



Talent Management

Pursuing marginal gains to maximise work performance

July 2021, and at last the Tokyo 2020 Olympic Games are underway in Japan. Many athletes have spent the last five years working diligently to make marginal performance gains which when compounded produce medal winning peak performances. In our first note, we consider how the idea of marginal performance gains can be used in the work environment. The marginal gains technique has its critics, and we see that the idea is not so new to business (and sport) after all. It has a lot in common with *Kaizen*, a continuous improvement philosophy which originated in Toyota.

In this issue, we also have notes on the 21st CEE Annual Report, which gives a broad overview of the current transformation patterns in the South African labour market, and an important Labour Appeal Court judgment on resignation with immediate effect to try and avoid dismissal for misconduct. **...to Page 2.**



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Talent Management

Pursuing marginal gains to maximise work performance

The original Olympic motto, “faster, higher, stronger” encapsulates the idea that success in sports comes through continuously striving to stretch the limits of performance. Better results come from marginal improvements at the maximum level of performance. The idea can be applied in a work context too.

“Faster, Higher, Stronger – Together.”

New Olympic Motto

Using marginal gains as an approach to performance goal attainment involves breaking down a big goal into smaller parts, and then improving on each of them, to deliver a big performance improvement when the small gains are put together.

This philosophy has been well publicised in sport. The best-known and most cited example being the British cycling team's huge performance improvement in the first 16 years of the 21st century. For most of this period, Sir David Brailsford was at the helm. In 2000, Britain won one cycling gold medal at the Olympic Games. In 2004, a year after Brailsford took over management of the team and implemented the marginal gains approach they won two golds and then in 2008 they won eight golds, a feat which the team repeated in 2012. In 2016 they won six golds and still outstripped by far the Netherlands, their nearest rival. Each of the 14 members of the British cycling team took home a medal. The British team has enjoyed similarly spectacular

results in the Tour de France through the marginal gains approach.

For the Tokyo Olympics, British Cycling performance director, Stephen Park, was quoted in the Guardian (2021) as saying that eight medals in Tokyo – compared to 12 in Rio – is realistic. He believes a more modest medal count is likely because the “tech margins” the British have had in the past have been eroded.

The lustre of the British cycling team's results has also been dulled by a doping scandal involving the previous team medical doctor.

Despite the question marks around the marginal gains approach used in British cycling, one should consider the fact that the approach has been used and documented in many other sports including F1 motor racing, ocean sailing, chess, rugby, rowing, triathlon, cycling, kayaking, and cricket. Tucker (2017), dismissive of the hype around British cycling, says that for as long as competitive sport has existed, coaches and athletes have understood the need to optimise all the elements that produce performance. It's a big part of the reason why positions like “high performance director” exist and is a cornerstone of the profession of sports science, which aims to understand how $A+B+C+D...=Z$, and then work towards optimising the letters through systematic measurement.

The fact that it is a proven method of optimising performance strengthens not diminishes the argument to apply the marginal gains approach in sport and other fields of human endeavour.

The success of using a marginal gains approach is based on an understanding that it is not about making small changes and then hoping they work. It is about breaking down a big problem into small parts to rigorously establish what works and what doesn't. The approach has its roots in a basic property of empirical evidence: to find out if something is working, you must isolate its effect. Clear feedback is the cornerstone of improvement. Access to rich data makes performance at the margin easier to analyse, correct and improve.

Writer, Matthew Syed (2015), notes that the marginal gains approach is not just about mechanistic implementation. Success is a



complex interplay between creativity and measurement, the two operating together, the two sides of the optimisation loop. Every error, every flaw, every failure is a marginal gain in disguise. An opportunity to learn and improve is presented.

Fuelled by achievements in professional sports, 'marginal gains' may have risen to prominence in recent years but the principle of making small improvements which result in big performance gains when aggregated is not new in the business world. Increasing numbers of companies are following the marginal gains approach. Their initiatives are informed by the huge sets of digitised data now available to them. Google alone conducts over 10,000 data-driven experiments a year, and aeroplane manufacturers learn from every move their planes make to refine their engineering processes. With the right minor amendments and tweaks, an organisation can gain a tangible advantage over its competitors and achieve its own major victories.

Toyota's philosophy of continuous improvement '*kaizen*' is a close relative of the philosophy of goal attainment through marginal gains. *Kaizen* is not change for change's sake. It's deliberate, constant improvement, and changes that don't bring rewards are not pursued. Continual, aligned small improvements and standardisation yield large performance improvement results. Toyota's culture is to create new challenges constantly and not to rest when you meet old ones.

A marginal gains approach to performance improvement has critics. Here are some criticisms drawn from a longer list:

1. Marginal gains cannot simply be added continuously in equal increments of say 1%. The ceiling of human performance means there is a limit to the number of improvements which can continuously be added. As optimal / maximum performance is approached, the size of marginal gains will get smaller.
2. Marginal gains are not stackable as implied by the philosophy. A marginal gain in one performance dimension may be offset by a

reduction of performance in a related dimension.

3. Marginal gains are not unique to one person / organisation. Competitors can invest in the same improvements thereby undermining the competitive edge you are trying to achieve.
4. Achieving marginal gains is expensive. Once the easy to implement performance improvement changes have been exhausted the cost of achieving marginal gains is increased. More must be spent to get a small percentage performance improvement.
5. If a marginal performance gain is not helping overall performance, then it is not worthy of the investment of effort and money. For example, if you invest in a bigger electric motor on a production line to speed up the line, that will not help overall line performance if there is a bottleneck up- or downstream stream of the new motor.

The starting point in a performance improvement programme is also relevant. If one begins with an average performer and invests in marginal performance improvements, the results achieved will quickly be overtaken by a competitor who hires a top performer whose performance capacity is already near optimal to do the same job. Another variable is the amount of resources you spend to achieve optimal performance. The British cycling team's huge budgets have been a big factor in ensuring the team has access to the best of everything including athletes, training staff, equipment, and technology as a platform on which to base its quest for maximum podium finishes.

The verdict: Marginal gains performance improvements are not a panacea. Technology, good people, and according to Tucker (2017) ability to see both the detail and the big picture simultaneously, and people leadership are other pieces of the superior performance puzzle. Nonetheless, aiming for marginal gains to achieve big goals should form part of every organisation's approach to optimising the performance of its people. As performance inputs such as technology, education, and infrastructure equalise, competitive advantage



must increasingly be found at the margins of superior people performance.

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Employment Equity

The CEE's 21st annual report

In July 2021, the Commission for Employment Equity released its annual report which analyses the status of compliance with the Employment Equity Act in South Africa. Designated employers, those with more than 50 employees or annual revenue which exceeds statutorily determined thresholds must formulate plans for affirmative action which benefits Black people, women, and people with disabilities.

“This report also confirms that the pace of transformation continues to be slow.”

Ms T Kabinde, CEE Chairperson

In her introduction to the report, the Chairperson noted that White and Indian people still

dominate Top and Senior Management Levels of organisations twenty-three years after affirmative action was statutorily introduced in SA. The Chairperson also notes that Indian and White People remain under-represented at the Semi-Skilled and Unskilled Occupational Levels. African and Coloured people (particularly females) have not materially benefited from affirmative action legislation. The Chairperson further notes that the high percentage representation of Foreign Nationals at the Unskilled Occupational Level means that South African Nationals are being denied opportunities for employment. This in the context of a high rate of unemployment in our country.

Affirmative action for people with disabilities is also a focus of the Employment Equity Act. The CEE Report states that in the 23 years since the inception of the Employment Equity Act, the plight of persons with disabilities to be provided with equal opportunities to access employment has not yielded positive results because their representation in the total workforce has remained extremely low at around 1%.

Government currently has amendments to the Employment Equity Act before Parliament which will introduce sectoral targets as an inducement to increase the pace of transformation.

The CEE report also addresses the Employment Equity Act's focus on the elimination of unfair discrimination. During the reporting period March 2020 to February 2021 there were 2137 unfair discrimination referrals to the CCMA across all economic sectors.

Source

21st Commission for Employment Equity (CEE) ANNUAL REPORT (2020-2021) Department of Labour Chief Directorate of Communication Private Bag X117, Pretoria, 0001, <http://www.labour.gov.za/DocumentCenter/Reports/Annual%20Reports/Employment%20Equity/2020-2021/21%20CEE%20Report.pdf> Accessed 26 July 2021

Employment Law

Resignation to avoid dismissal



The Labour Appeal Court (LAC) in a recent judgment answered the question can an employee by a letter of resignation immediately end his/her relationship with his/her employer irrespective of the contractual or statutory provisions which provide for notice to be given before termination can take effect. From time-to-time employees do this to try and avoid a disciplinary enquiry which will likely lead to their dismissal and a blot on their employment track record.

In this case, the employee was given notice to attend a disciplinary hearing. The employee was said to have cashed a cheque without following proper procedures. It later transpired that the cashed cheque was fraudulent, which caused the employer a loss of close to R30'000.

On the day that the employee received the notice to attend the disciplinary hearing, she handed her manager her letter of resignation. The letter stated that she was tendering her "resignation with immediate effect". Her manager accepted the letter and informed the employee that she would speak to the Human Resource official as she did not know what should be done about the letter.

Human Resources said that the employee was required to serve a four-week notice period as provided in her contract of employment. The manager informed the employee that she would have to serve her notice period. The disciplinary hearing was set to continue as it was within the employee's notice period.

The employee, on the advice of attorneys, took the view that her letter of "resignation with immediate effect" ended the employment relationship and as such, the employer was not entitled to proceed with the disciplinary hearing. The disciplinary chairperson dismissed the employee for her misconduct in her absence.

The employee brought an urgent application to the Labour Court seeking: (i) an order declaring the decision to "dismiss her pursuant to a disciplinary hearing null and void"; (ii) interdicting and restraining the employer from enlisting her name on the Banking Association of South Africa's central database "the Register for Employees Dishonesty System" (REDS) and (iii) costs.

The employee succeeded with point (i) of her application. The Labour Court held that once an employee hands in her resignation indicating that the resignation is with immediate effect, the employment relationship comes to an immediate end and the employer has no right to insist that the employee serves his/her notice period.

The employer appealed the judgement in the LAC. The LAC found that the argument that where an employee gives notice of termination by way of resigning with immediate effect, such an employee cannot be compelled to continue working for the employer because resignation is a valid unilateral act that comes into effect on the date the employee dictates that it will come to an end is misconceived.

"Repudiation terminates the contract only if the innocent party (here the employer) elects not to act on it."

Martin Brassey (quoted in the LAC judgement)

The LAC stated that an agreement between the parties that in the event of either terminating their relationship, they must give four weeks' notice has meaning. It requires, in express terms, that one party must give the other four weeks' notice unless, as stated earlier, the party receiving the notice of termination does not seek to enforce that term of the agreement. The notice term remains valid and binding and where no such term is agreed upon the parties are still required to give such notice as provided for in the BCEA. The employer's appeal succeeded.

Case: Standard Bank of South Africa Limited v Chiloane (JA 85/18) [2020] ZALAC 58; [2021] 4 BLLR 400 (LAC); (2021) 42 ILJ 863 (LAC) (10 December 2020)

- The contents of Human Resources Notes do not constitute legal advice. For specific professional assistance tailored to your needs consult our experts. Call us: 011 100 8100.
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Psychological Well-being



Are your staff struggling to cope with excessive and prolonged stress caused by the pandemic and subsequent lockdown?

Tennant Human Capital Solutions can help! We are offering a 1.5 hour virtual workshop to help employees recognise the symptoms of negative stress (distress), how to manage it and the steps that can be taken to build resilience.

At a cost of R3000 per workshop*

We can assist with further intervention if necessary, and can help you to link up with an Employee Assistance Programme that is tailored to your needs.

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*Limited to 20 people per workshop for discussion purposes

