly active support from trade unions, local authorities, Members of Parliament, newspapers etc. outside the company. That simply compounds an already difficult situation.

Some companies choose to announce such things without notice on the basis that it 'gets the thing over with as soon as possible', and avoids complicating matters with protracted union discussions. But that demonstrates very clearly that the company is much more concerned for its financial numbers than for its people. And those who are left behind find themselves asking 'Could it be us next?' Such nasty surprises send quivers of anxiety all round the business and employees feel they cannot trust their own company. Employees have long memories when it comes to such unpleasant shocks; they often harbour the resentment for years. So the quick-fire solution is bought at a heavy long-term price.

Such difficult events can be managed well, however. One consumer products manufacturing company concluded they should close down an ageing plant and move the manufacture of the plant's products to another site. Managers made the announcement to the employees in groups, working from a prepared brief, and were able to tell them that they would each be seen *individually* to talk about options — either moving to the new site, taking a different job at the existing site, or redundancy payment terms and help to find another job.

Every employee involved was then interviewed by two managers (who already held data on the skills and job experience of every person affected). In each case the matter was talked through over a period of days until they had a solution for each. The shutdown worked out well because *every person* in the plant knew what they were going to be doing when the plant closed, and the individual concern shown by the company exceeded most expectations.

### **Some Words of Advice**

Although expectations can be raised quickly, for example by a simple announcement or even by an unchecked rumour, shifting already established expectations requires time, especially if that needs to be towards the negative end of the spectrum. In the case of the cafeteria prices mentioned earlier, the H.R. Manager gave people time to get used to the idea of higher prices before the announcement became definite and specific. As a rule of thumb, bad news should only be made definite *when this is judged to fall short of the worst expectations of 80% of your people*.

If lay-offs are a real possibility, give employees fair warning to allow minds time to adjust. Making the first announcement drastic and specific simply guarantees to produce a nasty surprise and evoke reactions of shock and protest. However, if a vague early warning statement creates so much insecurity that they prefer to hear the whole truth, level with them if the trouble is more than temporary. Don't be afraid to tell them the worst that could happen - at least that way there will be some feeling of relief if subsequent events don't turn out as bad as their worst expectations. And unless there has been an uncaring attitude in the past, or the situation has been repeated too often, you will be surprised at the support and co-operation you receive in response.

On a more personal level, there is a good piece of advice which can be very helpful when one is facing a particularly difficult situation. Think of the worst that can happen. Articulate it. Write it down and look at it. Imagine it specifically and get used to the idea that it might just happen. Then take the next difficult step. Accept that it will happen. See yourself accepting it stoically and dealing with it soberly and steadily. Once you have genuinely accepted the worst that could happen, anything that turns out better will be a bonus. If your worst expectations cannot be exceeded, you will feel less pain and shock, and you will experience relief if things are not in fact as bad as expected. You will be surprised at the positive motivation and calm you can derive from the process. Try it.

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Most of us can well recall episodes in our lives when things turned out so much better than we ever dared hope, and what a great feeling it was. Unfortunately the disappointments are also well remembered, and often linger longer. The fact is expectations pervade every part of life, our personal lives, our work lives, our organizational lives. The same events can produce either feelings of pleasure or disappointment, of goodwill or resentment, of acceptance or protest. In organisations, **that will all depend on just how expectations have been managed.** The principles are simple, but the effects are powerful. If managers are to handle their people relationships effectively, they not only need to know about the Laws of Expectations, but to use them to positive effect every day.

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