**Management Innovation Exchange (MIX), Group 14, IMD Switzerland: “Up or back”**

# The problem

In many organisations the career paths seem to be heading only in one direction: up. If you cannot achieve this up, then you are judged a failure. So individuals are pressed to move up as soon as possible, with other career objectives becoming of secondary importance. Furthermore, moving up often leaves individuals stranded in roles they are unsuited to, under-perform in, and are unhappy with.

This single dimensioned view on career progression does not fit the modern economy where boundaries are reduced and new forms of (corporate) organisations are created in order to tackle the complexities in today’s market place. A new form of career progression is over-due!

## What are the main issues?

The main issues with the up-or-out paradigm are threefold:

1. The interests of the individual are not aligned with the interests of the company: the main reason why the company exists is that customer needs are to be satisfied as well as possible. However, the main reason for individuals to perform is the urge to get the next promotion
2. Individuals who are promoted based on their performance in the current position do not necessarily have the skill set to perform in the next position. This mismatch of skills can be very costly for the organisation, and can leave the individual stuck in a promoted role where they cannot achieve the results required to gain recognition and further advancement.
3. The motivation of the individual is high in order to perform well in the current position (and get the chance to be promoted). That however does not necessarily mean that the individual is motivated to be promoted and take on new responsibilities. A strong push by the organisation however demands the individual to accept the promotion and make his or her way up. This might well result in lower motivation (or even worse, in a higher risk for a burn-out) in the new position

The related issue to this problem is that compensation is heavily dependent on hierarchical position and often less so on performance. This reinforces the pressure on upwards oriented career movements. In fact, career planning gets into the way of performing.

# The Solution

## The tyranny of climbing the ladder

The solution proposed is to remodel the typical career path structure to produce a mode of career growth that is altogether more fluid and flexible than that traditionally seen. These changes should lead to a situation where employees’ careers bring them closer to their true goals and aspirations, rather than driving them to endlessly climb the “corporate ladder” towards some notional achievement defined by the organizational chart.

The basis for this methodology is to reimagine the performance review and promotion process. In this, two traditional processes are combined. The first traditional model is that employees are periodically assessed and reviewed, and if performance is better than some base-line they are proposed for promotion. These promotions are usually perceived as rewards, and the logical path of career progression. As such, employee and organization find it culturally difficult not to take a promotion when it is offered. This leads to the well-known “Peter Principle”, whereby an employee is promoted until the point that they fail to perform in the new role, at which point career progression stalls. The second approach is the up-or-out model often seen in industries such as management consulting. In this model, there is an enforced schedule of review of job-performance. At these reviews, if performance is judged to be high the employee is promoted. If the employee’s performance is judged inadequate, then the employee is encouraged or asked to leave the company.

## An alternative hybrid model

A hybrid model, with additional features, can offer the best of both systems and in the longer term grow the success of the organization and the fulfilment and performance of employees. To highlight the thinking behind this model, it is called “Up or Back”

Drawing on the up-or-out tradition, the Up or Back model requires scheduled performance reviews to assess the performance of an employee in their current role. This assessment can then categorize that the employee is performing adequately, inadequately, or excellently. If an employee is performing excellently, then they will be earmarked for promotion, according to the traditional career-ladder vision. However, if their performance is inadequate, and if this is not improving sufficiently, then the employee will begin a process for reassignment. This contrasts with the up-or-out consulting model where an employee in such a situation will face leaving the company. Such a drastic up-or-out approach is not appropriate for most companies, since it is highly wasteful to lose employees who in their past have shown the ability to perform roles within the company to a very high level. One possible role to which the employee can be reassigned is their previous role (hence the Up or Back title), since this is a role in which the employee has demonstrated their ability to perform. Such a high performing position is also a more secure base from which to seek future career development steps.

## Promotion as a learning process

In this model, promotion is seen as an opportunity for learning and not necessarily an end in itself. Moving into a new role allows the employee and organization to learn about how that employee copes with a new set of pressures and tasks. To make this learning more concentrated, it is envisaged that promotions would be made on a tentative basis initially, allowing both company and employee to assess the fit in the new position. If the fit is good, then the promotion becomes established. If the fit is not good, then that must not be seen as a failure, but rather as a learning experience and the specific areas of fit and conflict need to be determined by employee and organization in order to make a better choice the next time.

## Benefits

This approach has numerous benefits. The first of these is that employees should spend more of their career working in roles for which they are suited, and where their own personal goals and those of the organization are well aligned. This has the benefit of fostering trust and reducing the fear around career development (for both organization and employee) since there is more scope to make cheap experiments. Furthermore, because this model encourages moves in multiple directions (forward and back, lateral) it should help to soften hierarchical distinctions.

### Moonshots

* Increase trust, reduce fear
* Experiment more often and more cheaply
* Build “natural” flexible hierarchies
* Develop holistic performance measures

# Practical Implications

Bringing such an innovative model to an implementation stage requires successfully accomplishing several practical implementation steps.

## Performance appraisal and recording

One critical step is to ensure the performance appraisal process is holistic and includes an overall assessment of the employee’s skills as well as the fit between those skills and the specific position in which the employee finds them self now.

Another important capability that the organization will require is to effectively record the full career performance of each employee. This will be more difficult if career progression is not the straight-forward linear route it currently is. Instead, it will be necessary to account for career paths that move across the company, ones that move forward and backward before making another move forwards or sideways, or even paths that remain within a narrow area of expertise.

## Liquidity

Just as a functioning market requires liquidity in order to operate efficiently, the internal job market of an Up or Back organization needs a degree of liquidity if this system is to function effectively. It must be possible to find appropriate positions for employees moving both forwards and backwards, as well as facilitating lateral moves across the firm. This is likely to be a major challenge for the typical organization, but that is especially the case simply because firms have not been set up this way in the past. If this is the direction in which a firm plans to go, then by including the considerations of Up or Back into the resource planning it should be possible to maintain the required liquidity within the company.

## Career types

Within this new model, one can imagine various specific “career types”.

### Explorer

A career path taken by individuals who are most motivated by learning new things and moving into new areas. May take the form of multiple lateral moves, with little focus (or desire) for vertical steps to general management.

### Careerist

The traditional “corporate suit” track. A vertical trajectory favored by employees most motivated by career progression and advancement.

### Specialist

Perhaps after trying the careerist route, and finding it less appealing than imagined, an employee may elect to move “backwards” to establish themselves as a high-performer within a specific position.

# Challenges

Along the lines of the practical implications, the main challenge for this model is that the simple and tried-and-tested performance review process needs to be adapted to a holistic skill-performance-match review. Such a review requires a more fundamental debate about the employee, his or her contribution, and the individual-position match. A more fundamental debate requires more time, commitment and energy.

The cultural change however his probably the most difficult to manage and overcome the old paradigms of up-or-out are not easy. Careful communication and living the concept with a few good examples (and promoting them internally) seems paramount.

Equally important is the communication to outsiders of the system. Individuals need to be given guidance and support in how to present their career outside the organisation, say on a CV. As there might well be immediate conflicts of interest, the solution might be that each individual is free to choose outside help, such as a career coach.