- PD-ABJ-459 ISN 90571

READING ASSIGNMENTS 1

ROLE OF THE MANAGER 2

VISION 3

PEOPLE:
Situational Leadership 4

PEOPLE:
Collaborative Work Organization 5

PEOPLE:
Monitoring-Performance Feedback 6

PEOPLE:
Team Effectiveness 7

PEOPLE:
Conflict Resolution 8

VALUES 9

OTHER READINGS 10

PD-AES-457
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AID SENIOR MANAGEMENT COURSE

READING ASSIGNMENTS

SUNDAY NIGHT

Complete Course Prework including reading:

1. Chapter 30, "What Makes a Manager," and Chapter 31, "The Manager and his Work" from Management : Tasks, Responsibilities, Practices by Peter Drucker.

2. "What Effective General Managers Really Do," by John P. Kotter, Harvard Business Review, November-December 1982.

MONDAY NIGHT

Required

1. "Creating a Motivating Vision," from The Transformational Leader, by Noel Tichy and Mary Anne Devanna, John Wiley and Son, 1986. (Section 3)

2. "Using Feedback to Improve Performance and Enhance Motivation," unpublished paper by James McCaffery, May, 1987. (Section 6)

3. "Man Waiting for Motivation," from In Search of Excellence, by Thomas J. Peters and Robert H. Waterman, Jr.. Harper and Row, 1982. (Section 3)

Optional

1. "Basic Leadership Tasks for Mission Directors," unpublished paper by James R. Brady, February, 1986. (Section 2)

2. "Strategy I: Attention through Vision," from Leaders: The Strategies for Taking Charge by Warren Bennis and Burt Nanus. Harper and Row, 1985. (Section 3)

TUESDAY NIGHT

Required

1. "Situational Leadership," by Kenneth Blanchard and Paul Hersey. (Section 4)

2. "How to Run a Meeting," by Antony Jay. Harvard Business Review, March-April, 1976. (Section 7)

Optional

1. "Situational Leadership Revisited," by Kenneth Blanchard. (Section 4)

2. "Performance Planning," from Performance Planning and Appraisal, by Patricia King. McGraw-Hill, 1984 (Section 5).

WEDNESDAY NIGHT

Required

1. "MBWA (Managing By Walking Around)," by Tom Peters and Nancy Austin, California Management Review, Fall 1985. (Section 6)

THURSDAY NIGHT

Required

1. "Managing Your Boss," by John J. Gabbaro and John P. Kotter. Harvard Business Review, January-February, 1980. (Section 10)

2. "Stages of Taking Charge," and other selected sections from The Dynamics of Taking Charge, by John J. Gabarro. Harvard Business School Press, 1987. (Section 7)

Optional

1. "Definitions and Characteristics of High Performing Systems, unpublished paper by Peter B. Vaill. (Section 7)

2. "Team Building From a Gestalt Perspective," by H.B. Karp, The 1980 Handbook for Group Facilitators, University Associates, 1980. (Section 7)

FRIDAY NIGHT

Required

1. Chapters 2, 7, and 8 from The Art of Japanese Management, by Richard T. Pascale and Anthony G. Athos. Warner Books, 1981.

2. "Shaping Values," Digital Equipment Corporation, (unpublished in-house paper) November, 1986. (Section 9)

SATURDAY NIGHT

Required

1. "Off the Track--Why and How Successful Managers Get Derailed," Morgan W. McCall, Jr., and Michael M. Lombardo, Center for Creative Leadership, 1982. (Section 10)

Optional

1. "Management and the Art of Chinese Baseball," by Ralph G.H. Siu, Sloan Management Review, Spring, 1978. (Section 10)

SUNDAY NIGHT

Required

1. "The Art of Creative Fighting" by H.B. Karp, from the 1983 Annual for Facilitators, Trainers and Consultants. (Section 8)

MONDAY NIGHT

Required

1. "The Use of Active Listening in Negotiation and Conflict Resolution," by B. Kim Barnes. Situation Management Systems, 1985. (Section 8)

TUESDAY NIGHT

Required

1. "Why Some Manager's Don't Get the Message," by Robert E. Kaplan, Wilfred H. Drath, and Joan R. Kofodimos. Across the Board, September, 1985. (Section 10)

Optional

1. "Toward Middle-Up-Down Management: Accelerating Information Creation, by Ikujiro Nonaka. Sloan Management Review, Spring 1988. (Section 3)

WEDNESDAY NIGHT

Required

1. "The Coming of the New Organization, by Peter Drucker. Harvard Business Review, January-February 1988 (Section 2)

2. "Using Retreats as an Effective Management Tool," unpublished paper by James McCaffery, June, 1988. (Section 7)

Optional

1. "Is Excellence in the Public Sector Possible?" by Jed Kee and Roger Black. Public Productivity Review, Spring, 1985. (Section 3)

2. "Four-Star Management," by Jay Finegan. Inc., January, 1987 (Section 3)

3. Three articles from Public Management, April, 1984 (Section 3):

   "Putting In Search of Excellence to Work in Local Government," by George A. Sipel,

   "PM Interviews ICMA Outstanding Management Innovators on Excellence," by Thomas W. Fletcher,

   "Taking Action to Promote Excellence, by George P. Barbour, Jr.

4. "Private Managers and Public Myths--Public Managers and Private Myths, J.W. Driscoll, Gary Cowger, and Robert J. Egan, Sloan Management Review, Fall, 1979. (Section 2)

THURSDAY NIGHT

Optional

1. "Manage by Example," from Thriving on Chaos: Handbook for a Management Revolution, by Tom Peters. Alfred A. Knopf, 1987. (Section 10)

ROLE OF THE MANAGER

Chapter 30, "What Makes a Manager," and Chapter 31, "The Manager and his Work" from Management : Tasks, Responsibilities, Practices by Peter Drucker.

"What Effective General Managers Really Do," by John P. Kotter, Harvard Business Review, November-December 1982.

"Basic Leadership Tasks for Mission Directors," unpublished paper by James R. Brady, February, 1986.

"Private Managers and Public Myths--Public Managers and Private Myths, J.W. Driscoll, Gary Cowger, and Robert J. Egan, Sloan Management Review, Fall, 1979.

"The Coming of the New Organization," by Peter Drucker. Harvard Business Review, January-February, 1988.

BASIC LEADERSHIP TASKS FOR MISSION DIRECTORS

Jim Brady, PM/TD

1. SET INNOVATIVE AND CHALLENGING OVERALL GOALS FOR THE MISSION.

Develop your formal and informal action agendas. Have a clear idea of what you want the Mission to ACHIEVE and BECOME over the next several years. Include not only program goals, but goals for increasing staff and organizational capabilities. Have a vision which is exciting enough to challenge people to excel. What are some words that you would like to have host country people use to describe your Mission and its employees?

2. SET CLEAR GOALS AND PRIORITIES FOR ALL MISSION ELEMENTS.

Translate broader Mission goals into specific action objectives for each Mission unit (and ensure that your subordinate managers set specific goals for each of their units and employees). Use a Management by Objectives (MBO) or similar system which clarifies goals and linkages throughout the Mission.

3. COMMIT THE RESOURCES EMPLOYEES NEED TO GET THE JOB DONE.

Don't set goals or start programs which you cannot properly staff or fund. Learn how to use your staff resources wisely. Don't overload competent employees so that they become incompetent, while marginal employees get by with light loads. Keep an eye on both marginal and outstanding employees and mete out resources and rewards accordingly; reward performance not personality. Reduce or eliminate activities which no longer meet priority Mission needs, but consume scarce human and other resources. (This is a difficult task, but an essential one if you are to have enough personal energy and other resources to do a good job on vital projects).

4. COMMUNICATE FOR CLARITY AND COMMITMENT

Don't assume that everyone shares your understanding of Mission goals and priorities. Repeat major themes and goals until you get feedback from staff that they are understood. Encourage free discussion of your program and implement valid suggestions for changes. Establish formal and informal communications networks which link all groups or individuals critical to the success of your program (e.g. Mission employees, contractors, local leaders, counterparts, program clients, media, other donors, Ambassador/DCM, Country Team Members, and AID/W). Don't kill the messengers bearing bad news if you really want to know what is going on. Practice MBWA--"Management by Wandering Around"--on a daily basis. Don't just sit in your office and hold court, get out and see what's happening. Give positive feedback and praise when you catch people doing things right (it doesn't cost a dime--but can yield high returns in improved employee morale). But, remember that the main purpose of MBWA is to listen and learn, not to take over your subordinates' jobs.

5. ENCOURAGE TEAM WORK AND COOPERATION.

Structure cooperation between offices and functions through the use of problem-centered task forces, project teams, etc. Competition between units can stimulate people, but can also create problems if allowed to develop into conflict. It is your responsibility to resolve interpersonal or intergroup conflicts before they reach the destructive stage; get all parties concerned together to resolve differences and focus on shared Mission goals. Learn how to run a decent staff meeting and help your subordinate managers do the same. Meetings should have a purpose, agenda, and time frame. Use ceremonies, rewards, and other motivators to encourage effective teamwork and cooperation (e.g., bonuses, trips, personal notes, or a few kind words).

6. SET A GOOD EXAMPLE FOR OTHER MANAGERS AND STAFF

What you do every day speaks much louder than your words. Be positive whenever you can; a negative leader does not inspire others. Show that you really care about the Mission program and every one of your employees. Keep people focused on important Mission goals and progress and off of petty problems. Don't get carried away with your personal status and perks. Be willing to admit mistakes; any one who tries to innovate or solve difficult problems is going to make errors; your concern is your overall batting average. Set aside time to coach your managers and encourage them to improve their leadership skills. Have regular informal meetings away from the press of daily business (retreats) with managers and other key employees to discuss how you all can work to improve:

(a) your service to the host country.

(b) communications and relations with key external groups (AID/W, Embassy, host country, etc.).

(c) internal USAID structure, procedures, and communications.

(d) activities to help USAID employees grow and develop professionally.

7. GET REGULAR AND OBJECTIVE FEEDBACK ON MISSION PERFORMANCE

Develop information monitoring systems which will regularly tell you how you are doing on all critical Mission goals (program goals, host country relations, staff development, financial management, vulnerability, etc.). Keep the systems simple and try to incorporate data collection into each Mission unit. However, get someone not involved in the various programs to regularly assess the quality of the information you are getting (someone who can help keep you honest).

8. CONCENTRATE YOUR PERSONAL TIME AND ENERGIES ON CRITICAL INNOVATION AND PROBLEM SOLVING

Learn to focus your efforts on critical activities which require your presence (e.g., innovation or problem solving activities should receive much more attention from you than routine activities). Learn to delegate decisions downward as close to problems as possible. Act promptly on Mission performance information which indicates that you need to revise original goals, action plans, implementing actions, etc. Do not wait until problems develop into major crises. Encourage staff to look ahead, anticipate problems, and take corrective action before the Auditor gets there. Be leary of requests to extend support for projects or institutions which have achieved their purpose or which have been overtaken by changing external conditions which reduce their value. Don't stay in marginal programs just to maintain the good will of AID employees, contractors, or host country leaders. Some staff may have to be pressed to innovate and keep ahead of changing host country needs and conditions. Your Mission portfolio will always have a balance of old, new, and proposed projects/programs. However, don't error on the side of grabbing at proposed new projects/programs simply to have lots of new projects with your seal on them. Each should be sound and fit in with your general strategy and Mission capabilities (present or anticipated).

9. KEEP YOUR SENSE OF PERSPECTIVE AND GOOD HUMOR

Above all, don't take yourself too seriously. It may take many years to make significant progress on most of the development problems which the Mission and the Host Country are tackling, but you will be there only a short time. Nevertheless, do what you can to help and do it cheerfully. The most important impression you can leave behind is that of a leader who showed commitment, competence, and compassion.

10. PRACTICE STEWARDSHIP

Treat your Mission, program, and people as a trust which you have been given to manage and improve during your stay. Regardless of the reason why you have to conclude your current assignment, leave on a positive note, satisfied that you have tried to run a good show, develop your people, and make a contribution to the host country's progress. Try to leave a tidy shop for your successor (since you hope your predecessor at the next post will do the same for you).

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SMR Forum: Private Managers & Public Myths — Public Managers & Private Myths

James W. Driscoll — **Massachusetts Institute of Technology**
Gary L. Cowger — **Massachusetts Institute of Technology**
Robert J. Egan — **Massachusetts Institute of Technology**

Cooperative efforts between public- and private-sector managers are critical to effective business administration. The authors have discovered, however, that managers in each sector express strong negative stereotypes of their counterparts in the other sector. Their findings also suggest that managers in both sectors are essentially the same people, tackling the same tough jobs, in the same professional manner. Thus, these stereotypes need to be confronted openly in order to reduce unnecessary friction and initiate joint efforts wherever common problems can be identified. *Ed.*

The U.S. has a mixed economy, neither pure capitalist nor pure socialist. Effective business administration will require, at times, collaborative, even cooperative efforts between the public and private sectors. These efforts will be more successful if they are based on cooperative relationships between private-sector managers and public-sector administrators.

Managers in each sector, however, express strong stereotypes of their counterparts in the other sector which have many negative components. Such stereotypes need to be openly confronted if they are not to obstruct cooperative efforts. The goal is not to "prove" that someone else's stereotypes are wrong, but rather to give both sides a better understanding of their own biases, and how they might be inaccurate.

An Informal Assessment

We recently asked several high-ranking managers and administrators to compare work in the private sector with work in the public sector. Their opinions differed sharply and, in fact, were mirror images of each other. Some of the key dimensions were described as follows.

Private-Sector Views of Public Managers

— *Time Pressure:* "The public-sector job is an 8-to-5 job, five days a week, whereas the private sector tends to demand a 12- to 14-hour day with many weekends thrown in for good measure."

— *Responsibility:* "Much different at senior levels, because public-sector people don't have to show a profit or meet a payroll. Public-sector managers are responsible to no one. The Civil Service protects all. Public-sector managers can retire on the job."

— *Societal Demands:* "Have been somewhat greater in the public sector, but the relationship is changing."

— *Consumer Demands:* "With no consumers, public managers face no demands."

Public-Sector Views of Private Managers

— *Time Pressure:* "Managers in the public sector are routinely expected to put in more than an 8-hour day, while the private sector demands it only during emergencies."

— *Responsibility:* "Public service brings with it a greater demand for responsible action to a much broader spectrum of people. We must be responsible to the President, the Congress, the consumer, and the private sector. The public sector is much more visible."

— *Societal Demands:* "Far greater in the public sector. Government has become the 'cutting edge' for social change."

— *Consumer Demands:* "Probably about equal, but for some nonprofits like hospitals, the crunch is coming fast. Public managers are required by law to respond to various demands, while private managers often have more leeway in responding to demands."

This mutual disparagement is not restricted to verbal skirmishes. Our interviews revealed many instances where interpersonal hostility between the sectors blocked effective coordination.

— A senior staff manager who was negotiating the resolution of a major affirmative

Table 1 **Stereotypes of Private-Sector and Public-Sector Managers**

All differences show highly significant chi-square test values.

	Our group has greater	Their group has greater	No difference between groups or no opinion
Private-Sector Managers			
Time pressure	38.5	6.9	54.6
Responsibility	46.9	3.1	50.0
Societal demands	16.2	24.6	59.2
Consumer demands	45.2	5.4	49.2
Public-Sector Managers			
Time pressure	26.0	14.0	60.0
Responsibility	27.3	18.7	54.0
Societal demands	51.3	10.0	38.7
Consumer demands	22.0	23.3	54.7

action complaint referred to "that young nincompoop in Washington who has nothing better to do all day but drag my chief executive officer down to her office every other week for a meeting where she has nothing to say."

— A public-sector manager in a product safety agency felt negotiations were difficult because "nobody in business takes responsibility for their products."

Further Attitude Assessment

We surveyed our own graduates of M.I.T.'s Sloan School of Management to identify:

1. The extent to which managers in the private and public sectors have negative stereotypes of each other;

2. The accuracy of their stereotypes.

Specifically, we wondered about the actual differences between the jobs of managers in the two sectors, about the types of people attracted to each sector, and about each sector's approach to basic problems of administrative leadership.

Two-hundred-eighty middle and upper-level managers (42 percent of those contacted) addressed these issues in a questionnaire. Most (65 percent) of our sample were randomly selected alumni of the Sloan Fellows Program at the Sloan School of Management, a one-year course of study that leads to a master's degree. Most Sloan Fellows are sponsored by the private company or public agency where they work (often for ten or fifteen years), and where they are identified as potential future leaders. The remaining managers in the sample were graduates of other Sloan School programs, graduates of the Kennedy School of Government at Harvard University, and members of several organizations with which we were currently working.

Managers were asked to compare public-sector jobs and private-sector jobs as to time pressure, level of responsibility, societal demands, and consumer demands. We also obtained standardized psychological measures of personality traits, job situations, and leadership styles for the respondents.

Results of the Survey

The results are clear and provocative. First, answers to the questionnaire strongly substantiate the informal interviews reported earlier. Managers in each sector feel that they have difficult jobs, and that their counterparts in the other sector have it quite easy. Table 1 describes these stereotypes.

The only exception to this bilateral myopia is a grudging admission that some demands are unique to each sector. Private-sector managers generally admitted that public-sector managers face more societal demands. Public-sector managers, for their part, acknowledged that private-sector managers are relatively more responsive to the consumer. Despite this glimmer of recognition of the difficulties faced by the other side, each side clearly felt that their counterparts have more room for improvement than they do.

Our second objective was to assess the accuracy of these stereotypes. Results clearly contradict the stereotypes. On every sig-

Table 2	Elements of Comparison	
Personal Descriptions[1]	**Job Descriptions**[3]	**Leadership Descriptions**[6]
Ability:	Definition of Problems	Consideration
Supervisory	Time for Deliberation	Initiating Structure
Initiative	Time until Decision Consequences	
Personality:	Work Patterns:	
Self-assurance	Talking with other people	
Decisiveness[2]	Paper work[4]	
Masculinity-femininity	Reading external material	
Maturity	Traveling[5]	
Working-class affinity	Other	
Motivation:		
Achievement		
Self-actualization		
Need for power		
Need for high financial reward		
Need for security		

[1] Based on the self-description inventory developed for managers by E. E.Ghiselli, *Explorations in Managerial Talent* (Pacific Palisades, CA: Goodyear Publishing, 1971). Used with permission.

[2] Private-sector managers describe themselves as more decisive.

[3] Based on P. R. Pinto and W. W. Tornon, "The Development of a Managerial Job Taxonomy: A System for Describing, Classifying, and Evaluating Executive Positions," *Journal of Applied Psychology* 61 (1976): 410–418. Used with permission.

[4] Public-sector managers report slightly more paper-work time.

[5] Private-sector managers report slightly more traveling time.

[6] Based on the Leadership Opinion Questionnaire by E. A. Fleisman (Science Research Associates, 1969). Used with permission.

nificant dimension, no important differences were found between public- and private-sector managers. Table 2 summarizes the dimensions that were examined.

The two groups show virtually identical personality traits, job characteristics, and descriptions of leadership behavior.

Differences and Similarities between Sectors

Other studies of managers have used the same standardized psychological measures as were used here. Managers in this study displayed more initiative, self-assurance, and motivation than other studies reported. Given the selectivity of the programs they attended, this result is not surprising.

There are demographic differences between public- and private-sector managers in this sample. The private-sector managers were older, more experienced, and came from less urbanized areas. Such differences in background make the common description of their personalities even more impressive.

The organizational experiences of the respondents are remarkably similar: both dealt with problems that lacked definition, that required weeks of analysis, and whose consequences were felt months in the future. In short, both groups had high and approxi-

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Gary L. Cowger is Superintendent "B-C" Car Assembly, Oldsmobile Division, Lansing, Michigan. Mr. Cowger holds the B.S.I.E. degree from General Motors Institute and the S.M. degree from the Sloan School of Management, M.I.T. He is a member of the General Motors Public Speaker's Bureau and is active in the Chamber of Commerce. Mr. Cowger's special interest is developing new ideas for increased worker involvement in the workplace.

mately equal levels of responsibility in their jobs.

The time allocation of each group was also similar. Most job time was spent in interpersonal contact. Minor differences did emerge: public-sector managers spent slightly more time on paper work; private-sector managers spent slightly more time traveling.

Some major differences characterize the jobs of the groups. The private-sector managers supervised more people and earned substantially higher salaries, primarily because of the federal pay ceiling. Nevertheless, the two groups approached their positions with identical leadership styles. Their level of personal concern for those reporting to them was similar to that reported in other studies. However, they placed *less* emphasis on providing structure for subordinates than has typically been reported for managers (including executives). Both groups followed this leadership style — paying relatively more attention to personal relationships.

The stereotypes that each group of managers reported, then, cannot be explained (or justified) by differences in the work or personalites of the respondents. Regardless of how they arose, a more important concern is how these stereotypes can be avoided or alleviated.

Removing the Barrier of Stereotypes

Since the early fifties, behavioral research has demonstrated that certain conditions facilitate the creation of inaccurate negative stereotypes between social groups:

1. Clear membership in different groups;
2. Differences in objectives of the groups;
3. Limited direct contact between groups.

Relations between the public and private sectors in the U.S. economy create exactly these conditions, and each group has responded as predicted. (It is an unusual corporate executive, for example, who does not include in his or her presentations some disparaging remarks on managers in the public sector.)

However, behavioral research also suggests several ways to reduce distortions between groups and to facilitate productive interorganizational discussions.

Correct Inaccurate Stereotypes

Simply opening the flow of information between groups can correct some distortions. For example, few studies have systematically compared managers from the private and public sectors. Those that have, like the current study, generally report a high degree of similarity between the work of managers in both groups. These findings have not been widely publicized, so these similarities are not widely known.

Emphasize Positive Contacts between the Sectors

Temporary exchanges of managers, such as the White House Fellows program, help reduce distorted opinions by providing opportunities for direct experience. Educational programs that mix managers from both sectors are also being developed. However, programs that focus exclusively on private- or public-sector managers are suspect, whatever their other advantages, since they tend to perpetuate the stereotypes documented here.

Since the public and private sectors have different objectives, more explicit guidelines are needed to ensure favorable interactions.

Play to Existing Similarities

A company that sends a 60-year-old white male line manager to negotiate with a 27-year-old black female lawyer is asking for trouble. Representatives from each side can be selected to maximize the likelihood of smooth interpersonal relationships. Common heritage, education, and work experience facilitate such an exchange.

Initiate Intergroup Confrontation Meetings

Applied behavioral scientists have developed an agenda for meetings between groups that are locked in stereotyped and hostile

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Data for this article were gathered by Gary L. Cowger and Robert J. Egan during their year as Sloan Fellows at M.I.T. Wayne Zafft edited this manuscript, and Susanne DiGregorio helped in its preparation.

relationships. The meetings focus on the *relationship* between the groups, rather than on any specific task. A third-party consultant carefully orchestrates communication between the groups.

First, each side describes its stereotypes and how they arose. Once distortions are clarified, joint subgroups can be formed to deal with specific substantive problems. Although this basic technique is not foolproof, it has been used to improve coordination between groups within an organization and between separate organizations, such as a union and management.

Create Superordinate Goals

Destructive stereotypes are reduced most effectively when groups work together for a common objective. This prescription is not farfetched. Almost all conflict relationships include certain issues that pose common problems to both sides. Negative stereotypes usually keep each group from initiating action in areas of joint concern.

Affirmative action, occupational safety and health, productivity, and wage-price controls are issues where collaborative approaches that involve business, government, and, in some instances, labor unions have been successfully implemented. Government agencies and companies could also work together to attack specific problems in most regulatory areas if both sides were willing.

Summary

If stereotypes aggravate business-government relations, then the critical question remains: Who will take the initiative to reduce the distorted beliefs that public and private-sector managers have about each other? At present, too many members of the business community sally forth to do battle with government agencies that are, in their view, inept, confused, and harmful to economic growth. Such aggressive approaches are satisfying in the short run, but will only aggravate barriers between the sectors.

Our findings suggest that public-sector managers are very much the same people, tackling the same tough jobs, in the same professional manner, as their counterparts in the private sector. A more constructive, long-run strategy for business is to reduce unnecessary friction between the sectors and initiate joint efforts wherever common problems can be identified.

THE COMING OF THE NEW ORGANIZATION

by PETER F. DRUCKER

The typical large business 20 years hence will have fewer than half the levels of management of its counterpart today, and no more than a third the managers. In its structure, and in its management problems and concerns, it will bear little resemblance to the typical manufacturing company, circa 1950, which our textbooks still consider the norm. Instead it is far more likely to resemble organizations that neither the practicing manager nor the management scholar pays much attention to today: the hospital, the university, the symphony orchestra. For like them, the typical business will be knowledge-based, an organization composed largely of specialists who direct and discipline their own performance through organized feedback from colleagues, customers, and headquarters. For this reason, it will be what I call an information-based organization.

Businesses, especially large ones, have little choice but to become information-based. Demographics, for one, demands the shift. The center of gravity in employment is moving fast from manual and clerical workers to knowledge workers who resist the command-and-control model that business took from the military 100 years ago. Economics also dictates change, especially the need for large businesses to innovate and to be entrepreneurs. But above all, information technology demands the shift.

Advanced data-processing technology isn't necessary to create an information-based organization, of course. As we shall see, the British built just such an organization in India when "information technology" meant the quill pen, and barefoot runners were the "telecommunications" systems. But as advanced technology becomes more and more prevalent, we have to engage in analysis and

The large business 20 years hence is more likely to resemble a hospital or a symphony than a typical manufacturing company.

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diagnosis – that is, in "information" – even more intensively or risk being swamped by the data we generate.

So far most computer users still use the new technology only to do faster what they have always done before, crunch conventional numbers. But as soon as a company takes the first tentative steps from data to information, its decision processes, management structure, and even the way its work gets done begin to be transformed. In fact, this is already happening, quite fast, in a number of companies throughout the world.

We can readily see the first step in this transformation process when we consider the impact of computer technology on capital-investment decisions. We have known for a long time that there is no one right way to analyze a proposed capital investment. To understand it we need at least six analyses: the expected rate of return; the payout period and the investment's expected productive life; the discounted present value of all returns through the productive lifetime of the investment; the risk in not making the investment or deferring it; the cost and risk in case of failure; and finally, the opportunity cost. Every accounting student is taught these concepts. But before the advent of data-processing capacity, the actual analyses would have taken man-years of clerical toil to complete. Now anyone with a spreadsheet should be able to do them in a few hours.

The availability of this information transforms the capital-investment analysis from opinion into diagnosis, that is, into the rational weighing of alternative assumptions. Then the information transforms the capital-investment decision from an opportunistic, financial decision governed by the numbers into a business decision based on the probability of alternative strategic assumptions. So the decision both presupposes a business strategy and challenges that strategy and its assumptions. What was once a budget exercise becomes an analysis of policy.

Information transforms a budget exercise into an analysis of policy.

The second area that is affected when a company focuses its data-processing capacity on producing information is its organization structure. Almost immediately, it becomes clear that both the number of management levels and the number of managers can be sharply cut. The reason is straightforward: it turns out that whole layers of management neither make decisions nor lead. Instead, their main, if not their only, function is to serve as "relays" – human boosters for the faint, unfocused signals that pass for communication in the traditional pre-information organization.

One of America's largest defense contractors made this discovery when it asked what information its top corporate and operating managers needed to do their jobs. Where did it come from? What form was it in? How did it flow? The search for answers soon revealed that whole layers of management – perhaps as many as 6 out of a total of 14 – existed only because these questions had not been asked before. The company had had data galore. But it had always used its copious data for control rather than for information.

Information is data endowed with relevance and purpose. Converting data into information thus requires knowledge. And knowledge, by definition, is specialized. (In fact, truly knowledgeable people tend toward overspecialization, whatever their field, precisely because there is always so much more to know.)

The information-based organization requires far more specialists overall than the command-and-control companies we are accustomed to. Moreover, the specialists are found in operations, not at corporate headquarters. Indeed, the operating organization tends to become an organization of specialists of all kinds.

Information-based organizations need central operating work such as legal counsel, public relations, and labor relations as much as ever. But the need for service staffs—that is, for people without operating responsibilities who only advise, counsel, or coordinate—shrinks drastically. In its *central* management, the information-based organization needs few, if any, specialists.

Traditional departments won't be where the work gets done.

Because of its flatter structure, the large, information-based organization will more closely resemble the businesses of a century ago than today's big companies. Back then, however, all the knowledge, such as it was, lay with the very top people. The rest were helpers or hands, who mostly did the same work and did as they were told. In the information-based organization, the knowledge will be primarily at the bottom, in the minds of the specialists who do different work and direct themselves. So today's typical organization in which knowledge tends to be concentrated in service staffs, perched rather insecurely between top management and the operating people, will likely be labeled a phase, an attempt to infuse knowledge from the top rather than obtain information from below.

Finally, a good deal of work will be done differently in the information-based organization. Traditional departments will serve as guardians of standards, as centers for training and the assignment of specialists; they won't be where the work gets done. That will happen largely in task-focused teams.

This change is already under way in what used to be the most clearly defined of all departments—research. In pharmaceuticals, in telecommunications, in papermaking, the traditional *sequence* of research, development, manufacturing, and marketing is being replaced by *synchrony*: specialists from all these functions work together as a team, from the inception of research to a product's establishment in the market.

How task forces will develop to tackle other business opportunities and problems remains to be seen. I suspect, however, that the need for a task force, its assignment, its composition, and its leadership will have to be decided on case by case. So the organization that will be developed will go beyond the matrix and may indeed be quite different from it. One thing is clear, though: it will require greater self-discipline and even greater emphasis on individual responsibility for relationships and for communications.

To say that information technology is transforming business enterprises is simple. What this transformation will require of companies and top managements is much harder to decipher. That is why I find it helpful to look for clues in other kinds of information-based organizations, such as the hospital, the symphony orchestra, and the British administration in India.

A fair-sized hospital of about 400 beds will have a staff of several hundred physicians and 1,200 to 1,500 paramedics divided among some 60 medical and paramedical specialities. Each specialty has its own knowledge, its own training, its own languge. In each specialty, especially the paramedical ones like the clinical lab and physical

therapy, there is a head person who is a working specialist rather than a full-time manager. The head of each specialty reports directly to the top, and there is little middle management. A good deal of the work is done in ad hoc teams as required by an individual patient's diagnosis and condition.

A large symphony orchestra is even more instructive, since for some works there may be a few hundred musicians on stage playing together. According to organization theory then, there should be several group vice president conductors and perhaps a half-dozen division VP conductors. But that's not how it works. There is only the conductor-CEO – and every one of the musicians plays directly to that person without an intermediary. And each is a high-grade specialist, indeed an artist.

But the best example of a large and successful information-based organization, and one without any middle management at all, is the British civil administration in India.[1]

The best example of a large and successful information-based organization had no middle management at all.

The British ran the Indian subcontinent for 200 years, from the middle of the eighteenth century through World War II, without making any fundamental changes in organization structure or administrative policy. The Indian civil service never had more than 1,000 members to administer the vast and densely populated subcontinent – a tiny fraction (at most 1%) of the legions of Confucian mandarins and palace eunuchs employed next door to administer a not-much-more populous China. Most of the Britishers were quite young; a 30-year-old was a survivor, especially in the early years. Most lived alone in isolated outposts with the nearest countryman a day or two of travel away, and for the first hundred years there was no telegraph or railroad.

The organization structure was totally flat. Each district officer reported directly to the "Coo," the provincial political secretary. And since there were nine provinces, each political secretary had at least 100 people reporting directly to him, many times what the doctrine of the span of control would allow. Nevertheless, the system worked remarkably well, in large part because it was designed to ensure that each of its members had the information he needed to do his job.

Each month the district officer spent a whole day writing a full report to the political secretary in the provincial capital. He discussed each of his principal tasks – there were only four, each clearly delineated. He put down in detail what he had expected would happen with respect to each of them, what actually did happen, and why; if there was a discrepancy, the two differed. Then he wrote down what he expected would happen in the ensuing month with respect to each key task and what he was going to do about it, asked questions about policy, and commented on long-term opportunities, threats, and needs. In turn, the political secretary "minuted" every one of those reports – that is, he wrote back a full comment.

1. The standard account is Philip Woodruff, *The Men Who Ruled India*, especially the first volume, *The Founders of Modern India* (New York: St. Martin's, 1954). How the system worked day by day is charmingly told in *Sowing* (New York: Harcourt Brace Jovanovich, 1962), volume one of the autobiography of Leonard Woolf (Virginia Woolf's husband).

On the basis of these examples, what can we say about the requirements of the information-based organization? And what are its management problems likely to be? Let's look first at the requirements. Several hundred musicians and their CEO, the conductor, can play together because they all have the same score. It tells both flutist and timpanist what to play and when. And it tells the conductor what to expect from each and when. Similarly, all the specialists in the hospital share a common mission: the care and cure of the sick. The diagnosis is their "score"; it dictates specific action for the X-ray lab, the dietitian, the physical therapist, and the rest of the medical team.

Information-based organizations, in other words, require clear, simple, common objectives that translate into particular actions. At the same time, however, as these examples indicate, information-based organizations also need concentration on one objective or, at most, on a few.

Because the "players" in an information-based organization are specialists, they cannot be told how to do their work. There are probably few orchestra conductors who could coax even one note out of a French horn, let alone show the horn player how to do it. But the conductor can focus the horn player's skill and knowledge on the musicians' joint performance. And this focus is what the leaders of an information-based business must be able to achieve.

Yet a business has no "score" to play by except the score it writes as it plays. And whereas neither a first-rate performance of a symphony nor a miserable one will change what the composer wrote, the performance of a business continually creates new and different scores against which its performance is assessed. So an information-based business must be structured around goals that clearly state management's performance expectations for the enterprise and for each part and specialist and around organized feedback that compares results with these performance expectations so that every member can exercise self-control.

The other requirement of an information-based organization is that everyone take information responsibility. The bassoonist in the orchestra does so every time she plays a note. Doctors and paramedics work with an elaborate system of reports and an information center, the nurse's station on the patient's floor. The district officer in India acted on this responsibility every time he filed a report.

Who depends on me for information? And on whom do I depend?

The key to such a system is that everyone asks: Who in this organization depends on me for what information? And on whom, in turn, do I depend? Each person's list will always include superiors and subordinates. But the most important names on it will be those of colleagues, people with whom one's primary relationship is coordination. The relationship of the internist, the surgeon, and the anesthesiologist is one example. But the relationship of a biochemist, a pharmacologist, the medical director in charge of clinical testing and a marketing specialist in a pharmaceutical company is no different. It, too, requires each party to take the fullest information responsibility.

Information responsibility to others is increasingly understood, especially in middle-sized companies. But information responsibility to oneself is still largely neglected. That is, everyone in an organization should constantly be thinking through what information he or she needs to do the job and to make a contribution.

This may well be the most radical break with the way even the most highly computerized businesses are still being run today. There, people either assume the more data, the more information – which was a perfectly valid assumption yesterday when data were scarce, but leads to data overload and information blackout now that they are plentiful. Or they believe that information specialists know what data executives and professionals need in order to have information. But information specialists are tool makers. They can tell us what tool to use to hammer upholstery nails into a chair. We need to decide whether we should be upholstering a chair at all.

Executives and professional specialists need to think through what information is for them, what data they need: first, to know what they are doing; then, to be able to decide what they should be doing; and finally, to appraise how well they are doing. Until this happens MIS departments are likely to remain cost centers rather than become the result centers they could be.

Most large businesses have little in common with the examples we have been looking at. Yet to remain competitive – maybe even to survive – they will have to convert themselves into information-based organizations, and fairly quickly. They will have to change old habits and acquire new ones. And the more successful a company has been, the more difficult and painful this process is apt to be. It will threaten the jobs, status, and opportunities of a good many people in the organization, especially the long-serving, middle-aged people in middle management who tend to be the least mobile and to feel most secure in their work, their positions, their relationships, and their behavior.

To remain competitive – maybe even to survive – businesses will have to convert themselves into organizations of knowledgeable specialists.

The information-based organization will also pose its own special management problems. I see as particularly critical:

1. Developing rewards, recognition, and career opportunities for specialists.
2. Creating unified vision in an organization of specialists.
3. Devising the management structure for an organization of task forces.
4. Ensuring the supply, preparation, and testing of top management people.

Bassoonists presumably neither want nor expect to be anything but bassoonists. Their career opportunities consist of moving from second bassoon to first bassoon and perhaps of moving from a second-rank orchestra to a better, more prestigious one. Similarly, many medical technologists neither expect nor want to be anything but medical technologists. Their career opportunities consist of a fairly good chance of moving up to senior technician, and a very slim chance of becoming lab director. For those who make it to lab director, about 1 out of every 25 or 30 technicians, there is also the opportunity to move to a bigger, richer hospital. The district officer in India had practically no chance for professional growth except possibly to be relocated, after a three-year stint, to a [illegible] district.

Opportunities for specialists in an inform[illegible] based business organization should be more plentiful than they are in an orchestra or hospital, let alone in the Indian civil service. But as in these organizations, they will primarily be opportunities for advancement

within the specialty, and for limited advancement at that. Advancement into "management" will be the exception, for the simple reason that there will be far fewer middle-management positions to move into. This contrasts sharply with the traditional organization where, except in the research lab, the main line of advancement in rank is out of the specialty and into general management.

More than 30 years ago General Electric tackled this problem by creating "parallel opportunities" for "individual professional contributors." Many companies have followed this example. But professional specialists themselves have largely rejected it as a solution. To them—and to their management colleagues—the only meaningful opportunities are promotions into management. And the prevailing compensation structure in practically all businesses reinforces this attitude because it is heavily biased towards managerial positions and titles.

Who will the business's managers be?

There are no easy answers to this problem. Some help may come from looking at large law and consulting firms, where even the most senior partners tend to be specialists, and associates who will not make partner are outplaced fairly early on. But whatever scheme is eventually developed will work only if the values and compensation structure of business are drastically changed.

The second challenge that management faces is giving its organization of specialists a common vision, a view of the whole.

In the Indian civil service, the district officer was expected to see the "whole" of his district. But to enable him to concentrate on it, the government services that arose one after the other in the nineteenth century (forestry, irrigation, the archaeological survey, public health and sanitation, roads) were organized outside the administrative structure, and had virtually no contact with the district officer. This meant that the district officer became increasingly isolated from the activities that often had the greatest impact on—and the greatest importance for—his district. In the end, only the provincial government or the central government in Delhi had a view of the "whole," and it was an increasingly abstract one at that.

A business simply cannot function this way. It needs a view of the whole and a focus on the whole to be shared among a great many of its professional specialists, certainly among the senior ones. And yet it will have to accept, indeed will have to foster, the pride and professionalism of its specialists—if only because, in the absence of opportunities to move into middle management, their motivation must come from that pride and professionalism.

One way to foster professionalism, of course, is through assignments to task forces. And the information-based business will use more and more smaller self-governing units, assigning them tasks tidy enough for "a good man to get his arms around," as the old phrase has it. But to what extent should information-based businesses rotate performing specialists out of their specialties and into new ones? And to what extent will top management have to accept as its top priority making and maintaining a common vision across professional specialties?

Heavy reliance on task-force teams assuages one problem. But it aggravates another: the management structure of the information-based organization. Who will the business's managers be? Will they be task-force leaders? Or will there be a two-headed monster—a specialist structure, comparable, perhaps, to the way attending physi-

cians function in a hospital, and an administrative structure of task-force leaders?

The decisions we face on the role and function of the task-force leaders are risky and controversial. Is theirs a permanent assignment, analagous to the job of the supervisory nurse in the hospital? Or is it a function of the task that changes as the task does? Is it an assignment or a position? Does it carry any rank at all? And if it does, will the task-force leaders become in time what the product managers have been at Procter & Gamble: the basic units of management and the company's field officers? Might the task-force leaders eventually replace department heads and vice presidents?

Signs of every one of these developments exist, but there is neither a clear trend nor much understanding as to what each entails. Yet each would give rise to a different organizational structure from any we are familiar with.

With middle management sharply cut, where will the top executives come from?

Finally, the toughest problem will probably be to ensure the supply, preparation, and testing of top management people. This is, of course, an old and central dilemma as well as a major reason for the general acceptance of decentralization in large businesses in the last 40 years. But the existing business organization has a great many middle-management positions that are supposed to prepare and test a person. As a result, there are usually a good many people to choose from when filling a senior management slot. With the number of middle-management positions sharply cut, where will the information-based organization's top executives come from? What will be their preparation? How will they have been tested?

Decentralization into autonomous units will surely be even more critical than it is now. Perhaps we will even copy the German *Gruppe* in which the decentralized units are set up as separate companies with their own top managements. The Germans use this model precisely because of their tradition of promoting people in their specialties, especially in research and engineering; if they did not have available commands in near-independent subsidiaries to put people in, they would have little opportunity to train and test their most promising professionals. These subsidiaries are thus somewhat like the farm teams of a major-league baseball club.

We may also find that more and more top management jobs in big companies are filled by hiring people away from smaller companies. This is the way that major orchestras get their conductors – a young conductor earns his or her spurs in a small orchestra or opera house, only to be hired away by a larger one. And the heads of a good many large hospitals have had similar careers.

Can business follow the example of the orchestra and hospital where top management has become a separate career? Conductors and hospital administrators come out of courses in conducting or schools of hospital administration respectively. We see something of this sort in France, where large companies are often run by men who have spent their entire previous careers in government service. But in most countries this would be unacceptable to the organization (only France has the *mystique* of the *grandes écoles*). And even in France, businesses, especially large ones, are becoming too demanding to be run by people without firsthand experience and a proven success record.

Thus the entire top management process – preparation, testing, succession – will become even more problematic than it already is.

There will be a growing need for experienced businesspeople to go back to school. And business schools will surely need to work out what successful professional specialists must know to prepare themselves for high-level positions as *business* executives and *business* leaders.

Since modern business enterprise first arose, after the Civil War in the United States and the Franco-Prussian War in Europe, there have been two major evolutions in the concept and structure of organizations. The first took place in the ten years between 1895 and 1905. It distinguished management from ownership and established management as work and task in its own right. This happened first in Germany, when Georg Siemens, the founder and head of Germany's premier bank, *Deutsche Bank*, saved the electrical apparatus company his cousin Werner had founded after Werner's sons and heirs had mismanaged it into near collapse. By threatening to cut off the bank's loans, he forced his cousins to turn the company's management over to professionals. A little later, J.P. Morgan, Andrew Carnegie, and John D. Rockefeller, Sr. followed suit in their massive restructurings of U.S. railroads and industries.

The second evolutionary change took place 20 years later. The development of what we still see as the modern corporation began with Pierre S. du Pont's restructuring of his family company in the early twenties and continued with Alfred P. Sloan's redesign of General Motors a few years later. This introduced the command-and-control organization of today, with its emphasis on decentralization, central service staffs, personnel management, the whole apparatus of budgets and controls, and the important distinction between policy and operations. This stage culminated in the massive reorganization of General Electric in the early 1950s, an action that perfected the model most big businesses around the world (including Japanese organizations) still follow.[2]

Now we are entering a third period of change: the shift from the command-and-control organization, the organization of departments and divisions, to the information-based organization, the organization of knowledge specialists. We can perceive, though perhaps only dimly, what this organization will look like. We can identify some of its main characteristics and requirements. We can point to central problems of values, structure, and behavior. But the job of actually building the information-based organization is still ahead of us – it is the managerial challenge of the future.

We can identify requirements and point to problems; the job of building is still ahead.

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2. Alfred D. Chandler, Jr. has masterfully chronicled the process in his two books *Strategy and Structure* (Cambridge: MIT Press, 1962) and *The Visible Hand* (Cambridge: Harvard University Press, 1977) – surely the best studies of the administrative history of any major institution. The process itself and its results were presented and analyzed in two of my books: *The Concept of the Corporation* (New York: John Day, 1946) and *The Practice of Management* (New York: Harper Brothers, 1954).

VISION

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3

Man Waiting for Motivation

TRANSFORMING LEADERSHIP

We often argue that the excellent companies are the way they are because they are organized to obtain extraordinary effort from ordinary human beings. It is hard to imagine that billion-dollar companies are populated with people much different from the norm for the population as a whole. But there is one area in which the excel-

Taken from: In Search of Excellence-Lessons from America's Best-Run Companies, Thomas J. Peters & Robert H. Waterman Jr., Harper & Row, Publishers, 1982, pages 81-86.

lent companies have been truly blessed with unusual leadership, especially in the early days of the company.

Leadership is many things. It is patient, usually boring coalition building. It is the purposeful seeding of cabals that one hopes will result in the appropriate ferment in the bowels of the organization. It is meticulously shifting the attention of the institution through the mundane language of management systems. It is altering agendas so that new priorities get enough attention. It is being visible when things are going awry, and invisible when they are working well. It's building a loyal team at the top that speaks more or less with one voice. It's listening carefully much of the time, frequently speaking with encouragement, and reinforcing words with believable action. It's being tough when necessary, and it's the occasional naked use of power—or the "subtle accumulation of nuances, a hundred things done a little better," as Henry Kissinger once put it. Most of these actions are what the political scientist James MacGregor Burns in his book *Leadership* calls "transactional leadership." They are the necessary activities of the leader that take up most of his or her day.

But Burns has posited another, less frequently occurring form of leadership, something which he calls "transforming leadership"—leadership that builds on man's need for meaning, leadership that creates institutional purpose. We are fairly sure that the culture of almost every excellent company that seems now to be meeting the needs of "irrational man," as described in this chapter, can be traced to transforming leadership somewhere in its history. While the cultures of these companies seem today to be so robust that the need for transforming leadership is not a continuing one, we doubt such cultures ever would have developed as they did without that kind of leadership somewhere in the past, most often when they were relatively small.

The transforming leader is concerned with minutiae, as well. But he is concerned with a different kind of minutiae; he is concerned with the tricks of the pedagogue, the mentor, the linguist—the more successfully to become the value shaper, the exemplar, the maker of meanings. His job is much tougher than that of the transactional leader, for he is the true artist, the true pathfinder. After

all, he is both calling forth and exemplifying the urge for transcendence that unites us all. At the same time, he exhibits almost boorish consistency over long periods of time in support of his one or two transcending values. No opportunity is too small, no forum too insignificant, no audience too junior.

Burns speaks most convincingly of the leader's need to enable his followers to transcend daily affairs. He begins by faulting earlier students of leadership for their preoccupation with power, suggesting that such attention blinded them to the far more important task of instilling purpose. "This absolutely central value [purpose] has been inadequately recognized in most theories," he maintains. "Leadership over human beings is exercised when persons with certain motives and purposes mobilize, in competition or conflict with others, institutional, political, psychological and other resources so as to arouse, engage and satisfy the motives of followers." In essence, Burns says, "Leadership, unlike naked power wielding, is thus inseparable from followers' needs and goals." He thereby sets the stage for a concise definition of transforming leadership:

> [Transforming leadership] occurs when one or more persons *engage* with others in such a way that leaders and followers raise one another to higher levels of motivation and morality. Their purposes, which might have started out separate but related, in the case of transactional leadership, become fused. Power bases are linked not as counterweights but as mutual support for common purpose. Various names are used for such leadership: elevating, mobilizing, inspiring, exalting, uplifting, exhorting, evangelizing. The relationship can be moralistic, of course. But transforming leadership ultimately becomes *moral* in that it raises the level of human conduct and ethical aspiration of both the leader and the led, and thus has a transforming effect on both. . . . Transforming leadership is dynamic leadership in the sense that the leaders throw themselves into a relationship with followers who will feel "elevated" by it and often become more active themselves, thereby creating new cadres of leaders.

Burns, like others, believes that leaders are appealing to certain unconscious needs: "The fundamental process is an elusive one; it is, in large part, *to make conscious what lies unconscious among*

followers." Taking Chairman Mao Tse-tung as exemplar, he comments: "His true genius was in understanding the emotions of others." The business psychologist Abraham Zaleznick makes much the same point in contrasting leaders and managers: "Managers prefer working with people; leaders stir emotion." The work of the psychologist David McClelland, notably in *Power: The Inner Experience,* provides an experimentally based description of the process:

> [We] set out to find exactly, by experiment what kinds of thoughts the members of an audience had when exposed to a charismatic leader.... They were apparently strengthened and uplifted by the experience; they felt more powerful, rather than less powerful or submissive. This suggests that the traditional way of explaining the influence of a leader on his followers has not been entirely correct. He does not force them to submit and follow him by the sheer overwhelming magic of his personality and persuasive powers.... In fact, he is influential by strengthening and inspiriting his audience.... The leader arouses confidence in his followers. The followers feel better able to accomplish whatever goals he and they share.

Picking up on one of Burns's main points, leader-followers symbiosis, we find two attributes of that symbiosis especially striking: believability and excitement. On the first count, believability, we find that our value-infused top-performing companies are led by those who grew up with the core of the business—electric engineering at HP or Maytag, mechanical engineering at Fluor or Bechtel. The star performers are seldom led by accountants or lawyers. On the second count, excitement, Howard Head, inventor and entrepreneur, father of the Head ski and the Prince tennis racket, exhorts: "You have to believe in the impossible." At Hewlett-Packard, top management's explicit criterion for picking managers is their ability to engender excitement.

A simple description of the process of finding excitement is provided by James Brian Quinn, who is, among other things, a long-term student of the real, sloppy process of finding and achieving overarching strategic values and objectives. Quinn quotes a consumer goods chief executive officer: "We have slowly discovered that our most effective goal is *to be best* at certain things. We now

try to get our people to help us work out what these things should be, how to define *best* objectively, and how to *become* best in our selected spheres. You would be surprised at how motivating that can be."

Warren Bennis has a good metaphor for the transforming leader—the leader as "social architect." But, to give credit where credit is due, Bennis, Burns, and we, in our comments on the excellent companies, were anticipated decades ago by both Chester Barnard, whom we'll meet again in the next chapter, and Philip Selznick, who published in 1957 an often-overlooked thin blue volume entitled *Leadership and Administration,* in which he says:

The inbuilding of purpose is a challenge to creativity because it involves transforming men and groups from neutral, technical units into participants who have a particular stamp, sensitivity, and commitment. This is ultimately an educational process. It has been well said that the effective leader must know the meaning and master the technique of the educator.... The art of the creative leader is the art of institution building, the reworking of human and technological materials to fashion an organism that embodies new and enduring values.... To institutionalize is to *infuse with value* beyond the technical requirements of the task at hand. The prizing of social machinery beyond its technical role is largely a reflection of the unique way it fulfills personal or group needs. Whenever individuals become attached to an organization or a way of doing things as persons rather than as technicians, the result is a prizing of the device for its own sake. From the standpoint of the committed person, the organization is changed from an expendable tool into a valued source of personal satisfaction.... The institutional leader, then, *is primarily an expert in the promotion and protection of values.*

We should pause briefly here, as we exalt values, to ask what values? Maybe, for one, we might suggest simply "to be best" in any area, as James Brian Quinn says, or to "be true to our own aesthetic," as Walter Hoving said of himself and Tiffany's. Perhaps it's Ray Kroc of McDonald's seeing "beauty in a hamburger bun," or Watson's "respect for the individual" at IBM, or Dana's belief in "the productive people" or "Forty-eight-hour parts service any-

where in the world" at Caterpillar. Corny? Only if we are cynical. Such values are transforming for the companies that live them.

Much of our discussion has verged on the high-sounding, for example, the talk of creating a transforming purpose. It *is* high-sounding, but at the same time it is simply practical. We have argued that man is quite strikingly irrational. He reasons by stories, assumes himself to be in the top 10 percent judged by any good trait, needs to stick out and find meaning simultaneously, and so on. Yet management practice seldom takes these foibles and limitations into account.

The excellent company managements, however, do take these things into account—either consciously or unconsciously. The result is better relative performance, a higher level of contribution from the "average" man. More significant, both for society and for the companies, these institutions create environments in which people can blossom, develop self-esteem, and otherwise be excited participants in the business and society as a whole. Meanwhile, the much larger group of nonexcellent performers seems to act, almost perversely, at odds with every variable we have described here. Losing instead of winning is the norm, as are negative rather than positive reinforcement, guidance by the rule book rather than tapestries of myths, constraint and control rather than soaring meaning and a chance to sally forth, and political rather than moral leadership.

ACT TWO SCENE TWO

5 CREATING A MOTIVATING VISION

The soul . . . never thinks without a picture.

ARISTOTLE

"Creating a Motivating Vision," from The Transformational Leader, by Noel Tichy and Mary Anne Devanna, John Wiley and Son, 1986.

Transformational leaders must not only diagnose their organizations' strengths and weaknesses and match them against the environmental opportunities, but they must also find ways to inspire employees to meet these challenges. This vision of the future must be formulated in such a way that it will make the pain of changing worth the effort.

Dr. Martin Luther King created an enormously inspiring vision in his famous "I Have a Dream" address at the Washington Monument. In that speech he painted a picture of a United States that would be a better place. He talked about the little children, white and black, playing and holding hands in the rural towns in Alabama; blacks and whites working together in urban centers. That vision had a motivational pull. It created a positive image that people could strive for.

The challenge for transformational leaders is both to find and create a vision of an organization that is in some way better than the old one and to encourage others to share that dream. They must provide people with an image of what can be and motivate them to move ahead into the future they envision.

Jeff Campbell told us how he developed his vision for Burger King and shared it with his management group:

> While I was running the New York region, I was complaining to the then chairman about a number of things. He said, "Why don't you put your thoughts on paper?" Well, I wrote a memo that must have been 10 pages long. I said, "Here's all the things I think are wrong and here's how I would attack them." I never heard from him about any of it, but after I had been made president of Burger King, I said, "Hey, I've been thinking about this for a long time. I know what we need to do short-term," but as I thought about what we were and where we might go, a vision took shape. About one year into the turnaround, I was made chairman. We had a meeting of all the officers at Marco Island, Florida. I was sitting in my den thinking about where we had to go and listening to a recording of the theme from *Chariots of Fire* and I got an idea of making a speech about where we needed to go and punctuating it with music just to get the guys thinking about it. I know that sounds corny, but sometimes corny things work and I decided to go with my gut on this one.

> So I talked about us becoming not only the best company in the portfolio, but the best convenience restaurant in America by 1992. I talked about what kind of a company we would be and the kinds of careers we would build for people. At the end I said, "I'm going to put on one more piece of music and I want you to think about everything we've talked about. Don't talk to your friend or look at anybody else. Just sit there a second and listen to the music and ask yourself if it's something you really think you can do and—if you really want to do it. Then, when the music is over, get up and I will be waiting at the back door to shake your hand."
>
> I was pretty nervous, but when the music ended guys in their early sixties—not just the younger people—started coming back. You know it was a corny thing to do but what happened was magic. We had a 76 percent increase in earnings.

Campbell is an example of a transformational leader meeting an important challenge—mobilizing energy in the organization. While diagnosis prepares the leader and the organization for change, it is the vision that launches them into action.

> *Diagnosis is never enough, nor is ad hoc action a satisfactory basis for continuity. Certainly it does not give meaning to the organization nor form a coherent focus for the needs of the people in it, nor does it provide a structure to translate that meaning into continuity of organizational behavior. The point to note, therefore, is that each of our CEO's took charge of his organization and took it in a new direction . . . . Jones and Watson pushed into electronics, Wriston into consumer financing, McGregor into aluminum manufacturing, Hanley downstream into proprietary products, and Sulzberger into acquisitions.*

When we look at these CEO's who took their organizations in new directions, we certainly find leaders who used diagnosis to assess their new business opportunities. But these leaders and the ones that we studied were able to effect transformations because they developed new frameworks for the future. This resulted in new standards, new values, and new ways of look-

ing at the world and new kinds of actions. These leaders developed holistic visions of the future.

What may separate transformational from transactional leaders is that transformational leaders are more likely to be proactive than reactive in their thinking; more creative, novel and innovative in their ideas; more radical or reactionary than reforming or conservative in ideology; and less inhibited in their search for solutions. Transactional leaders may be equally bright but their focus is on how to best keep the system running for which they are responsible—reacting to problems generated by observed deviances: looking to modify conditions as needed and remaining ever mindful of the organizational constraints within which they must operate.

It is up to all of our transformational leaders to develop these holistic visions of the future for the organization and to stimulate a critical mass of leaders within the organization to do the same.

Jack Sparks did not arrive at the helm of Whirlpool when that company was in the valley of the shadow of death. But he did have a vision that involved transforming the way Whirlpool did business and in the process making it stronger in the face of competition.

> I set out to change the image of the corporation from a conservative operation with some marketing skills to a marketing operation with some manufacturing and engineering skills . . . . I will know when I get there because you will see more excitement, you will see people really trying to accomplish things. You will see a better operation in total and of course you will see the things that go along with that, like growth. In fact my goal is . . . a very sophisticated organization with a broader vision.
>
> One of the first things I did as CEO was take all the officers down to Washington for two-and-half days to meet senators, congressmen, bureaucrats—even take a tour of the White House, the Executive Building—because these guys were so out of touch with what was going on in the world, I was the only executive

> officer in this corporation that was doing this kind of thing . . . I wanted these guys to know you're in a big, grown-up world. There's more to it than Michigan, Indiana, Illinois, and Arkansas. I hope to have a more sophisticated team.

Jack Welch is a transformational leader who keeps articulating and reiterating his vision. In speaking with his managers four years after becoming CEO he told them:

> That drive to be number one or two to be more competitive in an ever increasing competitive world, has got to be at the forefront. And I don't mean static competition. We asked every person who comes into a meeting in our place to be sure to have a session on competitiveness in the first 15 minutes of the meeting. Immediately the bureaucracy got fired up, memos went out, let's get those damn static strategic planning pages out again . . . who are the five competitors? What is their share? How many employees do they have? . . . They didn't look at the dynamics of what these competitors will look like in 1990, what moves would you make if you were running those companies. How many plants should they close? What investments should they make? What they should do? . . . that's what competition is all about. Competition is about 1990, not some strategic planner's view of today. So we desperately want to take a look at our competition in a live, vibrant, passionate way. At what they are going to be doing to beat the hell out of you over the next five years . . . . In the end that drive to be number one and two is still the biggest focus we must keep in this company, and yes it is going to get tougher and tougher and tougher and tougher. As we move down this road we are playing in an ever increasing competitive world . . . .
>
> You can't feel "I am at GE and therefore I am safe." GE is not safety, your own competitive business is safety, winning in your markets is safety. GE has no wall around it that can protect anything . . . . Candor is calling it as you see it . . . dealing with it, getting it up on the table . . . talking about it here with people who can do something about it, not people who can commiserate with you about it . . . .

We are concerned both with what the characteristics of motivating visions are as well as the process transformational lead-

ers use to transmit that vision to others in the organization. Creating a vision is much more than traditional, rational business planning. It involves both right and left brains—both intuition and creativity. It is holistic in its view of the organization, dealing with business strategies, values, inner political relationships. Thus, in order to achieve an organization driven by vision, transformational leaders need to call into play a new set of leadership skills.

HOLISTIC VISIONS

The vision is the ideal to strive for. It releases the energy needed to motivate the organization to action. It provides an overarching framework to guide day-to-day decisions and priorities and provides the parameters for planful opportunism.

A successful vision has a tension that's the result of its having been created both from intuition (right-brain thinking) and logical analysis (left-brain thinking). This is not an easy task. Managers often resist right-brain activities.

Alex Cunningham describes the birth of the vision at General Motors. It was a very intuitive and organized process that laid the groundwork for the greatest transformation of GM since Alfred Sloan's leadership.

> Basically it was very simple. The first key word that everybody said was "effectiveness"—we wanted to create a more effective organization. The next one we hammered on was "responsiveness" and that's responsiveness to the market, to the customer. So we wanted to be more effective, we wanted to be more responsive. And those two words really sum it all up. Responsiveness was our ability to react both with product and timing to the demands of the marketplace, effectiveness was to do things in a better manner. Then that brought in all the things that go with effectiveness—being able to do more with the same number of people, and so on . . . .

Transformational leaders talk about visions as an evolving phenomenon. For example, Ed Thompson, of Schneider Transport, talked about the development of a vision for his company:

> We started the process with a rather structured approach. We picked a time period out three to four years to get us out of the influence of the pressures of the current state. We worked to make statements of what we would look like at that point—revenue levels, number of employees, equipment types, maintenance and support systems, technology and operating methods, desired customer base, and so on.
>
> As we involved more people in the process the focus shifted and became more mature. For example, working through a lot of the human dimensions generated direction. We explored new ways to align and empower people. You know in service industries like ours over half our people touch the customer in some way each day. We really have some ideas on new ways to do the human side of trucking. The vision also grew as we pushed ourselves in areas like building in an ongoing change orientation and viewing ourselves as innovators in asset management. We kind of picture that this visioning will be an organic or ongoing part of our work. We are getting more and more of our people involved.

Mike Blumenthal talks about his vision for Burroughs—six years after he became CEO:

> It's amazing to me as I look back on it now, because when I look back I realize that I went by the seat of my pants. Today it is very clear and tomorrow I will leave for a press conference in New York where we are announcing major new products. I would say the vision has evolved. In preparation for the speech I will give tomorrow I looked back at the speech I gave to this group back in the spring of 1981 and to the speeches that Paul Stern and I have given since that time and I realize that you can see a trend. There is no one flash—no one moment when the vision is established. The vision has evolved helped along by executive retreats—we went to Vermont for three days, we went to upper Michigan for three days and we went to the Homestead for three days.

The recurrent theme as these transformational leaders talked about the development of a vision for the organization is that unlike the vision of a founder/entrepreneur, visions in large complex organizations tend rarely to be one person's dream but rather the expressed commitment of a group.

Jim Renier explains it in the following terms:

> Developing a vision in a big organization I believe is a completely different process than developing a vision in a small entrepreneurial business, because there are many possible visions as opposed to a vision. In a large organization you must get the whole organization to buy in. You can't just say, we're heading for this place or that with an immediate buy in. We're apt to end instead with a bunch of people reacting with something like "listen to that smart bastard." What you've got to do is constantly engage in iterating what you say and what they say is possible. And over a couple of years the different visions come together. If you try to jam them together on day one in an organization like this, it will not work.

In these cases the vision was a complex collage of what their organization should strive to become. It included a basic component of business strategy (namely markets, product, and services) but it also included a strong sense of how the organization should be structured and the part that the human resources would play.

A vision is motivating for two reasons. First, it provides the challenge for which the organization and its members strive, it is the reach for excellence and the source of self-esteem for the members.

The second purpose is to help provide a conceptual road map or a set of blueprints for what the organization will be in the future. Utilizing the metaphor of erecting a building: the vision starts with the architect's renderings—the idealized project that inspires people to move ahead—and then specifies the particulars that will be needed to get there.

At the core of the vision is the organization's mission statement. Since the organizations we are discussing have an eco-

nomic, rather than a normative purpose, we frequently find that the mission is not clearly articulated. This may be the reason it is so difficult for people to develop a sense of purpose about their membership in these organizations apart from their own career goals and economic security. It is frequently the absence of a sense of purpose that causes organizations to fail in their efforts to bring about needed change and to gain needed commitment from employees. The Japanese understand the importance of developing a sense of common purpose, and much of the commitment they gain from their employees results from organizational socialization processes that clearly outline how the parties involved share responsibility for the survival of the company. Japanese employees are told that their job security depends on the economic viability of the firm and that both management and workers must always do their best to ensure a safe future for all. When we interviewed Jim Renier, he spoke at length about the need to involve employees in a discussion of values if organization revitalization is to occur:

> Productivity had gone to hell. And we had an angry workforce. The best thing I could do was go talk to those folks and let them take a measure of my sense of values, because what they were rebelling against was a sense of values. They were not rebelling against anyone in particular. Their attitude certainly said, hey, we aren't bitching about pay or benefits. They love the company, you know, the image of it. What they were basically saying is, "Something has happened to truth, trust and respect. We don't like that."
>
> The problem is that quality goes to hell when that happens, because when you work in an environment where truth, trust, and respect are absent, you have no respect for yourself anymore. You don't feel like quality, and I contend that people who don't feel like quality can't produce quality, either. Quality comes from people who feel like quality. I think it all comes back to that, it really does.
>
> My greatest concern for the United States stems from the increasing narcissism and the idea that everyone should look out for themselves at the expense of others. I believe that until this

> country returns to the values of truth, trust, and respect for one another as opposed to the current paddle-your-own-canoe values we will be unable to solve our basic economic problems. You know, I think this country can go into decline just as other great nations have declined. To me this is not a religious issue. It is just plain empirical fact. You go through history and that is what history teaches you.

Many American firms that have been labeled paternalistic have basically had the same concern for their employees as was voiced by Renier. IBM, whose core value is "Respect for People," developed the concept of lifetime employment during the Depression, and employees understood that the promise was part of an exchange between the worker and the company that could be kept only if the firm continued to prosper. Somewhere in the intervening decades this understanding has eroded in many organizations. A colleague of ours, Vlado Pucik, who was born in Czechoslovakia and has spent a great deal of time in Japan as a researcher, pointed out that in America it is more legitimate to display enthusiasm rooting for one's favorite sports team than it is to be enthusiastic about one's job. Our people show an eagerness to be part of the organization when they are hired. We can only wonder what we do to breed the enthusiasm out of them in the workplace. Thus a major challenge for transformational leaders is to develop missions for their organizations that enable all stakeholders to commit themselves to the survival of the venture.

ELEMENTS OF THE VISION

Vision has two fundamental elements. One is to provide a conceptual framework or paradigm for understanding the organization's purpose—the vision includes a roadmap. The second important element is the emotional appeal: the part of the vision that has a motivational pull with which people can identify.

Both the cognitive, intellectual understanding and the emotional pull give the vision meaning. Fundamental or quantum

change requires shifting the basic assumptions, values, and paradigm that the organization uses for problem-solving. This is true whether creating a new paradigm for world competitiveness a la Jack Welch at General Electric, or a new vision of the trucking business in a deregulated environment at Schneider Transport, or Jeff Campbell's new image of Burger King. In all cases it is a basic shift, a breaking with the past that is replaced by a new vision.

The notion of a holistic vision is at odds with most practices in organizations that utilize a static planning model rather than the projection of images in visions of the future. If one were to go randomly into the Fortune 500 companies and ask for any documents that capture the future of the organization, one would most likely be handed the strategic plan.

Most strategic plans are kept in thick three-ring notebooks. The majority of them are filled with short, concise mission statements followed by strategic objectives, followed by hundreds of pages of data on market share, return on investment, return on assets, manufacturing, productivity, engineering figures, and so on. It's not surprising that an outsider doesn't get a vision of the future by reading through this material.

If, however, you randomly interview senior management and ask them to describe the future organization, there is often great variance between their own intuitive, verbal vision of the future and what's captured in the planning documents. Again, it is like carefully examining the blueprints of a complex building structure and trying to get a visual image of what the finished project will look like. An artist's rendering of the building lacks a great deal of the technical detail that is an actual part of a structure because attention is given to creating a model with the purpose of communicating the concept and the architect's vision.

Why Visions Are Motivating

People regulate much of what they do by following fairly standard routines. There are more complex areas, problems that

occur less frequently and that involve some degree of uncertainty, such as meeting new people, entering new organizations, dealing with a subordinate who is having a problem, or running into problems with the business. In these situations, we develop what some social psychologists refer to as scripts.

A script is a set way of dealing with different problems. Some of us have specific ways in which we enter new groups and get to know people. Others have specific scripts for dealing with peers or when faced with a new project. These behavior patterns become embedded in our minds and form a part of our self-image, a part of our behavioral repertoire. Over time, they define our self-worth and self-esteem. To alter these scripts we must go through the psychodynamics of change described by Bridges—that is, go through the transitions which include working through the endings or disengaging from an old script. As with other transitions, there's confusion. Frequently, it is impossible to begin this process unless we can first write a new script based on a new vision of the future. Without the vision, we tend to get stuck in the middle of the process of change. The old behavior pattern, or the old script doesn't work, but no new one has been found.

If we think of making difficult life transitions of any kind, we must imagine or develop a vision of what it's like to live on after the death of a loved one or what it will be like to put a life together after a divorce or after having been fired. To be revitalized we need to get in touch with something that will pull us into the future. These same basic dynamics operate in the work setting, when we dramatically redefine global competition and put a whole new set of demands on management in terms of how they'll manage people, resources, and their competitors.

Organizations are made up of thousands of people, each with his or her own set of psychodynamics. Thus, at the organizational level, it is important to go beyond the technical view of the future most often captured in strategic plans—the product market mix of the organization, how it's going to be organized, and so on. If people are going to visualize themselves in the

future organization, they need a vision of what the political system will be like, who will be influencing decisions, who will have power, how much power they will have, how people will get ahead, and how the rewards will be allocated. They will envision themselves playing out their own personal agendas in the future political environment.

Underlining all this will be the values. What are the norms going to be like in the future? What values will be needed to drive the business strategy, what will be the style of management, how will people treat each other, what kind of people will be selected, what values will be used as a screen for admitting people to the organization and permitting them to climb the corporate ladder? Thus the vision needs to incorporate the TPC systems of the organization.

Not all of our transformational leaders define their visions in such holistic terms. Nevertheless, as we've seen them articulate and refine their visions, it is clear that they provide glimpses of all three of these systems. Jim Renier at Honeywell started with the value system and clearly articulated role models. He mobilized the workforce around a new set of values about the way people were going to be treated. At the same time a great deal of energy went into redefining the technical strategy for Honeywell Information Systems, articulating that there would be integration with the rest of Honeywell and control systems. That certain mainframe computers would depend on product developments of NEC, not only Honeywell driven product developments, and that people with different skills and values were going to get ahead. Control systems people were coming over from that side of Honeywell to take key positions in the computer business, people with entrepreneurial flair were moving ahead, and bonuses were going to be allocated differently.

When we look at Welch at General Electric, we see him stressing the need to be competitive. GE people had to achieve a dominant position in the industry if they wanted to stay at GE. Beyond that, he began to articulate a set of cultural values that were going to be important in implementing that strategy. And

as his vision unfolded over the early years of his chairmanship, it was clear that a different set of stars had begun to emerge at General Electric. Some of the people gaining power came from the inside, some from the outside. Some traditional managers were being moved aside. Different criteria were developed for distributing rewards. After three or four years, Welch's vision of the company he wanted General Electric to be in 1990 began to come into focus for more and more people.

Finally, in his fifth year, Welch led the largest non-oil acquisition in U.S. history when he initiated the purchase of RCA. This move lent credence to the theory of quantum change that he had been espousing at General Electric since he became chairman.

Frederick Hammer at Chase laid out five strategic goals as the technical part of his vision, then went on to make some key announcements and political moves that signaled who would play the principal roles in the organization. He also shook up the value system with his entrepreneurial flair and his lack of concern for organizational level; he sought information and counsel from people he felt had the knowledge and expertise to evolve creative solutions to Chase's problems and opportunities. Once he developed a clear sense of where he wanted retail banking to go at Chase, he was able to depict a vision of the future and to paint pictures that would motivate his subordinates and stimulate each one to develop his or her own vision.

Mary Ann Lawlor backed into her transformational leadership role at Drake in much the same way that Blumenthal did at Burroughs. She did not realize the extent of the crisis until after committing herself. She was motivated to persevere and to get others to join her in turning Drake around by creating an image of an organization that would do good while providing its managers with career opportunities they might not otherwise have. She developed a clear vision of what Drake would look like after it was accredited, the range of services, the values that it would pursue, and how the organization would be structured in terms of ownership and management power. Jeff Campbell be-

lieved that Burger King could be the preeminent convenience food company in the world. Like Lawlor, he developed a vision of a very entrepreneurial culture in which power and rewards were shared by many.

At General Motors, Alex Cunningham, Lloyd Reuss, and Bob Stempel created an overarching vision for General Motors' North American group, but they had spent a great deal of time the first couple of years convincing others in the organization of the need for change. Their view is that they need a critical mass of visionaries at the top of that 360,000 person organization, Buick-Oldsmobile-Cadillac and Chevrolet-Pontiac-Canada.

John Harvey-Jones, a visionary who had a great deal of fun shaking people up and trying to shift paradigms and scripts at ICI, reported in his interview that the management meetings he ran were marked by frequent laughter. He sees the primary thrust of his vision as the cultural shift needed at ICI, even though his first years were spent in technically pruning, reshaping, and repositioning the organization.

Lee Iacocca's great success in turning Chrysler around was due to his ability to create a motivating vision of the new Chrysler Corporation while simultaneously tearing 60,000 people out of the workforce. He was able to get those who remained excited and signed up by helping them understand the new business strategy, the new niches they were going after, the importance of productivity and quality. He was able to negotiate deals with the UAW, the bankers, the government, his own management, his board, the dealers, and the suppliers, and make them all see in that vision how they would get something out of the turnaround. As he communicated this vision he also began laying the foundation for a new culture at Chrysler. The irony of Iacocca's success in turning Chrysler around is that it created tremendous pressure in 1985 and 1986 for him to develop a new long-term strategy for the company that was not based on crisis.

Across town at General Motors Corporation, Roger Smith started out as a real sleeper. Many people saw him as a tradi-

tional financial man coming into the chairmanship. They anticipated an emphasis on control, not innovation, but he fooled them. He acquired EDS, Hughes Electronics and the Servicing Business of the Northwest Corporation, and The Colonial Group C.G. of Core States Financial Corporation. He launched the most significant reorganization of General Motors since the days of Alfred Sloan and oversaw the launching of the Saturn organization. Smith has created a vision of a high-tech, somewhat diversified automobile company. At the same time he sent signals about the new political structure, the new vision for who's going to get ahead at General Motors. He started a major cultural change to get the bureaucracy out of the company and to stimulate more entrepreneurial behavior and participation.

John Akers at IBM is the transformational leader for the next decade. Soon after he became CEO, he announced his goal to transform IBM into a $185 billion company driven by software and systems rather than hardware. This transformation will require major reorientation and reprogramming. Individuals will be asked to write new scripts. The dilemma will be that the company is so successful and so profitable that the urgency for change will be difficult to create.

Urgency was not a problem for Ed Thompson at Schneider Transport. Deregulation forced Schneider to create a new paradigm for what business they were in so they could dramatically reprogram the way that that business was carried out. Through a participatory process, this vision was developed and shared throughout the organization.

What's common in all these cases is that the leaders kept working at a holistic vision. None of them had a vision of an ideal organization appear to them in a dream, but all of them knew the importance of being able to visualize the organization in the future. All of them shared that vision with the organization and continued to articulate, develop, and elaborate on it.

Michael Blumenthal described the process of developing a vision at Burroughs.

> I tend to gather six or eight people around me and we talk about everything, we're very open. I'm very open and I listen to them, and I travel around and talk to a lot of people, and then eventually I try to enunciate what it is that we have learned and I suggest that this is what we are going to do. And then people react to it and at the end I say, okay.
>
> We develop a set of priorities which involve first of all strengthening the product line, closing the holes, and managing the company in at least rudimentarily intelligent fashion, with some numbers, some forecasts, introducing variance analysis, getting some kind of financial measurement, assigning responsibility for decision-making farther down the organization. Beginning to talk to people about what it means to take responsibility, what it means to match authority with responsibility, and how to find the right balance in taking individual responsibility and yet being a member of a team . . . . They agree that that's really what we ought to do.

THE PROCESS OF VISIONING

The architectural metaphor provides an easy way to think about the transformational leader's job. The great architect is much more than a technician. There is a strong element of creativity involved. Yet the creativity goes far beyond the production of something aesthetically pleasing. Buildings are created to serve some social purpose. Architects evaluate one another's work not only in terms of its creativity but also to the extent that form serves function.

Similarly, the transformational leader who creates a new organization can and should be evaluated not only in terms of the ability to bring a dollar to the bottom line but also in terms of the social purposes for which all organizations exist. Transformational leaders who build organizations to serve all the stakeholders achieve excellence.

These creative endeavors require thought processes that are in many cases the antithesis of most management training and

practice. Even though there is still some controversy over the scientific adequacy of describing left-brain and right-brain thinking, we will use this categorization as a shorthand for two kinds of thought processes—the left brain being the linear, analytic, systematic, conscious thought processes and the right brain representing the creative, intuitive, instinctive thought processes. It is in the right brain that fantasy and dreaming take place. Vision implies the ability to picture some future state and to be able to describe the state to others so that they begin to share the dream.

Managers are not encouraged to fantasize and visualize. As a matter of fact, the environment they operate in discourages these activities. They are encouraged to use analytical financial, marketing, and production skills—those supported only by left-brain activities. Even the strategic planning process in most organizations is a linear, left-brain activity that does not lead to a vision of a future state but rather results in an extrapolation of current market share, return on investment, or production figures several years into the future. It is as if there was no difference between an organization of x size and an organization of $x + y$ size or $x - y$ size.

Clearly the picture painted by Michael Blumenthal of what transpired at Burroughs as it grew in the 1970s shows the problem with this linear type of extrapolation. It is as if the architect had no overall sense of the building he or she was trying to create and felt that adding a room or several rooms without rethinking the whole would not pervert the artistic intention. It is interesting to note that none of our transformational leaders credited the formal strategic planning process as the source of their vision. For Jack Sparks, who introduced the concept of strategic planning to Whirlpool, the vision came after years of mulling over the kind of organization that Whirlpool could be, and after his constant interaction with people in other organizations and academics. The vision was his; and the strategic planning process became the vehicle for implementing that vision, not its source.

The challenge for the transformational leader is to be able to tap the right-brain vision and then be able to systematically develop blueprints until the TPC matrix is fully articulated in terms of the desired state. In this way, change can be implemented.

GUIDELINES FOR RIGHT-BRAIN VISIONING

All of us have engaged in some type of right-brain activity in our lives, but there are no simple ways to teach it. Children clearly demonstrate the ability as they turn blocks into skyscrapers, forts, houses, and other edifices. Teenagers spend countless hours imagining suave exchanges of conversation with members of the opposite sex, or picturing that perfect athletic performance and being carried off the field on teammates' shoulders. Orators and authors frequently paint vivid pictures that continue to move us as adults. One of the basic problems that we encounter in organizations is that it is culturally illegitimate to fantasize and dream about the future. If the idea cannot be presented in great rational detail it is dismissed as a half-baked scheme. Yet we have seen that transformational leaders begin journeys on roads that are not always clearly marked. Creativity cannot flourish in a highly critical and defensive environment. Levinson and Rosenthal described the process by which the leaders they interviewed created the climate for visioning by permitting employees to take risks:

The leader provides permission to risk, thereby encouraging autonomy by offering support and collective decision-making efforts, and the encouragement and resources to support that permission. If organizations are to satisfy human purpose, then the leader must not only have a cause but must also create a structure that both supports the development of the bond to the corporation and becomes an instrument for its continuity. Even promises of lifetime employment have no meaning if a business does not remain in business . . . . They put their money where their mouths were. The risks they took were not

foolhardy: the men were not gamblers. The risks were based on careful thought, but ultimately choices had to be made that were beyond demonstrable logic. The leaders fell back on intuition—"my viscera" as Watts put it. All of them could have been wrong.

And, of course, some of them inevitably were wrong some of the time.

How to Foster Right-Brain Visions

We start with the premise that all people can create visions, although some people may have the skill developed to a greater extent than others. The transformational leader's challenge is to unleash as much potential for visioning as possible for people in the organization. A couple of techniques we have used successfully in organizational settings are described, including the following case described by Professor Russell Ackoff of the Wharton School, who led the Clark Equipment Company through a visioning process that demonstrates the power of normative, right-brain planning. Ackoff explains:

On Wednesday, January 28th, 1985 the Clark Equipment Corporation and AB Volvo of Sweden announced their intentions to form a joint venture in which they would merge their Clark Michigan and Volvo BM divisions. This will create one of the largest construction and mining equipment corporations in the world. The story behind this announcement merits a book. A brief commentary can hardly do it justice. But it is worth a try.

In 1983, Clark Michigan, which had not performed well during the recession, initiated a major effort to plan itself out of its mess. It began by formulating that mess: the future that it would face if it continued its then current practices and policies, and if its environment did not change in any unexpected ways. The future that was revealed by this analysis spelled doom for the division. In the time available to it, it could neither generate nor acquire the resources required to redirect its future.

Rather than give up in despair, Clark Michigan's management then prepared an unconstrained design of an ideal competitor to the two giants that dominate the industry, Caterpillar and Komatsu.

Next, again without constraints, Clark Michigan's management considered which companies in its industry, together with itself, would most closely approximate the ideal company it had designed. Three organizations were identified. These, together with Clark Michigan, resided in four different countries on three different continents.

Armed with this concept and design, Clark first approached Daimler-Benz, which owned the Euclid Truck Company, and in almost record time arranged to acquire that company. Clark had already begun discussing a joint venture with Volvo BM, the construction equipment division of Volvo AB. Volvo displayed interest in the concept but naturally had a number of concerns. Clark then proposed that a team be formed to address these concerns by preparing a detailed design of the proposed joint venture, and evaluate its financial prospects.

Volvo agreed. The ten-man team that was formed consisted of the general managers of Clark Michigan and Volvo BM, their production, marketing, financial and engineering managers. This team began by producing a more detailed design of an ideal joint venture than Clark Michigan had prepared. Then it prepared as close a feasible approximation to this design as it could. The requisite financial analyses were carried out. They revealed significant financial advantages to both parent companies.

The joint design team presented its findings to the executives and boards of the two parent companies in the fall of 1984. They approved the design and made the commitment to it at the end of 1984.

In addition to producing an exciting design that elicited confidence in it, the designers welded themselves into a homogeneous management team that had overcome all the major cultural differences that initially separated the two parties. By working closely together for six months, they even reached agreement on who should occupy each executive position in the new company.

Through this cooperative design process the team anticipated and dealt with almost every problem that can arise in a joint venture. This enabled the two parent corporations to make their commitments with a degree of confidence that seldom characterizes initiation of a joint venture.

What happened at Clark Michigan would be absolutely impossible with normal planning. But starting with a vision of where you ideally would like to be, it works. There is one reaction to the vision once it is formulated and it is the heart of this whole thing. It happens in every organization. When the vision actually is brought into being, they say: "My God, we can have most of what we really want." And that is a recognition of a fact that is not normally believed, namely, the principal obstruction of where you are and where you would like to be is you. When we plan it is always focused on external obstructions that are keeping you from achieving: competition, government, manager and so on. We are our own principal obstructions to what we want. By visioning the ideal, you find you can get most of it. It becomes like the holy grail of the Crusades and motivates people to overcome themselves.

Creating a Vision of the Future

People can be encouraged to project themselves into some future time period by asking them to write an article to appear in their favorite business publication describing the organization five years from now and the role they played in the transformation of the organization. They are asked not to talk about the changes and their accomplishments in a rational linear format but rather to use a journalistic style in describing how the projected organization differs from its present state. Since journalists engage our interest by using words to paint graphic pictures, the exercise forces executives to abandon the terse outline with bullets backed by data that they favor when they make presentations to their peers and superiors. While some

people resist trying this activity, it is useful to ask that they do what all writers ask us to do when we begin to read a story—willingly suspend our disbelief. Criticism is to be reserved for the finished product, not for the process. Once involved most people find the activity enjoyable, for it makes legitimate an activity that we find pleasurable—daydreaming.

Identifying the Themes

Once the article is completed, the individual is asked to identify both the personal and organizational themes in the article. It is useful to be able to discuss the article with someone who can be used as a sounding board.

Creating a Common Vision

In large organizations this activity can serve as a springboard for reaching a consensus about the organization's future. Strategic plans frequently focus people's attention on quantitative projections, and that can lead to arguments about their accuracy. Lost in the shuffle is a discussion of whether the basic thrust underlying the numbers is the correct direction for the organization to take. This exercise tends to focus attention on the overall direction of the company—what would it look like if the plans were to succeed? The leader can gain valuable information from such an exchange about the degree of consensus that exists among key decision makers in the company. The result can be a vision that most of the team shares, or it may result in a less democratic decision, which the CEO understands he or she must sell to the team.

Creating a Mission Statement from a Vision

A vision contains an implicit mission statement, for embedded in every vision is a sense of what kind of a company we want to be at some point in the future. When Jack Sparks spoke of a

more sophisticated, aware management team at Whirlpool, he could begin to identify the values such a company would espouse. Blumenthal was explicit about the things that the "new Burroughs" would and would not do. The themes that comprise a mission statement were embedded in their visions.

Developing a Leadership Agenda

Once the vision has been created and the mission statement has been articulated, a transformational leader must develop an agenda. This agenda will contain a set of priorities that are necessary if the dream is to come true. If the vision and mission statement have been developed as part of a team exercise, each member of the team can work up a personal agenda setting priorities for himself or herself.

The major benefit derived from this exercise is that it provides a culturally acceptable way for many people to tap into their right-brain thinking. While the cultures that support people engaged in artistic endeavors permit a greater deviation from rational norms than we find in cultures geared to business organizations, the use of a business media fantasy is one to which most executives can relate. As a matter of fact there is a videotape of Jack Welch filmed at the Harvard Business School soon after he became chairman of General Electric, in which he ends by telling the audience what he would like *Fortune* or *BusinessWeek* to write about him in 1990.

Another technique is that used with the senior management team at Detroit Diesel Allison, where the top management team was attempting to develop a vision of the organization in the future. In preparation for a two-day workshop, each of the ten senior executives was asked to picture his or her ideal organization three years into the future. They approached the activity in a left-brain way. Each drew an organization chart, specifying some of the characteristics of the roles, and how things would be carried out. Essentially, they developed a set of blueprints. When they arrived at the workshop, they were asked to

engage in an exercise that opened them up to right-brain visioning activities. They were put in pairs, with half of them assigned to the role of reporter for *The Wall Street Journal*, writing a story about Detroit Diesel Allison three years into the future. The other half of the group was to fantasize what they would say to that reporter. The results of this exercise were similar to those obtained when executives are asked to write scenarios. After the "interviews" were presented to the group, organizational and leadership themes were extracted and a bridge was made to a fairly disciplined left-brain planning activity.

THE LEFT BRAIN: TPC BLUEPRINTS

If the right brain is responsible for the vision, which we have compared to the architect's building model, the left brain is analogous to the architect's blueprint. The blueprint must contain a detailed set of specifications so that the building we erect is structurally sound. The TPC matrix provides a frame for the blueprints. As the leadership articulates a vision, it can begin to develop the specifications that must be met by that future organization. The leaders can be asked to develop a qualitative statement of what will exist and to list whatever quantitative measures are appropriately associated with the qualitative statement. For example, in the mission and strategy area, the product market matrix can be created for the organization along with return on asset figures, market share, and so on. In the mission/strategy/political area, a map of the key power figures, whose cooperation is needed to successfully run the business, can be created. In this arena the organizational processes for dealing with coalitional differences about the appropriate strategy for the organization should be addressed. The future values of the organization in the mission/strategy/cultural area should be articulated as the final part of a discussion about the mission/strategy processes in the organization.

The goal of this activity is to have a set of working drawings that will lead to a set of transition plans. The architect must now devise a construction plan that will enable him or her to create the right-brain vision *and* the blueprints.

WITHOUT VISION, NO REVITALIZATION

One message should be clear in this chapter: leaders are responsible for the creation of a vision, and the vision provides the basic energy source for moving the organization toward the future. The vision is conceptually complex because it mirrors the organization. Staying with our architectural metaphor, we can talk about the difference between designing a building to fit a specific site and renovating an existing structure. Both are creative endeavors, but the design of a new structure is clearly the easier task because it is frequently more difficult to imagine what can be when confronted with what is. We are limited and constrained by the current structure, and it is often harder to visualize how it can differ in both function and form.

The difficulty comes from the inability of the architect to assess the total structural soundness of the building before work begins. Just as Jim Renier talked about the fact that deep-seated organizational problems often exist before the numbers go down, so the architect of a renovation project is frequently forced to guess about the condition of the wiring, plumbing, and support structure until the walls are torn out. The renovation is also complicated by the fact that the existing tenants may have to live in the building while it is being renovated. The inconvenience frequently results in second thoughts about the wisdom of the decision to rebuild the structure.

Our transformational leaders are closer to the architect dealing with the problems of renovation than they are to the architect dealing with the problem of creating a new structure. It is the entrepreneurs who designed and built new organizations in places like Silicon Valley and Route 128 and who have been

responsible for most of the growth in jobs in the United States in the last decade. The honeymoon in these growth industries, however, may be over. In February 1985, John Young, president of Hewlett-Packard, presented a report to the White House documenting America's growing competitive vulnerability to foreign competition. And many highly respected companies, such as Texas Instruments, Apple Computers, and Intel, find themselves contracting rather than growing. The Young report focused on problems in a number of areas that included the adversarial nature of the relationship between workers and management; the declining percentage of GNP devoted to the research and development needed to create jobs in the civilian sector of the economy; the seeming inability of U.S. companies to master modern manufacturing techniques, a problem undoubtedly exacerbated by the high cost of capital here relative to other countries; the fact that antitrust legislation in this country places pressure on those companies in a position to compete with the integrated Japanese and Korean companies; and the need to address the deficiencies in America's trade policies vis-à-vis the current world competitive situation.

These companies thus join much of smokestack America in facing the need to find new ways of coping with an environment that is increasingly hostile. Competition means constant adaptation, and the truth is that all companies will have to be lean if they are to survive in the competitive arena. Every job that we ship overseas so that an organization can survive places additional strain on the fabric of our society. We cannot afford to abandon any of our industries. We must find the will and the resources to transform the losers into winners again. This is the challenge faced by transformational leaders.

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Man Waiting for Motivation

TRANSFORMING LEADERSHIP

We often argue that the excellent companies are the way they are because they are organized to obtain extraordinary effort from ordinary human beings. It is hard to imagine that billion-dollar companies are populated with people much different from the norm for the population as a whole. But there is one area in which the excel-

Taken from: In Search of Excellence-Lessons from America's Best-Run Companies, Thomas J. Peters & Robert H. Waterman Jr., Harper & Row, Publishers, 1982, pages 81-86.

lent companies have been truly blessed with unusual leadership, especially in the early days of the company.

Leadership is many things. It is patient, usually boring coalition building. It is the purposeful seeding of cabals that one hopes will result in the appropriate ferment in the bowels of the organization. It is meticulously shifting the attention of the institution through the mundane language of management systems. It is altering agendas so that new priorities get enough attention. It is being visible when things are going awry, and invisible when they are working well. It's building a loyal team at the top that speaks more or less with one voice. It's listening carefully much of the time, frequently speaking with encouragement, and reinforcing words with believable action. It's being tough when necessary, and it's the occasional naked use of power—or the "subtle accumulation of nuances, a hundred things done a little better," as Henry Kissinger once put it. Most of these actions are what the political scientist James MacGregor Burns in his book *Leadership* calls "transactional leadership." They are the necessary activities of the leader that take up most of his or her day.

But Burns has posited another, less frequently occurring form of leadership, something which he calls "transforming leadership"—leadership that builds on man's need for meaning, leadership that creates institutional purpose. We are fairly sure that the culture of almost every excellent company that seems now to be meeting the needs of "irrational man," as described in this chapter, can be traced to transforming leadership somewhere in its history. While the cultures of these companies seem today to be so robust that the need for transforming leadership is not a continuing one, we doubt such cultures ever would have developed as they did without that kind of leadership somewhere in the past, most often when they were relatively small.

The transforming leader is concerned with minutiae, as well. But he is concerned with a different kind of minutiae; he is concerned with the tricks of the pedagogue, the mentor, the linguist—the more successfully to become the value shaper, the exemplar, the maker of meanings. His job is much tougher than that of the transactional leader, for he is the true artist, the true pathfinder. After

all, he is both calling forth and exemplifying the urge for transcendence that unites us all. At the same time, he exhibits almost boorish consistency over long periods of time in support of his one or two transcending values. No opportunity is too small, no forum too insignificant, no audience too junior.

Burns speaks most convincingly of the leader's need to enable his followers to transcend daily affairs. He begins by faulting earlier students of leadership for their preoccupation with power, suggesting that such attention blinded them to the far more important task of instilling purpose. "This absolutely central value [purpose] has been inadequately recognized in most theories," he maintains. "Leadership over human beings is exercised when persons with certain motives and purposes mobilize, in competition or conflict with others, institutional, political, psychological and other resources so as to arouse, engage and satisfy the motives of followers." In essence, Burns says, "Leadership, unlike naked power wielding, is thus inseparable from followers' needs and goals." He thereby sets the stage for a concise definition of transforming leadership:

> [Transforming leadership] occurs when one or more persons *engage* with others in such a way that leaders and followers raise one another to higher levels of motivation and morality. Their purposes, which might have started out separate but related, in the case of transactional leadership, become fused. Power bases are linked not as counterweights but as mutual support for common purpose. Various names are used for such leadership: elevating, mobilizing, inspiring, exalting, uplifting, exhorting, evangelizing. The relationship can be moralistic, of course. But transforming leadership ultimately becomes *moral* in that it raises the level of human conduct and ethical aspiration of both the leader and the led, and thus has a transforming effect on both. . . . Transforming leadership is dynamic leadership in the sense that the leaders throw themselves into a relationship with followers who will feel "elevated" by it and often become more active themselves, thereby creating new cadres of leaders.

Burns, like others, believes that leaders are appealing to certain unconscious needs: "The fundamental process is an elusive one; it is, in large part, *to make conscious what lies unconscious among*

followers." Taking Chairman Mao Tse-tung as exemplar, he comments: "His true genius was in understanding the emotions of others." The business psychologist Abraham Zaleznick makes much the same point in contrasting leaders and managers: "Managers prefer working with people; leaders stir emotion." The work of the psychologist David McClelland, notably in *Power: The Inner Experience*, provides an experimentally based description of the process:

> [We] set out to find exactly, by experiment what kinds of thoughts the members of an audience had when exposed to a charismatic leader.... They were apparently strengthened and uplifted by the experience; they felt more powerful, rather than less powerful or submissive. This suggests that the traditional way of explaining the influence of a leader on his followers has not been entirely correct. He does not force them to submit and follow him by the sheer overwhelming magic of his personality and persuasive powers.... In fact, he is influential by strengthening and inspiriting his audience.... The leader arouses confidence in his followers. The followers feel better able to accomplish whatever goals he and they share.

Picking up on one of Burns's main points, leader-followers symbiosis, we find two attributes of that symbiosis especially striking: believability and excitement. On the first count, believability, we find that our value-infused top-performing companies are led by those who grew up with the core of the business—electric engineering at HP or Maytag, mechanical engineering at Fluor or Bechtel. The star performers are seldom led by accountants or lawyers. On the second count, excitement, Howard Head, inventor and entrepreneur, father of the Head ski and the Prince tennis racket, exhorts: "You have to believe in the impossible." At Hewlett-Packard, top management's explicit criterion for picking managers is their ability to engender excitement.

A simple description of the process of finding excitement is provided by James Brian Quinn, who is, among other things, a long-term student of the real, sloppy process of finding and achieving overarching strategic values and objectives. Quinn quotes a consumer goods chief executive officer: "We have slowly discovered that our most effective goal is *to be best* at certain things. We now

try to get our people to help us work out what these things should be, how to define *best* objectively, and how to *become* best in our selected spheres. You would be surprised at how motivating that can be."

Warren Bennis has a good metaphor for the transforming leader—the leader as "social architect." But, to give credit where credit is due, Bennis, Burns, and we, in our comments on the excellent companies, were anticipated decades ago by both Chester Barnard, whom we'll meet again in the next chapter, and Philip Selznick, who published in 1957 an often-overlooked thin blue volume entitled *Leadership and Administration,* in which he says:

The inbuilding of purpose is a challenge to creativity because it involves transforming men and groups from neutral, technical units into participants who have a particular stamp, sensitivity, and commitment. This is ultimately an educational process. It has been well said that the effective leader must know the meaning and master the technique of the educator. . . . The art of the creative leader is the art of institution building, the reworking of human and technological materials to fashion an organism that embodies new and enduring values. . . . To institutionalize is to *infuse with value* beyond the technical requirements of the task at hand. The prizing of social machinery beyond its technical role is largely a reflection of the unique way it fulfills personal or group needs. Whenever individuals become attached to an organization or a way of doing things as persons rather than as technicians, the result is a prizing of the device for its own sake. From the standpoint of the committed person, the organization is changed from an expendable tool into a valued source of personal satisfaction. . . . The institutional leader, then, *is primarily an expert in the promotion and protection of values.*

We should pause briefly here, as we exalt values, to ask what values? Maybe, for one, we might suggest simply "to be best" in any area, as James Brian Quinn says, or to "be true to our own aesthetic," as Walter Hoving said of himself and Tiffany's. Perhaps it's Ray Kroc of McDonald's seeing "beauty in a hamburger bun," or Watson's "respect for the individual" at IBM, or Dana's belief in "the productive people" or "Forty-eight-hour parts service any-

where in the world" at Caterpillar. Corny? Only if we are cynical. Such values are transforming for the companies that live them.

Much of our discussion has verged on the high-sounding, for example, the talk of creating a transforming purpose. It *is* high-sounding, but at the same time it is simply practical. We have argued that man is quite strikingly irrational. He reasons by stories, assumes himself to be in the top 10 percent judged by any good trait, needs to stick out and find meaning simultaneously, and so on. Yet management practice seldom takes these foibles and limitations into account.

The excellent company managements, however, do take these things into account—either consciously or unconsciously. The result is better relative performance, a higher level of contribution from the "average" man. More significant, both for society and for the companies, these institutions create environments in which people can blossom, develop self-esteem, and otherwise be excited participants in the business and society as a whole. Meanwhile, the much larger group of nonexcellent performers seems to act, almost perversely, at odds with every variable we have described here. Losing instead of winning is the norm, as are negative rather than positive reinforcement, guidance by the rule book rather than tapestries of myths, constraint and control rather than soaring meaning and a chance to sally forth, and political rather than moral leadership.

From Leaders: The Strategies for Taking Charge by Warren Bennis and Burt Nanus. Harper and Row, 1985.

STRATEGY I: ATTENTION THROUGH VISION

> Both Mr. Durant and Mr. Ford had unusual vision, courage, daring, imagination, and foresight. Both gambled everything on the future of the automobile at a time when fewer were made in a year than are now made in a couple of days. . . . Both created great and lasting institutions.
>
> Alfred P. Sloan, Jr.

I have a dream. Martin Luther King, Jr.

When William Paley took over at CBS in 1928, at the age of 27, it had no stations of its own, was losing money, and was insignificant in an industry completely dominated by NBC. Within ten years, CBS had 114 stations and was earning $27.7 million. More than forty years later, with Paley still at the helm, CBS was a dominant force in the broadcasting industry. As David Halberstam has described Paley's ability:

> The critical years were the early ones. What he had from the start was a sense of vision, a sense of what might be. It was as if he could sit in New York in his tiny office with his almost bankrupt company and see not just his own desk, or the row of potential advertisers outside along Madison Avenue, but millions of the American people out in the hinterlands, so many of them out there, almost alone, many of them in homes as yet unconnected to electricity, people alone with almost no form of entertainment other than radio. It was his sense, his confidence that he could reach them, that he had something for them, that made him different. He could envision the audience at a time when there was in fact no audience. He not only had the vision, he knew how to harness it, he could see that the larger the audience, the greater the benefit to the network, because it would mean that many more advertisers would want to participate. . . . The larger the audience, the more time he could sell. To achieve that goal, he had something to offer—indeed to give away—by making his programs available to affiliate stations.[1]

Over and over again, the leaders we spoke to told us that they did the same things when they took charge of their organizations—they paid attention to what was going on, they determined what part of the events at hand would be important for the future of the organization, they set a new direction, and they concentrated the attention of everyone in the organization on it. We soon found

that this was a universal principle of leadership, as true for orchestra conductors, army generals, football coaches, and school superintendents as for corporate leaders. But if it all seems too easy, there is a catch. How do leaders know what is important for the future of their organizations, and how do they choose the new directions? That is what we must examine; but first we need to discuss why we think the principle works and why it is so fundamental to effective leadership.

VISION AND ORGANIZATIONS

To choose a direction, a leader must first have developed a mental image of a possible and desirable future state of the organization. This image, which we call a *vision*, may be as vague as a dream or as precise as a goal or mission statement. The critical point is that a vision articulates a view of a realistic, credible, attractive future for the organization, a condition that is better in some important ways than what now exists.

A vision is a target that beckons. When John Kennedy set a goal of putting a man on the moon by 1970 or Sanford Weill aimed to make American Express the world's leading investment banking company in five years, they were focusing attention on worthwhile and attainable achievements. Note also that a vision always refers to a *future* state, a condition that does not presently exist and never

existed before. With a vision, the leader provides the all-important bridge from the present to the future of the organization.

To understand why vision is so central to leadership success, we only need reflect on why organizations are formed in the first place. An organization is a group of people engaged in a common enterprise. Individuals join the enterprise in the hope of receiving rewards for their participation. Depending upon the organization and the individuals involved, the rewards might be largely economic, or they might be dominated by psychosocial considerations—status, self-esteem, a sense of accomplishment, a meaningful existence. Just as the individual derives rewards from his or her role in the organization, so too does the organization derive its rewards from finding an appropriate niche in the larger society. The organization's rewards might also be economic (profits, growth, access to resources) and/or psychosocial (prestige, legitimacy, power, and recognition).

So, on the one hand, an organization seeks to maximize its rewards from its position in the external environment and, on the other hand, individuals in the organization seek to maximize their reward from their participation in the organization. When the organization has a clear sense of its purpose, direction, and desired future state and when this image is widely shared, individuals are able to find their own roles both in the organization and in the larger society of which they

are a part. This empowers individuals and confers status upon them because they can see themselves as part of a worthwhile enterprise. They gain a sense of importance, as they are transformed from robots blindly following instructions to human beings engaged in a creative and purposeful venture. When individuals feel that they can make a difference and that they can improve the society in which they are living through their participation in an organization, then it is much more likely that they will bring vigor and enthusiasm to their tasks and that the results of their work will be mutually reinforcing. Under these conditions, the human energies of the organization are aligned toward a common end, and a major precondition for success has been satisfied.

Consultants often report that they can feel this energy almost from the first moment they enter a corporation. It was present at Polaroid when Edwin Land led that firm into a new age of photography, and at Sears, Roebuck and Co. when the decision was made to become a financial services powerhouse. It takes the form of enthusiasm, commitment, pride, willingness to work hard and "go the extra mile." It is notably absent in some of the large conglomerates, where every month brings a new deal that proclaims to the employees that management is going into or out of a new business—or, more likely, isn't really sure where it is going.

A shared vision of the future also suggests mea-

sures of effectiveness for the organization and for all its parts. It helps individuals distinguish between what's good and what's bad for the organization, and what it's worthwhile to want to achieve. And most important, it makes it possible to distribute decision making widely. People can make difficult decisions without having to appeal to higher levels in the organization each time because they know what end results are desired. Thus, in a very real sense, individual behavior can be shaped, directed, and coordinated by a shared and empowering vision of the future.

As John Young, head of Hewlett-Packard, said, "successful companies have a consensus from top to bottom on a set of overall goals. The most brilliant management strategy will fail if that consensus is missing."[2]

We have here one of the clearest distinctions between the leader and the manager. By focusing attention on a vision, the leader operates on the *emotional and spiritual resources* of the organization, on its values, commitment, and aspirations. The manager, by contrast, operates on the *physical resources* of the organization, on its capital, human skills, raw materials, and technology. Any competent manager can make it possible for people in the organization to earn a living. An excellent manager can see to it that work is done productively and efficiently, on schedule, and with a high level of quality. It remains for the effective leader, however, to help people in the organization know

pride and satisfaction in their work. Great leaders often inspire their followers to high levels of achievement by showing them how their work contributes to worthwhile ends. It is an emotional appeal to some of the most fundamental of human needs—the need to be important, to make a difference, to feel useful, to be a part of a successful and worthwhile enterprise.

With all of these benefits, one would think that organizations would take great care to develop a clear image of their desired future, but that doesn't seem to be the case. Instead, the visions of many organizations are out of focus and lack coherence. The reasons for this blurred focus are myriad.

- Within the past several decades, important new interpretations have been given to the role of the family, the quality of life, the work ethic, the social responsibility of business, the rights of minorities, and many other values and institutions that were once thought to be enduring and permanent.
- Telecommunications and rapid transportation have helped make the world increasingly interdependent for products, ideas, jobs, and resources.
- The quickening pace of innovation has led to the specialization of experts and massive problems of coordinating technical workers.
- The general willingness to experiment with new social forms and norms has fractured

society into a diversity of life-styles, each with its own product preferences.
Workers are seeking and receiving a much greater voice in decisions that were once the exclusive territory of management.

All these forces and more contribute to the massive and growing complexity we see in today's world. This, in turn, creates great uncertainty and an overabundance of conflicting images in many organizations. The larger the organization, the greater the number of images is likely to be, the greater their complexity of interaction, and the quicker their shift in emphasis over time.

All these things tend to cause organizational vertigo and lead to myopia. At the same time, they tend to make vision more imperative for the functional success of the organization, since without a coherent view of the future, these forces would conspire to shatter it in every direction. This explains, for example, why Thornton Bradshaw had to be hired away from ARCO to restore focus and a sense of purpose to the giant RCA corporation. Starting with a strong base in radio, television, and communications, RCA had drifted into such diverse fields as auto rental and financial services under a succession of presidents, until it had become nearly paralyzed by conflicting images of where it should be headed. But where does the leader's vision come from?

PAYING ATTENTION: THE LEADER'S SEARCH FOR VISION

Historians tend to write about great leaders as if they possessed transcendent genius, as if they were capable of creating their visions and sense of destiny out of some mysterious inner resource. Perhaps some do, but upon closer examination it usually turns out that the vision did not originate with the leader personally but rather from others. For example, Harold Williams told us that when he arrived at UCLA to take his new position as dean of its Graduate School of Management, "it was really the faculty that brought together the concept of what it is we ought to do. They had the vision." Other leaders looked elsewhere. John Kennedy spent a great deal of time reading history and studying the ideas of great thinkers. Martin Luther King, Jr., found many of his ideas in the study of religious and ethical ideologies as well as in the traditions of his own and other peoples. Lenin was greatly influenced by the scholarship of Karl Marx, in much the same way as many contemporary business leaders are influenced by the works of leading economists and management scholars. Alfred P. Sloan's visions for the future of General Motors were greatly shaped by the prevailing cultural paradigm—the "American Dream" and the

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role of capitalism in it. Steve Jobs at Apple and Edwin Land at Polaroid were able to develop their visions from logical processes, mostly by seeking the technical limits of known technologies.

In all these cases, the leader may have been the one who chose the image from those available at the moment, articulated it, gave it form and legitimacy, and focused attention on it, but the leader only rarely was the one who conceived of the vision in the first place. Therefore, the leader must be a superb listener, particularly to those advocating new or different images of the emerging reality. Many leaders establish both formal and informal channels of communication to gain access to these ideas. Most leaders also spend a substantial portion of their time interacting with advisers, consultants, other leaders, scholars, planners, and a wide variety of other people both inside and outside their own organizations in this search. Successful leaders, we have found, are *great askers*, and they do pay attention.

Consider a typical example. Suppose you've been asked to take charge of a regional bank operating in the state of California. The board of directors has turned to you for leadership as a result of your success with a smaller bank in another state. How will you develop a sense of direction in your new circumstances? To whom will you pay attention, and how, to help you develop an appropriate vision of the future? Basically, there are three

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sources from which to seek guidance—the past, the present, and alternative images of future possibilities. We'll consider each of these in turn.

The Past

One obvious way to start is to reflect on your own experiences with other banks to identify analogies and precedents that might apply to the new situation. Next, you'll talk to leaders at other banks to collect their experiences with different approaches. You will surely want to learn about the history of the bank you are joining so you'll be able to understand how it reached its current status and what qualities contributed to its past successes and failures. This you'll get by talking to a wide variety of your new colleagues up and down the organization.

As you do this, you'll be building a mental model of what worked and what didn't work for this and similar banks in the past. You will be identifying some long-term trends—say, in deposits or loan experiences—that might be projected into the future as a first approximation of where the bank is heading if it continues as in the past. You'll collect thoughts about how the bank's performance has been linked to outside indicators—say, the state of the economy, interest rates, or development of the local community. And, of course, you'll pay attention to all the historical

data you can get your hands on to increase your understanding of what this particular bank has been trying to do in the past, how successful it has been, and why.

The Present

There is a lot to learn about the future from looking all around you at what is happening right now. For example, if you think about the year 1995, most of the buildings, roads, cities, people, corporations, and government agencies that will exist then are already here. The present provides a first approximation of the human, organizational, and material resources out of which the future will be formed. By studying these resources, it is possible to develop an understanding of the constraints and opportunities for their use and the conditions under which they may grow, decline, interact, or self-destruct. As a banker, you'll pay a lot of attention to your current managers and their potential for development, to your current customer mix and the opportunities for expanding the services offered to them, to the locations of your branches, to your existing loan portfolios, and to what your competitors are doing.

There are early warning signals of impending change all around you. Your market researchers, for example, should be able to identify growing markets at an early stage of development. The plans of politicians and business leaders are often

widely reported. Public opinion polls document changing values and needs, and special surveys in your own field of financial services are often reported in the trade press. In fact, trend monitoring to provide early warning is a large and growing industry in the United States.

Finally, you can conduct small experiments in your own bank. Suppose you are considering a major refocusing of the bank's attention in the direction of, say, loans for small businesses, or the professions, or particular industries. You can set up one branch or a small division with instructions to devote all its energies to the chosen area for some period of time, just as a chemical company develops a pilot plant before making a major commitment. You have, in effect, created a laboratory in which to experiment with your new vision.

The Future

Your vision for the bank, as we have pointed out, will have to be set in some future time, so you need to study the conditions that may prevail at that time. Actually, although no one can predict what these conditions will be, there are many clues. Some sources of information have already been discussed—long-term trends, particularly in demography and resource usage; planning documents at the international, national, state, and corporate levels; the intentions and visions of

policymakers in all kinds of organizations; public opinion polls; and the leading edges of phenomena that are expected to increase greatly in the future. But there are a few more sources of information.

You could look for structural clues to the future. For example, you might conclude that unless the government reverses its recent deregulation decisions, strong new competitors will continue to enter the banking business and a major restructuring of the industry will occur. You could then look at the kinds of structural changes and commitments being made by some of these potential competitors—Sears, Roebuck and Co., American Express, Prudential, and so on—and develop a scenario of what the marketplace may look like if all these changes are made. You could then go on to examine the implications of such a scenario for specific customer groups, for the economy in general, for the investment community, and ultimately for the banking industry and your particular bank.

Beyond structural clues, you could obtain forecasts of all kinds to study: economic projections, demographic analyses, all kinds of industry forecasts, and the like. You could explore some of the intellectual ideas that may shape the future: philosophical works, science fiction novels, political party platforms, and books by leading sociologists, political scientists and futurists. There are harbingers of future technological developments in research and development laboratories, technical pa-

pers presented at professional meetings, and government reports.

Thus, far from being devoid of information, you are likely to be inundated with information about the future, though only a small part may provide useful benchmarks or signposts in developing your vision for the bank. It is in the *interpretation* of this information that the real art of leadership lies. Just as the historian attempts to take piles of information about the past and construct an interpretation of the forces that may have been at work, so does the leader select, organize, structure, and interpret information about the future in an attempt to construct a viable and credible vision. But the leader has one distinctive advantage over the historian in that much of the future can be invented or designed. By synthesizing an appropriate vision, the leader is influential in shaping the future itself.

SYNTHESIZING VISION: THE LEADER'S CHOICE OF DIRECTION

All of the leaders to whom we spoke seemed to have been masters at selecting, synthesizing, and articulating an appropriate vision of the future. Later, we learned that this was a common quality of leaders down through the ages. Consider, for

example, how a contemporary biographer of Napoleon, Louis Madelin, described him:

> He would deal with three or four alternatives at the same time and endeavor to conjure up every possible eventuality—preferably the worst. This foresight, the fruit of meditation, generally enabled him to be ready for any setback; nothing ever took him by surprise. . . . His vision, as I have said, was capable of both breadth and depth. Perhaps the most astonishing characteristic of his intellect was the combination of idealism and realism which enabled him to face the most exalted visions at the same time as the most insignificant realities. And, indeed, he was in a sense a visionary, a dreamer of dreams.[3]

The task of synthesizing an appropriate direction for the organization is complicated by the many dimensions of vision that may be required. Leaders require *foresight*, so that they can judge how the vision fits into the way the environment of the organization may evolve; *hindsight*, so that the vision does not violate the traditions and culture of the organization; *a world view*, within which to interpret the impact of possible new developments and trends; *depth perception*, so that the whole picture can be seen in appropriate detail and perspective; *peripheral vision*, so that the possible responses of competitors and other stakeholders to the new directon can be comprehended; and a process of *revision*, so that all visions pre-

viously synthesized are constantly reviewed as the environment changes. Beyond this, decisions must be made about the appropriate time horizon to address, the simplicity or complexity of the image, the extent to which it will represent continuity with the past as opposed to a radical transformation, the degree of optimism or pessimism it will contain, its realism and credibility, and its potential impact on the organization.

If there is a spark of genius in the leadership function at all, it must lie in this transcending ability, a kind of magic, to assemble—out of all the variety of images, signals, forecasts and alternatives—a clearly articulated vision of the future that is at once simple, easily understood, clearly desirable, and energizing.

Let's return to our banker example to see what might be involved. To this point, we have suggested how, as a new leader, you might collect all kinds of information that provides the raw material for a new vision of the future. Since vision cannot be limitless and still be credible to people in the organization, you will need to draw some boundaries. The vision should be projected in time and space beyond the boundaries of ordinary planning activities in the bank, but it should not be so far distant as to be beyond the ability of incumbents in the organization to realize. Perhaps you will decide to focus on a ten-year goal, far enough away to permit really dramatic change and yet within the comprehension and career aspirations

of much of the current work force. Perhaps too, you will want to move beyond the boundaries of current operations to include major new fields of activity such as personal financial planning or international banking or to focus on a broad range of services to one or more specific target markets, such as high-technology industry.

The actual boundaries chosen will depend heavily on values as well. Your own values will determine which alternatives you seriously consider and the way they are evaluated. For example, Harold Williams now heads the J. Paul Getty Museum and Foundation, but his values were formed during a distinguished career in industry, academia, and public service. Thus, it is not surprising that he is steering the Getty Foundation in the direction of preservation and scholarship and has promised not to allow the vast Getty fortune to be used to bid art prices up so high that other museums will be unable to acquire new works or serve their publics.

The values of the rest of the people in the bank, as reflected in the prevailing ideology, also suggest limits to the amount of change that might reasonably be expected. Values, for example, might dictate that whatever the new vision for the future of the bank is, it should emphasize quality and excellence of service rather than price or breadth of service.

With information and some boundary conditions in mind, you will try to understand the possible

alternatives and weigh how attractive they are. Your most powerful tool for this purpose is the mental model you have built up over time of how the world works and how your bank operates in it. As a wise leader, you will have tested this mental model many times in discussions with key executives, consultants, and others who have also thought deeply about the future of the bank. If you have access to a computer modeling facility and if the occasion justifies the cost, then a more formal, quantitative model can also be built.

Much of this analysis will have to be a series of "judgment calls," but it is possible to suggest some of the questions that should be addressed, including the following:

- What are the institutions that have a stake in the future of this bank, and what is it that they would like to see happen?
- What are the possible indicators of performance for the bank, and how can they be measured?
- What would happen to the bank if it continued on its present path without any major changes?
- What early warning signals might you detect if the external environment of the bank were in fact to change substantially?
- What could you do to alter the course of events, and what would the consequences of your actions be?

- What resources does your bank possess or can it obtain to act in the various futures that are possible?
- Of the alternative possible futures for the bank and its environments, which are more likely to be favorable to survival and success?

Through a series of questions such as these, patterns may appear that suggest viable alternative visions. You must then synthesize all this information into a single vision, and here is where the art form of leadership really comes into play. The synthesis of a vision involves a great degree of judgment and, not infrequently, considerable intuition and creativity as well. Let us assume that in the banking example, you have decided that the future of your bank, all things considered, would be most enhanced if it concentrated its attention on serving high-technology companies, particularly in newly emerging industries, with a wide range of financial services. It still remains to translate this vision into action.

FOCUSING ATTENTION: THE LEADER'S SEARCH FOR COMMITMENT

The leader may generate new views of the future and may be a genius at synthesizing and articulating them, but this makes a difference only when

the vision has been successfully communicated throughout the organization and effectively institutionalized as a guiding principle. Leaders are only as powerful as the ideas they can communicate. The leader's basic philosophy must be: "We have seen what this organization can be, we understand the consequences of that vision, and now we must act to make it so."

A vision cannot be established in an organization by edict, or by the exercise of power or coercion. It is more an act of persuasion, of creating an enthusiastic and dedicated commitment to a vision because it is right for the times, right for the organization, and right for the people who are working in it.

We have found in our discussions with leaders that visions can often be communicated best by metaphors, or models—as when a political leader promises "a chicken in every pot" or a phone company asks you to "reach out and touch someone." Perhaps in our banking example, it might be something like "innovative banking for innovative companies," or "financial services at the leading edge."

In any communication, some distortion takes place, but the great leader seems to be able to find just the right metaphor that clarifies the idea and minimizes distortion. In fact, the right metaphor often transcends verbal communication altogether; like a good poem or song, it is much more than mere words. It "feels right," it appeals at the gut

level, it resonates with the listener's own emotional needs, it somehow "clicks."

Another way the leader communicates a new vision is by consistently acting on it and personifying it. Perhaps that is why so many corporate leaders have lately sought to appear in their firms' commercials, where some, like Lee Iacocca, do an outstanding job of communicating a new spirit. Others, like Ross Perot and Ted Turner, have shown by their own personal daring and adventure how innovative and risk-taking they expect their own firms (EDS and Turner Broadcasting) to be. When Linden H. Blue recently took over as president of Beech Aircraft, he initiated a new technical thrust. As if to personify the new energy, he started a vigorous personal exercise program, reported as follows:

> Mr. Hedrick, whose girth grew with his years, played golf. Mr. Blue jumps rope three mornings a week and works out on a Nautilus machine another three mornings at an employee fitness center he had built in an old hangar.
>
> Mr. Blue also seems to have pumped new life into Beech managers. They're mostly the same men and women, says a Beech supplier. "They just breathe harder. They're all trying to run at Linden's pace."[4]

A vision of the future is not offered once and

for all by the leader and then allowed to fade away. It must be repeated time and again. It must be incorporated in the organization's culture and reinforced through the strategy and decision-making process. It must be constantly evaluated for possible change in the light of new circumstances.

In the end, the leader may be the one who articulates the vision and gives it legitimacy, who expresses the vision in captivating rhetoric that fires the imagination and emotions of followers, who—through the vision—empowers others to make decisions that get things done. But if the organization is to be successful, the image must grow out of the needs of the entire organization and must be "claimed" or "owned" by all the important actors. In short, it must become part of a new social architecture in the organization, the subject to which we next turn our attention.

Toward Middle-Up-Down Management: Accelerating Information Creation

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THE AUTHOR IS ONE OF A GROUP of Japanese management scholars developing a frame of reference strikingly different from that of American scholars writing about business administration. Here Professor Nonaka introduces the concept of compressive management, which recognizes a key role for middle managers in information development: "The essential logic of compressive management is that top management creates a vision or dream, and middle management creates and implements concrete concepts to solve and transcend the contradictions arising from gaps between what exists at the moment and what management hopes to create." The development of the Honda "City" is used to illustrate "middle-up-down" management. In their wish to develop an entirely new car, Honda's top managers gave a group of young designers that task—with virtually no direction. The designers first attempted to modify an existing model but were eventually forced into questioning and transcending universal assumptions about automobile design. *Ed.*

THE CONCEPTS of "top-down" and "bottom-up" management pervade management research and the popular business literature. Both center on information flow and information processing. Top-down management emphasizes the process of implementing and refining decisions made by top management as they are transmitted to the lower levels of the organization. Bottom-up management emphasizes the influence of information coming up from lower levels on management decision making. The management styles of individual firms are usually seen as located somewhere on the continuum between these two types.

However, organizations must not only process information; they must also create it. If we look closely at R&D activities, we find a pattern in some firms that does not fit on the continuum between top-down and bottom-up. It is a process that resolves the contradiction between the visionary but abstract concepts of top management and the experience-grounded concepts originating on the shopfloor by assigning a more central role to middle managers. This process, which is particularly well suited to the age of fierce market competition and rapid technological change, I call *middle-up-down management.* The development of the Honda "City" exemplifies this management style.

Development of Honda City

In 1978, the management of Honda Motors was worried that the company was losing its vitality. Its basic models, such as the Civic and the Accord, had reached "middle age" at a time of major generational shift in the Japanese market. For the first time, Japanese born after World War II outnumbered those born before and during the war. Honda's top management decided to let the younger design engineers develop something for their own generation. The project began with the catchphrase, *Boken o yatte miyo*—literally, "Let's make an adventure."

The youngest people on Honda's design staff were selected as members of the City development team. Their average age was only twenty-seven. Former president Kiyoshi Kawashima and other top managers promised there would be no interference with the team's operation. One of the team members recalls, "It was surprising and wonderful that the company dared to entrust younger staff like us with the design and development of a new model." Even so, the company did not just abandon them, but rather sought to impress them with a high degree of responsibility.

Mr. Nobuhiko Kawamoto, vice president in

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charge of R&D, describes how Honda's top managers approach research projects:

> We usually control the tasks of researchers quite tightly, and then loosen the control from time to time. Ideas with great potential often emerge from this process. What we have to do is to watch these creative spurts carefully, notice them when they are good, and then develop them. Of course, too much freedom doesn't work. But sometimes we take the chance of giving researchers basic goals and responsibilities, and then letting them go by themselves. In other words, we put them upstairs, remove the ladders, and say, "You have to jump from there. We don't care if you can't." I think human beings display their greatest creativity under pressure.

Some say Honda not only puts researchers upstairs without a ladder, but also "sets the first floor on fire."

Mr. Kawamoto appointed Mr. Hiroo Watanabe, a chief researcher who was thirty-five years old at the time, to be the leader of the team. Mr. Kawamoto explains, "It's hard to get enough cooperation if you only have young staff members. Therefore I chose a skilled senior as their leader."

The autonomous team faced some challenging goals. The overall assignment from headquarters was to "create something different from the existing concept." This involved two major targets: creating a popular, fuel-efficient car (a top management goal) and designing a low-priced but not cheap model (a self-imposed team objective). The team eventually saw two ways to achieve these goals.

They first attempted to develop a "mini Civic" by shortening the car 100mm in front and back. Although the original instructions from top management—on a single sheet of paper—had been general and ambiguous, management resolutely rejected the compromise. Team leader Watanabe recalls, "No matter how we refined development plans of this kind, Mr. Kawamoto rejected them again and again, saying we had to start all over from the very beginning. We didn't know what to do, but we couldn't tell them that a fresh start was absolutely impossible. So we were finally persuaded to try it." Top management thus forced the team forward but maintained the loose power balance between the two groups. Mr. Watanabe, who had reached a conceptual dead end, went to Europe, where he was inspired by Austin Mini to lead the team to create a "luxurious mini" model.

The second means of reaching the team's goal involved challenging an idea that was dominant in the automobile industry: that a car should be "horizontally long and vertically short." At the time, most automobile manufacturers were looking for fuel economy with lightweight materials and aerodynamic designs. Consequently vertically short designs were prevalent. After a month of heated discussion, the team began to move in another direction. Their new policy involved what Mr. Watanabe called "automobile evolution theory":

> The theory is that the ultimate form of the automobile requires us to maximize human space by minimizing machine parts. We decided that the automobile was evolving toward this ideal form, and that Honda should lead this evolutionary movement. The first step was to design a tall model that would challenge the "common sense of Detroit," which permitted car designers to pursue beautiful forms at the expense of space for human use. . . . It takes a technological perspective to see the significance of a taller model. . . . It is a cube that can be more lightweight, lower priced, and more solid.

Based on this theory, the development team chose a "horizontally short and vertically tall" car as its target. The "luxurious mini" became the core of their design policy. The challenge was to design a machine-minimum (minimum space devoted to the machine) and man-maximum (maximum space for human use) automobile. These seemingly contradictory goals required the creation of a new viewpoint.

One of the team members recalls, "I feel, however illogical it sounds, that the success of this project owes a lot to the very wide gap between the ideal and the actual. We could not achieve the ideal goal by an incremental improvement of the actual. Revolutionary reformation was necessary, and, in order to achieve this, new technologies and concepts were generated one after another."

The group, then, was given autonomy and was simultaneously forced to challenge long-held assumptions. These alone were not sufficient for the realization of creative concepts, however. The importance of also having a group of people with heterogeneous backgrounds cannot be overstated. Any group can create a wider variety of concepts than the average individual. This potential is best realized when group members are extremely heterogeneous with respect to jobs, orientations, and behavior. In the phase of concept formation, the City development team was a hybrid, except in that all of the members were genuine car maniacs. In fact,

many worried that the team would be unable to reach consensus.

The group needed to introduce, challenge, process, and integrate a wide range of information and ideas. One of the methods used was *tamadashi kai*, or meetings to create and share information. *Tamadashi kai* are not formal, and every meeting was held at a different time and place. Each was entirely devoted to discussion and aimed at clearing some hurdle the project had run into. The participants in these meetings were not just the team members. When necessary, the staffs of related departments were invited as well. All participants were required to be equally involved and absorbed in the lively discussion regardless of titles or qualifications. However, criticism was taboo. As Mr. Watanabe says, "To criticize is ten times easier than to propose a constructive opinion. The discussion would have been useless if participants had remained silent for fear of being criticized." Several times, Mr. Watanabe held day-and-night discussion sessions, most often in rooms at small taverns or inns near the research lab instead of at luxurious hotels. In ceaseless discussion from morning to midnight, participants had to use all their wits to challenge existing paradigms.

During the development process, the project team comprised people from the development, production, and sales departments. The team made use of a quick information creation system based on a hybridization of the three departmental positions. The system performed the following functions: procuring personnel, facilities, and budget figures for the production plant; analyzing the automobile market and the competition; and setting a market target and determining sale price and production quantity. This system, which collects, creates, and implements information, is called the "SED system." It is also used to develop about forty-five new motorcycle models each year. The SED system was established when Mr. Kawashima was president of Honda. Its initial aim was to manage development activities more systematically by integrating the knowledge and wisdom of ordinary people instead of relying on a "hero" like founder Soichiro Honda.

The operation of the system is quite flexible. The three areas, Sales, Engineering, and Development (SED), are nominally distinct, but there is a built-in learning process that encourages invasion into others' areas. The actual work flow requires researchers to collaborate with their colleagues. Mr. Watanabe comments, "I am always telling the team members that our work is not a relay race—that's my work, and yours starts here. Every one of us should run all the way from the start to the finish. Like in a rugby game, all of us should run together, passing the ball left and right, reaching the goal as one united body."

This process leads to a high level of information sharing. In a project team, members share a huge amount of managerial information received through conversations with top management; they also share market information concerning the competition. Moreover, as the division of labor is rather unclear and flexible, members can meddle wherever they like. There is thus no information lag between top management and the team leader. Also, since whatever the various members are doing is out in the open, each knows almost instinctively what his or her coworkers have in mind. This information sharing among project members reflects a distinctive aspect of Honda's broad corporate culture. The company is already famous as an originator of the "large room" system, and all its meeting rooms are glass-plated so that what is going on can be seen from the outside. As the degree of information sharing increases, individuals identify themselves with the team as a whole, and begin "self-controlling." "Basically speaking," says Vice President Kawamoto, "organizational management is no longer necessary if each individual properly performs what is expected. Once a goal is given and roles are specified to a certain extent, our staff works quite well."

Every participating member grows up by casting off his older skin in the process of successful project development. Prominent success helps other members to follow, saying, "Hey! Look at what those guys have done." After the successful completion of a project, participants are assigned to other projects so that the knowledge they have acquired can be transferred throughout the organization. An engineer comments, "I think it's pretty difficult to articulate really meaningful know-how in text, figures, or other measurable forms. The knowledge is alive because . . . it changes continuously. . . . The best way to transfer it is through human interaction."

On the other hand, Honda dislikes easy imitations of recent successes, and sometimes even goes so far as to destroy its own accumulated knowledge. "The most severe criticism for us is to say, 'It looks like something else,'" states Mr. Hiroshi Honma, a chief engineer. The concept of "Tall Boy"

(the nickname for the City model) was created by destroying the concepts that dominated Honda and the automobile industry in general at the time. A special engine, suspension, and radial tire were developed exclusively for the new car. All other parts were also designed for the City, to avoid giving customers an image of a "mini Civic." About ninety patents were applied for during the project, which clearly indicates the "unlearning" of accumulated knowledge and the acquisition of new knowledge.

Middle management plays a key role in this process of abandoning the old and generating the new. The Honda City case clearly shows the critical importance of Mr. Watanabe, the middle manager selected as project leader. His role had several key aspects: providing direct information links to top management; transforming top management's general vision into directions for the team's activities and for pursuing the creation of meaning; managing "chaos" and keeping it within tolerable limits; and providing the context for integration across specialties. While Honda pays tribute to the energy and drive of the young researchers who generated the new product idea, top management clearly recognizes the strategic role of its middle management project leaders as well.

Product Development and Information Creation

If we wish to understand how the City development project was managed, the familiar information-processing paradigm is not especially helpful. For innovation is not so much a process of gradually reducing uncertainty (processing information) in moving toward a prescribed goal. Rather, it is a process through which uncertainty is intentionally *increased* when circumstances demand the generation of chaos from which new meaning can be created. This process is full of discovery, surprise, and redundancy. Senior management at Honda, in forcing the project members to challenge their most deeply held assumptions, forced them not to process information but to create it. To do this successfully, project members had to confront ambiguity, contradiction, and failure.

The information-processing paradigm emphasizes the structure of the organization. The information creation paradigm, in contrast, stresses the process of creating meaningful information through personal interaction.[1] The *quality* of information becomes more important than the quantity. Inductive, synthetic, and holistic methodologies become more useful than the deductive, analytic, and reductionistic ones used in information processing.

If we view the organization as a three-tiered structure—composed of the individual, the group, and the organization as a whole—then we can pinpoint the specific characteristics that are important to information creation at each tier of the organization (see Table 1).

Table 1 Levels of Organizational Information Creation

Level	Emergent Property	Factors Related to Information Creation
Organization	Structure	Competitive Resource Allocation
Group	Interaction	Direct Dialogue
Individual	Autonomy	Action and Deliberation

The Individual Level

The emergent, or critical, property of information creation at the individual level is autonomy. This level is characterized by action and deliberation: Only here is it possible to deliberate and act autonomously. Autonomy begins to be realized when individuals are given the freedom to combine thought and action at their own discretion, and are thereby able to guarantee the unity of knowledge and action.

The methodology for information creation can be looked at in a number of ways—deductive or inductive, analytic or synthetic, reductionistic or holistic, etc. If we approach information creation with the idea that a new point of view will emerge as facts and knowledge are related, then our approach is essentially inductive. An inductive style is more likely to produce innovation, because the knowledge that forms the basis for information creation is often inarticulate. (Michael Polanyi has called this tacit knowledge—intuitive knowledge that cannot be completely expressed either in writing or in speech.[2]) The essential elements of tacit knowledge—the creation, learning, or recognition of the new and the unknown—are particularly important in the process of information creation that leads to innovation. Overt knowledge is important, but intuitive knowledge is essential, because it reflects an internalized understanding gained from previous experience. In any event, the interaction

between perception and action is the methodological basis for individual information creation.

This methodology is characterized by a never-ending rephrasing of the basic questions one is dealing with. However, this type of self-reflection far more often leads to failure than to success. Therefore, if one does not have the freedom to fail as well as the freedom to succeed, then one is not truly autonomous.

The Group Level

The emergent property at the group level is interaction – more concretely, open and frank dialogue. Human interaction is best realized within the organization at the group level.

The creation of information is the creation of a new perspective. The dynamic, complementary process that results in a shift to a new point of view requires interaction – a dialogue or debate – among people. The process is convoluted, involving a cycle of affirmation, denial, and resolution before new information is created. Since the significance of information is elastic during this process, individuals have the opportunity to interpret and reinterpret for themselves; this freedom allows group members to organize information individually. Unity and coherence are born from this group action. Coherence itself, however, can serve both to promote and to hinder the creation of information. Coherence often produces a pressure for conformity, and differing opinions are confined or limited with the birth of what Janis calls "groupthink." However, this tendency must be balanced against the fact that trust is the precondition for creative dialogue, as well as for the open exchange and cooperative possession of information.

The Organizational Level

The emergent property of the organization as a whole is structure. An organization's structure regulates the depth of the relationship between groups (sections) involved in information creation. From a macro perspective, structure produces the means for the distribution of resources among the various groups in the organization, and thereby contributes to a greater competitive capability. The structure of an organization is designed to be able to mediate between the desires of the group and of the individual in relation to information creation. It thus addresses the problem of allocating resources properly among competing interests.

The key resources in information creation are people, things, money, and information. One of the objects of competitive resource allocation is the proper integration of these limited business resources. An organizational structure based on the logic of competitive resource allocation regulates the ability of a group or individual to create information. The structure thereby provides basic direction, in terms of breadth and depth, to individual acts of information creation over a specified period of time.

This discussion of methodology at the individual, group, and organizational levels suggests some differences between the levels with respect to information creation. It is important to recognize, however, that these methodologies can either promote progress or generate contradictions. For example, even when individual autonomy exists, there may be no constructive dialogue at the group level. Or if there is constructive dialogue at the group level, but no competitive allocation of resources at the organizational level, then productive information creation cannot be realized in a competitive market. And even if inductive and deductive methodologies were unified so that information creation could be managed in a single process, the breadth and depth of the organization's information creation might thereby be lost. I therefore suggest that the special characteristics of these distinctive methodologies be allowed to coexist.

Methodologies of Organizational Information Creation

Top-down management is essentially deductive; bottom-up management is essentially inductive. Let us briefly consider how these two managerial styles affect the "emergent properties" of resource allocation, interaction, and autonomy. Later we will propose middle-up-down management (seen in the development of the Honda City) as a methodology for information creation that can incorporate the strengths of both inductive and deductive management.

Deductive Management

• **Resource Allocation.** The management methods used in deductive corporations are premised on the belief that information creation occurs mainly at the top. The role of top management

is to clarify decision premises and to design organizational structures that can reduce individual information and decision burdens. Top management also allocates resources using sophisticated analytical techniques. Since decision making is concentrated at headquarters, a common set of clear-cut and measurable criteria that transcends the specific requirements of the various divisions is needed. ROI is typically used as such a criterion, with cash flow within and across individual strategic business units becoming the major concern with respect to resource allocation.

The underlying principle supporting such a management approach is the information-processing paradigm. But the hierarchy designed by top management in a deductive manner is not suited to allow organizational members at lower levels to create information in a flexible manner.

• **Interaction.** Top-down, strong leadership is the basic policy adopted by deductive management. Information is processed; it moves from the upper levels to the lower levels, and variety reduction is the keystone. The elimination of "noise," "fluctuation," and "chaos" is the paramount concern. Information creation at the lower levels proceeds with great difficulty.

Information activity between divisions has a sequential relay pattern; work completed by one division is passed on to another division.

There is a tendency for the transformation of information into knowledge to occur with great intensity within the narrow areas of labor divisions. However, the amount of semantic information and knowledge absorbed and accumulated by the lower levels of the organization is small because of the lack of personal interaction.

• **Autonomy.** Top managers and corporate staff possess the greatest autonomy. They are likely to adopt a hands-off, deductive methodology rather than a hands-on one. Consequently their information creation activities sometimes move far from the individual, shopfloor viewpoint. However, there is a potential for creating visionary concepts at the organizational level that could not be reached based on individual experience.

Inductive Management

• **Resource Allocation.** Inductive management maintains that the organizational creation of information begins with the vision of the individual – the entrepreneurial individual – and that people who have an interest in a project will become the core of any long-term effort.

Technology is seen as the interaction between people and systems of information or knowledge. Thus the concept of synergy is basic to inductive management. Resources are allocated in a way that encourages interaction, allowing new concepts and theories to develop in the most natural way possible. The ideal inductive organization is "self organizing." Autonomous information creation takes place by expanding from the individual level to the group level and then to the organizational level. At 3M, for example, a project can become a department and then a division if it is sufficiently successful.

• **Interaction.** A supportive leadership that moves in step with the individual, the group, and the organization is necessary for information creation in an inductive-management organization. The support of an influential leader is necessary for individuals or self-organizing groups that have vision, since they will need help overcoming opposition from within the organization.

The need for a supporting sponsor to assist the intracompany entrepreneur is particularly emphasized at 3M. Before a daring and promising idea can stand on its own, it must be defined and supported by a sponsor willing to risk his or her reputation in order to advance or support changes in intracompany values. The leadership style of the sponsor can be summed up in the unspoken maxim, "The captain bites his tongue until it bleeds." On the basis of past experience, the leader relies on his or her own criteria (consciously and unconsciously) to guide the creation of new information.

• **Autonomy.** Autonomy is given to those working as entrepreneurs at every organizational level. In many cases such individuals create meaningful information in the midst of interactive, tense relations, by testing and deepening their intuitive understanding through practice. Their information creation may be based on hunches or intuition, or on the ability to recognize the essence holistically in a moment.

Since the individual internalizes a great deal of tacit understanding, a career-path personnel policy that stresses promotions and transfers is used to support the organizational transfer of understanding. On the other hand, since the unlearning of acquired personal experience is difficult, inductive management may be unsuitable in instances where

there are frequent large-scale reorganizations or replacements due to acquisitions or divestitures.

Synthesizing Inductive and Deductive Management

Today, the intensity of market competition and the speed required for efficient information creation suggest a need to synthesize these two managerial styles. This synthesis involves the conceptualization of symbiotic management,[4] or what I call compressive management. The development of the Honda City is a good example of this methodology, which can also be called middle-up-down management. The core of this managerial style is not the top managers or the entrepreneurial individuals, but rather the middle managers.

Middle management occupies a key position; it is equipped with the ability to combine strategic macro (context-free) information and hands-on micro (context-specific) information. In other words, middle management is in a position to forge the organizational link between deductive and inductive management.

Middle management is able to most effectively eliminate the noise, fluctuation, and chaos within an organization's information creation structure by serving as the starting point for action to be taken by upper and lower levels. Therefore, middle managers are also able to serve as the agent for change in the organization's self-renewal process.

• **Resource Allocation.** Top management is responsible for determining the overall direction of the company and for establishing the time limits on realizing that vision. Time is the key resource. Each individual performing day-to-day tasks has his or her own vision. It is the middle manager who works, within a certain time limit, as a "translator" in charge of unifying individual visions and creating a larger vision, which will in turn be reflected in future individual visions. The group functions as the field for the realization of this process. In order to achieve this vision, middle managers work with upper- and lower-level personnel. However, it is the top that selects the middle, and selecting the right people becomes the most important foundation of an effective corporate strategy. In addition to deciding who will formulate and implement a strategy, the top serves as a catalyst that creates fluctuation or chaos.

Consequently, in compressive management, the entrepreneurial middle receives broad direction from the top and begins the process of information creation within the group, working to involve relevant individuals and carrying out information creation intensively within a compressed period of time. Through interaction with top management, middle management secures the resources required to achieve its vision. In this process, both deductive strategic planning and inductive emanation of information from the needs of the market are integrated to establish a definite direction for resource deployment and to create a practical concept which follows that direction.

The unit for resource allocation should be designed by the top so that the middle can create meaningful concepts. The structure of this unit can take a variety of forms, but usually consists of a multidisciplinary team led by middle management.

• **Interaction.** Before the entrepreneurial middle can realize its vision, it must first confront and survive the criticism of other members of the group through intensive communication. As a result of this criticism, a more concrete concept will be formed. In order to realize a vision, an idea must successfully challenge the stability of the organization, involving people from both top and bottom, left and right.

This process often involves the following steps. The first stage is establishing creative chaos.[5] Top management offers a challenging goal and creates tension. As the organization moves in the direction of innovation, creative chaos is amplified to focus on specific contradictions in order to solve the problem. These contradictions produce a demand for a new perspective, speeding up information creation activity. This approach is exemplified by the Honda R&D manager's statement, "Creativity is born by pushing people against the wall and pressuring them almost to the extreme."

The second stage involves the formation of a self-organizing team that tries to create a new order (meaning) out of the chaos. This self-organizing group has the following characteristics: it is autonomous; it is multidisciplinary, so as to encourage cross-fertilization among its members; and it creates challenging goals that force it to transcend the existing contradictions. This team forms the core for an intense level of activity and works independently of other divisions within the corporation.

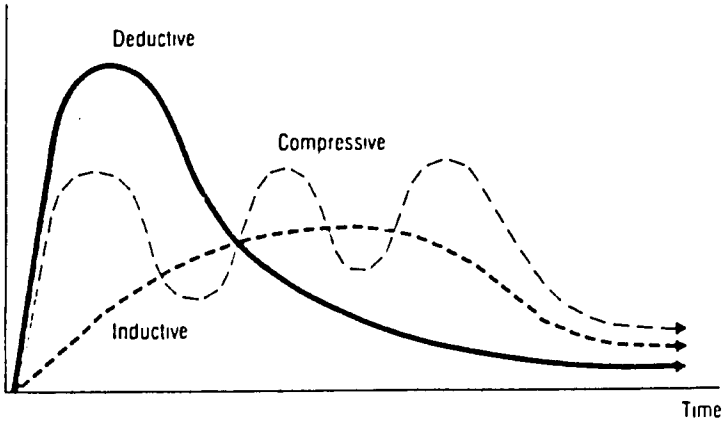
The third stage is the synchronization of concept creation. This stage is the embodiment of the

spiral in which information creation moves from middle management to the top and bottom. These movements resemble the punting and passing that occur in a rugby match as the opposing teams attempt to win ground.[6] The realization of a concept is made possible by the intraorganizational divisions pulling together in a "shared division of labor" and by promoting "active cooperative phenomena."[7]

The fourth stage involves the transfer of learning and unlearning. Innovation that aims at a distant and vaguely defined goal goes through apparently redundant phases of shared division of labor. The natural consequence of this process is to activate the information creation activities at all levels of the organization. The successful innovation generates a new order, and gives birth to organizational learning and unlearning.

- Autonomy. A group is given both autonomy (freedom) and a time limitation (constraint). Middle management becomes the logical center for the fusion of the deductive and inductive styles of management. Although it may be possible to balance the use of stored syntactic information and of tacit understanding, the need for a rapid response to changing conditions will not allow middle management to concentrate exclusively on the creation of information. The requirement to simultaneously expand the knowledge base and process information may eventually place an excessive burden upon the middle management group. If these people are not allowed to recharge their batteries from time to time, the long-term capacity for organizational information creation will weaken.

Figure 1 **A Comparison of Organizational Information Creation Patterns**



Fluctuation in Organizational Information Creation Activity

Proper Management of Organizational Information Creation

I have spoken of three methodologies for information creation—deductive, inductive, and compressive. Their approximate patterns are sketched

Table 2 Comparison of Methodology of Organizational Information Creation

	Deductive Management	Inductive Management	Compressive Management
Resource Allocation			
• Key Resource	Money	People	Time
• Time Management	Periodical Planning	Self-management	Deadline
• Unit of Resource Allocation	SBU	Individual	Self-organizing Team
Interaction			
• Top Management	Leader	Sponsor	Catalyst
• Context of Interaction	Within Headquarters	Among Voluntary Individuals	Among Designated Individuals within the Group
• Direction	Top-down	Bottom-up	Middle-up-and-down
Autonomy			
• Methodology	Deductive, Hands-off	Inductive, Hands-on	Hands-on and -off
• Knowledge	Articulate	Tacit	Articulate/Tacit
Problem	Analysis Paralysis	Inductive Ambiguity	Exhaustion

in Figure 1 and Table 2.

One cannot make an unqualified choice of methodology until one has considered the special environmental characteristics present. The relationship between the environment and the appropriate management methodology is perhaps best illustrated in Figure 2.

As environmental uncertainty increases, the organization can adapt itself more effectively with a high level of information creation occurring at all levels of the organization, rather than with a low level of information creation. In this sense, as the need for information creation increases, companies will probably make a shift from deductive management to inductive or compressive management, which have higher information creativity.

In the meantime, as market reactions speed up as a result of intense competition, companies will likely shift from inductive or deductive management to compressive management to cope with that problem. However, compressive management must come to grips with the problem of placing a great deal of pressure on middle management to process an expanding base of information within a limited time period. Therefore, whether or not information creation that is both high in quality and well coordinated can occur will depend largely on how entrepreneurial middle management really is.

Figure 2 **The Relationship between Organizational Information Creation and Environmental Characteristics**

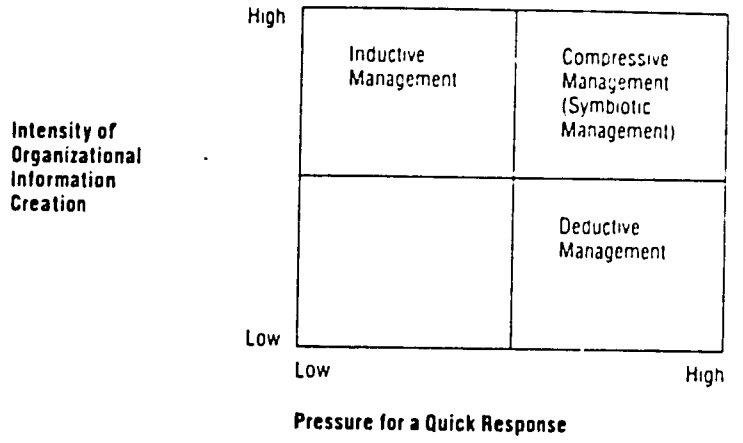
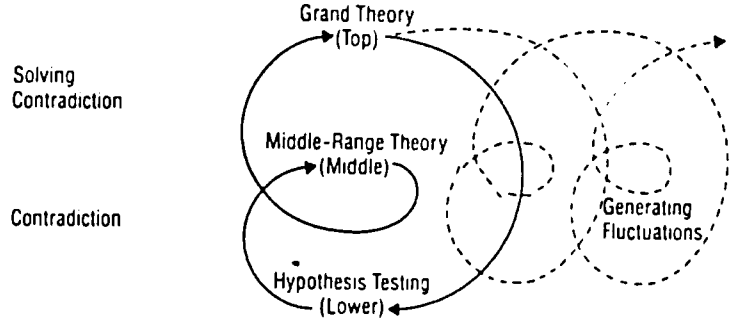


Figure 3 **Middle-Up-Down Information Creating Process**



Conclusion

The essential logic of compressive management is that top management creates a vision or dream, and middle management creates and implements concrete concepts to solve and transcend the contradictions arising from gaps between what exists at the moment and what management hopes to create. In other words, top management creates an overall theory, while middle management creates a middle-range theory and tests it empirically within the framework of the entire organization.

Mr. Tadashi Kume, president of Honda, expresses the role of middle management as follows: "I continually create dreams, but people run in different directions unless they are able to directly interact with reality. Top management doesn't know what bottom management is doing. The opposite is also true. For example, John at Honda Ohio is not able to see the company's overall direction. We at corporate headquarters see the world differently, think differently, and face a different environment. It is middle management that is charged with integrating the two viewpoints emanating from top and bottom management. There can be no progress without such integration."

Honda is, in fact, a company continually creating contradictions. Their company principle is, "Maintaining an international viewpoint, we are dedicated to supplying products of the highest efficiency at a reasonable price for worldwide customer satisfaction." Simultaneously, the company stresses the need to "be in touch with the reality of local conditions." Consequently, the company constantly generates conflict between dreams and reality. In order to resolve these contradictions, middle management must create and implement business and product concepts capable of being tested empirically. This is a never-ending process, illustrated in Figure 3.

Mr. Katsutoshi Wada, head of the Human Resources Development Center at Honda, characterizes Honda management as follows:

> Mr. Soichiro Honda, the founder of our company, did not articulate this, but we now realize that an organization has a kind of culture, with dreams on the one hand and a realistic methodology on the other. Taken together, the dream is always larger than the reality, qualitatively as well as quantitatively. The solution to the gap between the two comprises the essential mission of Honda management. We are perpetually engaged in an effort to mediate and solve the contradictions generated by a naive romanticism and a hard realism. Without coupling such romanticism and realism, it would be difficult to manage our company well. Neither a dreaming child nor an adult who has lost all his dreams can produce good management. Good management can be achieved only by matching the dream of a child with the realism of an adult.

It is middle management's role to create and realize verifiable business concepts for the creative solution of contradictions and gaps between the ideal and the actual. The development of the Honda City illustrates this process concretely. The project was initiated with a top management dream to "create an original car of high energy and resource efficiency." This dream was then brought to the middle, which created and realized a more concrete concept – and added its own vision – using a self-organizing group as the core of the project.

The process of organizational information creation can also become a process of organizational theory development – in other words, the language and assumptions that underlie the corporation's existence can be transformed if information creation is sufficiently innovative. One of the significant products of the Honda City project, for example, was the use of such metaphors as "automobile evolution" and "cube." Concepts are created through the spiral loop of recognition and practice. The metaphor can leverage movement toward a companywide change of perspective.

Middle-up-down management is a type of organizational information creation that involves the total organization. It may best embody the essence of an organization spontaneously surviving in the business environment's ceaseless generation of changes. ■

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FOUR-STAR MANAGEMENT

It's one of the most dramatic turnarounds of our time. And most surprising, it happened in the U.S. Air Force.

BY JAY FINEGAN

IN THE CLEAR SKIES OVER SOUTHERN Nevada, a major air battle is raging. Fifteen Russian MiGs are swarming like high-tech hornets as Air Force fighters close in at twice the speed of sound. One of the MiGs lets fly an air-to-air missile, sending an F-15 Eagle banking into a nine-G evasion turn. Another F-15, locking its sights on an MiG, launches a Sidewinder missile and blows the enemy out of the air. Moments later, a handful of A-10 Thunderbolts, cruising in at low altitude, open fire on a column of Soviet tanks as four F-16 Falcons suddenly appear from behind a mountain to bomb a Soviet troop formation.

The Russian troops are only simulated, of course, as are the missiles, bombs, and bullets. The planes, however, are real. At nearby Nellis Air Force Base, several controllers in a darkened room are watching the battle unfold on huge screens, the world's biggest and most expensive video game. It is something straight out of James Bond—and, as we'll see, straight out of Tom Peters as well.

This is one of the Air Force's Red Flag training exercises, a mock war that rages year-round over several million acres of Nevada desert. On one side are the men and planes of the Tactical Air Command (TAC), which is charged with defending American interests in the skies anywhere in the world. On the other, squadrons of F-5 Tigers sporting Warsaw Pact paint jobs, flown by American pilots who have been specially trained in Soviet air tactics.

On this day, the good guys win. But it wasn't always that way. A decade ago, when Red Flag was just beginning, the Tactical Air Command was in a sorry state. At any one time, half of the planes in its $25-billion fleet were not battle ready and more than 220 airplanes were classified as "hangar queens"—grounded at least three weeks for lack of spare parts or maintenance. Because of equipment problems, TAC pilots—trained at a cost of $1 million each—lacked the flying time necessary to keep their skills sharp, and the best of them were deserting the Air Force in droves. So, too, were mechanics and technicians, frustrated in their jobs and disappointed by the deplorable living conditions at almost every TAC installation. Perhaps worst of all was the soaring accident rate that resulted in tragic deaths, unnecessary loss of expensive airplanes, and embarrassment for the service.

Into this mess in 1978 stepped General W. L. (Bill) Creech. As the new commander sized up his domain from TAC headquarters at Langley Air Force Base, in Virginia, it looked to him like a potential national security disaster. "The U.S. military was coming apart," is how he remembers it. "It was worse than you think."

This is the remarkable story of how, in six and a half years, Creech turned his command into one of the bright stars of the defense firmament. TAC fighters today are in superb condition, its pilots fully trained, its installations sparkling. The number of hangar queens has declined from 200 to just a handful. Reenlistment rates are way up. And a dramatic reduction in the crash rate has saved dozens of lives and billions of dollars' worth of airplanes.

Perhaps most remarkable, Creech was able to work his magic with no more money, no more planes, and no more personnel than were available when he started. Creech's strategy was to force a bottoms-up management style on an organization that had always been strictly top-down—pushing responsibility and authority down into the tiniest crevices of his command. And so stunning was his execution that the Pentagon has now begun to apply his techniques throughout the U.S. military. Says one Defense Department official, "It's probably our biggest success since MacArthur's Inchon landing."

General Bill Creech, retired commander of the Air Force's Tactical Air Command
His may be the most important U.S. military victory since MacArthur's Inchon landing.

Any chief executive officer would have been daunted by the challenge of simply running so sprawling an operation, let alone reviving it. At the time that Creech settled into his post, he was in charge of 115,000 full-time employees working at 150 installations around the world—plus another 65,000 men and women trained and on call. The assets under his control were valued at more than $40 billion, including some 3,800 aircraft—more than twice as many as all U.S. airlines combined. He had a discretionary budget of $1.4 billion, with billions more reserved for fuel and spare parts.

Creech was no stranger to TAC. By 1978, he had already spent nearly 30 years in the Air Force, a career that took in the first jet-age dogfights of the Korean war, a military position with the United Nations, and wing commands in Europe. But perhaps most crucial to his views on managing TAC was a stint he had put in at the Pentagon during the days of Defense Secretary Robert McNamara.

The watchword of the McNamara regime was centralization, for which there was a dual imperative. Politically, the Kennedy Administration came into office as suspicious of the military as the military was of the new President and his advisers. McNamara's assignment was to curb interservice rivalry and bring all of the services under greater civilian control. In addition, as the former president of Ford Motor Co., McNamara was a disciple of the management gurus of the day who preached that centralization was synonymous with efficiency. While his whiz kids fashioned new military strategies for the various services, battalions of cost analysts and systems planners cranked out new rules and regulations that reached into every facet of military life. Commanders in the field sensed that they had been stripped of much of their autonomy. Decision making was jealously guarded within the Pentagon.

"The thrust was on saving money and people," Creech says. "It overlooked the requirement to do a good job. A lot of these guys, when you started talking about spirit and teamwork and cooperation, their eyes glazed over. They just couldn't relate to that."

By the time Creech put on his fourth star and took command of TAC, Robert McNamara was long gone from Defense, but his dogma of centralized management and command had become inviolate within the Pentagon. Only it wasn't working—not at TAC, anyway. Granted, some duplication had been eliminated, along with some jobs. But the cost had been high: the American military command had been robbed of much of its vigor. Innovation and initiative were discouraged, and people were dehumanized, thought of as mere costs of production, like so many bullets or mess kits.

It was not that Creech was unwilling to use quantitative means by which to judge

TAC's performance. On the contrary, taking stock of the crucial measurement of production—the number of training sorties flown—Creech found that TAC had been losing ground at the rate of 8% each year since 1969. And to deal with the problem, he proposed nothing less than a radical restructuring of his command, one that would send authority down the ranks along with responsibility for meeting clear and simple goals.

Pentagon planners were appalled at the thought. Creech, they argued, would wind up adding thousands of new jobs and spending millions of new dollars. They were uneasy with the notion that one command might be different from all the others. And although they didn't quite come out and say it, they were suspicious that authority could be intelligently exercised by the likes of career military men.

"They were legion, the people against me," recalls Creech. "You couldn't single anyone out. The villain wasn't any particular person, but the whole system. It was all the staffers down below—these faceless regulation writers and approvers. I was going against the grain of the Pentagon culture. The system bristled."

Creech had an early ally, however, in Air Force Chief of Staff General David C. Jones. Jones's support would not assure success for the decentralization campaign, but it did give Creech the kind of bureaucratic altitude he needed to escape the flak from the doubters within the Pentagon.

A $27-million F-15 is a beautiful piece of design and engineering, but without spare parts and skilled mechanics, it soon becomes a relatively useless hunk of metal.

In 1978, when Creech took command, the procedures for getting a fighter fixed might just as well have been devised by a British labor-union steward. Consider the case of a jet grounded for a minor electrical malfunction.

The first man on the scene would be a general aircraft mechanic, known as a crew chief. The chief, after making his initial inspection, would put a call into Job Control, the centralized maintenance unit for each base. Job Control, in turn, would call the electrical shop, which would dispatch a man out to the flight line to work on the problem. On arriving, however, the electrician might well discover that an entire panel would have to be removed before he could really get to the problem, requiring yet another technician. There would be another round of calls to Job Control and the electrical shop. Then—perhaps after a stop at the post office and the coffee shop—the panel-remover would finally arrive on the flight line, only to find that he needed a spare part. So somebody would put in a call to the base's central supply depot, which stocked everything from jet engines to toilet paper, to see if one was available. Three more hours might pass before the part was trucked out by somebody else from the warehouse to the flight line. Meanwhile, the jet and its pilot probably would have missed their scheduled sortie.

Time, however, was only half the problem. Quality was the other half. The electrical shop, like the other specialized units for hydraulics, ejection seats, radar, navigation systems, and the like, would invariably dispatch its lowest-ranking people for routine calls. That left the senior sergeants, with their 15 to 25 years of experience, back at their comfortable offices, pushing paper or maybe just reading the paper. And without their direct supervision, much of the work done on the flight line was not the quick-fix variety—or worse.

"We were all aware that a human being was strapping into that jet, but there was a lot of sloppy work done to get it into the air," says Technical Sergeant Ruben Saldana, an F-15 crew chief at Langley and a TAC man before, during, and after the Creech command. "And if it missed its sortie, it was no big deal."

The pilots, too, were less than enthralled. "Used to be you could take an airplane off, but your radar wasn't working or the inertial navigation system didn't work," says Lieutenant Colonel Burr Crittenden, an F-16 squadron commander at Nellis. "So even when we did fly, the sorties were often low quality."

It all added up to a lackluster fighter force, beset with apathy, sagging morale, and horrifying statistics. Only 20% of "broken" planes were getting repaired in a typical eight-hour shift. Pilots who needed a minimum of 15 hours of flying time a month were getting 10 or less. The average plane, which had flown 23 sorties a month in 1969, was flying only 11 by 1978. And for every 100,000 hours flown, seven planes were crashing. Investigators blamed many of the crashes on faulty maintenance.

"One reason we were doing so poorly is because we were so good at centralization," says Creech. "It was a highly matrixed system, where the functional specialists only loosely worked for the person in charge of getting the job done. The supervisor was just a voice on the radio. Nobody really cared."

Creech's first move was to structure his command around a smaller and more manageable unit of organization—the squadron, which consists of 24 planes, rather than the wing, which is three times the size. Starting on a trial basis at a few installations, he created squadron repair teams, drawing technicians from each of the maintenance disciplines. The team would work only on their own squadron's aircraft. And instead of operating out of rear-area dispatching locations, Creech ordered them to move right down to the flight lines.

Almost immediately, there was an undercurrent of opposition from some of the senior sergeants, the princes of the maintenance realm, who had to abandon their cushy offices and move with their men to the flight lines. Worse still, the sergeant who once had supervised 60 electricians was now supervising 20. Many felt demoted or diminished.

"We didn't care for it," says one of these so-called supersergeants, who asked not to be named. "Here was this crazy general coming in and splintering an operation we'd spent years putting together."

Creech had anticipated some hostility, but in this instance a military culture worked in his favor: in the Air Force, there are severe penalties for insubordination. "I'm not saying everyone thought this change was great," he says. "But slowly they were won over. In the centralized system, we were top-heavy in management. We were keeping beautiful track of what we were not doing. But in our system, sergeants were sergeants. They were in charge of people, not paper. And they had to make those people produce. If they didn't, they were out."

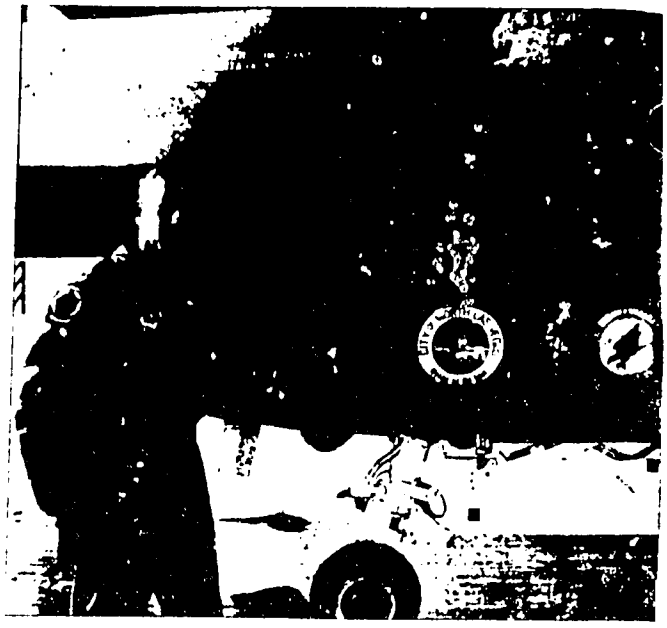
The idea was to give each operational squadron and its companion maintenance team a common identity, purpose, and spirit. The maintenance people, who had been faceless cogs in a 2,000-person wing operation, found themselves sporting the prestigious flight squadron patches on their fatigues. They now belonged to the Buccaneers or the Black Falcons. They began wearing squadron baseball caps.

With the crew chiefs, the general practitioners of the maintenance staffs, this sense of identity was further reinforced. Where before they had worked on any jet in the wing, now they were assigned airplanes of their very own. They painted their names on the sides, just as pilots did. And all of a

FOUR-STAR MANAGEMENT

- ★ **Workers are more professional when provided with a professional environment.**
- ★ **Workers take more responsibility when they have a sense of ownership.**
- ★ **Management control is established through motivation, not regulation.**
- ★ **Consolidation and centralization can lower output as well as costs.**

F-15 fighter pilot prepares to take off from Nellis
He cost $1 million to train and $27 million to equip.



Commander Crittenden and his squadron's once-banned decals
Fostering teamwork, competition, and a sense of ownership

sudden, a 23-year-old buck sergeant making $15,000 a year was in charge—yes, in charge—of a $27-million jet.

"It was exactly what we needed," remembers Sergeant Tony M. Brunner, a young F-15 crew chief at Nellis. "It makes you feel important to be in charge of something. There's got to be more to what we do here than a paycheck."

The crew chiefs took to their new responsibilities with a passion, doing whatever was necessary to make their jets the best. They went everywhere with them—on deployments, through inspections, to the wash racks. And they kept a sharp eye on the technicians—in military parlance, "kicking ass and taking names." Excellence became an obsession. When Creech went to visit some crew chiefs to find out how they liked the new arrangement, a sergeant summed it up nicely. "General," he said, "when was the last time you washed a rental car?"

The pilots couldn't help but notice the change in attitude. "Crew chiefs now come in sometimes on days off to buff up the planes," says Lieutenant Colonel Paul V. Hester, a former F-15 squadron commander at Langley. "When we get back from a sortie, they are standing at attention, saluting, holding the forms. That's not anything they're directed to do. That's pride in their airplanes. They want us to feel that pride when we fly."

It was not long before a strong comradery grew up between pilots and their crew chiefs. They talked electronics, they talked football, and they went drinking together after work. At the same time, squadrons began to build strong identities. Squadron colors were painted once again on the tail wings of aircraft, a time-honored tradition that had been outlawed under centralization. And pretty soon one squadron was working overtime to beat the other two squadrons in a wing, on everything from pilot performance to quality of maintenance.

What Creech did best, perhaps, was to remind even the lowest-level employees that their jobs were directly tied into TAC's central mission: flying and fighting. Wing commanders were ordered to resume active flying, and to emphasize the point, they were encouraged to wear flight suits when visiting Langley. For their part, squadron maintenance officers were routinely summoned to headquarters for three days of classroom work and inspiration from the top brass.

"We didn't send captains in to brief them," recalls General Jerry Rogers, Creech's logistics chief. "We did it ourselves. And on the third day, General Creech himself came in and spent half a day with them. They had to figure that if he does that, then he thinks maintaining airplanes is pretty important."

TAC's new spirit was soon reflected in the statistics. In Creech's first year as TAC's commander, the sortie rate shot up 11%, and another 11% in the second year. By 1980, the average fighter was in the air 24 hours a month, up from 17 in 1978. Some 60% of the planes were now rated mission capable, up from half.

Creech, however, was just beginning to decentralize his command and improve the sortie rate. Moving beyond maintenance, there was also the question of the sorties themselves—how they were planned and scheduled. In the past, a handful of officers at wing headquarters had plotted schedules out in detail, squadron by squadron, a year at a time—16,000 sorties. Each squadron was given not only its quota, but also detailed instructions on how and when the sorties should be run.

In Creech's decentralized TAC, squadron commanders were given a sortie goal and set free to design their own flying schedules. And they were given some added incentive to meet their targets: if a squadron met its monthly goal early, Creech decreed, then the entire squadron, from pilots to maintenance techs, could take an extra three-day weekend.

Mind you, meeting these goals wasn't easy. These were highly sophisticated jets with hundreds of components that often require repair or replacement. And the training hops were no snaps for fliers, either. An F-16 pilot, for instance, had to master precision bombing, air-to-air combat with complicated missiles systems, and the delicate maneuvers required for tactical nuclear strikes, should they ever be required. Still, the incentive plan worked splendidly. Virtually every squadron in TAC now averages 10 extra three-day weekends a year.

By the early 1980s, the TAC turnaround was attracting plenty of attention at the Pentagon. "There were people who would say, 'You're fudging the numbers. It looks too good,'" General Rogers recalls. The pattern was repeated many times: they'd try something and gather enough evidence that it worked. Then, to make it official policy, they'd have to write a regulation and send it to the Pentagon for approval. "That was a vehicle for endless bickering about details," Creech recalls. "There was a good bit of hostility and foot-dragging." But with the help of the successive Air Force Chiefs of Staff, Creech most often prevailed. And, slowly, the converts to decentralization grew in number.

Creech and Rogers weren't shy about inviting Pentagon officials to see their new program in action. At one important outing

in 1980, for instance, they took members of the Pentagon's vaunted Program Analysis and Evaluation Office (PA&E)—prime proponents of centralization—along on the first training deployment of F-15s to Europe. Eighteen fighters screamed into Bremgarten, a Luftwaffe base in southwest Germany, and four hours later all of them were loaded for combat. The next day, those same jets flew 75 sorties, nearly 4 apiece.

"Under the old system, we couldn't have dreamed of that kind of launch rate," says Rogers. "The PA&E folks had been very suspicious of our statistics, but that made believers of them. They went back and became evangelists for us in budget battles and such. It was really a watershed."

By this time, of course, centralization was under attack everywhere, as newer management theories began to emphasize motivation, competition, delegation, and employee ownership—all concepts Creech had used. And as stories began to surface about $600 toilet seats and $200 wrenches—the stuff of centralized procurement—the Pentagon searched to demonstrate that it was changing with the times. Creech's decentralization efforts became part of the official program. And the general found there was plenty more decentralizing to do.

He started with spare parts. An F-15 crew chief who needed a new tire for his jet, as an example, at that time had to phone in his request to the base warehouse and wait hours for delivery. Moving a part through the system required 243 entries on 13 forms, involving 22 people and 16 man-hours for administration and record keeping. It was cumbersome, frustrating, and worst of all, slow.

"We had lost focus on why we existed—to support aircraft and the maintenance guys," says Colonel Donald W. Hamilton, TAC's director of supply at Langley. "We'd grown too bureaucratic."

In 1981, Creech decided to break up the warehouse system and move aircraft parts from the storage areas at the rear of the base right up to flight line. Not that there was always a convenient place for parts stores big enough to stock 10,000 different items. But with scraps of wood and leftover cans of paint and underutilized shelving, folks made do.

What serious money Creech had, he spent for minicomputers that let crew chiefs and their technicians know exactly what parts were available, and let supply specialists know what parts needed to be reordered. Now, all a crew chief had to do was climb off a jet and walk a few yards to a terminal to find out if a part was available. A push of a button ordered the part to be set aside. Then it was only a short walk down to the parts store with a simplified order form to have the part in hand. More often than not, it was waiting on the counter by the time he arrived. Total time lapsed: about 15 minutes. Today it's down to 8.

At the same time, Creech mounted a crusade he considered equally critical to the rebuilding of TAC. On the theory that quality begets quality, he ordered a top-to-bottom sprucing up of every TAC facility, ranging from airplane hangars to barracks to mess halls. Once the Reagan defense dollars began to flow, that crusade took on a momentum of its own. But long before, Creech had begun by ordering that nearly everything within his domain receive a fresh coat of paint, from airplanes to cars to buildings. Nothing was spared. TAC even went so far as to paint the backs of stop signs.

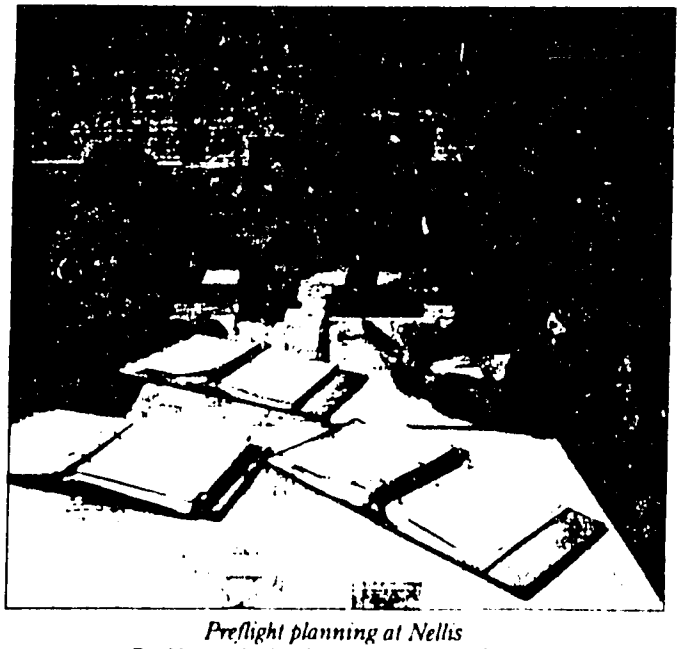
"I could paint all of TAC for the price of one F-15," he says. "My philosophy is that if equipment is shabby looking, it affects your pride in your organization and your performance. You can't preach to a young man that an airplane can be shabby on the outside but has to be spic-and-span on the inside. You either have a climate of professionalism, or one of deterioration and decay. You can't segment it. Only on TV do you have these Black Sheep squadrons. Good outfits look sharp and act sharp. The great pilots—the Chuck Yeagers—are not sloppy people."

Fresh paint gave way to murals and lounges and comfortable furniture in flight-line facilities, and then to new barrack complexes with carpeted rooms and semiprivate baths. And while pilots had formation flybys to show their stuff to the public and the brass, squadron vehicle fleets held annual "roll-bys" displaying their gleaming trucks and vans.

It was all part of General Creech's emphasis on respect and recognition for his people. "Pride is the fuel of human accomplishment," he preached to his command. And competition was the spark plug. To drive home the point, annual awards banquets, complete with citations and trophies, were held at every wing, to recognize the year's best maintenance and supply specialists.

By the time General Creech left TAC, 85% of his airplanes were rated as mission capable, and jets were averaging 21 sorties a month, with 29 hours in the air. In wartime, TAC was capable of launching 6,000 sorties a day, double what it had been when he arrived at Langley. In peacetime, the crash rate had dropped from one for every 13,000 flying hours to one for every 50,000—and crashes traced to faulty maintenance nearly vanished.

TAC, under Creech, had gone from the



Preflight planning at Nellis
Pushing authority down to the lowest levels

Flight-line parts depot
Orders that used to take hours to fill now take minutes.

Air Force's worst command to its best. For much of the time, it had been a battle, and heads had rolled. The lazy and the incompetent, who had found numerous hiding places in a centralized structure, were smoked out when maintenance operations moved to the flight line and squadrons were held accountable for their performance. Some had to leave. But many more decided to stay. In 1983, two-thirds of the first-term mechanics decided to reenlist, or nearly double the rate of 1977, the year before Creech took command. Second-termer retention rates went from 68% to 85% over the same period. And some of the older technicians found they liked Creech's program so much that they recalled retirement papers to see it through.

TAC commanding officers thrived under the new system. Of the 148 wing commanders who served under Creech, only about 3% were relieved for poor performance—fewer than under any of Creech's three predecessors. "It was not a ruthless system," Creech emphasizes. "You just don't get results by going around chopping people's heads off."

Even in retirement, Creech's philosophy sets the tone for Air Force management. General Larry D. Welch, now the Air Force Chief of Staff, served in staff positions under Creech. He later went on to head up the Strategic Air Command, the nation's nuclear strike force, where decentralization also became a battle cry.

Even the Pentagon has got the religion. A recent Pentagon directive gives commanders new authority to abolish regulations, streamline procedures, and do whatever they think best to enhance mission accomplishment. "People doing the job day in and day out know better how to do it than some guy who is sitting behind a desk," asserts William H. Taft IV, deputy secretary of defense.

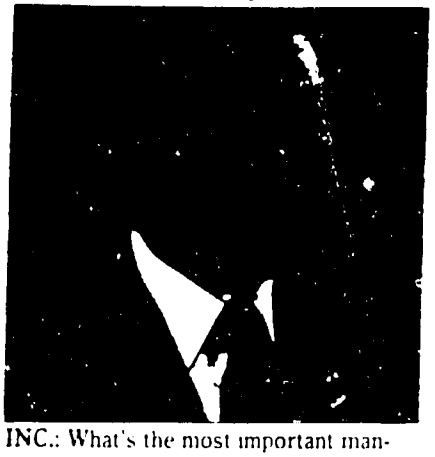
As for Creech, now 59, he continues to spread the gospel to leaders of industry and government as a lecturer, consultant, and corporate board member.

In his travels, Creech remarks how common it is for executives to think of decentralization and delegation as loss of control and abdication of command. If anything, he says, just the opposite is true: "When I left TAC, I had more control over it than my predecessors. I'd created leaders and helpers at all those various levels. Without that kind of network below you, you're a leader in name only.

"It's not really that hard to run a large organization," the general explains. "You just have to think small about how to achieve your goals. There's a very finite limit to how much leadership you can exercise at the very top. You can't micromanage—people resent that. Things are achieved by individuals, by collections of twos and fives and twenties, not collections of 115,000. And that's as true in industry as it is in the military." □

THE WORLD ACCORDING TO CREECH

Some practical business management advice from the general who tamed the Pentagon.



INC.: What's the most important management lesson for business that you take away from your experience with the Air Force?

CREECH: What we proved at the Tactical Air Command is that some organizational approaches stifle initiative and motivation while others nurture it. In the final analysis, it boils down to productivity, and to improve it, you have to create more drive and enthusiasm—a turned-on team. In that context, American business has not been well served by the management theories of the 1960s and '70s that taught of the tremendous virtues of consolidation and centralization. It wasn't only the Defense Department that was bitten by that bug. Most of our companies, large and small, have those theories insinuated into their warp and weave to one degree or another.

INC.: How does that manifest itself most commonly?

CREECH: Well, the most common phenomenon is for a manager who has two operations doing similar things to conclude that if he consolidates them, he'll save manpower and some cost. It's a given that it is wise to consolidate wherever possible.

INC.: There is a germ of truth to that, isn't there?

CREECH: There is a germ of truth, but what happens is that managers take it to a ridiculous extreme. I often ask people how they would like it if there were one airline in this country. By the theory of centralization, it would be very efficient. How efficient? Just ask anyone who flies on Aeroflot, the Soviet airline. The problem with consolidation is that, while it can yield some immediate and tangible savings, it has indirect and negative effects on people—on morale, motivation, enthusiasm, creativity. Additionally, if you consolidate too much, you lose your ability to make meaningful and objective comparisons between similar operations. How efficient is your airline? Well, you'll only know if there are two airlines. And with a little competition thrown in, hopefully the people who work at the airline that is less productive will face up to that fact and face up to the need to try harder.

INC.: A chief executive of a smaller company, listening to you just there, might say, "Oh, that's interesting, General, but you're talking about TWA or General Motors or something on that scale. But I have only 40 people here."

CREECH: In most cases, the urge to consolidate is driven by the urge to centralize, which has nothing to do, really, with bigness. It's an attitude toward management, and it exists in large companies and small ones. The theory of centralization says that there are certain kinds of decisions that have to be made up high, because that's the only place they can be made in an intelligent fashion. And to facilitate that, they like to have lots of rules and regulations and stipulations to govern people's behavior. Meanwhile, all decisions gravitate upward. What I was able to prove at TAC is that, within certain general guidelines and goals, you *can* give people real authority down below—give them some breathing room to make their own decisions. Rather than a tight-fisted operation where one person is in charge—which is what you find in a lot of small companies—you can have a decentralized organization in which there are many leaders charged with achieving your goals.

INC.: Then the manager says to you, "Look, General, if I decentralize and give authority and responsibility down below, some percentage of those people are going to wind up being inappropriate, and some are going to screw up. There will be customers who are mad and profits that are frittered away and expenses that are going to get out of control and sales that will be lost. It's just inevitable." What do you say? Isn't it true that those things will happen?

CREECH: Some of those things happen the way things are now—and fewer will happen if you do it the other way. Remember, you're talking about greater productivity, greater loyalty—conveniently, the centralizers like to forget about that. And even in a decentralized organization, the CEO has to keep track of how well people are doing, so that nobody can make such fantastic mistakes that it dooms the whole corporation. Oh, sure, once you start delegating authority and hold people accountable whom you didn't previously hold accountable, there will be more of an attrition rate. And what is the moral of that? It's that incompetence finds it easy to flourish in centralized organizations, because it's all so communized and homogenized that you cannot sort out the real performers from the nonperformers.

INC.: Can you take decentralization too far?

CREECH: I suppose there will always be some people in any organization who are going to take it too far. And in those cases, you have to guard against the temptation to pull that authority back up and say, "Well, I can't trust any of these folks. I'll handle it all up here." That's a major part of what causes centralization in the first place.

INC.: Are there any other pitfalls to watch out for?

CREECH: Probably the most common is that managers don't give themselves the tools with which to track and view objectively how people are performing below. You need a way to know if the barn's on fire *before* it's in ashes. And in business, I've found that too many managers are still watching P&Ls or growth curves, which don't necessarily give them good indications of where their systems are breaking down, where productivity is lagging. When the bottom-line numbers finally come in and they are disheartening, managers don't have answers as to why it all happened. And so, again, the instinct is to centralize across the board, to set down regulations, to try to micromanage everything from the top.

INC.: One of the fashionable new ideas is to delegate to an *ad hoc* team of people from different departments the responsibility for solving a problem or creating a new product line—all this as a way of getting around some of the problems you've pointed out with a highly centralized organization.

CREECH: Well, the problem with much of that matrix management is that it gives people responsibility without giving them real authority. And without the authority, most people won't really

accept that sense of responsibility—and you really can't blame them.

INC.: Can you be more specific?

CREECH: Well, in most of these situations, you have a basic vertical-management structure that is common to most centralized organizations. You'll have, as an example, a chief engineer, and all the engineers in the company will work under him. And a vice-president for marketing with all the marketing people under him. Suddenly, there is a specific job to be done, a project, and some number of engineers and marketing specialists are assigned to that project, along with people from manufacturing and accounting and whatever. That's matrix management. But who is in charge? You can try to hold everybody on the team accountable, but that's not the way human behavior works. You have to hold a few key people accountable.

INC.: Presumably, you hold the project manager accountable.

CREECH: Well, I have some experience with that. Some years ago, I commanded the Air Force's electronics-systems division in Boston, where we bought about $5 billion worth of electronics each year, ranging from the Airborne Warning and Control System aircraft—the AWAC—all the way down to telephones and switchboards. We had lots of projects with lots of corporations. And occasionally, a program would get in deep trouble, and we would send in a team to find out what was wrong. Nine times out of 10, we found that it was a highly centralized and highly matrixed organization in which there was no real sense of accountability or authority. I remember one case in which a major corporation had about 900 employees working on a major program, and there were exactly 9 people who reported to the project manager in a hire-and-fire context. All the rest were assigned to him in a matrix context, and they reported to their functional chieftains—the chief electrical engineer or the chief computer programmer and so forth. And the project manager ultimately wasn't in charge of any of them. And so what the project manager had to do was form a coalition. Coalitions sometimes work, but they're not long on accountability, because it's too easy in a coalition to point fingers at the other guy.

INC.: So what's the alternative?

CREECH: The answer is to keep an engineering department, for example, to handle some of the housekeeping chores, to worry about whether all the engineers in the organization have the know-how and the background the company needs. But once you form a mission or a task force, you've given the authority to the project manager to evaluate the performance of those engineers, distribute bonuses, assign workload, and even fire somebody.

INC.: There was a time, of course, when matrixing was a hot management idea, just as centralization was hot. Now, maybe decentralization is the buzzword. Isn't this just a case of the pendulum swinging back and forth? Wasn't centralization a good idea in its time?

CREECH: I don't think it was ever a terribly good idea, although in certain settings I'd agree that a certain amount of centralization is useful. It's just that it became almost a religion. It was overdone—and still is grossly overdone.

INC.: And you find that is true in entrepreneurial settings as well as in large corporations?

CREECH: Oh, I find it very common among founders or small groups of founders. They grow their companies to a certain size by operating as one-man bands, controlling authority and making all key decisions, but beyond that they begin to feel very uncomfortable. Founders feel as if they are losing control. And then one of two things happens. Either they consciously or unconsciously make decisions that stifle growth, or they try to use their old management techniques long after they have become ineffective, so the companies reach a point where they can't survive under that kind of stifling centralized management. In my judgment, you can't micromanage a company as small as 100 or 200 people. Long before that, you have to start giving some real authority to the people below you.

INC.: Would it be correct to say that if you don't start that early, you probably will never do it?

CREECH: I learned a long time ago that you have to not let the perfect be the enemy of the good. The fact is that it is never too late to change, because in any organization, there are lots of people just waiting for you to give them some responsibility, some sense of ownership, something they can take personal pride in. And it's amazing how, once you take those first steps, suddenly a thousand flowers bloom, and the organization takes off in ways that nobody could have predicted.

Is Excellence in the Public Sector Possible?

JED KEE
ROGER BLACK

THE purpose of this article is to examine some recent popular ideas about improving organizational performance — pursuing excellence — in the public sector. Our reference point is the "excellence literature" — the current wave of best-selling nonfiction books that focus on organizational life and offer prescriptions for success.[1] We also suggest that the report of the President's Private Sector Survey on Cost Control (Grace Commission) belongs in this literature.[2] Critics of public management implicitly assume that the ideas presented in the "excellence literature," ought to work in government as well as they work in business. The apparent inability to do so must, therefore, be a failure of leadership. If public managers were only to apply these principles and adopt hard-nosed business practices, taxpayers would benefit immensely.

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[1] See, for example, Thomas J. Peters, and Robert H. Waterman, Jr. *In Search of Excellence: Lessons from America's Best Run Companies*, (New York: Harper & Row, 1982), Craig R. Hickman and Michael A. Silva, *Creating Excellence: Managing Corporate Culture, Strategy, and Change in the New Age*, (New York: New American Library, 1984); Rosabeth Moss Kanter *The Changemasters: Innovation for Productivity in the American Corporation*. (New York: Simon & Schuster, 1983); Terrence E. Deal and Allan A. Kennedy, *Corporate Cultures: The Rights and Rituals of Corporate Life*, (Reading, Mass.: Addison Wesley, 1982); John Naisbitt *Megatrends* (New York: Warner Books, 1982); Alan Toffler, *The Third Wave*, (New York: Bantam Books.)

[2] J. Peter Grace, *War on Waste, President's Private Sector Survey on Cost Control*, (New York: Macmillan, 1984).

We wonder if this is really so. Glossing over fundamental differences between tax-supported entities and market-supported organizations may do both sectors a disservice. In many ways, the achievement of excellence in the public sector is much more challenging than in the private sector because of the multiplicity of actors, inherent value conflicts, deliberate and often erratic policy shifts, and intense public scrutiny on how public funds are spent. These special conditions and the tendency of public managers to idealize a "rational model" approach to decision-making militate against the risk-taking free-wheeling entrepreneurial behavior and values-rich personal charisma that apparently lead to excellence in the private sector.

The Challenge of Public Sector Management

IDENTIFYING THE CUSTOMER Organizations must pay attention to their customers. Failure of for-profit companies to do so brings the inevitable discipline of the marketplace. Firms either succeed in meeting customer demands or they go out of business. For this reason, companies carefully identify the customers they intend to serve and they spend freely to discover or shape consumer buying habits. The relationship between buyer and seller is voluntary and intimate. Each party knows something about the personal identity of the other. And each understands that the buyer is solely responsible for deciding if the product or service is worth the price.

Not so with public sector organizations. Here, the identity of the buyer is obscure, neither party has a choice, and the responsibility for measuring satisfaction falls on the seller. Obviously, these conditions produce a different kind of relationship between producers and consumers of government services than exists in the private sector. Public agencies must first define their customer. This is difficult to do when those who receive government services and those who pay for them are not always the same people. Obviously, direct recipients, e.g., welfare clients, motorists, recreationists, and high school students, are customers. So are taxpayers who "consume" safe streets, national security, open spaces, a healthy economic climate, consumer protection, an educated citizenry, etc. But taxpayers often fail to see the connection between their personal tax bills and these social benefits.

Elected officials face special challenges. They are in the middle of an ongoing, four-party marketplace that involves themselves, taxpayers, direct consumers, and the career civil service. They have the difficult job of being both buyers and sellers. They are buyers in the sense that they rep-

resent people who actually consume or pay for public services; they are sellers in the sense that they direct the agencies which deliver the services. Intuitively, elected officials are sensitive to taxpayers and interest groups. But they incline toward an institutional suspicion of the career establishment. This suspicion presents a complication in developing an effective customer orientation that private sector managers simply don't experience. In the private sector it is in everyone's self interest to focus on the needs of specific customers in specific markets. In the public sector, elected officials rarely see things in the same way professional managers do. Therefore, even to reach agreement on who the customer is demands extraordinary patience, perseverance, commitment, and dialogue between the elected official and public managers.

Good public sector customer relations is the more difficult because customers, whether clients or taxpayers, are usually involuntary. In the abstract, citizens may recognize that tax dollars pay for goods and services which are necessary for an orderly society. But it is very clear that these services are, in no sense, purchased in the same way that a consumer purchases an automobile or a television set. There is, for example, no voluntary market for national defense. Most citizens feel strongly that we need it but none can buy it in amounts that exactly match personal tastes.

Some political economists have suggested that people express a preference for a mix of local services and taxation by their location choices.[3] The mobility of Americans lends some credibility to this concept. However, if it applies at all, it is restricted to local government settings where there is a reasonably clear relationship between the menu of schools, roads, and other local services provided, and the property taxes paid. In any case, in today's high interest rate environment, people do not readily choose to relocate just to balance the level of taxation and service consumption. And no one can unilaterally reduce his or her tax payments to avoid support of services not used as one can in the private sector. Therefore, business methods for meeting customer needs may not work or may not be appropriate in the public sector. However, there is much that government managers can do to foster a customer orientation. On a program by program basis, professional employees and elected officials should be able to agree on who the customer is. Given this agreement, managers can focus attention on service levels that meet legitimate expectations of specific customers.

[3] See, for example, Charles M. Tiebout, "A Pure Theory of Local Expenditures," *Journal of Political Economy*, LXIV (October 1956, 416-24).

The 'excellence literature' emphasizes the importance of a strong set of central guiding values.

DETERMINING CORE VALUES The "excellence literature" emphasizes the importance of a strong set of central guiding values. We agree with this basic premise. The public sector, however, faces a complexity and multiplicity of values that, in many cases, conflict with one another. To illustrate, a department of natural resources may contain strongly pro-development divisions, and divisions whose missions are inherently contradictory to development (for example, energy extraction vs environmental protection).

Furthermore, the political process itself creates a diffusion of power and responsibility that makes the articulation of central values very difficult. There are many actors who have a vested interest in not recognizing the value conflicts embodied in a competitor's position. After all, coalitions are difficult enough without insisting that all parties agree on a common set of values. Public managers, therefore, face: client groups demanding a service; special interest groups representing or opposing client desires; a bureaucracy delivering the service; policy makers establishing guidelines for the service; legislative committees refereeing the contest; the law, itself, placing constraints but rarely charting a clear course; and finally, the taxpayer asserting interests that often counter those of service recipients. The welfare client, for instance, prefers looser eligibility standards; the taxpayer, presumably, tighter standards.

Since the conflicting set of values and actors results in a fuzziness of focus for government managers, it is no wonder that they are attracted by the so-called "rational model" of public administration. Proponents of the model preach that professional public administration is hard-headed rationality; that detached analysis makes for good decisions; and that a professional manager can manage anything. Such archetypical "rational managers," as Robert McNamara, of the Department of Defense and Ford Industries, and Roy Ash, of the Office of Management and Budget and Litton Industries, relied on a series of rational management techniques; including PPBS, performance budgeting, and zero-based budgeting.

Aaron Wildavsky and other political commentators have challenged the applicability of these ideas.[4] However, at an operating level, conventional wisdom and public expectations create a bias towards the rational model that may be greater in government than in business. Governmental institutions tend to be preoccupied with process rather than results. Management accountability and the ideal of a science of public administration are easier to talk about than assessing the product of public schools or the Department of State. Nevertheless, the limitations of the rational model are even greater in the public sector than the private marketplace. Government deals with values and with multi-dimensional, often intangible, products; such as equality, environment, justice, and quality of life. Furthermore, government exists, in part, to cope with the irrationality of the world in which people carry on from day to day.

The aggressive pursuit of a rational model of public administration is undesirable, not merely because we are unlikely to succeed in applying it, but because movement toward it can actually be counter-productive. We need strict accountability for achieving public value. In practice, we have accountability for mundane mechanics. R. A. Leone, of the Kennedy School of Government, has suggested that a preoccupation with the cost of public services, which he labels "operations fetishism," not only sacrifices public value but also sacrifices economy in government at the same time. At its worst, bureaucratic complexity creates costs today and produces inflexibility that adds cost tomorrow.[5]

In order to avoid these problems of the rational model, excellent public organizations must find a way to manage the ambiguity of values and harness the commitment and energy of staff. Successful attempts to sharpen focus are rare.

A little appreciated but potential untapped reservoir of commitment is the intrinsic value content of public service. Perhaps a majority of public employees work in government because they support the values government seeks to promote. And they subscribe to standards of performance and ethics that their professional peers and colleagues have evolved over time. The commitment to excellence in the attainment of professional success may never be as obvious and measurable in the public sector as it tends to be in the private sector, where the focus on products and markets can be very narrow. But it is a good start. Government is a conglomerate responsible for many goods and services and obligated to serve the entire population. While these factors tend to diffuse attention

[4] Aaron Wildavsky, *The Politics of the Budgetary Process* (Boston: Little, Brown, 1964).

[5] Robert A. Leone, Unpublished lecture notes, Kennedy School of Government, 1984.

and dissipate energy, small work units can develop their own driving set of values and develop an organizational capacity and political mandate to succeed.

Most successful organizations have shown a strong sense of continuity in leadership, often with a dominant figure who has either founded or provided the inspiration for the corporate success. In the public sector, however, political swings are built in. Mayors and governors typically turn over every four to eight years and legislators, more often. Even professional appointed administrators expect to move on after four or five years. With new leadership comes new visions and policy changes which can have a fundamental impact on the directions of an organization.

The public sector must rely more on middle management, normally protected from political swings, to provide continuity of central organizational values. In our view, this is a task for which we seldom prepare middle managers. Achieving this continuity begins with a recognition and support of this role of middle management.

PROMOTING RISK-TAKING Autonomy and entrepreneurial risk-taking are nearly impossible in the public sector. Unlike profit-making organizations which can bury mistakes in the overall financial statement, the miscalculations of public sector organizations receive considerable public scrutiny. The media is ever anxious to accentuate government failures, and the opposition party can make such failures rallying cries for a change of administrations.

Governmental budgets, funding approval requirements, purchasing and other controls on the expenditure of public funds further tend to inhibit risk-takers in government. Some even create perverse disincentives. For example, line-item budgeting restricts managerial flexibility to the point of removing managerial accountability; intransigent merit systems make rewarding good people difficult and firing bad people impossible; inflexible promotional practices tend to reward managers on the basis of the number of people managed and size of budget rather than on the

The commitment to excellence in the attainment of professional success may never be as obvious and measurable in the public sector as it tends to be in the private sector . . . .

success — that they consciously tolerate performance on the safe side of what is possible rather than push toward the theoretical optimum?

Legislation, public scrutiny, and constitutional checks and balances all create legitimate legal and political limitations on the freedom of public managers to act. Yet within the constraints, there is considerable room for experimentation and action. Ad hoc task forces, pilot projects, simplifying decision-making (for example, one-page decision memos), refusing to study a problem to death, are all methods for creating a bias for action. Legislative bodies have a special responsibility to engender a climate that rewards doing. While the Peters and Waterman phrase "ready, fire, aim" may provide an impossible action orientation for the public sector,[6] the notion of "try it, then fix it, don't just study it" might provide an appropriate substitute.

Risk-taking in the public sector is possible, if there is strong support from organizational leadership and a willingness to permit failures (not perpetuate them), an acceptance of diversity in ideas and service delivery mechanisms, and legislators who will give managers some flexibility.

Private Sector/Public Sector Similarities

While the challenges outlined in the preceding paragraphs are many, there are significant similarities between private and public sector organizations that make the "excellence literature" valuable for public managers. Perhaps most important is the belief that an organization's success is tied to its people. Increased productivity ultimately comes from the perspiration and inspiration of workers. This is as true for public sector organizations as it is for private sector companies. A major part of government budgets pay for the people who do the public's business. They are the teachers in public schools, professors at institutions of higher education, highway patrol troopers, soldiers, social workers, prison guards, engineers, tax collectors, and wildlife officers. Virtually all want to do a good job.

The "excellence literature" observes that people, without regard for where they work, need to succeed, to be winners, to feel that they contribute. There is increasing evidence that successful organizations benefit from a management style which recognizes the value of individuals. It is clear that people today are looking for more than a paycheck from their nine-to-five job. They are less tolerant of doing work that they do not understand and are intolerant of co-worker or management incompetence. They are concerned with the financial benefits, of course, but they want

[6] Peters and Waterman, *In Search of Excellence*, 155.

work to have meaning. Public sector managers who ignore this fact do so to the detriment of their organization and the public they serve.

VISION COUNTS A second area of similarity is the notion that a strong sense of vision can make a difference in employee output. An organization's values and culture really do have an impact on workers'

. . . good management, whether in the private sector or in the public sector, means the articulation of values and reliance on people to achieve those values.

behavior. If they feel better about what they do, they are more likely to work harder. Apparently, a strong culture helps to remove much of the uncertainty of the workplace. It provides easily understood structure and standards, and it gives people a value system to guide their behavior. Vision, in the sense of specific, unambiguous goals may be difficult to achieve in a political arena; but vision, in the sense of seeing one's work as part of something intrinsically worthwhile and therefore important, is inherent in most public sector work.

Many successful profit-making organizations rely on the vision and understanding of people with first-hand knowledge of the business — the lower level rank and file worker. This tends to reinforce the person's importance in the workplace, contributes to greater worker productivity, and provides practical solutions to problems. There is no institutional reason why this insight can't be applied in public organizations. Indeed, there is growing evidence to suggest that it works very well.

SIMPLE STRUCTURE, LEAN STAFF The "excellence literature" raises doubts about the benefits of economies of scale in organizational structure. In government, as well as private organizations, size often generates complexity. Yet success depends upon the ability to keep things simple. Long standing traditional, public administration concepts tend to perpetuate a hierarchal organization structure in government. Many successful private organizations have shown that this practice may be counter-productive. The successful company makes sure that line managers have the freedom and the resources to do their jobs well. This policy fixes accoun[illegible] [illegible]urely where it belongs

The concept works in the public sector as well, but its application is much more tenuous. Popular mistrust of government and government officials seems to demand institutional checks and balances that prevent abuse of power but also cloud accountability. To reach excellence, government managers must provide resources to work units that allow them to succeed or fail in their mission; not be overburdened by a corporate staff who tend to reinforce organizational complexity.

MEASUREMENT Finally, successful organizations measure their success. In the private sector, standard profit/loss equations or sales/earning ratios create a natural discipline that is easy to understand. Measurement in the public sector is more difficult. In the absence of reliable, comprehensible performance measures, the public is conditioned to suspect its public servants. Elected officials respond by imposing excessive procedural controls. While not easy, it is possible to measure public agency performance utilizing indicators which are meaningful to top management, to rank and file workers and to the public. Harry P. Hatry[7] and D. Scott Sink *et al.*[8] have offered a number of conceptual and practical ideas about how to do this. However, the focus of accountability in the public sector must shift from process measures to measures of the success of the organization in producing public value.

Top management's insistence that performance be reported and its consistent use of such information is often sufficient to create a market for measurement data. Once created, the demand for performance data can stimulate public servants to overcome the problems of measurement. Success in doing so, over time, will create the conditions of trust that permit flexibility and creativity.

Conclusions

If we were to draw the most important lessons for the public manager from the excellence literature, it would be that good management, whether in the private sector or in the public sector, means the articulation of values and reliance on people to achieve those values.

Public managers must define the public purposes which their organizations serve. Within evident constraints, managers can articulate their vision and obtain the political mandate and capacity to produce the desired public value.

[7] Harry P. Hatry, "Performance Measurement Principles and Techniques: An Overview for Local Government," *Public Productivity Review*, IV (December 1980, 312-39).

[8] Sandra J. DeVries, D. Scott Sink, and Thomas C. Tuttle, "Productivity Measurement and Evaluation: What is Available?" *National Productivity Review*, III, No. 3, 265-87.

Such an effort is not an easy one but it is possible. Slavish imitation of private sector practices is not the answer. Creative responses to the inherent challenges of public sector management and liberally testing and adapting ideas that work in the marketplace may be. We believe the rewards are worth the effort. For in the end, success means the betterment of the society in which we live. Building this kind of monument gives public managers gratification that is unmatched elsewhere and is worth our best.

Putting *In Search of Excellence* to Work in Local Government

George A. Sipel
The Center for Excellence in Local Government
Palo Alto, California

The art and science of managing well comprise an ever-increasing challenge during these times of rapid change, multiplying demands, and growing complexity. Managers are finding that existing tools simply are not adequate to cope with the changes that engulf their organizations. To begin to deal with this problem, it is important to identify the most significant changes.

Major forces of change at work in our society have a profound effect on organizations and people's ability to manage them. Chroniclers of these forces—Alvin Toffler (*The Third Wave*), John Naisbitt (*Megatrends*), Laurence Rutter (*The Essential Community*), and others—have identified a number of changes that affect organizations:

- Who the workers are—greater numbers of women in the work force and a substantial reduction in the traditional "worker" profile (male/head of household/only job holder in the family)
- Nature of work itself—increased percentages of service jobs and information-related jobs
- What workers want—emerging worker values that now include self-development, participation, and equity
- Challenges to authority—"Just because I say so" not good enough anymore
- Increased complexity of technology, organizational structure, and problems faced

Local government has been the focal point for substantial change as well. Demographic changes such as greater numbers of minorities and older people, a decline in household size, an increase in the number of single people, and migration to Sunbelt states have presented new challenges to local government. Concurrent with increasing citizen needs for service have come reduced resources through economic factors such as recession, inflation, and voter sanction. Declining confidence in institutions and leadership on a national level has not escaped local government. These and other changes have combined to create a major challenge for the local government decision maker. While managers can meet this challenge in a number of ways, one of the most significant and obvious is improved management.

Recent books have emphasized the need for better management and have offered suggestions for improvement. Three central themes have emerged: (1) A strong need exists for organizations to change the way they habitually do business—that is, their culture. (2) Management style and behavior can affect results. (3) A people orientation by managers has the potential to improve organizational performance.

The most popular of these books is *In Search of Excellence* by Thomas Peters and Robert Waterman, published in 1982. Peters and Waterman asked a very simple, basic question: What makes the good companies good? After studying 62 private sector organizations, Peters and Waterman identified eight interrelated criteria that were characteristic of successfully managed, "excellent" companies.

> **"Do it, fix it, try it."**
>
> —*In Search of Excellence*

1. *A bias for action.* Companies exhibiting this criterion identify a problem, come up with an answer, and implement it. Their motto is "Do it, fix it, try it."

2. *Close to the customer.* This attribute calls for listening, intently and regularly, to the customer and providing quality, service, and reliability in response to customer needs.

3. *Autonomy and entrepreneurship.* Innovation and practical risk-taking are common activities of people at all organizational levels. The motto here is: "Never kill a good idea."

4. *Productivity through people.* Employees are the source of quality and productivity gain in excellent companies. Each employee acts as if he or she *is* the organization.

5. *Hands-on, value driven.* The basic philosophy of excellent companies is well defined and articulated to employees. Key executives behave consistently with stated values.

6. *Stick to the knitting.* Excellent companies engage in and stay close to businesses they know how to run.

7. *Simple form, lean staff.* Structural form and systems are simple and corporate office staffs are relatively small in excellent companies.

8. *Simultaneous loose-tight properties.* Excellent companies have centralist tendencies on a few core values but at the same time push autonomy down to the shop floor.

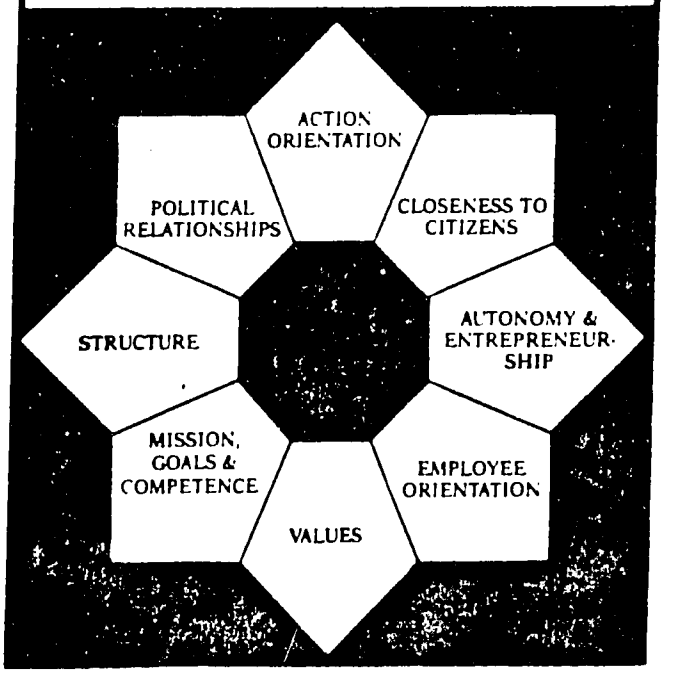
The obvious question for those of us in local government is: What is the applicability of Peters and Waterman's work to local government? A group of col-

leagues and I formed The Center for Excellence in Local Government to explore this question and other aspects of excellence.

We began our research with a simple inquiry. Some public organizations successfully meet citizen needs for service and deal positively with environmental turbulence better than others. What makes them more successful? Do these characteristics form a pattern? The Peters and Waterman book was a stimulus. Our collective experience as local government managers, teachers, and consultants suggested that most of Peters and Waterman's criteria are applicable to the public sector with minimal adjustment. This conclusion was reached with full cognizance of the important differences between the public and private sectors. The one significant gap we found involves the area of politics and the influential role it plays in establishing an excellent organization.

To test our hypothesis, we sought the views of local government managers. We developed a short survey to diagnose organizational excellence based on the eight Peters and Waterman criteria as adapted for public sector use. Several one-day workshops for local government managers were conducted. In preparation, each participant read *In Search of Excellence* and administered the organizational excellence survey to approximately 25 staff members. The workshops focused initially on identifying excellent public sector organizations, the characteristics that made them excellent, and participants' reactions to the Peters and Waterman criteria. Time was then devoted to a review of survey results, specific organizational diagnosis, and action planning in pursuit of excellence. Abbreviated versions of these workshops were duplicated in 10 local governments in California during the summer and fall of 1983.

The Elements of Local Government Excellence



From these activities, we developed eight excellence criteria for local governments:

1. *Action orientation.* Excellent local governments identify problems and deal with them quickly, fighting through structural, political, legal, and environmental constraints that make action more difficult than for private companies.

> **"Make sure you generate a reasonable number of mistakes."**
>
> —*In Search of Excellence*

2. *Closeness to citizens.* This attribute includes establishing and maintaining a variety of close linkages with citizens being served, including those who are regulated against their will. Excellent local governments listen and are sensitive and responsive to public input.

3. *Autonomy and entrepreneurship.* Excellent local governments have developed a climate conducive to thinking up and doing new things to solve problems and have a track record of implementing creative solutions even in the face of declining resources.

4. *Employee orientation.* For a local government to be excellent, this criterion requires more than lip service to employees and their needs. Excellent public organizations insist on intense, pervasive treatment of employees as human beings and adults.

> **". . . innovation success is a numbers game."**
>
> —*In Search of Excellence*

5. *Values.* Excellent local governments have defined a set of values. Their thrust is toward being the best—providing superior quality and service to the public. Their values are communicated and demonstrated to employees and provide the source of enthusiasm and inspiration.

6. *Mission, goals, and competence.* Mission is the underlying premise of the organization. Excellent local governments have evaluated their missions based on

"If it fits, fit it in. If it doesn't fit, don't fit it in!" —*George P. Barbour, Jr.*

changing resource levels and citizen demands and have used mission statements as the foundation for establishing community and/or organizational goals. Within their mission, excellent local governments provide consistent, uniform levels of service.

7. *Structure.* In excellent local governments, the potential negative effects of antiquated, bureaucratic structures have been minimized. These organizations have fewer management levels and fewer central and support staffs and provide firm central direction while giving maximum autonomy to employees.

8. *Political relationships.* This criterion departs most radically from the Peters and Waterman model—but it

Criteria Comparison

Local government excellence criteria	Peters and Waterman criteria	Criteria differences	Public sector special conditions making "excellence" attainment difficult
1. Action orientation	A bias for action	None	Laws making it difficult for local government to act quickly Low inclination to take risks Limited resources
2. Closeness to citizens	Close to the customer	Customer becomes citizen	Multiplicity of public sector "publics" Captive consumers
3. Autonomy and entrepreneurship	Autonomy and entrepreneurship	None	Reluctance by local government to "market" or take risks
4. Employee orientation	Productivity through people	None	People-oriented programs sometimes perceived as a waste of taxpayers' money
5. Values	Hands-on, value driven	None	Traditional values that are hard to change
6. Mission, goals, and competence	Stick to the knitting	Expansion to include mission and goals	Difficulty of determining mission and goals Difficulty of measuring results
7. Structure	Simple form, lean staff	Combination of "simple form" and loose-tight properties	Some local governments with complex structures written into basic law
8. Political relationships	Stimultaneous loose-tight properties	New local government criterion	Frequent changes in key actors Perceptions that roles of policymakers and administrators are different and/or conflicting

is perhaps the most important of the attributes. Political relationships in excellent local governments have three characteristics: (1) They involve positive, open, respectful relationships between policy makers and management staff. (2) They deal openly, forthrightly, and effectively with their environments. (3) They possess environmental stability at the political level.

> **Eighty percent of success is showing up.**
>
> —*Woody Allen*

The chart on page four compares local government excellence criteria with those of Peters and Waterman and identifies special public sector conditions that make excellence attainment difficult. One common thread runs through all of the criteria for excellence. In one way or another, each criterion deals with people. A human dimension in each supports the total concept of excellence. There is also a distinct relationship among the criteria. Action orientation, for example, influences autonomy and entrepreneurship. On the other hand, closeness to citizens is not possible without employee orientation.

The accompanying illustration depicts the eight criteria as capstones in a circle. Each one provides support for the other. It is our belief that while no one local government will emphasize all eight equally, none will be absent from any local government to any significant degree.

These criteria provide a foundation, a starting point, for a local government to pursue excellence. Each criterion should be used to stimulate an inquiry into one's organization: How do you stack up with respect to each criterion? Where might you improve? What are some of the actions you can take to promote excellence? We envision a dialogue's taking place in local government organizations around these questions.

The pursuit of local government excellence is an exciting journey with a most rewarding destination. We have provided a road map and some driving tips. Happy motoring!

Help Name a New Award—What would you call an albatross [illegible] that has the potential of becoming a swan?

As part of its Local Government Innovations Program, ICMA is initiating a new award to recognize boulevard hope in local government. This award was inspired by *In Search of Excellence* and the message it contains if the results be known, many companies and chief executives have buried their way to success. That is, they were willing to be creative and innovative—and that means taking risks and perhaps occasionally failing. This can also apply to local government. [illegible] ICMA wants to recognize and applaud local government managers for their creativity behind the program that didn't—for one reason or another—work. These managers are the real pioneers of the profession. The recognition of these fabulous flops, mighty mistakes, etc., is intended to be light and humorous, but the benefits will be real. It's a terrific way to share learning experiences with other local government managers. Examining the reasons why a program did not succeed and what could have been done to make it work is an extremely valuable process.

ICMA has established a "Perfect Failure Search" committee, headed by Ed Everett, City Manager of Belmont, California. The committee will be developing entry criteria and selecting winners this summer of the yet to be named award.

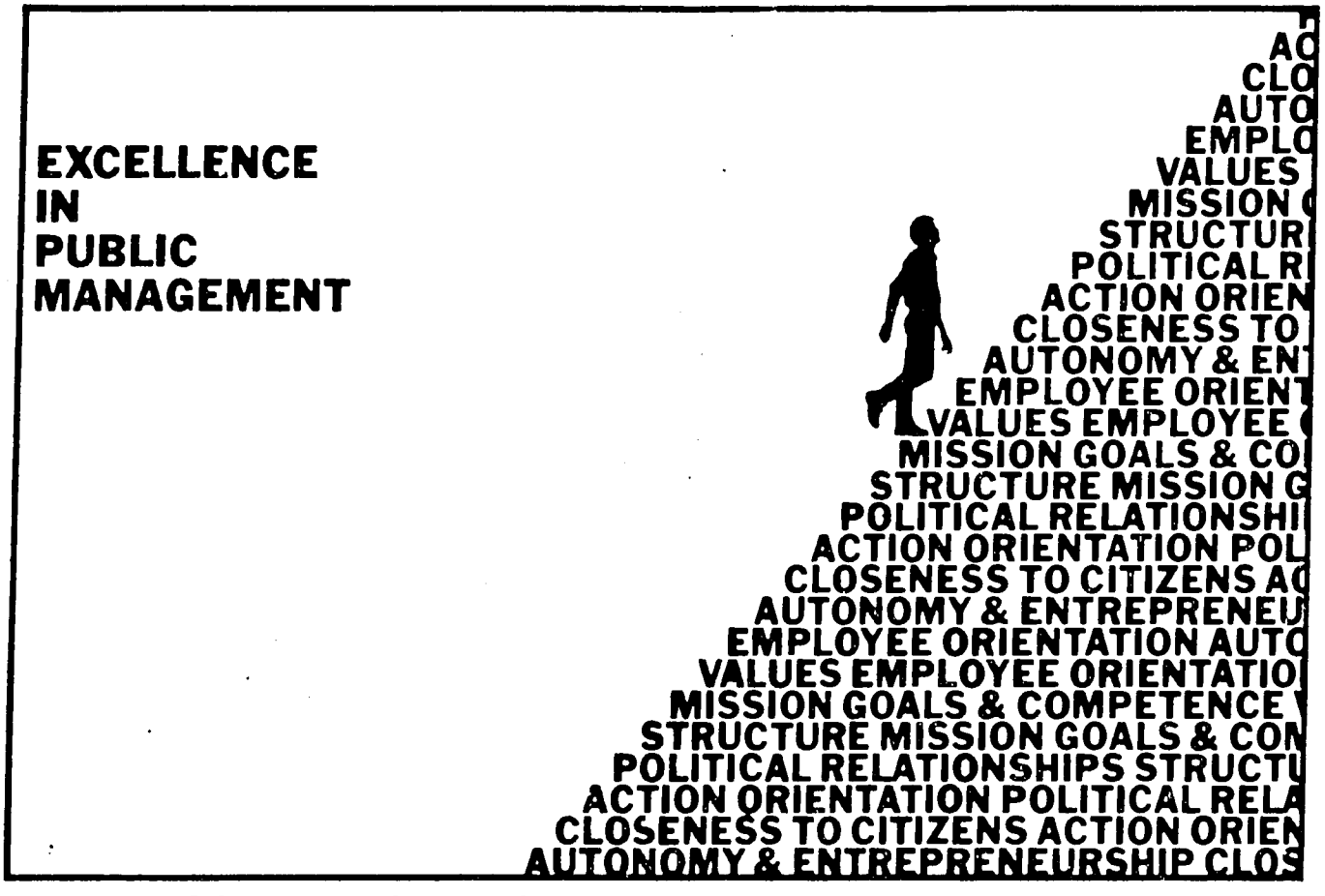
Before this new award gets under way, it needs a name. Please take a moment of your time and *send us your creative suggestions for naming this new award.* Suggested names should be sent no later than May 15, 1984 to:

Ed Everett
Chairperson
Perfect Failure Search Committee
c/o Martha Shulman
ICMA
1120 G Street, N.W.
Washington, D.C. 20003

Watch for more information about the award and the winning name in a future issue of the ICMA Newsletter.

PM Interviews ICMA Outstanding Management Innovators on Excellence

Thomas W. Fletcher
The Center for Excellence in Local Government
Palo Alto, California



One of the strong themes that runs through *In Search of Excellence* is that excellent organizations need to be innovative and encourage productive risk-taking. Based on this theory, we interviewed nine managers and former managers who had received the ICMA Outstanding Management Innovator Award. We asked them to respond to four questions:

1. How can excellence in local government be achieved?

2. What are some of the actions you have taken to promote excellence in your own organization?

3. As an Outstanding Management Innovator, you have a reputation for risk-taking and innovation. How do you encourage risk-taking and innovation within your organization?

4. What is the role of the elected official in promoting excellence in public organizations?

The results of these interviews appear here.

John Dever, City Manager, Long Beach, California

1. Be a community that is progressive and moving—culturally, physically, economically.

Cause things to happen.

Be creative.

2. Instituted system of rotating management people.

Helped get them out of a parochial frame of mind.

Improved internal communications.

Permit managers to grow.

3. Performance evaluation—identify risks that employees are going to try and then evaluate them later.

Don't punish risk-takers if they fail but reward them if they succeed.

Encourage employees to take risks.

4. Recognize when quality work is being done.

Participate in the process.

Wayne Wedin, Consultant, La Habra, California

1. Put together an attitude on staff that is inquiring, committed, and excited.

You can teach technical skills, but you must set the environment for excitement.

2. Set the example—set the pace.

Provide leadership and direction.

Give people the chance to stretch, to expand their minds, as well as the right to fail, but also provide a professional safety net.

3. Protect my people—support them.

Share power, but be responsible.

4. Protect the city manager.

Have a sense of vision.

Don't be discouraged.

Take risks.

B. Gale Wilson, City Manager, Fairfield, California

1. Develop an organization with values and tradition.

Hire and develop motivated people and give them latitude and freedom.

Be proactive, not reactive.

Anticipate long-term effects of actions.

Don't sell out the future by giving in to today's pressure for the quick fix.

Manage the volatile issues so you can do your work. Don't drain the organization.

2. Develop a cadre of department heads to collectively manage the organization.

Develop strong loyalty and allegiance to the organization's goals and objectives, especially by managerial and supervisory employees.

Promote stability by buffeting the organization from political winds that blow.

Provide flexibility in budgeting—permit wide range of decision ability by department heads.

3. Teach employees correct principles and let them govern themselves.

Provide a relaxed and loose style but retain bottom-line responsibility.

Develop high trust levels.

Use brainstorming.

Give wide latitude for decision-making.

Be liberal on praise and short on criticism.

Reward the winners.

4. Provide strong policy leadership and organizational stability.

Avoid interfering in matters that are administrative in nature.

Have an open mind and be willing to take risks.

Have tolerance for error and reward for success.

Maintain high mutual trust between council and staff.

Revan A. F. Tranter, Executive Director, Association of Bay Area Governments

1. It's a two-way aspect—the degree of involvement both up and down. It must be both internal and external. But you can do too much, to the detriment of good governance.

2. Have a series of retreats for management groups for problem-solving. We had one on the Peters book that involved everyone.

Concentrate on implementation, not just good theory.

3. Give a long lead and freedom to people.

Recruit innovative people and then nourish them.

Have tolerance.

4. Give a long lead to management.

Prevent rigidity in policy.

Merritt Stierheim, County Manager, Dade County, Florida

1. It doesn't come from blind allegiance to change and innovation.

Stimulate the desire to improve but be aware of the political and organizational restraints to change.

Timing and willingness to take risks are vital to the process.

An organization and a community can be moved only so fast.

To excel, one must understand the nature of power. Recognizing how transitory it is represents a major part of the art of excellence.

Creating the environment for change and the climate for participation are essential.

Task accomplishment and ego satisfaction constitute the real reward.

2. Create a climate for participation.

Have an effective plan for staff development. Encourage risk-taking. Force decisions down to the lowest practical level.

Always back up staff.

Provide recognition and rewards for good work.

Promote good personal and professional development.

3. Surround myself with people who are analytical and can tell me when I'm wrong.

Challenge people to innovate.

4. Participate with management in policy development.

Recognize and reward excellence from the staff.

David A. Griffin, City Manager, Plano, Texas

1. The citizens are satisfied and city government is an exciting and fun place to work.

2. Four or five years ago, we started a productivity program, a nontraditional program—no stop watches, no units of measurement. It's based on the assumption that 99 percent of the employees want to be part of something successful and that the people on the line, providing service, know most about how to do it. Sometimes one person, more often a team, from my office will visit a department and interview workers first, then supervisors, then on up the line, soliciting ideas about productivity and quality of work life. A report is written on the findings and negotiated with the department head and then reviewed with me. We are quick to implement the QWL items. The important thing to remember is that the benefit to the organization is in the people who work in it. They feel a part of something. "You cared enough to ask me."

We do a lot of "self-talk," how lucky we are to work for Plano city government. I attend all new city employee orientations. We talk it up. Also, we have a very sparse staff—limited staff numbers. I insulate the employees from city council, let them do their jobs.

3. I don't really know what works. You need to develop an exciting environment. We have fun. We have an Outstanding Achievement Award program—10 percent of the winner's salary. Have decentralized awards programs run by departments. People need a chance to be recognized. Use spontaneous awards. Ice storms this year were many and severe. A lot of people worked hard and long hours. We drew up a list, and each one will get a ball cap with "Plano Storm Trooper" printed on it.

4. City council needs to be the bellwether of the community. Members have the important role of encouraging and promoting citizen involvement, the more the merrier. Citizens who are involved with city government can see how good we are. They become our best promoters.

William A. Bassett, City Manager, Mankato, Minnesota

1. Provide quality service to citizens with equity and economy.

2. Involvement is the key to excellence. Involve employees in setting goals and objectives.

Move out of city hall and involve the citizens in the neighborhoods.

3. Establish an environment where errors are forgiven, where there is an acceptable level of failure.

People need to be rewarded for sticking their necks out.

4. The council must demand excellence and then be willing to support the good tries of the organization. Sometimes this means taking the political heat.

Arthur A. (Don) Mendonsa, City Manager, Savannah, Georgia

1. Provide the services required by the citizens at the desired level with equity and optimum productivity.

2. We have standards of excellence.

We emphasize effectiveness and equity.

We instill in our department heads the value that it is important to know what is being accomplished.

We support innovation.

We hold people accountable.

3. We have a basic philosophy in Savannah city government. We are willing to challenge the way we provide service. We are always asking "Why?"

4. Want to provide quality service as the norm.

Provide support and security to the manager to try new ideas.

Maynard W. Dils, City Manager, Westerville, Ohio

1. Deliver service in a competent manner.

2. Stay close to the citizen.

Spend 80 percent of my time making employees feel responsible.

Get out of the office a lot.

3. Hold weekly staff meetings to keep people informed. Encourage informal communication.

A local motto says: "Westerville is known for its personal touch." I encourage that way of thinking and doing business.

4. Have no hidden agendas.

Believe in building trust between the council and the staff and between the council and the community.

Taking Action To Promote Excellence

George P. Barbour, Jr.
The Center for Excellence in Local Government
Palo Alto, California

It was Woody Allen who said "Eighty percent of success is showing up." Inaction and inertia have become synonymous with lethargic, bloated organizations. For many, "not showing up" is the easiest way of not taking action at all.

However, with excellent public organizations, taking action is a hallmark of their excellence. During the earliest stages of our work, we found that managers wanted to discuss what they were doing to promote excellence. Furthermore, they wanted to find out what others were doing. They were also eager to find out what worked and what didn't.

Taking a page out of *In Search of Excellence*, we realized that after developing the eight local government criteria, we needed to be more action oriented. With a "bias for action," we set about describing each criterion from an action orientation. We asked this basic question: If a manager wanted to improve the organization's performance in any one of the eight criteria, what could he or she do to promote excellence?

We found out that the experiences of local governments are replete with examples of what can be and is being done to promote excellence in local government.

Just as many of the eight criteria are interrelated and support each other, many of the programs and processes to promote excellence apply or contribute to more than one criterion. The examples in this article have been collected from various sources and from the experiences of many managers. None of the examples are complete action plans. They are tips or suggestions on what might be done based on the experiences of others. The reader still must adapt the suggestions to the local environment. Since experimentation is one of the hallmarks of a bias for action, managers should be encouraged to "above all, try something."

Basically, we found two types of actions under each criterion. First, we included one or more examples of internal processes such as team-building exercises or brainstorming that can be used by an organization to promote improved performance in a specific criterion. The other examples include a variety of programs and techniques that exemplify a specific criterion, such as the use of citizen surveys as a way of staying close to the citizen. Both internal and external techniques should be tried.

1. Action orientation

Action-oriented public organizations are constantly tuning in to the environment around them, identifying problems, quickly diagnosing solutions, and taking action.

The action components of action orientation are:

- Environmental tuning/early warning
- Problem solving
- Evaluation/adjustment.

Under environmental tuning or early warning, we found such techniques as management by walking around (MBWA), using windshield surveys while driving around town, working in the field periodically at a public contact job, touring the community on a regular basis, holding regular staff meetings, and promoting informal contacts.

> **Beaten paths are for beaten men.**
>
> —*Eric Johnston*

In problem solving, the use of ad hoc groups was high on everyone's list. Many managers felt that bringing the right people together to solve a problem was a highly effective way of using the talent within an organization. Chunking, the art of breaking a problem down into smaller pieces, is highly effective. Brainstorming and force field analysis were also mentioned.

Evaluation and adjustment are required in an action-oriented government. This fits in with the motto, "Do it, fix it, try it!" Once action is taken, if it doesn't quite produce the desired results, fix it up and try again.

We found such simple techniques as tickler systems for helping keep track of actions taken, monthly reminder calendars, and report-back requirements easy to use and highly effective.

2. Closeness to citizens

Excellent public organizations establish and maintain a variety of close linkages to the people being served. The attitude of employees at all levels of the organizations is "each of us is the city/county/etc."

The action components of being close to citizens are:

- Effective ways of listening to citizens
- Effective ways of informing citizens
- Effective ways of involving citizens
- Employee/staff training.

There are many ways of listening to citizens, such as citizen surveys, community needs assessments, post card evaluations of services, city telephone hot lines, and organized service request systems. Conversely, informing citizens is equally important. Using videotaped annual reports, cable TV, activity calendars, civic center information desks, "town hall" meetings, and training seminars for volunteers are just a few examples.

Citizen participation in meaningful involvements such as citizen planning committees, advisory boards, and task forces, as well as recognizing such involvement with awards and special events, are important. As *In*

Search of Excellence points out, "Customer relations will mirror employee relations." Training employees in listening and response skills and keeping them informed will make it easier to keep the public informed.

3. Autonomy and entrepreneurship

Public organizations that promote autonomy and entrepreneurship create an environment for thinking up and doing new things. They reward creativity and innovation. Their motto is "Thou shalt not kill a new idea."

The action components of autonomy and entrepreneurship are:

- Incentives to take risk
- Support for new ideas
- Informal communication/independent work groups.

Employee incentive systems don't have to be grand to be effective. On any given weekend in this country, thousands of people are running hundreds of miles for tee shirts and ribbons. Local government employees are no different. Small awards programs and personal notes of appreciation work equally well. Supporting new ideas by putting up some money is one way to capitalize on employee creativity. The use of an internal request for proposal (RFP) is one way. Employees submit ideas for funding. If they are selected, they are given the time and resources and their department is given the resources to cover their job while they are working on the new idea. MBWA is one way of promoting informal communications. The use of quality circles is another technique of getting the right people to work on solving a problem.

4. Employee orientation

Public organizations with a strong, effective employee orientation are characterized by an intensive and pervasive treatment of workers as adults and humans worthy of respect and dignity. As *In Search of Excellence* points out, the sheer number of people programs in excellent organizations is staggering.

> **Behold the turtle. He makes progress only when he sticks his neck out.**
>
> *James Bryant Conant*

The action components of employee orientation are:

- Intense and varied two-way communication
- Performance accountability
- Employee development
- Recognition hoopla and benefits.

City newsletters and bulletins, suggestion boxes, speakback columns in employee newspapers, and information get-togethers all support the notion of getting information out and back. Employee orientation also means holding people accountable, setting performance objectives, routinely evaluating work, and providing adequate resources for employee development. Job assistance programs, wellness and physical fitness, intercity personnel loans, and opportunities to grow are important.

Having fun seems to be an essential ingredient in a deeply committed employee orientation. Picnics, sports events, get-togethers, awards, and ceremonies are prevalent in excellent public organizations.

5. Values

Public organizations that are value driven exhibit a clear image to the public. Employees know and believe in the values. Policy makers and managers transmit and act on the articulated values. In excellent organizations, the managers' role is to "manage the values of the organization."

The action components of a value-driven system are:

- Established organizational values
- Managers communicating values
- Value-driven decisions.

People find it hard to follow a blank banner. The values of the organization and the manager must be established. Some communities look to the development of mission statements as a way of articulating community values. Managerial and organizational values can be communicated to new employees at orientation and reinforced periodically through newsletters, articles in bulletins, or an annual city manager's message to the organization. The use of mottoes and slogans has its place. All of this is useless if organizational decisions don't flow from the values, however. One way to ensure that decisions are related to values is to establish performance targets linked to organizational values. The most important technique nevertheless boils down to "putting your money where your mouth is." Managers must act on their values to be effective custodians of the organization's values.

6. Mission, goals, and competence

The public organization that exhibits this criterion places a high value on competence and closely monitors its mission and goals in light of the changing environment.

The action components of this criterion are:

- Established mission
- Goals, objectives, and strategic planning process
- Standards of performance.

This criterion flows from the previous one on values. Employing such techniques as strategic planning, goal and objective setting, zero base budgeting, and target budgeting allows the organization to be continuously aware of how well it is performing and of the intended impacts of its services. These organizations change as needs change. The constant in this criterion is compe-

tent performance. Developing work standards, training employees to perform well, and holding the organization accountable are important.

7. Structure

Public organizations that pay attention to structure as an excellence criterion have firm central direction on key issues, with freedom and control down to the lowest organizational level and simplicity as the organizational norm. Making an organization work has everything to do with keeping things understandable . . . and that means keeping things simple.

The action components of structure are:

- Organizational form
- Freedom and control.

Streamlining, integration of services, consolidation, combining duties, and analyzing the size and makeup of support staff all contribute to a healthy, lean structure. Equally important is providing the freedom to innovate and the central direction or control to hold people accountable. Management by objectives, team management, quality circles, work target incentives, and flexible work space and hours are used to accomplish this.

8. Political relationships

Local governments that strive for excellence in this category have a regular two-way process for communicating with their environment, and, in spite of change, they have a stable political process where there is mutual respect among management, policy makers, and advisory bodies.

The action components of political relationships are:

- Effective policy-making process
- Effective two-way communication with the environment
- Effective support system for policy makers.

Effective policy-making processes used by local governments include council retreats, annual review of goals and objectives, and annual city manager evaluation.

Staying in touch with the environment calls for both formal and informal contacts—citizen and user surveys, informal meetings and gatherings, citizen advisory boards, and working groups. The concept of MBWA applies equally well to policy makers as it does to managers and employees.

Orientation programs, elected and board training sessions, and information support are key to keeping political relationships at an excellent level.

We began this article with a quote from Woody Allen about showing up. The whole thrust of these actions that promote excellence is to try something; out of a lot of tries will come success. Just as the executive from Cadbury's was quoted in *In Search of Excellence*: "Ready, Fire, Aim!" Now is the time to load up and try one or more of these ideas.

ICMA Pursues Training Program in Excellence

The ICMA Training Institute, in cooperation with The Center for Excellence in Local Government, is undertaking a comprehensive program to help local government managers do something about excellence in their organizations. The program includes regional workshops and a training package that will help managers examine the concept of management excellence and develop specific strategies to improve overall performance and service delivery.

This spring, the Training Institute is sponsoring a series of one-day regional workshops designed to introduce managers to the principles of excellence that have been developed by The Center for Excellence in Local Government. At the workshops, participants will *examine* and *discuss* concepts of and criteria for excellence in local government, *assess* levels of excellence in their own organizations using a survey instrument, and develop *action plans* based on what they learn at the workshop. The spring schedule so far includes workshops in *Chicago* on April 6, *Arlington, Texas*, on April 13, and *Portland, Oregon*, on May 4. Additional sessions are being explored in Denver, Colorado; Hartford, Connecticut; and possibly California.

The training package is designed to pursue in depth what the workshops introduce. It offers information and detailed training designs that local government managers can use to carry out an excellence program with their department heads. The package includes a handbook on excellence in local government that explains the eight criteria and provides examples of "excellent" actions local governments have taken to carry out each criterion. A supplemental leader's guide provides a general training design for group sessions on excellence and specific guidelines for training sessions on each of the criteria. The materials were designed to provide a format for examining excellence in a local government organization without the need for an outside trainer or consultant. Each package also includes *handouts* that can easily be converted to transparencies for use at group sessions and a copy of the *Survey of Organizational Excellence* that provides a foundation for self-analysis.

This complete package is scheduled for publication in late April. For further information about ICMA's Training Program in Excellence, contact the ICMA Training Institute at 1120 G Street, N.W., Washington, D.C. 20005.

Commentary

Members of ICMA were asked to submit their reactions to the book, In Search of Excellence. *They commented on how the principles presented in the book can be applied to local governments in general and to their own jurisdictions. Some members also included their own definition of excellence in local government.*

From Kansas City to Portland

The statement that appears here is a direct result of the ICMA conference in Kansas City. It was presented, with a copy of In Search of Excellence, *to each member of the Portland, Maine, City Council.*

In Search of Excellence

Earlier this year, a book was published, entitled *In Search of Excellence*, which dealt with "lessons from America's best-run private corporations." I had the opportunity to listen to the author of this book, Thomas J. Peters, at the annual International City Management Conference. The ideas contained in this book are so straightforward yet inspiring that I believe they have a special application for our own organization. During the past several weeks, the department heads and I have been discussing, debating, and reflecting upon *In Search of Excellence*. I wish to share with you the ideas and materials which have emerged from *In Search of Excellence*.

Portland—Your City Works for You

Organization Values
The city of Portland is a large, diverse organization responsible for delivering essential public services to its citizens. As employees of the city, we are committed to a set of shared values which enable us to individually and collectively meet the public service needs of our community.

1. *A Commitment to Portland.* Portland is a very, very special community—"The beautiful city by the sea." Collectively, our organization is the single most important factor in determining the present and future quality of our community.

2. *A Commitment to Public Service.* Individually and collectively, we are vested with the "public's trust." We have chosen public service and are proud of the excellent work performed by the city of Portland.

3. *A Commitment to Being the Best.* We believe that the public expects and deserves the best possible public services and we are committed to meeting their expectations.

4. *A Commitment to Progressive Changes.* We are committed to progressive change and reject the notion that "city hall" simply maintains the status quo.

5. *A Commitment to Our Employees.* Individually and collectively, our employees must be able to enjoy an exciting, challenging, and fulfilling work environment.

Management Philosophy
The public at large, and all of our own employees, need to understand the management philosophy that guides our organization. We must be committed to the following principles:

1. The most important function of management is to believe in, and then act upon, the shared values of our organization.

2. Our customers, the public, deserve the best. Our attitude toward them must be positive and responsive.

3. We believe in our employees' commitment to deliver quality public services, and we must provide our employees with the support and means necessary to deliver their products.

4. We believe that the goals of the organization can best be achieved by tapping the talents within our organization and allowing our employees to actively participate in the decision-making processes.

5. We believe that our success is dependent upon organizational teamwork, and we reject all forms of "turf building" and the "we, them" syndrome.

6. We are committed to excellent planning, which is responsive to our changing environment.

7. For our employees, we must establish clear expectations and provide honest and constructive evaluations.

8. We hold leadership positions within the community and the organization and must exercise that leadership to enhance our shared values and our organizational goals.

What has all this meant to our organization? First and foremost, it has allowed my department heads and me to clearly articulate some basic ideas that we strongly believe form the fabric of our organization. In addition, we have had a good time practicing what we have articulated. Our organization has shown much more MBWA (management by walking around), a new spirit of teamwork and cooperation, increased appreciation and recognition of the individual accomplishments of our 1,100 employees, and a professional enthusiasm that shows great pride in our accomplishments and determination to continue our progressive approach to delivering public services.

Finally, we are also having fun discovering the creativity, humor, and commitment throughout our organization. For example, we are now rotating our weekly department head meetings throughout the organization. How many city managers have had the opportunity to discuss "excellence" while meeting with their department heads in jail? Yes, in jail! The police chief hosted the latest meeting and had us experience what it is like to be behind bars. Fortunately, the prisoners were most obliging and prepared an "excellent" breakfast for all of us.

City managements are rich and alive with diversity and commitment—*In Search of Excellence* can help us as managers see the incredible strengths within our organizations.

—Stephen T. Honey
City Manager
Portland, Maine

Searching in Alexandria

Thomas Peters' presentation at the 1983 ICMA conference sparked the idea of having a special seminar for Alexandria's city administrators on the themes in *In Search of Excellence*. George P. Barbour, Jr., and George Sipel of PMC Consultants, Palo Alto, California, subsequently led a one-day workshop with our key staff, which was a success and is leading to various management efforts to improve the "excellence" of Alexandria's management.

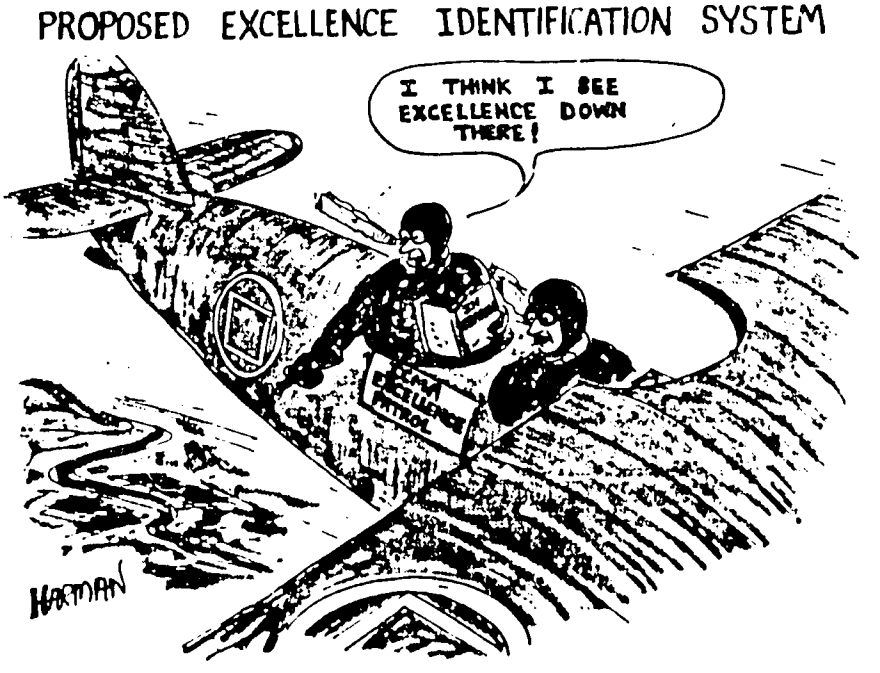
The hours allotted were divided almost equally between focused discussion on the key concepts of the book and issue identification by the 41 persons who attended. After a review of the book, five small groups worked on specific action recommendations that are now being pursued.

One of the groups highlighted the problems created by weakness in the city government's dissemination of official organizational goals. This group suggested a series of approaches to addressing this need, from simple publication and distribution of approved city goals to all employees to a possible round table discussion between the city council and senior staff on key issues concerning goal determination. Another group identified the need to strengthen employee orientations to the responsibilities and activities of various other departments. This group felt that the city is not always effective in addressing the community's complex issues because many employees are not fully knowledgeable on resources and capabilities of departments other than their own, which they could use in responding to particular issues.

Closeness to the citizen or customer was the focus of concern of another of the subcommittees. This group felt that many new citizens are not fully aware of their obligations (including tax obligations) when they first move to the city. The suggested action plan involved a variety of public information approaches to get more information to the citizens more effectively. The group also considered lengthening the time period for citizens to file for personal property taxes with the city.

Staff motivation was the theme of one of the small groups, which recommended strategies for providing employee recognition for outstanding performance. The staff underscored the need for creative mechanisms and award systems as alternatives to the traditional methods used in the past. Some of the specific ideas included lump sum cash payments, time off from work, tuition payments for desired training programs, and other techniques the city has not previously used in this manner

Another group dealt with the sensitive issue of the relationship between the city council and the senior staff. Their concern is that staff members are sometimes viewed as adversaries, when in fact they are attempting to advise city council on key issues and are attempting to follow through on objectives of the elected officials. This group underscored the need to have additional time for top staff to meet with council in some type of retreat setting to define an agenda of key issues and



problems that need to be discussed in order for the legislative/administrative processes to move forward more effectively. This group reflected the feeling that senior administrative staff members are not appreciated, and that their role is to "work all day and explain all night" at council meetings.

In Search of Excellence serves as a good platform for raising basic organizational issues and questions. As reflected in Alexandria's seminar, it deals with basic issues of concern to all organizations, whether public or private. It is a stimulating book, which is subject to as many differing interpretations as the Bible, and creates a foundation for lively discussions when being applied to the local government setting. The brilliance of *In Search of Excellence* is that it leads local government administrators to the factors contributing to excellence but requires the individual to determine what is relevant to any particular organization.

Ready. Fire. Aim.

—Executive at Cadbury's

Alexandria has successfully used the book to launch a series of management efforts designed to clarify and strengthen basic organizational goals. Also, it can establish a setting for candid exchange of viewpoints among key staff. As one senior staff member commented, many problems and issues identified in the seminar are often overlooked because top staff are not encouraged to come forward with their collective ideas. *In Search of Excellence* is one device for encouraging this kind of exchange.

The evaluation scores of the program were quite strong, with 37 of the 41 persons giving it a score of 4 to 6 on a scale of 0 to 6, with 6 being the highest score. Alexandria has created a small group that will be working with the five major groups and their specific proposals. I was pleased with the outcome of the seminar and strongly recommend it to other local government administrators. We are following up the important ideas that came from the seminar. In addition, we hope to institute an ongoing program that will bring senior staff together periodically to discuss major management books in an informal late-afternoon setting.

Alexandria local government is similar to all other local governments and periodically needs to bring forward stimulating ideas and suggestions. *In Search of Excellence* is a very useful device that can serve this objective.

—Douglas Harman
City Manager
Alexandria, Virginia

California Mission Statement

I found the book *In Search of Excellence* to be an exciting introduction to the subject of organizational culture. The book describes a number of ways of building an organizational culture, reinforcing it, and utilizing it to enhance productivity and morale. The city of Campbell, through workshops based on the text, developed an organizational mission statement that was adopted by the city council and has since been integrated into various organizational publications like the employee handbook. The statement reads as follows:

City of Campbell Mission Statement

The city of Campbell is primarily responsible for maintaining a safe, pleasant environment within the community by providing effective governance and the efficient delivery of public services.

In the process of providing representative local government, the city identifies and anticipates concerns, problems, and opportunities and takes actions to address them. The city government also provides a catalyst for the involvement of residents, businesses, and organizations in the development and maintenance of a well-integrated community.

The city delivers critical public services in an efficient, professional, and timely manner.

The city is responsible for the preservation of community physical and aesthetic assets, and for the efficient management and equitable allocation of community fiscal resources.

Essential to accomplishing the objectives outlined above is the selection, training, motivation, and retention of highly qualified men and women as city employees.

My definition of excellence in local government begins with every employee's having a clear understanding of the organization's mission and his or her role in accomplishing organizational objectives. The "excellent" city is one that provides effective governance and efficient public services in a manner that reflects community values.

—Edward G. Schilling
City Manager
Campbell, California

New Worlds of Excellence

In October 1979, the ICMA Committee on Future Horizons published a report entitled "New Worlds of Service." One year later, Larry Rutter produced for the committee a book entitled *The Essential Community: Local Government in the Year 2000.*

I'd encourage all ICMA members to read both of these documents. I personally believe that the work of the Committee on Future Horizons offers more relevant advice on management excellence than Peters and Waterman's *In Search of Excellence.* It's too bad that the promotional efforts behind Peters and Waterman's book weren't available to the committee's work products.

Peters and Waterman identify eight characteristics of successfully managed companies. The "New Worlds of Service" report identifies many of the same characteristics. I've taken the liberty to categorize their ideas into three general areas:

Mission—Successfully managed cities have a clear mission. The mission statement is a simple one: Representative democracy is the cornerstone of their existence.

Involvement—Successfully managed cities involve their citizens in decision making and recognize their employees for superior effort. Their "customers" are wise consumers. They are even allowed to do for themselves what they have come to expect from the city.

Leadership—Successfully managed cities have leaders who are skilled in listening—they ask the correct questions and don't always have all the answers. Their leaders are comfortable with change and can tell the difference between valuable and inferior technological applications. Most important, they lead by being led.

Will Rogers once said, "We should be glad we don't get all the government we pay for!" Excellence in local government, as in any other business, is a great buy. Cities that are clear about their mission, involve their citizens, promote and reward employee efforts, effectively determine which services to provide, and are able to use technology appropriately will meet the test of excellence. We just won't sell as many books!

—Paul A. Lanspery
City Administrative Officer
San Luis Obispo, California

Orem, Utah, Is Convinced

The characteristics of excellent companies discussed by Thomas J. Peters and Robert H. Waterman, Jr., in *In Search of Excellence* have helped the executive staff of the city of Orem to better articulate the values and goals of the organization. Many of the characteristics can be applied directly to municipalities or to any organization regardless of its size or purpose. This applicability evolves from the overriding theme that organizations consist of people, and people excel when values are upheld and employees are recognized as the most significant resource of the organization.

About four months ago, the executive staff of the city of Orem decided to investigate in detail the eight characteristics discussed in the book. Copies of *In Search of Excellence* were distributed to city councilmembers, the executive staff, and division managers. Copies were also made available in various locations for other employees to read.

Each characteristic of excellent companies was discussed in a two-part format in executive staff and department staff meetings. The first discussion was centered around defining the characteristic and gaining an understanding of its application as described by Peters and Waterman. The second discussion focused on applying the characteristic in the city of Orem. Members of the executive staff took turns leading meetings on the various topics. The result was a citywide emphasis on incorporating excellence into the city organization.

Some employees were initially skeptical of top management's commitment to implement some of the programs discussed in the book. Commitment, however, was strong and had an impact throughout the organization. Evidence of its effect included the development of teams to review such topics as a citywide smoking policy, an employee parking policy, the bid process procedure, and the development review process. Authority and accountability for purchasing decisions were increased for department heads and division managers. An environment conducive to the development and success of "champions" in the organization was reemphasized. Other methods of promoting creativity within prescribed boundaries were also implemented.

> **You can only be as good as you dare to be bad; as right as you dare to be wrong.**
>
> —*Anonymous*

Reactions to the various applications of *In Search of Excellence* were very favorable. Patrol officers in the public safety department presented the city manager with a cap decorated with an "In Search of Excellence" logo. A division manager distributed badges that read "We Care About Our People" in a department staff meeting. Teams began organizing to address citywide and department policies or procedures they felt could be improved.

The process the city went through to study and implement characteristics of excellent companies has proved to be very healthy for the organization. Top management has a much broader base from which it can establish the operational philosophy of the city and articulate values to be incorporated in the organization.

—Stewart Taylor
Assistant to the City Manager
Orem, Utah

Spelling It Out in Eugene

In Search of Excellence has had a major impact on the Eugene city government. Several activities are underway to implement some of the key suggestions. We are particularly intrigued by those portions of the book that deal with staying close to the customer, a bias for action, organizational values, and defining excellence.

The principles of the book have been applied to this organization in some of the following ways:

- Each department head has been asked, as a part of his or her performance evaluation, to be prepared to: (1) define what excellence means for that operation, and (2) compare that department statistically with other comparable cities in the Pacific Northwest. Our intent is to move the organization to a position where excellence is defined and understood by employees, becomes part of our organizational culture, and is measured and monitored.

- A dramatic improvement in customer service has been the principal value as we reorganize our information and development assistance functions. Over an approximate two-year period, the city will merge functions from six departments into a one-stop center, which will provide substantial changes in the way customers are serviced by the city. The center will handle everything from dog licenses to parking permits to building permits to planned unit developments.

- Perhaps the most comprehensive, long-term change is the city's effort to develop an organizational values statement. This is an attempt to put into writing an overall goal and working philosophy for the city government, and it seeks to describe an organization that not only delivers services and products effectively, but also is a stimulating and rewarding place for people to work. The values statement began over a year ago with the department head team. In discussing future goals, the group decided it first had to describe the kind of organization it hoped the city would become. After extensive review by an employee task force, a draft values statement has been passed on to all city employees, and a series of meetings with the city manager and department heads is being held throughout the city organization. The large group meetings will be followed by small group meetings in every department to gather feedback and make recommended changes to the draft. The desired product is a set of values that employees believe in and seek to carry out. Already some departments are using it as a checkpoint for their departmental mission statements.

In short, *In Search of Excellence* has had a marked effect on the city of Eugene and appears to be one of the most significant books written about organizations in some time.

—Dave Whitlow
Assistant City Manager
Eugene, Oregon

Excellence Is Not a Given

I thought the book *In Search of Excellence* was outstanding. We have used it extensively in our city. The reader must be cautioned, however, that the book does not help us, especially those of us in local government, define an actual standard of excellence.

This is because the eight conditions of excellence outlined in the book are "inputs." They are conditions whose existence *may* mean that excellence exists and *may* help make an organization excellent. However, just because a city has each of these conditions does not necessarily mean that it is an excellent organization.

The real question then becomes: What is an excellent organization? For free enterprise, profit is assumed to be a major, though not sole, criterion. In local government, we face a different problem. Not having the ability to gauge satisfaction based on total sales in a competitive market, we may choose to define excellence as "public satisfaction." Even with the most sophisticated survey techniques, however, should we defer the definition of excellence to the public alone? If a police department in a city with a high crime rate nevertheless has a high level of public confidence, is it an excellent department? Or is a police department in a city with a low crime rate and a low level of public confidence an inferior department? If the public thinks it's good, is it good?

The larger question, in a democracy, is: Is it impertinent to suggest that another standard of excellence, which might differ from "what the people say," might be more or equally valid? I think not. Our council/manager form of government is especially conducive to reconciling this natural conflict between "doing what the people want" (the elected representatives' natural instinct) and "doing what the people need" (the manager's natural instinct). The attempt to reconcile these two powerful and opposite perspectives produces the creative tension of our work. I would suggest that, similarly, there are two standards of excellence for local government: Public satisfaction and objective management criteria. Sometimes, just as in the tug of war between what the people want and what the people need, these standards will produce the same rating. At other times, they will not. Both are important.

I am concerned, as we move into the communications era with vastly improved ability to measure what the people want, that the balance may be shifted to the "want" side of the equation unless we managers begin to be more definitive about what constitutes an excellent local government product or organization. Since what the people want and what the people need cannot always be the same, we simply must improve our ability to define standards of excellence in providing the people wha[illegible] need.

The point [illegible] argument is not to discredit the importance of *In Search of Excellence* for city government. The book has been extremely helpful to me and my staff. Rather, it is to reemphasize that a great deal remains to be done to establish criteria for an excellent local government. In the example concerning the police departments, the manager's answer is that in neither case is the police department necessarily an excellent or an inferior department. Public opinion is helpful, but somewhere in the back of our minds we are thinking that there is a standard other than public opinion to measure the excellence of our work. If we are truly professionals, we must do a better job defining what that standard is.

—Norman R. King
City Manager
Palm Springs, California

. . . Even in the Silicon Valley

The city of San Jose management team has been working with the values and ideas from *In Search of Excellence* for the past six months. Although it ranks high in competence and sophistication, as you would expect from the city that is the capital of the Silicon Valley, we know that management effectiveness requires constant attention and self-renewal.

In Search of Excellence, the first popular work in several decades to focus on institutional values beyond mere numbers, has been a superb device for training. This is particularly important in a large institution where one person cannot know all of the members. In a large organization especially, the values of the institution must be articulated in order to provide guideposts for the actions of the people in it.

I believe strongly that *In Search of Excellence* identifies values needed in the public sector. To test this notion, we allocated time at our fall executive staff planning conference to discuss the book. Reactions confirmed that its message was relevant to the public sector, and this led to a later series of management seminars for the rest of the city's management team.

We followed up by sending all 360 managers a series of news articles summarizing the eight excellence principles, and we used these articles as the basis for discussion at four afternoon meetings.

The management seminars were designed to open up communications and stimulate discussion rather than merely to impart information. Great care was exercised to mix people with others they probably did not know, and many

> **But above all try something.**
>
> —*FDR*

techniques were used to encourage mingling. The 90 managers at each seminar were seated in small groups with individuals from different departments. An extremely positive reaction ensued. Participants felt that this opportunity to meet people and interact was as beneficial as the discussion of the workshop topics.

The conferences yielded more than 1,000 comments and suggestions, ranging from specific action items like "Get a receptionist for the lobby" to rhetorical remarks such as "More recognition—fewer put-downs." All of the input was summarized into a list of about 150 items and returned to the departments for discussion. This condensed version served to give a general sense of the expressed concerns but really wasn't in a form that inspired action. Yet it was vital to provide feedback to the participants and to let all know that change in organizational habits, attitudes, and practices was possible.

We have taken this formal process one step further by defining a specific action plan to address the main process issues that were

raised at the executive retreat and the management seminars:

- Employee involvement and recognition
- Communications
- Trust and a sense of belonging.

Increasing employee recognition and involvement, trying to "accentuate the positive," was clearly the overriding concern. Our action plan includes several ideas, the first of which is to establish the concept of management improvement committees. These ad hoc groups will be created by the city manager to address specific issues or procedures identified by members of the management team as needing attention. They will be the vehicle for managers to affect organizational concerns that had been previously "someone else's problem."

A second proposed action to encourage employee recognition is to fund experimental programs in each department. General guidelines will be provided, but innovation will be encouraged. The best programs can be considered for citywide use, and the creating departments could be rewarded with additional funding the following year.

This formal effort to create a climate of openness and dynamism has been augmented with a host of functions designed to recreate the sense of family that once existed among the city work force. I went to all the departments' Christmas parties and sponsored several social activities to get the ball rolling. Plans are in the mill now for additional events.

Department heads have followed this lead by testing new activities to increase employee involvement and their personal accessibility. The personnel department, for example, has started a health and fitness club. The planning department is experimenting with a form of quality circles, and the information systems department is facilitating a noontime computer users club.

In Search of Excellence and, more important, the values identified by it have provided a frame of reference that has been enormously helpful.

—Gerald E. Newfarmer
City Manager
San Jose, California

Lessons in Louisiana

In Shreveport, we have recently begun a new training program for mid-level supervisors. One of the training sessions discusses "The Supervisor and the Changing Environment." As co-instructor of that session, I use *In Search of Excellence* to provide examples of ways to initiate productive changes as well as how to react to the changes occurring in the supervisor's world.

> **Be not afraid of going slowly. Be afraid only of standing still.**
>
> —*Chinese proverb*

The points I emphasize from *In Search of Excellence* are:

- Don't study problems to death. We'd rather a supervisor take action than be afraid to do so.
- Reward risk-takers and tolerate small failures. We try to encourage our supervisors to find ways to experiment on a low-risk basis and allow their employees the same freedom.
- Keep things simple, particularly when making a change. It's better to solve some of a problem than to spend too long perfecting a grand solution that no one can understand or implement.
- Encourage the creative people in your organization, even if it means listening to a few off-the-wall suggestions.
- Finally, don't let things get so bureaucratic that only the procedures get done. Put another way, it's more important to fix the streets than it is to have a procedure telling us how we fix streets.

I've found the examples given in the book to be extremely useful in our training program, because they describe companies with which our supervisors are familiar. When I can make a point by citing the evolution of McDonald's (as a result of their willingness to try new things, even when some of them don't work out), it's much more effective than a dry textbook example.

—Tom Dark
Assistant City Administrative Officer
Shreveport, Louisiana

Excellence Its Own Reward in Chicago

In Search of Excellence is an exciting book. Reading it inspired me to implement in my own governmental unit some of the ideas that authors Peters and Waterman believe are basic to the success of the excellent companies cited in their research. As a tax administrator for the city of Chicago, I manage a staff of auditors who review financial records to determine if local businesses are paying the appropriate taxes. It is with this group that I have tried to develop a working environment that reflects some of the attributes highlighted in the book.

Specifically, I have attempted to focus on the individual auditor as a valuable, trusted employee who is essential to the success of the city's audit program. In doing so, I have initiated monthly staff meetings where the performance of the auditor, both individually and in a group, is reviewed and is compared with annual objectives and the prior year's accomplishments. Regular staff meetings foster communications and head off the potential complaint that auditors working in the field are the last to learn about new developments. Monthly meetings also serve to reinforce audit objectives and provide a forum to praise individual achievement in reaching these objectives.

Second, I have established an auditor recognition program designed to single out each month the auditor who has excelled in performing audit-related duties. The recipient of the award is given a certificate of recognition, which is prominently displayed in the office for one month. He or she also receives one day of leave that can be used as a vacation day. The award enables management to clearly reinforce exceptional performance, which is often difficult to do in a personnel system where "merit" salary increases are often given to outstanding and mediocre employees alike.

In addition, I have diligently tried to listen to the auditors' suggestions on how their jobs could be improved and then made every effort to promptly implement their ideas. This is done on the premise, emphasized in the book, that the employee knows the most about his or her work. Implementing the auditors' ideas has frequently increased the quality and quantity of the audits performed.

All of these efforts have paid off. Individual productivity, as measured by the amount of tax liability identified per auditor, increased 72 percent in 1983. While the elements described were not the sole reasons for the improvement, they helped promote an environment characterized by trust and appreciation for a job well done, which contributed to the better performance.

Consequently, I would urge all government managers to read *In Search of Excellence* and take time to implement within their own units some of the factors that have been highly successful in the private sector. In doing so, I believe the administrator would realize that a consistent investment in time toward the employee would reap excellent rewards.

—John G. Whaley
Manager, Tax Administration
Chicago, Illinois

Reorganizing in Virginia Beach

(Editor's Note: Although not mentioned by name, *In Search of Excellence* formed the basis for the organizational development strategy presented in this message to Virginia Beach city administrators.)

Improving the efficiency and the effectiveness of our Virginia Beach government involves many different factors. We need to be able to anticipate and influence change that is occurring around us, both in the environment and internally. The new buzz word for this is strategic planning. Once we assess this change, we need to make informed, intelligent recommendations about policy to the city council. As council decides on issues, we need to develop programs to properly implement council policy. We need to attract, absorb, and retain the resources necessary to efficiently and effectively carry out our responsibilities. Also, we need to continuously manage those resources, to be able to do budget forecasting, financial management, and productivity improvement. Finally, we need to establish a process to evaluate our current activities to help guide our future action. Specifically, we need to look at the system and to suggest where changes might be necessary in our policies, our practices, our procedures, and our structure in order to enhance our capacity as an organization.

Certain characteristics typify effective public and private organizations. A number of these characteristics already exist in our city, but I would suggest that by keeping this list in mind during the group process, we can measure our own competence and our own ability against these yardsticks.

First of all, I find that effective organizations have, as a major principle, the delegation of authority and responsibility to line and staff managers who have a bias for action—that is, with getting on with the tasks at hand. People have the authority to make decisions and to implement them within their subcomponents of the organization.

The second characteristic is somewhat a corollary of the first. Effective organizations spread decision making around by providing autonomy and a sense of entrepreneurship to the leaders and innovators within departments and divisions. That is possible because of the trust and integrity that are inherent in this type of management approach, which suggests that each employee is an individual capable of making contributions to the overall task.

Effective organizations have a mission and subobjectives that are well understood by each manager. Executive responsibility essentially ensures that the organization's cultural themes are constantly being reemphasized. Department and division responsibilities ensure that these cultural themes are placed into effect through the specific objectives set for each budget unit.

Effective organizations operate with a lean staff, which encourages a sense of challenge and enthusiasm from each of the employees. I firmly believe that one of the major sins of public administration is acceptance of the adage "fat is beautiful." Clearly, mass does not do the work—brain and muscle do. It is much better to understaff than to overstaff, and we must constantly ask ourselves: What is the smallest number of people we need to accomplish this purpose?

Effective organizations do more than just have a commitment to employee development—they put that commitment into practice every day. That is, they accept the fact that their human resources comprise the most critical aspect of productivity improvement and organizational effectiveness.

Effective organizations also set up systems to monitor, reward, or correct individual behavior; that is, by setting very specific organizational objectives and establishing monitoring systems, they collect the data to determine whether tasks are being performed effectively, which allows managers to praise good behavior and to correct poor behavior.

Finally, effective organizations are generally characterized by an openness and informality that belies the intensity the organization feels for its basic values.

I have spoken quite a bit about basic values. What are some of the basic values I see in the city of Virginia Beach? Clearly, the first basic value is a belief in the specialness of this organization. I believe that every employee wants to feel part of an effective, efficient organization, and each employee wants to feel special in his or her performance within that organization.

The second major value of this organization is professionalism, which has a number of subcomponents. It regards the recruitment and retaining of good people and is free of partisan political activity and based strictly on merit and performance. Professionalism means affirming the dignity and worth of the services rendered by local government and maintaining constructive, creative, and practical attitudes toward accomplishment of those goals set by city council. A professional manager can make a commitment to the Holy Grail of the public interest: that is, to serving the best interests of all the people of the city of Virginia Beach.

A third basic value that I have seen in my years on the job is pride in performance—the fact that we consider ourselves special in Virginia Beach and believe that no other organization can conduct itself in a better fashion than we can.

In order to further develop our organization, to enhance capacity, and to more nearly represent the ideals of performance that I have delineated, I would hope that this group process upon which we are embarking will not only result in concrete recommendations on internal structure, but also lead to a process by which we continuously address our capacity to perform our tasks in the most efficient and effective manner.

—Thomas H. Muehlenbeck
City Manager
Virginia Beach, Virginia

Excellence in Texas

Excellence in public management —especially city management—is sometimes perceived to mean relocating to major metropolitan communities with large staffs, employment contracts, special fringe benefits, awards from professional associations, graduate degrees, and so on. Not enough consideration is given to the quality of the job performed by the public manager in the community for the local citizens who are the local government's customers for public goods and services. Nor does anyone ask "Did that public manager properly maintain the infrastructure?" or "Did he provide proper services to the water/sewer customers?" or "Did he respond to citizen complaints?" These customer-related questions should be the issues raised by elected officials seeking to employ a public manager or by other professional public managers in evaluating a fellow manager.

This point about customer satisfaction is an emphasis of the book *In Search of Excellence*, which causes me to conclude that the book has much applicability to local government. I say this in spite of the inherent differences between private business and government. (For example, a public official is restricted by open meeting and records laws, bidding requirements, the nature of public goods and services, and the lack of a financial bottom line.)

Some comments in the book that should be remembered by public managers when reviewing their concept of public management include:

Management's job is not a brain game in the sterile ivory tower, but rather "it is the shaping of values and reinforcing through coaching and evangelism in the field—with the worker and in support of the cherished product."

There is too much emphasis on planning while ignoring the product or people, because planning is a welcome respite from operating problems, it is intellectually more rewarding, and does not carry the pressures that operations entail....

Excellent companies do what they do best and avoid diversification because diversification dilutes quality. How can an electronics executive talk about quality in a consumers goods business?

These comments caused me to question some of my management premises, which I learned either in school or through experience. For example, I have usually emphasized quantitative analysis with black and white facts, and tried to wait until all the facts were in before making a decision. This is the time-proven method of management, which is safe and conservative and gives the manager documentation for proposals (which means it is also politically safe). Perhaps, however, the time has arrived for more management by feel and sensitivity to the community and decision making based upon experience instead of just "hard, cold, analytical facts." The objective of such sensitivity management might be to streamline the decision-making process, to make the local government more responsive, and to make the local government management apparatus fit in more naturally with the community's life style. Of course, this approach will require longevity on the job (how else can you get to know your community?) and a self-confidence in your performance (which is difficult to find when you have an unfriendly council questioning your every action or constant criticism from citizen groups or the news media).

Also, I believe I have fallen into the trap of always wanting more planning because, as mentioned in the book, it is easier to handle and manage than operational problems, customer complaints, and day-to-day decision-making. In other words, analytical facts and planning can become nothing more than "security blankets" that preclude a manager from taking quick action, making an innovative change, or just making a change.

On the positive side, the book described some ideas I have practiced in local government:

- I have always thought it important for city managers to visit line crews working on water and sewer systems, repairing streets, mowing parks, or operating water or wastewater treatment plants. This experience provides the manager with a feel for the organization and also provides the employees with a sense of satisfaction (especially if the manager understands their operations and establishes credibility for knowledge of the operations). In fact, graduate programs in public administration might consider internships in line operations, providing student managers a perspective they might never share again.

- I have emphasized the point that the citizens are the city's customers and should be treated accordingly —especially in such services as utilities, golf courses, and airports, in which user fees are paid for the service and the customer is easily identified.

- I have always tried to hold the line on what services cities should provide (that is, avoid diversification), because I firmly believe that basic public services are inherently a city's proper function. Once a city assumes responsibility for another service, it faces some of the same diversification problems identified in the book.

As far as what constitutes excellence in local government, I believe that excellence in local government cannot accurately be identified by parameters or indicators established by the state or federal government, consultants, or professional groups such as ICMA. Excellence on the local level is best determined by the consumer of local governmental services, the local citizen. For example, one city might consider 28'-wide streets as acceptable, while another city might demand 40' streets as the only acceptable width. Likewise, a traffic flow on Main Street of 30,000 vehicles per day may be acceptable in one city, while only 15,000 vehicles are allowed in another. All the expert advice and facts to the contrary notwithstanding, the public manager had best address the problems identified by the city according to its particular perception or there will be no excellence in that community!

As the AT&T executive points out in the book, there is a nice distinction between broad-based service standards and "customer focus," which acknowledges that every individual perceives service in his or her own terms. Excellent companies recognize this individual perception of service, and I would recommend that excellent local governments do likewise.

—James Thurmond
City Manager
Uvalde, Texas

Editor's Note: Due to the overwhelming response from ICMA members on "Excellence in Public Management," this commentary will be continued in the May issue of *Public Management*.

PEOPLE: Situational Leadership

"Situational Leadership," by Kenneth Blanchard and Paul Hersey.

"Situational Leadership Revisited," by Kenneth Blanchard.

Paul Hersey and Ken Blanchard's

Situational Leadership

Over the last few decades, people in the field of management have been involved in a search for a "best" style of leadership. Yet, the evidence from research clearly indicates that there is no single all-purpose leadership style. Successful leaders are those who can adapt their behavior to meet the demands of their own unique situation.

A SITUATIONAL LEADERSHIP THEORY

A situational leadership theory helpful to managers in diagnosing the demands of their situation has been developed as a result of extensive research. This theory is based on the amount of direction (task behavior) and the amount of socio-emotional support (relationship behavior) a leader must provide given the situation and "the level of maturity" of the follower or group.

Task Behavior and Relationship Behavior

The recognition of task and relationship as two critical dimensions of a leader's behavior has been an important part of management research over the last several decades. These two dimensions have been labeled various things ranging from "autocratic" and "democratic," to "employee-oriented" and "production-oriented."

For some time, it was believed that task and relationship were either/or styles of leadership and, therefore, could be shown as a continuum, moving from very authoritarian leader behavior (task) at one end to very democratic leader behavior (relationship) at the other.

In more recent years, the idea that task and relationship were either/or leadership styles has been dispelled. In particular, extensive leadership studies at Ohio State University questioned this assumption and proved it wrong.

By spending time actually observing the behavior of leaders in a wide variety of situations, the Ohio State staff found that they could classify most of the activities of leaders into two distinct and different behavioral categories or dimensions. They named these two dimensions "Initiating Structure" (task behavior) and "Consideration" (relationship behavior). Definitions of these two dimensions follow:

Task behavior is the extent to which a leader engages in one-way communication by explaining what each follower is to do as well as when, where, and how tasks are to be accomplished. *Relationship behavior* is the extent to which a leader engages in two-way communication by providing socio-emotional support, "psychological strokes," and facilitating behaviors.

In the leadership studies mentioned, the Ohio State staff found that leadership styles tended to vary considerably. The behavior of some leaders was characterized mainly by directing activities for their followers in terms of task accomplishment, while other leaders concentrated on providing socio-emotional support in terms of personal relationships between themselves and their followers. Still other leaders had styles characterized by both task and relationship behavior. There were even some leaders whose behavior tended to provide little task or relationship for their followers. No dominant style appeared. Instead, various combinations were evident. Thus, it was determined that task and relationship are not either/or leadership styles. Instead, these patterns of leader behavior can be plotted on two separate and distinct axes as shown in Figure 1.

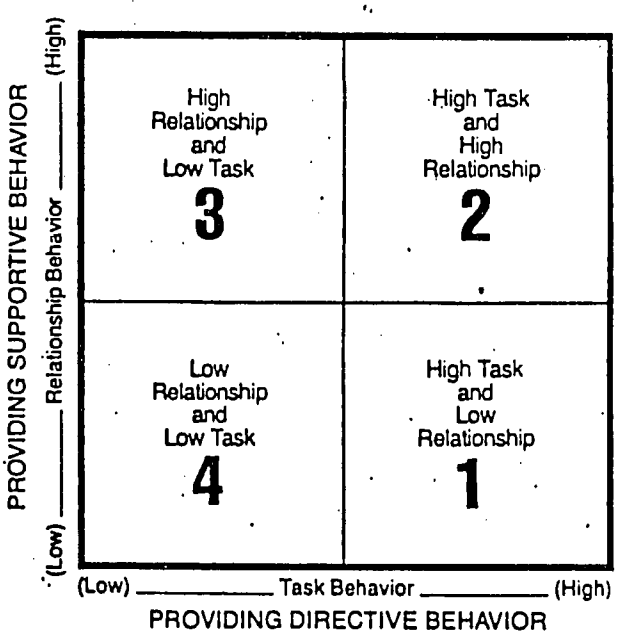


FIGURE 1 Four basic leader behavior styles.

Since research in the past several decades has clearly supported the contention that there is no "best" style of leadership, any of the four basic styles shown in Figure 1 may be effective or ineffective depending on the situation.

Situational Leadership Theory is based upon an interplay among (1) the amount of direction (task behavior) a leader gives, (2) the amount of socio-emotional support (relationship behavior) a leader provides, and (3) the "maturity" level that followers exhibit on a specific task, function, or objective that the leader is attempting to accomplish through the individual or group (follower(s)).

LEVEL OF MATURITY

Maturity is defined in Situational Leadership Theory as the capacity to set high but attainable goals (achievement-motivation), willingness and ability to take responsibility, and education and/or experience of

an individual or a group. *These variables of maturity should be considered only in relation to a specific task to be performed.* That is to say, an individual or a group is not mature or immature in any *total* sense. People tend to have varying degrees of maturity depending on the specific task, function, or objective that a leader is attempting to accomplish through their efforts.

Thus, a sales representative may be very mature in the way he or she approaches sales calls but may not demonstrate the same degree of maturity in developing and writing customer proposals. As a result, it may be quite appropriate for this individual's manager to provide little direction and help on sales call activities; yet provide a great deal of direction and close supervision over the individual's proposal writing activity.

The Basic Concept

According to Situational Leadership Theory, as the level of maturity of the follower continues to increase in terms of accomplishing a specific task, the leader should begin to *reduce* task behavior and *increase* relationship behavior. This should be the case until the individual or group reaches a moderate level of maturity. As the follower begins to move into an above average level of maturity, it becomes appropriate for the leader to decrease not only task behavior but relationship behavior as well. Now the follower is not only mature in terms of the performance of the task but also is psychologically mature.

Since the follower can provide his or her own "strokes" and reinforcement, a great deal of socio-emotional support from the leader is no longer necessary. People at this maturity level see a reduction of close supervision and an increase in delegation by the leader as a positive indication of trust and confidence. Thus, Situational Leadership Theory focuses on the appropriateness or effectiveness of leadership styles according to the *task relevant maturity* of the follower(s). This cycle can be illustrated by a bell-shaped curve superimposed upon the four leadership quadrants, as shown in Figure 2.

Style of leader vs. Maturity of followers

Figure 2 attempts to portray the relation between task relevant maturity and the appropriate leadership styles to be used as the follower moves from immaturity to maturity. As indicated, the reader should keep in mind that the figure represents two different phenomena. The appropriate leadership style (*style of leader*) for given levels of follower maturity is portrayed by a curvilinear function in the four leadership quadrants. The maturity level of the individual or group being supervised (*maturity of followers*) is depicted below the leadership model as a *continuum* ranging from immature to mature.

In referring to the leadership styles in the model, we will use the following shorthand designations: (1) high task-low relationship will be referred to as leader behavior style S1; (2) high task-high relationship behavior as leader behavior style S2; (3) high relationship-low task behavior as leader behavior style S3; and (4) low relationship-low task behavior as style S4.

In terms of follower maturity, it is not simply a question of being mature or immature but a question of degree. As can be seen in Figure 2, some benchmarks of

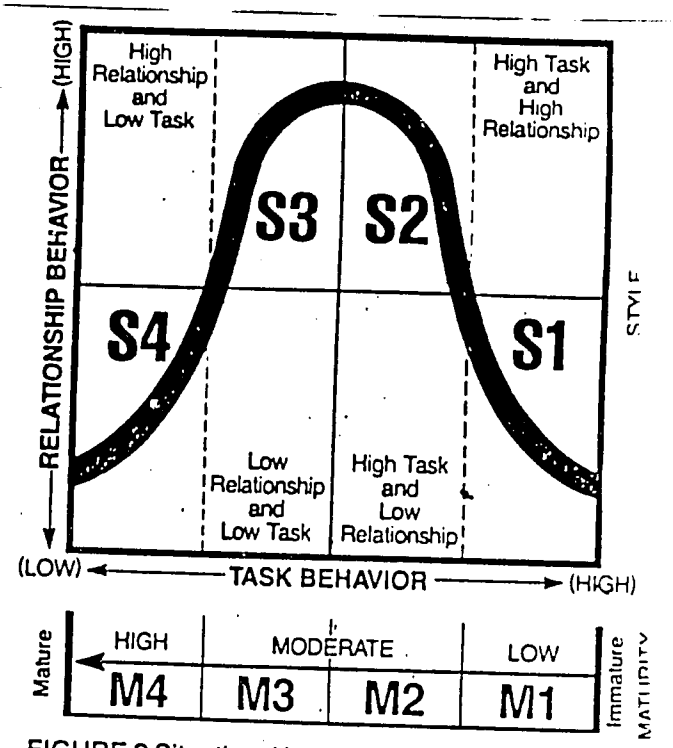


FIGURE 2 Situational Leadership Theory.

maturity can be provided for determining appropriat leadership style by dividing the maturity continuum int four levels of maturity. Low levels of task relevan maturity are referred to as maturity level M1; low t moderate as maturity level M2; moderate to high a maturity level M3; and high levels of task relevant maturity as maturity level M4.

APPLICATION

What does the bell-shaped curve in the style-of-leader portion of the model mean? It means that as the maturity level of one's followers develops along the maturity continuum from immature to mature, the appropriate style of leadership moves accordingly along the curvilinear function.

Determining Appropriate Style

To determine what leadership style is appropriate to use in a given situation, one must first determine the maturity level of the follower in relation to a specific task that the leader is attempting to accomplish through the follower's efforts. Once this maturity level is identified, the appropriate leadership style can be determined by constructing a right angle (90° angle) from the point on the continuum that identifies the maturity level of the follower to a point where it intersects on the curvilinear function in the style of leader portion of the model. The quadrant in which that intersection takes place suggests the appropriate style to be used by the leader in that situation with a follower of that maturity level. Let us look at an example in Figure 3.

Suppose a manager has determined that a subordinate's maturity level in terms of administrative paper work is low. Using Situational Leadership Theory she would place an X on the maturity continuum as shown in Figure

3 (above M1). Once the manager had decided that she wanted to influence the subordinate's behavior in this area, the manager could determine the appropriate initial style to use by constructing a right angle from the X drawn on the maturity continuum to a point where it intersects the bell-shaped curve (designated in Figure 3 by O). Since the intersection occurs in the S1 quadrant, it is suggested that when working with this subordinate who demonstrates M1 maturity on this particular task, the manager should use an S1 style (high task-low relationship behavior). If one follows this technique for determining the appropriate leadership style for all four of the maturity levels, it will become clear that the four maturity designations (M1, M2, M3, M4) correspond to the four leadership behavior designations (S1, S2, S3, S4); that is, M1 maturity needs S1 style, M2 maturity needs S2 style, etc.

In this example, when we say low relationship behavior, we do not mean that the manager is not friendly or personable to the subordinate. We merely suggest that the manager, in supervising the subordinate's handling of administrative paper work, should spend more time directing the person in what to do and how, when, and where to do it, than providing socio-emotional support and reinforcement. Increased relationship behavior should occur when the subordinate begins to demonstrate the ability to handle necessary administrative paper work. At that point, a movement from Style 1 to Style 2 would be appropriate.

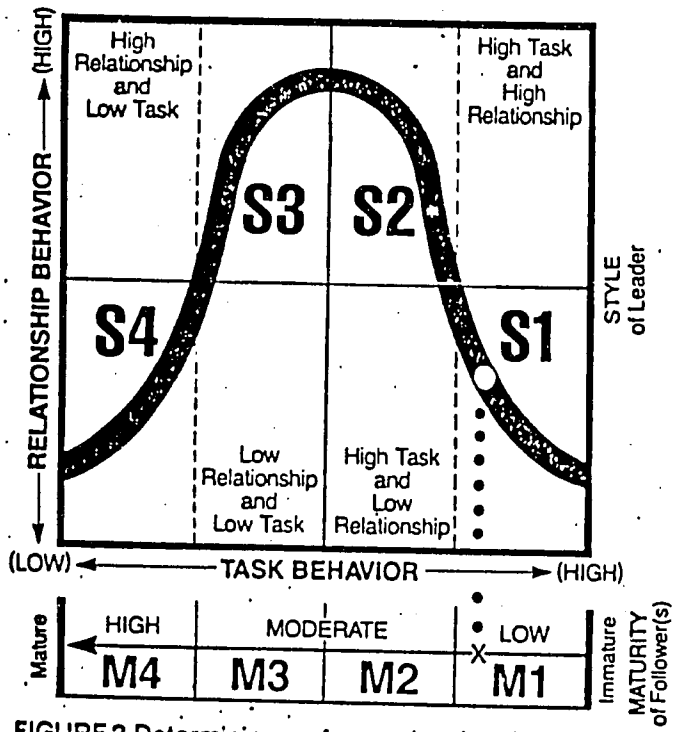


FIGURE 3 Determining an Appropriate Leadership Style.

Thus, Situational Leadership Theory contends that in working with people who are low in maturity (M1) in terms of accomplishing a specific task, a high task/low relationship style (S1) has the highest probability of success; in dealing with people who are of low to moderate maturity (M2), a moderate structure and socio-emotional style (S2) appears to be most appropriate; while in working with people who are of moderate to high maturity (M3) in terms of accomplishing a specific task, a high relationship/low task style (S3) has the highest probability of success; and finally, a low relationship/low task style (S4) has the highest probability of success in working with people of high task relevant maturity (M4).

While it is important to keep in mind the definitions of task and relationship behavior given earlier, the labeling of the four styles of Situational Leadership Theory, as in Figure 4, on the following page, is sometimes useful for quick diagnostic judgments.

High task/low relationship leader behavior (S1) is referred to as "telling" because this style is characterized by one-way communication in which the leader defines the roles of followers and tells them what, how, when, and where to do various tasks.

High task/high relationship behavior (S2) is referred to as "selling" because with this style most of the direction is still provided by the leader. He or she also attempts through two-way communication and socio-emotional support to get the follower(s) psychologically to buy into decisions that have to be made.

High relationship/low task behavior (S3) is called "participating" because with this style the leader and follower(s) now share in decision making through two-way communication and much facilitating behavior from the leader since the follower(s) have the ability and knowledge to do the task.

Low relationship/low task behavior (S4) is labeled "delegating" because the style involves letting follower(s) "run their own show." The leader delegates since the follower(s) are high in maturity, being both willing and able to take responsibility for directing their own behavior.

MODIFYING LEVELS OF MATURITY

In attempting to improve the maturity of followers who have not taken much responsibility in the past, a leader must be careful not to increase socio-emotional support (relationship behavior) too rapidly. If this is done, the followers may view the leader as becoming a "soft touch." Thus the leader must develop followers slowly using a *little* less task behavior and a *little* more relationship behavior as followers mature. When an individual's performance is low, one cannot expect drastic changes overnight. For more desirable behavior to be obtained, a leader must reward as quickly as possible the slightest appropriate behavior exhibited by the individual in the desired direction and continue this process as the individual's behavior comes closer and closer to the leader's expectations of good performance. This is a behavior modification concept. For example, if a leader wants to improve the maturity level of a follower so this follower will assume significantly more responsibility, the leader's best bet initially is to *reduce* a little of the direction (task behavior) by giving the follower an opportunity to assume some increased responsibility. If this responsibility is well handled, the leader should reinforce this behavior with increases in relationship behavior. This is a two step process: first, reduction in direction, and *if adequate performance follows;* second, increase in

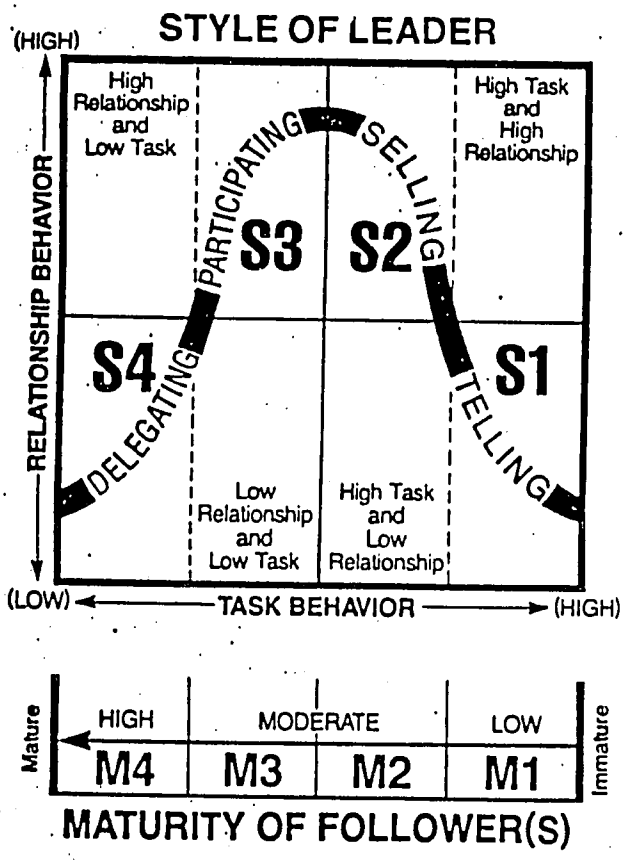


FIGURE 4 Situational Leadership

socio-emotional support as reinforcement. This process should continue until the follower is assuming significant responsibility and performing as an individual of moderate maturity. This does not mean that the individual's work will have less direction, but the direction will now be internally imposed by the follower rather than externally imposed by the leader. When this process occurs, followers are not only able to provide their own direction for many of the activities in which they engage, but also begin to be able to provide their own satisfaction for interpersonal and emotional needs. At this stage followers are positively reinforced for accomplishments by the leader *not* looking over their shoulder and by the leader leaving them more and more on their own. It is not that there is less mutual trust and friendship (in fact, there is more) but it takes less direct effort on the leader's part to prove it with mature followers.

Although this theory seems to suggest a basic style for different levels of maturity it is not quite that simple. When followers begin to behave less maturely, for whatever reason, i.e. crisis at home, change in work technology, etc., it becomes appropriate and necessary for leaders to adjust their behavior backward through the bell shaped curve to meet the present maturity level of the followers. For example, take a subordinate who is presently working well without much supervision. Suppose, suddenly, a family crisis begins to affect this person's performance on the job. In this situation, it might very well be appropriate for the manager to increase *moderately* both direction and support until the subordinate regains composure.

Take another example of a teacher who was highly motivated and competent (M4) and therefore could be left on his own. Suppose he is promoted to principal. While it may have been appropriate to leave him alone (S4) as a teacher, now that he is a principal, a task for which he has little experience, it may be appropriate for his supervisor to change styles by first providing more socio-emotional support and then increasing the direction and supervision of his activities (Style 4 to Style 3 to Style 2). This high task-high relationship style should continue until the person is able to grasp the new responsibilities. At that time, a movement back from Style 2 through Style 3 to Style 4 would be appropriate. Starting off using the same leadership style that was successful while he was a teacher may now prove ineffective because it is inappropriate for the needs of this situation.

In summary, effective leaders must know their staffs well enough to meet their everchanging abilities and demands upon them. It should be remembered that over time followers as individuals and as groups develop their own patterns of behavior and ways of operating, i.e. norms, customs and mores. While a leader may use a specific style for the work group *as a group*, that leader may quite often have to behave differently with individual followers because they are at different levels of maturity. In either case, whether working with a group or an individual, changes in leadership style from S1 to S2, S3, and S4, *must be gradual!* This process by its very nature cannot be revolutionary but must be evolutionary: gradual developmental changes, a result of planned growth and the creation of mutual trust and respect.

REFERENCES

For a more detailed discussion of this leadership theory and other related behavioral science frameworks see Paul Hersey and Kenneth H. Blanchard, *Management of Organizational Behavior: Utilizing Human Resources*, 3rd Edition (Englewood Cliffs, N.J.; Prentice-Hall Inc., 1977).

SITUATIONAL LEADERSHIP REVISITED

Kenneth H. Blanchard

The acceptance of Situational Leadership as a practical, easy to understand approach to managing and motivating people has been widespread over the last decade. The concept of Situational Leadership was first described by Paul Hersey and Kenneth Blanchard as "Life Cycle, Theory of Leadership"[1], in 1969; the most extensive presentation of the concept has been the Hersey/Blanchard text, *Management of Organizational Behavior: Utilizing Human Resources,*[2] now in its 4th edition. What follows is a description of Ken Blanchard's latest thinking[3] about Situational Leadership which he and colleagues from Blanchard Training and Development, Inc. (BTD) are using in their work with managers throughout the world.

LEADERSHIP AND LEADERSHIP STYLE

Any time you try to influence the behavior of another person you are engaging in an act of leadership. Therefore, *leadership* is an *influence process.* If you are interested in developing your staff and building motivational climates which result in high levels of productivity in the short *and* long run, then you need to be concerned about your leadership style. *Leadership style* is the pattern of behaviors you use when you are trying to influence the behavior of others as perceived by them. While *your perception* of your own behavior and its impact on others is interesting and useful, it is not very meaningful unless we compare it with the *perceptions of those you are trying to influence.*

For years, when people talked about leadership style, they identified two extremes – autocratic (directive) and democratic (supportive). Autocratic leadership was seen as based on position power and the use of authority, while democratic leadership was associated with personal power and follower participation in problem-solving and decision-making processes. Tannenbaum and Schmidt, in their classic Harvard Business Review article "How to Choose a Leadership Pattern,"[4] argued that these two leadership styles – autocratic and democratic – were either/or styles of leadership and therefore fell along a continuum from very authoritarian leader behavior at one end to very democratic leader behavior at the other end.

SITUATIONAL LEADERSHIP

Further research[5], however, showed that leadership styles tend to vary considerably from situation to situation, and that it is not helpful to think of leadership style as an either/or continuum. While the behavior of some leaders is characterized mainly by directing activities for their followers in terms of task accomplishment (directive behavior), other leaders concentrate on providing socio-emotional support in terms of personal relationships between themselves and their followers (supportive behavior). In other situations, various combinations of directive and supportive behavior are evident. Thus, it was determined that directive and supportive leader behaviors are not either/or leadership styles. Instead, these patterns of leader behavior can be plotted on two separate and distinct axes as shown in Figure 1.

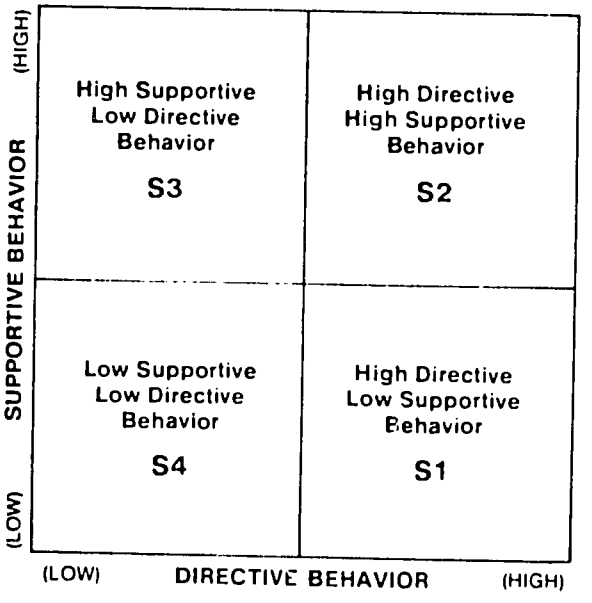


Figure 1. The Four Basic Leadership Styles

Each of the four leadership styles depicted in Figure 1 represent different combinations of directive and supportive leader behavior.[6] These combinations differ on three dimensions: 1) the amount of direction the leader provides, 2) the amount of support and encouragement the leader provides, and 3) the amount of follower involvement in decision-making.

Directive and Supportive Leader Behaviors

DIRECTIVE BEHAVIOR is defined as:

The extent to which a leader engages in one-way communication; spells out the follower(s) role and tells the follower(s) what to do, where to do it, when to do it, how to do it; and closely supervises performance.

SUPPORTIVE BEHAVIOR is defined as:

The extent to which a leader engages in two-way communication, listens, provides support and encouragement, facilitates interaction, and involves the follower in decision-making.

In Style 1, a leader is high on direction, low on support. He or she provides specific instructions (roles and goals) for the follower(s) and closely supervises task accomplishment. When using a Style 2, the leader is high on both direction and support. He or she explains decisions and solicits suggestions from the follower(s), but continues to direct task accomplishment. Style 3 leader behavior is characterized by high supportive and low directive behavior. The leader makes decisions together with the follower(s) and supports their efforts in task accomplishment. In Style 4, a leader provides low support and direction. He or she turns over decisions and responsibility for implementation to the follower(s).

Leadership Behavior as Problem-Solving/Decision-Making Styles

As defined earlier, leadership style is the pattern of behaviors you use when you are trying to influence the behaviors of others *as perceived by those other people*. Since the basic behaviors that subordinates respond to in assessing your leadership style is the type of problem-solving and decision-making process you use with respect to them, each of the four leadership styles can be identified with a problem-solving and decision-making process as illustrated in Figure 2.

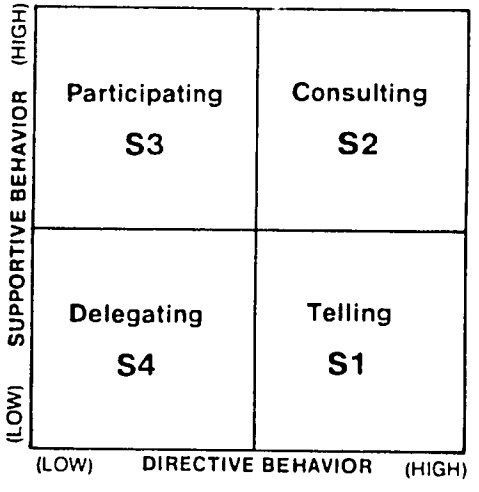


Figure 2. The Four Basic Leadership Styles as Types of Problem-solving and Decision-making Processes

High directive/low-supportive leader behavior (S1) is referred to as *"Telling"* because this style is characterized by one-way communication. The leader defines the roles of followers and tells them what, how, when and where to do various tasks. Problem-solving and decision-making are initiated solely by the manager. Solutions and decisions are announced, and implementation is closely supervised by the leader.

High-directive/high-supportive behavior (S2) is referred to as *"Consulting"*[7] because in using this style the manager still provides a great deal of direction and makes most of the decisions, but by increasing the amount of two-way communication and supportive behavior, he or she attempts to hear the followers' feelings about decisions as well as their ideas and suggestions. While support is increased, control over decision-making remains with the manager.

High-supportive, low-directive leader behavior (S3) is called *"Participating"* because the locus of control over problem-solving and decision-making shifts significantly. With the use of Style 3, the leader and follower(s) share in problem-solving and decision-making. Two-way communication is increased; and the manager's role is to actively listen and facilitate problem-solving decision-making on the part of the follower. This is appropriate since the follower(s) have the ability and knowledge to do the task.

Low-supportive, low-directive leader behavior (S4) is labeled *"Delegating"* because the manager discusses the problem with subordinate(s) until joint agreement is achieved on problem definition and then the decision-making process is totally delegated to the follower. Now it is the subordinate who has significant control for deciding *how* tasks are to be accomplished. The follower(s) are allowed to "run their own show" because they have both the ability and confidence to take responsibility for directing their own behavior.

No One "Best" Leadership Style

Once it was generally agreed that there were four basic leadership styles characterized by varying degrees of directive and supportive behavior, some writers[8] argued that there was "one best" style – one which maximized both productivity and human satisfaction and growth and development in all situations. However, further research in the last several decades has clearly supported the contention that there is no best leadership style: *successful leaders are able to adapt their style to fit the situation.*[9]

While the need for a situational approach to leadership might make sense, it is not very helpful to practicing managers, who have to make leadership decisions every day. If "it all depends on the situation," they want to know *when* to use *which style*.

A number of situational variables influence which leadership style will be appropriate in what situation including time, job demands, organizational climate, and superiors', associates' (peers), and subordinates' skills and expectations. While all these factors and undoubtedly others impact the effectiveness of a particular style, if practicing managers had to examine all the situational variables suggested by theorists before deciding what style to use, they would be immobilized. That is why Hersey and Blanchard based their Situational Leadership approach around the key factor that they found to have the greatest impact on what leadership styles you use in what situations – the follower(s). In particular, it was found that the amount of direction or support that a leader should provide depends on the *development level*[10] that the follower(s) exhibits on a specific task, function, or objective that the leader is attempting to accomplish through the individual or group.

Development Level

In this article development level is defined as the *ability* and *willingness* of follower(s) to perform a particular task without supervision. Ability is a function of knowledge or skill which can be gained from education, training, and/or experience. Willingness is a function of confidence and motivation.

It is important when thinking about someone's development level to remember that people are not "fully-developed" or "under-developed." In other words, *development is not a global concept, it is a task specific concept.* That is to say that people tend to be at different levels of development depending on the specific task, function, or objective that they are assigned.

For example, let's say that an engineer might be highly developed (able and willing) to handle the technical aspects of a job, but has not demonstrated the same degree of development when it comes to working with his/her budget. As a result, it may be quite appropriate for the engineer's manager to provide little direction or support (S4-delegating) on a technical problem, but provide a great deal of direction or close supervision over the engineer's budget and expense activities. Thus, Situational Leadership focuses on the appropriateness or effectiveness of leadership styles according to the task-relevant development level of the follower(s). This relationship is illustrated in Figure 3.

By dividing the development level continuum below the leadership model into four levels: Low (D1), low to moderate (D2), moderate to high (D3), high (D4), some bench marks of development level are provided. Each of these development levels suggest a different combination of ability and willingness as indicated below:

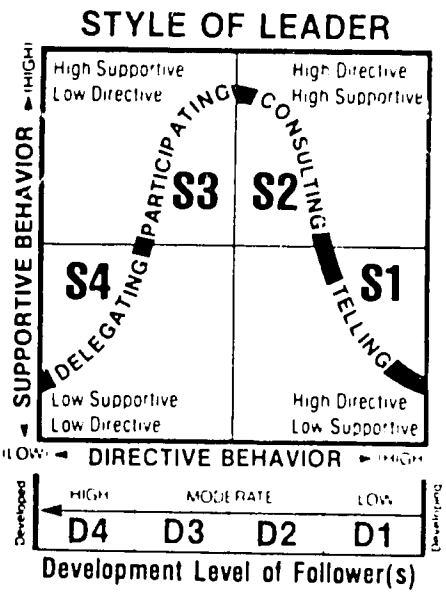


Figure 3. Situational Leadership

Developed	Able and Willing	Able But Unwilling or Lacks Confidence	Unable But Willing	Unable and Unwilling or Insecure	Developing
	D4	D3	D2	D1	

Figure 3 also attempts to portray the relationship between development level and the appropriate leadership styles to be used as the follower(s) moves from developing to developed.

"Telling" is for low development level. People who are both *unable* and *unwilling* (D1) to take responsibility to do something are not competent or confident. In many cases, their unwillingness is a result of their *insecurity* or a *lack of experience* or *knowledge* regarding the necessary task. Thus, a directive style (S1) that provides clear, specific direction and close supervision has the highest probability of being effective. Again, this style is called "telling" because it is characterized by the leader defining roles and telling people what, how, when, and where to do various tasks.

"Consulting is for low to moderate development. People who are *unable* but *willing* (D2) to take responsibility are confident but lack skills. Thus, a "consulting" style (S2) that provides directive behavior (because of their lack of ability) but also supportive behavior to reinforce willingness and enthusiasm appears to be most appropriate with individuals at this development level. This style is called "consulting" because most of the direction is still provided by the leader, yet, through two-way communications and explanation, the leader involves the follower by seeking suggestions and answering questions. This two-way communication helps maintain a high level of motivation on the part of the follower, while keeping responsibility for and control over decision-making with the leader.

"Participating" is for moderate to high development level. People of this development level are *able* but *unwilling* (D3) to do an assigned task. Their unwillingness is often a function of lack of *confidence* or *insecurity*. However, if they are confident but unwilling their reluctance to perform is more of a motivational problem than a confidence problem. In either case, the leader needs to open up communication through two-way communication and active listening and to support the follower's effort to use the ability he or she already has. Thus, a supportive non-directive "participating" style (S3) has the highest probability of being effective with individuals at this development level. This style is called "participating" because the leader or follower share in decision-making, with the key roles of the leader being listening and facilitating.

"Delegating" is for high development. People at this develoment level are both *able* and *willing* or *confident* (D4) to take responsibility. Thus, a low profile "delegating" style (S4) that would provide little direction and support, has the highest probability of being effective with individuals at this development level. Even though the leader may still identify the problem, the responsibility for carrying out plans is given to those experienced followers. They are permitted to run the show and decide on the how, when, and where. At the time, they are psychologically mature, therefore do not need above average amounts of two-way communication or supportive behavior.

INCREASING PERFORMANCE CAPACITY

Situational Leadership as described to this point, is helpful for a practicing manager trying to determine what leadership style to use with follower(s) in a particular situation, on a particular task. Yet, suppose you are using a directive style (S1) with an inexperienced person with good results – the job is getting done. Would you want to continue to provide this direction and close supervision all the time with this person on this task? Obviously the answer is no. Style 1 is too time-consuming a style to use all the time. Therefore, your goal should be to help followers increase their willingness and ability to independently accomplish the tasks assigned to them, so that gradually you can begin to use less time-consuming styles (S3 and S4) and still get high quality results.

As managers, we have two choices with the people that work for us. First, we can hire a winner – that is a person who has the ability and motivation to perform at a desired level with little supervision (D4). Winners are easy to supervise; all they need to know is what are the goals, objectives, and timelines; and then they can be left on their own to do the job.

Since winners are hard to find and cost money, most managers are left with the second alternative – hire potential winners and then train them to be winners. In fact, unless managers realize and accept the training function in their jobs, they will be continually frustrated and confused about why their subordinates are not performing well. This frustration often forces managers into the most widely used leadership style which we refer to as "leave alone – zap". They hire someone to assume certain responsibilities; tell that person what do (S1); and then "leave them alone" (an ineffective S4) and assume good performance will follow. Unless the person delegated to is a winner (D4), that assumption would prove false. When unacceptable performance occurs, or the person does something wrong or does not live up to the manager's expectations the frustrated manager moves quickly to a punitive S1 style and demands to know why things are not getting done, the "zap." This change in leadership styles can leave managers frustrated and followers confused and often angry.

To avoid the ill effects of the "leave alone – zap" leadership style and to insure productive and satisfied employees, managers need to learn how to increase the performance capacities of their subordinates. There are five steps to training winners:

Tell the person(s) what you want them to do. You can't manage, unless your followers understand what they are being asked to do - what their responsibilities or areas of accountability are.

Show the person(s) what you want them to do. Once people know what their responsibilities are, they need to know what good performance looks like. What are their performance standards.

Show and *tell* are both directive behaviors. Thus, training a potential (D1-D2) winner usually starts with an S1 "telling" leadership style. Since the person(s) do not know how to perform the desired task without direction and supervision, decision-making and problem-solving are controlled by the leader.

3. *Let them try.* Once the person(s) know what to do and the expected level of performance, now the manager must take a risk and let them try to perform on their own. When you do that, you are essentially cutting back on directive behavior as you are turning over responsibility for doing the task to the follower. The risk here is that the follower might fail so you don't want to turn over too much responsibility too soon. Make the risk reasonable. Let the person cut his or her teeth on something where failure will not be devastating.

4. *Observe performance.* When you let a follower(s) try to do something, do not go to a "delegating" Style 4 and leave them alone. That sets up the "leave alone – zap" leadership style. Since we know that style is not helpful in terms of productivity or satisfaction, we want to avoid it. Therefore, after you let the person(s) try to do what you want them to do, stick around and observe performance. A basic component of a telling S1 style is close supervision – which means frequently monitoring performance.

5. *Manage the consequences.* The main reason to closely supervise or monitor performance is to manage the consequences. A consequence is merely anything that follows behavior. There are three basic consequences:

   a. A *positive* consequence or reinforcer – anything that follows performance that tends to increase the probabilty of that behavior occurring again, i.e., a praising or promotion.

   b. A *negative* consequence or punisher – anything that follows performance that tends to decrease the probability of that behavior occurring again, i.e., a reprimand or demotion.

   c. A *neutral* consequence or no response. Unless a person is doing something that is intrinsically valuable, (they would do it regardless of feedback from others) no response to good perfromance will gradually decrease the frequency of that behavior occuring again.

As you can see, the only consequence that tends to increase the probability of a behavior occurring again is a positive consequence. Thus we feel that *the key to developing people is to catch them doing something right.*[11] Most managers seem to be best at catching their people doing something wrong. You also need to remember that in the beginning with people you are training to be winners, you should try to catch them doing something *approximately right* not *exactly right.* Exactly right is made up of a whole series of approximately rights as the little steps indicate in Figure 4.

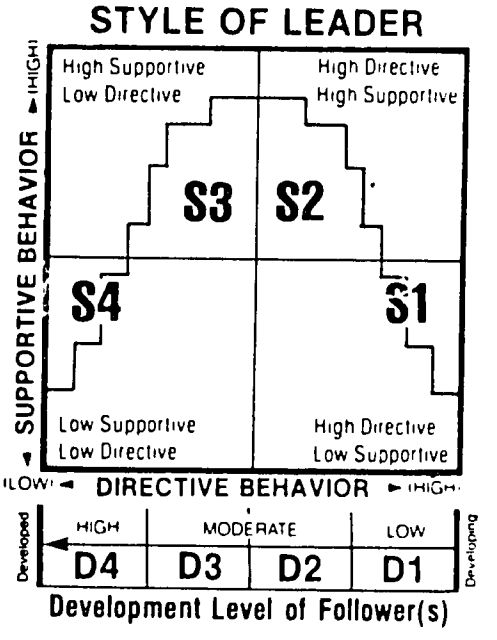


Figure 4. Increasing Performance Potential

As Figure 4 suggests, when you let a person try to do something after "show and tell", you are cutting back on directive behavior. And then, when you observe that person doing something right (or in the beginning, approximately right), you should recognize the accomplishment by increasing your supportive behavior. The little steps moving up the bell-shaped curve suggest that this gradual reduction in directive behavior and increase in supportive behavior should continue until the individual or group reaches a moderate level of development (D2). As the person begins to move to higher levels of development (D3 and D4), it becomes appropriate for you to decrease not only directive behavior, but supportive behavior as well. Now the person is not only developed in terms of his/her ability to do the task, but is also able to provide his or her own reinforcement. This does not mean that the individual's work will have less structure, but the structure will now be internally imposed by the person rather than externally imposed by the manager. At this stage, individuals are positively reinforced for their own accomplishments when they are given increased responsibility and left more and more on their own. It is not that there is less mutual trust and respect (in fact, there is more), but it takes less effort on the manager's part to prove it with a fully developed person.[12]

More than praisings and other supportive behaviors, involvement in problem-solving and decision-making communicates to these people that you see them as confident, capable, responsible, trustworthy and reliable individuals. These are messages that people like to hear; they provide positive feedback that builds confidence, motivation and willingness.

On the other hand, if you continue to direct and closely supervise people for long periods of time, you are sending your subordinates different messages. Probably, you don't see them as confident, capable, responsible, trustworthy or reliable. These underlying messages, in turn, affect performance. Thus, the developmental aspect of Situational Leadership and the need to gradually shift from external control of direction and support to internal control is crucial for developing and increasing the performance capacity of people.

In developing winners, the factor that triggers a change in leadership style is *performance*. Improvements in performance motivate forward shifts in leadership style along the bell-shaped curve from S1 to S2, S2 to S3, and S3 to S4. In thinking about the importance of performance you must remember one thing: high levels of performance can be obtained when any of the four leadership styles are used appropriately. That is to say, an inexperienced person can perform at as high a level as an experienced person if directed and closely supervised by a manager. The question is: at what cost? The cost is time and energy for the manager, both important management resources. Therefore, we feel that the highest performance level is achieved when followers can perform at a desired level with little or no supervision.

Stopping Regression

Just as improvements in performance motivate forward shifts in style along the curve, decreases in performance require a shift backward in leadership style along the bell-shaped curve from S4 to S3, S3 to S2, and S2 to S1. In other words, whenever a follower begins to perform at a lower level, for whatever reason (i.e., crisis at home, change in work, technology, etc.), it becomes appropriate and necessary for a manager to adjust his/her behavior to respond to the present development level of the person. For example, take a subordinate who is presently working well on his own. Suppose that suddenly a family crisis begins to affect this person's performance on the job. In this situation, it might be very appropriate for the manager to moderately increase both support and even direction until the subordinate regains composure.

Take another example of a person in an individual contributor position who is highly motivated and competent (D4) and therefore can be left on his/her own. Suppose this person is promoted to a supervisory position. While it may have been appropriate to leave the person alone (S4) as an individual contributor, now that he/she is a supervisor, a task for which he/she has little experience, it is certainly appropriate for the manager to change styles by initially providing more socio-emotional support and then increasing the amount of direction and supervision provided (Style 4 to Style 3 to Style 2). This high-directive high-supportive style should continue until the person is able to grasp all of his/her new responsibilities. At that time, movement from Style 2 to Style 3 and eventually to Style 4 would be appropriate if performance continues to improve. Using the same leadership style that was successful with this person as an individual contributor may prove devastating because it is inappropriate for the need of his situation.

SUMMARY

In summary, effective managers know their staff members well enough to flexibly manage everchanging demands upon their organizations. As responsibilities and tasks are assigned to individuals or groups, developmental level must be assessed. The manager should then vary his/her leadership style in response to the individual's need for external direction and/or support. It should be remembered that over time subordinates and subordinate groups develop their own patterns of behavior and ways of operating, i.e., norms, customs, traditions and mores. While a manager may use a specific style for the work group as a group, that manager may quite often have to behave differently with individual subordinates because they are at different levels of development. Whether working with a group or an individual changes in management style forward from S1 to S2, S3, and S4, and backward from S4 to S3, S2 and S1, must be gradual. It is this shifting forward and backward in style that makes Situational Leadership a truly developmental model for both managers and subordinates.

FOOTNOTES

[1]Paul Hersey and Kenneth H. Blanchard. "Life Cycle Theory of Leadership," *Training and Development Journal*, May 1969.

[2]Hersey and Blanchard. *Management of Organizational Behavior: Utilizing Human Resources*, 4th edition (Englewood Cliffs, N.J.: Prentice-Hall Inc., 1982)

[3]Situational Leadership as presented in this article has been updated and refined through discussions with practicing managers and long-term colleagues Fred Finch, Doug Forsyth, and Drea Zigarmi.

[4]Robert Tannenbaum and Warren H. Schmidt. "How to Choose a Leadership Pattern," *Harvard Business Review*, March-April 1957.

[5]Roger M. Stogdill and Alvin E. Coons, eds. *Leader Behavior: Its Description and Measurement*, Research Monograph No. 88 (Columbus, Ohio. Bureau of Business Research, The Ohio State University, 1957).

[6]Hersey and Blanchard in *Management of Organizational Behavior* used the terms "task" and "relationship" to describe the two basic leadership style dimensions. Ken Blanchard now uses the terms "directive" and "supportive" because we have found them more descriptive and easier for practitioners to identify with.

[7]The "Consulting" style (S2) in *Management of Organizational Behavior* is called "Selling." The change from "Selling" to "Consulting" was made again because practicing managers felt it better described Style 2 and eliminated some of the negative connotations of "Selling."

[8]Examples often cited of the "one best" approach are Robert R. Blake and Jane S. Mouton, *The Managerial Grid* (Houston, Texas: Gulf Publishing, 1964) and Douglas McGregor, *The Human Side of Enterprise* (New York: McGraw- Hill Book Company, 1960).

[9]Examples of the "no one best" approach are Fred E. Fielder, *A Theory of Leadership Effectiveness* (New York. McGraw-Hill Book Company, 1967), A. K. Korman, "'Consideration', 'Initiating Structure', and Organizational Criteria – A Review," *Personnel Psychology: A Journal of Applied Research*, XIX No. 4 (Winter 1966), and William J.Reddin, *Managerial Effectiveness* (New York: McGraw-Hill Book Company, 1970).

[10]"Development level" has been changed from the original use of "Maturity level" for two reasons. First, the word "maturity" has negative connotations for most people. And, secondly, it was felt that the real contribution that Situational Leadership makes is that it is a dynamic developmental model that helps managers to understand not only how to manage people effectively today but how to "grow them" up so they can eventually manage themselves.

[11]"Catching People Doing Things Right" is a major theme of Kenneth Blanchard and Spencer Johnson's new book *The One Minute Manager* (New York: William Morrow and Company, 1982). This book is fast becoming a major bestseller.

[12]This gradual developmental process of (1) providing direction, (2) reducing the amount of direction and supervision, and (3) after adequate performance follows increasing support is known as "positively reinforcing successive approximations." The person most identified with this concept over the years is B. F. Skinner. For his classic work in this area see Skinner, B. F. *Science and Human Behavior* (New York: The MacMillan Company, 1953).

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PEOPLE: Collaborative Work Organization

"Performance Planning," from Performance Planning and Appraisal, by Patricia King. McGraw-Hill, 1984.

Chapter 3

Performance Planning

"If I had only known," Jake Barnes said to his wife the evening after his performance appraisal. Jake's appraisal had not been what he expected. When he went to meet with his boss to review his first year as bank branch manager, he felt satisfied with the job he had done. Things were under control. Turnover was down; his schedule for part-time tellers had substantially reduced the length of the rush hour line; with schedules organized, he had time to work with customers and solve problems.

Then at his appraisal interview he learned what his boss thought. She was happy with the new organization and praised Jake's skill in working with people. Everything he was proud of she admired—then came the "buts": He hadn't given high enough priority to marketing, his branch had one of the lowest increases in deposits in the region, his reports to her had been sparse, and he hadn't contributed enough at regional branch manager meetings. All this added up to an average rating for Jake. But Jake's problem was not that he didn't want to do what was required. Nor was it that he couldn't do it. It was that nobody ever told him what was required.

Studies show that only about one-fourth of all employees know what they will be evaluated on before the evaluation takes place. If they are going to respond positively to appraisals, employees need to know what yardstick is being used to measure them. Telling them what was right or wrong after the fact seems careless or, even worse, manipulative. You are told the rules after you've lost the game. *No fair.*

There is a lot of talk about making performance appraisal objective. This is a goal worth pursuing and many improvements have been made in that direction. For many jobs, however, total objectivity seems far-fetched. How do you objectively measure the output of cancer researchers? Do you count the number of journal articles they publish? On the other hand, most jobs can be defined well enough that the criteria for judging performance can be stated clearly, even if the per-

Taken from: Performance, Planning & Appraisal, Patricia King, McGraw-Hill Book Company, New York, 1984, pages 20-44.

formance cannot be measured objectively. The first step to really fair, believable performance appraisal is to define the job and the criteria by which we will judge performance.

Organizations as well as individuals will benefit from planning work more carefully and defining what is meant by good performance —not just making performance appraisal more reliable, but deciding what we really mean by productivity increase. Vague criteria not only harm employees, they hurt company performance. Some people don't contribute what they should because we haven't defined carefully what's needed; we can tell them about it after the fact, but the firm's dollars will have already been paid out for below standard performance.

As you will see when we discuss the legal aspects of performance appraisal, courts have challenged the lack of specific, valid criteria for making personnel decisions. To satisfy the need for validity, appraisal must be based on job-related criteria. Planning is the first step in developing such criteria. These legal requirements also make good business sense since having valid criteria means there is less room for error in managerial judgments. This increased accuracy should lead to better decisions as well as to more useful and believable feedback for employees.

At today's pace jobs are likely to change frequently. We can no longer tell a new employee, "Here are your duties," and go for several years without redefining the job. To keep pace with technology, gain productivity, and remain competitive, we have to redefine expectations from time to time. Performance planning affords us a systematic way of reviewing the viability of jobs and making adjustments before we fall too far behind.

More and more organizations emphasize planning, so even if we don't plan now, our managements are likely to demand it of us in the future. For you, the "future" may be now. You may already have to write plans for yourself and your people. You may moan, but think of the benefits:

- When we discuss goals with employees and they agree to meet them, those agreements become promises. Most people try harder if they've promised something.
- There will be fewer mistakes because employees will be given proper direction.
- We will have taken the time to think through what resources employees need to get the job done.

Basing performance appraisal on a plan, we turn appraisal into a process rather than an event. This process differs from old-fashioned rating systems most obviously in the amount of communication it requires between boss and subordinate. There is also room in the plan for personal goals as well as for work objectives and performance improvements. At performance planning time the manager and employee discuss and agree on the goals, duties, and standards for the employee's performance and set objectives for the work period.

How to Make a Performance Plan

According to the textbooks the first part of planning is to make the plans of the individual mesh with the plans of the company. Here's how it's supposed to work: Top management makes a plan for the organization, setting the direction of the company and deciding specific goals for the next period. Strategic plans are usually drawn up on a five-year-basis, and annual plans are based on the strategic plan. These plans are supposed to be specific and to ensure the prosperity of the company. Sometimes they actually do; sometimes they are poorly drawn and not very useful; sometimes they don't exist.

If your company is one that plans carefully, you probably have a corporate plan, a division plan, or the like. About 80 percent of the nation's largest corporations do set objectives, but the goals that these companies set are often financial and don't describe what is to be achieved to realize those financial goals. This goal setting is left up to department heads and managers, who sometimes complain about doing the planning. But it is their job. Every textbook says that managers plan, lead, organize, and control.

Goal setting as an organizationwide activity is also taking hold in many smaller firms and government agencies. Schools, hospitals and other organizations are beginning to see the virtues of careful planning. Chances are, then, that you will have some overall plan to use as the basis for your own group's plan. Needless to say, before you plan for or with your subordinates, you have to plan for yourself. If your organization doesn't plan formally, you may take an opportunity to ask your boss to work with you on your group's overall plan, pushing a little management development up the line as it were.

There is no plan unless it's written down. Unwritten plans, even if they are discussed, are amorphous and vague. Six or twelve months later people can't remember what they agreed to do, or they find out

too late that they had different interpretations of what they committed themselves to do. So your first step is to write a plan for your group. Working with your boss, if possible, integrate your plan with the plans of the organization. You may want to get your own employees involved, perhaps in a group meeting. (How to do a thorough job of corporate planning is a subject for another book. The real subject here is planning the work of your subordinates.)

Once you have a plan for your group, you will use it as the basis for the individual's plan. Each employee will contribute to certain of the overall objectives. Some objectives will "belong" to only one employee. You begin an individual's plan by deciding which of the group's objectives the employee will work on.

I am about to suggest (very strongly) that you get your employees involved in planning their own work. But first some words of caution concerning your style as a manager. If your managerial style is more traditional, if you are more likely to make the decisions yourself, to tell people what's needed, and not to ask their opinions, then suddenly asking them to participate in planning may come as a shock. It may even make them suspicious of your intentions. If this is your style, you have two choices: one is to do most of the planning yourself; the other is, of course, to change your style.

If you do most of the planning yourself, your employees will be much less likely to accept enthusiastically your goals for them. You will also miss out on the value of their thinking and experience. But you will still benefit from having a written plan. They will understand clearly what is expected of them, they will spend their time working on what you think is important, and you will have criteria by which to judge their performance at appraisal time.

If you decide to change your style, you won't be able to do that overnight. But you can use the performance planning and appraisal process to begin to interact more with your employees, to show that you respect their knowledge and ideas. If you make a gradual transition to a different style of management, you may reap bonus benefits of more harmony and dedication on the part of your people.

Getting Your Employees Involved

To set realistic goals, it is essential that you get your employees involved, that you sit down with each person to concentrate on individual contribution. Experienced employees will be able to do this practically without guidance. Newer employees will need more input from you to

formulate realistic goals and objectives. In either case it is better to plan with the employee. If you say, "Here's the job and here's how to do it," your employee will salute and say, "Yes." But that "yes" may not mean enthusiastic commitment. If you encourage open discussion, if you show you respect the person's intelligence and creativity, you are more likely to get cooperation. An employee who is involved will be less likely to feel resentful of work assigned, to see it as a punishment for past failures, or to feel singled out for extra work.

If you get the employee involved, you are more likely to base the plan on real job conditions. In the day-to-day crush it is easy to miss the small changes that take place in lead times or the capabilities of people in other departments who must contribute to the effort.

This employee involvement does not mean you forfeit your responsibility for planning and controlling the work of your group. Even though the employee may come up with the bulk of the objectives, may be able to plan the activities needed to achieve the goals, may correctly set priorities, and may even write up the plan, your role as a manager will be to guide the process and to approve the final result. Managers who lack confidence sometimes feel uncomfortable with this, preferring to be more directive, bu as you develop your skill in managing, you will feel more comfortable sharing these tasks.

Once you get the employee involved, you must make sure that the person is prepared to do a good job of planning. It makes no sense to ask for opinions if the employee has no information on which to base an opinion. When you set up the planning meeting, give your employee as much information as is practical—goals and objectives set by management above your level, the job description, information about coming business conditions, new products or services coming down the line, budgets, and so forth. Later in this chapter you will get a checklist of information to cover.

When you meet with your employee keep the discussion open. Don't try to structure it too much. You want to foster creativity on both sides. Many managers and groups find a brainstorming session is useful to elicit ideas about goals and how to accomplish them. Learn this technique. Remember that the key issue in fostering creativity is to suspend critical judgment and to keep asking for more ideas; then sort out the usable from the impractical. Use the checklists at the end of this chapter to judge whether a goal should be accepted, then go on to identify when it should be done and what resources are needed.

At the end of the meeting either you or your employee will write up

the plan. The written document will confirm what both of you have agreed to do. Accepting the written agreement will be an outward sign of your mutual commitment to the goals, objectives, and timetables.

The Need for Specificity

Vague statements about what will be achieved are not goals or objectives. They are just vague statements. A manager of a supermarket may think improving customer relations is a good goal, but it is only a place to start the planning. Once she knows that that's the general direction, the real objective setting begins. What does it mean to improve customer relations? Does she want to reduce the number of customer complaints to no more than ten a week? Does she want to reduce waiting time on line to no more than 15 minutes at peak hours? If she tells her assistant managers to improve customer relations and leaves it at that, there will be trouble.

When discussing this subject in management training programs, I frequently play this game: I write on the chart paper, "Considerable progress will be made on the XYZ project in the next month." I ask one participant to play the role of the subordinate and one to play the role of the manager. Both secretly write the percentage of the project they think will be completed. Then they show what they have written to the group. To the "worker," "considerable progress" usually means about 15 percent, sometimes as high as 25 percent, but to the "boss" it's never less than 50 percent and usually about 80 or 90 percent. The gap between these expectations may be the source of later problems, not only with performance appraisal but with accomplishing work that must be done.

Let's return to the example of the supermarket for an illustration of what might happen. If on hearing that the manager wants to improve customer relations, the assistant manager starts to spend considerable amounts of time greeting and being friendly with customers, he may have less time for training cashiers or making an efficient restocking schedule. Customer complaints about items missing from the shelves might increase and waiting time at rush hour might also increase. The subordinate will have spent time trying to meet his boss's objective, but the boss will see the situation deteriorating instead of improving.

Vague goals are practically useless. A good goal is specific, measurable, has a time limit, is realistic and challenging. A good performance plan contains such goals supported by action plans (the steps to be taken

to achieve the goal) and a milestone chart (a list of interim deadlines and dates for follow-up meetings, and so on). The plan may even spell out exactly what authority the subordinate has to carry out the goal, what decisions the employee can make, how much money and other resources are available. The more complete the plan, the more likely it is to be achieved. And remember, if you don't write down the plan, it doesn't exist.

The Elements of a Good Plan

Let's go through each of the elements of a good plan.

Specific

This means the objective will state the work to be accomplished in terms that the boss and subordinate can *both* understand. When absolute specificity is impossible, you can at least set a range to guide your actions—between 10 and 15 percent, under $25,000, and so forth. Sometimes you will have to be arbitrarily specific. Guessing is okay if you can't do any better. As you work toward the goal, you will gain greater accuracy for the next time. If you have been vague, you won't learn as much.

Measurable

This means that the goal is quantified in some way. If you can write a goal that can be measured, you should. Many jobs lend themselves to this kind of scrutiny, but some don't, notably managerial and research work. In some instances, you may have to give up this criterion. But don't give it up too easily. Many managers find it difficult to write measurable goals because they haven't measured their group's performance. They can't say how many customer complaints a week would be an improvement, because they don't know how many they get now. It's something to think about. If measures depend on conditions, include the conditions as part of your plan. Then you can test your assumptions later on.

Time Limited

"Measurable" may be difficult to explain but "time limited" is easy. Put a time limit on every goal. Without a time limit a goal is a wish or a

fantasy. "Someday" is what people say—"Someday we'll get the northwest region better organized," or "Someday I'm going to learn to give a decent speech," or "Someday my prince will come." If you put a date on it you're halfway to making it a goal.

Realistic

Some people tend to set goals beyond their reach. Your employees may do this because they want to impress you or because they don't have a realistic sense of their own limitations or the limitations of the job. You have to be careful of wishful thinking too. In an effort to get the most out of their employees, some managers set goals that are just too much for their people to handle; some managers even think this is a good idea. They feel it maximizes effort. It doesn't. Most people, when faced with a clearly unattainable goal, get discouraged and depressed and don't try at all. When it comes to goals, there's a buzz word for realistic: "doable," and it's a good one.

Challenging

We want realistic goals, but they shouldn't be too easy. "Ho hum" work doesn't excite people. Some managers and employees are tempted to set only easy goals so they will never have to admit that they didn't achieve them. This is true especially when they know they will have to file the plan with the boss's boss or the personnel department, when later decisions will be made on the basis of whether the goals are achieved, and especially when people might get fired for not meeting standards. But it is important for us to challenge ourselves and our subordinates. The "stretch" in the goal is essential if we want our people to reach new heights. Achieving a challenging goal is one of the most satisfying things a human being can do. This is real job satisfaction. If you are afraid someone else will punish your people for not achieving challenging goals, don't show your plan to anyone outside your own group.

Challenging goals are frequently the least easily defined. Often they are challenging because they break new ground, but for that very reason it is often difficult to make them specific and measurable. Especially in work like research, the truly innovative work is often the hardest to describe thoroughly ahead of time and the most difficult to evaluate. Unless we balance specificity and realism with real challenge and innovations, we will stagnate.

The better you understand your people, the better you will be able to guide them to the right balance between realistic and challenging goals. New employees, those who have had recent failures, or those who lack confidence should start with a little less challenge. Later they can build confidence from their successes and take on more. Confident, experienced people should be given their "wings." (Perhaps with a manager's safety net to make sure that no disaster occurs.)

Working Out the Plan

With these criteria as a background, let's turn our attention to actually drawing up the plan. Here are the action steps:

1. Begin with corporate or department goals.
2. Look at the employee's job.
3. Look at the employee's strengths and limits.
4. Consider the environment in which the employee will work.
5. Consider what managerial support the employee will need.
6. Draw up action plans.

Throughout this process your bywords will be to *set your people up to succeed.* If they do, you will too. So you will start with broad areas and limit them to what is manageable but still challenging, always keeping an eye on the priorities, making sure that you devote yourself to work that has a real payoff for the organization. Avoid the routine busywork that doesn't profit the company or the department in any substantial way.

I am going to describe these procedures, assuming that unless you have a good reason to leave your employee out of the process you will be doing these steps together.

Examine the goals of the organization. Imagine ways your employee can contribute directly to those goals. For instance, if the corporate goal is to increase sales by 17 percent, a district sales manager might have as a goal to increase sales in the territory by a like amount.

Another area to explore is how the employee can contribute indirectly to the organization's goals. Projects that improve administrative efficiency fall under this category. For instance, as a contribution to the sales increase goal, a computer systems analyst may cut down the firm's order processing time by two days. This doesn't directly increase sales, but faster order processing may give the firm a competitive edge and therefore indirectly affect sales.

Next take a look at the employee's job itself. Use the job description or last year's objectives and plan the ongoing or routine work that must be accomplished. The temptation will be to do this first and look at the organizational goals later on with the notion that we really ask ourselves, "After completing the routine work, what special projects can this employee undertake?" The fact is that the routine work may not be critical to the realization of the organization's goals. Concentrating on routine work involves us in the bureaucratic insanity found in so many places (where the clerk is filling out a request to have a light bulb changed, and the customers are walking out of the store because of the lack of attention). Current needs must take precedence over things we've always done and haven't recently evaluated.

The list of objectives or duties should be long and inclusive. Up to this point, you need to write down anything you can think of without regard to how possible it is. In other words, you brainstorm first. Then go over the list and assign priorities based on the value of the activities. I use the simple A-B-C method: Mark essential work A, important but not essential work B, and relatively unimportant work C. These designations will be useful as you begin to prune the list because of time, resource, and skill restraints. When you make tradeoffs, you will want to eliminate the C work first. In trying for the best plan, start from a broad range of options, then cut back.

Now you need to consider the capabilities of the employee. If the person is experienced and capable, you will have no trouble with this. Skilled and capable people can usually do it for themselves. New people need more guidance. Here the axiom about setting your employees up to succeed becomes essential. In considering the capabilities of new people, rely heavily on what they did on their previous jobs. Limit the amount of work, but don't give them busywork. The first days on a new job are times of high motivation for people. You cannot create that kind of motivation, but you can destroy it by not putting it to good use. The new employee still needs to have a little stretch. Make the objectives shorter term. People who have had recent failures also need the same kind of special consideration. Concentrate on the employee's strengths in choosing among the possible objectives.

For each objective, ask what new skills and knowledge a person would need to perform the work and compare these needs with what skills and knowledge the employee has or can develop either on the job as the work progresses or through training. The skills can be technical, communicational, analytical—anything down to how to operate a new piece of equipment. Filling in gaps in knowledge or skill can become

part of the employee's personal growth objectives. If the gap is too broad to be filled readily, you may have to modify the objectives or assign them to someone else. Filling the gap may also lead to things for your own "to-do" list: work you will have to do because the employee cannot or, more likely, coaching to help the employee learn to do the work.

When you consider your employee's capabilities, don't let your own attitudes get too much in the way. Managers and supervisors are often susceptible to psychological projection. If they are confident, they can be overly optimistic about what their people can do or how confident their people are. The opposite is also true. Timid managers may be overly cautious in evaluating the capabilities of their people. In avoiding risks of failure, they pass up opportunities for real success.

The balance here is tricky. It's like teaching a kid to ride a bike. If you let go too soon, the kid will fall and perhaps get hurt. If you hold on too tight, the kid will never learn to ride the bike. If there is no risk, there is no real gain.

Next, consider the environment in which the employee will work. Projects may fail (and so may people) not only because of internal failings but also because of external problems. Support systems may not function as they should and this will mean failure because of things outside your employee's control. So once you have a tentative set of objectives with priorities, you have to start to think about what the employee needs to do the work. There will be certain things that you will have to make sure the employee has: money, staff, equipment. These are normally part of the budgeting process, and most managers don't have any trouble thinking about them. One thing they do often forget though is the issue of authority to match the responsibility. The people who complain most often that they don't have enough authority are first-line supervisors. Without sufficient leeway in making and executing decisions, employees cannot perform to their fullest. Anticipate what spending or decision-making authority your employee needs and write it into the plan. If an employee is not ready to accept the authority, if you don't trust an employee's judgment on certain points, then neither is the person ready to take responsibility for the work. You can either give the person the training needed to accept the authority, or you can retain responsibility for the work. If you hang on to all the authority, it's not fair to hold the employee responsible.

Another factor to consider is: What support from others will the person need, either within or outside your group? If such support is

needed you may have to arrange for your employee to get full cooperation. Sometimes this means you have to inform other employees of the requirement (make it part of their objectives); you may have to negotiate with other managers for the support your employee needs. Consider the knowledge and skills of those who will support your employee's work. If there are deficiencies, you will have to either get them corrected (when members of your own staff are involved) or adjust your idea of what's possible (when the knowledge and skill gaps lie outside your area of control).

Consider the political climate in which your employee will be working. Will everyone be cooperative? Are there sensitive issues? Are those whose cooperation is needed likely to be generous with their help or will they hold back because they see themselves in competition with the person who needs their aid? Again, your employee may need special preparation to deal with the political realities or you may need to lower your expectations because of the political climate.

Next think through any changes that may affect the work. You may need contingency plans for likely changes. Consider all the possible obstacles, but don't overdo it, especially with new people. You want them to be realistic about the path they take; you don't want the future to look too full of quicksand and alligators. They'll decide not to go.

One Last Look

Now you need to go over the whole plan once more to make sure that it meets the criteria set at the beginning. Is it specific, are the outcomes measurable (if that is possible), do you have time limits set, and is the amount of work you have planned possible in the time allotted? Are the goals realistic and still challenging? Most of all, is the job meaningful for the organization and for the employee?

At this point you are making one last check. This is important, but don't do it with a fine-tooth comb. Especially if your employee has had a substantial role in formulating the plan, you don't want to get so picky that you give the impression that you disapprove. A good craftsman knows when to call the job done.

This last overview should include contingency planning. Consider the possible ill effects of succeeding, the possible downstream effects of the work. This is especially true for project work where your employee is instituting change. Say what you will do to avoid, prevent, or compensate for these ill effects.

Next make up your own plan based on the support you will be giving your employee. Plan for interim meetings to go over progress. Some managers like to do this at regular intervals, say monthly or quarterly. Some review when a milestone has been reached. Some ask for written reports which they then discuss. We will cover the subject of these interim meetings more thoroughly in the next chapter.

When you arrange for distribution of reports, be sure that your employees will receive directly any reports that deal with their work. Workers on the line should receive productivity and reject reports. All too often reports go only to managers. You need to know how your people are doing but so do the people themselves.

The last step of the planning is to draw up action plans. Here is where you will certainly want your employee to be involved. For each objective you will want a schedule of things the person will do to reach the goal. The result of the six steps to the planning process will be a written document that will guide your employee and later be the basis of the performance appraisal. You will eventually appraise how well your employee carried out the plan.

Setting Performance Improvement and Personal Growth Goals

Part of any employee's action plan should be some personal development. These objectives can be improvement of some skill or work habit, or they can be preparation for a next career step. Here it is best for you to guide, but not dictate to, the person. If there is a problem with the employee's performance, you might want to suggest a solution as a personal growth goal. The best way to begin is to point out the issue. Be careful not to make your remark sound like an attack; state the issue in work-related terms and in the most positive way. You can say, "Bob, you are lazy and are squandering your talent. You'd better start making better use of your time if you hope to get ahead around here." Or you can say, "Bob, I think it's time you started reaping the full benefit of your talents. I know there is more you can contribute. Perhaps there is a way we can help you make better use of your time." The second approach may not work every time, but the first one is almost guaranteed to draw a defensive response.

One way to handle personal growth objectives is to build them into the regular work plan; perhaps this is the best way. In other words, you and your employee set a work goal that will accomplish a task

that needs doing, but will also give the employee the opportunity to develop some knowledge or skill. For instance, if you have a person who is reluctant to speak up at meetings and this is blocking future career steps or causing problems with the work, you can make sure the person has a project that requires reporting at meetings and give the person some training or counseling to overcome the problem.

Limit the number of performance improvement goals. You don't want people to spend most of their time on performance improvement instead of accomplishing the work. And no one can make a great many changes or learn several new skills all at once.

Make performance improvement goals changes in behavior—not changes in personality. Employers have no right to tell a person what kind of personality to have. Besides, changing someone's personality is not an easy thing. Some trained psychotherapists say it is impossible. If you have ever tried to change any aspect of your own personality, you know what this means. And you know it never works when other people decide you should change.

Changing behavior that is related to actual job requirements is a different matter. Such a change is a possible and legitimate performance improvement goal. You may not be able to force an earthy person to try to be elegant, but you can stop a manager from making romantic overtures to the staff.

When it comes to helping the employee prepare for future career steps, act cautiously. There are two possible pitfalls. One is that your encouragement will seem like a promise of a promotion. The other is that you will wind up making the person's career decisions. Encourage the employee to set goals—long-range and short-range—but also encourage the person to keep career options open. It's good to have goals, but if they are too rigid, the employee can become locked into one idea and not be able to recognize and take advantage of unforeseen opportunities.

Thinking about career goals is hard when things are not going well. If the employee has not been performing well, you really can't bring yourself to discuss career steps. It may be, however, that if you suggest performance improvement goals in the context of the person's present job and as a prerequisite for advancement, you may turn on motivation that had been dormant.

It is also difficult to discuss advancement when the organization is not doing well. If the present situation is bad, we tend to think there will

be no career opportunities soon. But our employees still need goals and future rewards for good performance. As the "baby-boom" babies hit their career stride, we will see an increase in competition for middle and top management positions. At this writing, it looks as if we will never be able to deliver on the implied promise of an upwardly mobile career for everyone. We will have to learn ways to challenge people even if we cannot give them a promotion every couple of years or an express ticket to the executive suite. We also need to develop ways of rewarding people apart from the normal big raise or big promotion syndrome.

Developing Standards of Performance

Once you and your employee have committed to specific, measurable goals that are within the employee's capabilities, turn your attention to standards of performance. This is really your job and your decision. Some managers involve their employees in discussing what those measures will be, but it is up to you, the boss, to make the final decision. Certainly, if you get your employees' opinions on this, you will have the benefit of their thinking on a topic they really know quite a bit about. And they are more likely to regard standards developed with their input as fair.

Developing performance standards is where managers who want to "get tough" can do so. High standards, provided they are fair and applied equally to all, actually seem to be the best. As is possible with putting some challenge in the work plan, we can bring out the motivation of our people by challenging them to meet high standards.

For some work, it is easy to set measures of performance. If you are managing a production line that makes alarm clocks, you can use the reject rate as a measure of performance. You can set a range: x number of rejects is unacceptable, y is average, z is good, and so on. This sort of thing is much more difficult with staff work and may be impossible with managerial work. Some people go too far trying to measure performance and lose sight of the mission of their group. As a training consultant I have seen management and professional development departments in large corporations measure their performance by the number of "person-days" of training. In other words, they get "points" for the amount of time the employees spend in training sessions without regard to the quality of the sessions. Does the fact that a manager sits in a conference room for three days at a program on presentation skills necessarily mean that his next speech will be a better one? Not accord-

ing to me. There are useful measures of performance for most jobs. We have to make sure we don't adopt the facile ones just to save the time it would take to develop the more useful ones.

For managerial and professional employees you may have to develop a combination of objective measures of performance (like turnover rate or number of court cases argued) and some subjective standards. If you are going to subjectively evaluate your employee's performance, that is, base an evaluation on how you *feel* things are going, then you should describe as clearly as possible what you like and dislike, what you will observe, and how you are likely to react to these observations. This is not ideal, of course, but when more objective measures are impossible, this may be the only way. As long as your measures or way of judging performance are not mysterious, as long as you bring them out in the open, you should be able to maintain an atmosphere of fairness and cooperation.

If you are going to claim to pay employees for performance, you will have to find some way of relating your measures of performance to salary. Some organizations do this directly by having a system (either numerical or some other type) that dictates percentage of raise. For instance, some companies that use a management by objective (MBO) system relate salary to the meeting of objectives. Here is a basic continuum:

- Exceeds Most
- Exceeds Some
- Meets All
- Meets Most
- Meets Some

The basic rating, Meets All, means a person has met all the performance objectives; it corresponds to an average rating. It is impossible to get a higher rating unless the person's performance is at least at this level. Those who do not are rated Meets Most or Meets Some. (These ratings are considered okay if a person is new, the job has recently changed drastically, or there are other mitigating circumstances. But employees cannot get these ratings more than once without jeopardizing their positions.) Above the Meets All category are Exceeds Some and Exceeds Most. Of course, it's also possible for an extraordinary person to exceed all objectives or to meet no objectives. The former hardly ever happens if the objectives are set with the proper amount of stretch; promotions or extraordinary raises may be given in such cases. The latter, the Meets None performer, may be on the

way out. Certainly, the manager would need to take serious steps to correct the problem—either the person is in the wrong job, the planning was entirely inept, or the employee has some serious personal problem.

Some organizations use a 1 to 5 rating scale. If your organization does, it is best to explain to your employees how you will arrive at the rating based on whether they meet or exceed the performance plan.

Whatever the overall rating system will be (if one must be arrived at), *make sure your employees know what it is.* You may sabotage all your efforts at productive performance planning and appraisal if a connection between performance and salary increase is promised but not there.

How Often to Plan

How often you will go through the planning, appraisal, and replanning cycle will depend on the nature of the employee's work, the amount of experience the person has, how confident the employee is, and whether the person's performance has been bad, good, or indifferent. Most managers work through the cycle at least once a year, but you may have to do it more frequently for some people.

A person who is working on projects of relatively short duration or one who works in an area where it is hard to predict even near-future demands will need to have appraisal and replanning more frequently, perhaps once a calendar quarter until things settle down. (Of course, you would not take salary action so frequently. We are talking here about planning and sticking to our guns about where the emphasis needs to be—on planning and control rather than on administration.)

A new person, especially one new to the company, will need more frequent planning sessions and more frequent interim follow-up. More experienced people will still need attention, but not as frequently.

A person who lacks confidence will need more frequent planning and follow-up sessions. This is sometimes a function of the person being new on the job, or a need for more support and encouragement may be just a part of the person's personality.

Employees whose work has not been satisfactory will also need frequent planning and counseling. If you are trying to improve the person's performance you may want to plan and review as often as once a month until the person is on track. More about this later when we discuss performance problems. Again, don't forget to give attention to your average and high performers as well.

In deciding how often to plan and review work, consider any special temporary needs your employee might have. For instance, when the work situation is pressured because of some problem outside the employee's control—unusually high volume, new methods or systems being installed, or complex technical problems—the extra support gained from frequent planning and review will be very helpful. Unusual pressures outside of work also make a difference. Family problems and health problems may mean your support is needed to see the employee through.

Regardless of what company policy may say about how frequently salaries are reviewed, you will want to gear the timing of your planning and performance appraisals to the needs of your people and your operation.

Your Attitude

Whether or not your employees are enthusiastic about the plan you make together will depend on many things, not the least of which is your own attitude toward the work. When you, as a manager, are energetic and positive, when you project an image of commitment and diligence, that enthusiasm can be contagious. Your people will see you not only as their manager but as one whose attitudes and actions have been rewarded by the organization. What they see you do, the image you project, will seem to them to be what is required. If you work hard, if you are enthusiastic, if you create an atmosphere of fairness and commitment, if you seem to enjoy your work and care whether they enjoy theirs, they will respond with their own enthusiasm and commitment.

There isn't much else to say on this issue, but please don't believe that because it doesn't take up too much space it isn't very important. It is critical. You may do everything by this and every other book and still get it all wrong. If you can't show enthusiasm because you don't feel it for your own job, learn what's wrong and deal with it. If you just don't like management, go into another field. A chemist who doesn't like being a chemist affects only herself. A manager who is indifferent drains energy from the entire group.

Potential Problems

In thinking about undertaking any activity it's best to know where the pitfalls are. With performance planning and appraisal there are many.

The major one for planning is that there is a tendency to avoid it altogether. There are a great many excuses for not planning. People who avoid planning also find it very convenient to avoid appraising. And if they haven't planned I don't blame them for not appraising. Without a plan to use as a yardstick, it isn't possible to appraise performance. As my friend Rick Piper once described it, that game is, "Shoot the gun first; then we'll hold up the target." Without planning, appraisal degenerates into character assessment, which makes most managers nervous and most employees defensive. The issue is that we must plan, but we often avoid doing it. Why? For a ton of reasons.

First of all, the planning and appraisal cycle is usually an idea introduced by the personnel department. Regardless of its level of competency, personnel (or, as it is now widely known, human resources) is not a function that always commands a great deal of respect in an organization. If performance planning and appraisal is seen as "just another personnel department program," managers and employees may prejudge it as being useless and not bother to try it.

People also avoid planning because they prefer to avoid the commitment it implies. If you write a plan, you feel you have to stick to it, and any aimless wandering around has to stop. I guess planning is not for lazy people. But I also believe that most people are not lazy. They work hard. Frequently their accomplishments are paltry compared with their efforts, and they feel frustrated. Planning can help solve this problem and make you feel more satisfied with your work. By planning we also make sure our organizations get their money's worth. We may pay people more than they are worth to us, and they may feel they are paid too little. At this writing, the American business community is screaming its head off about productivity, but individual managers still seem reluctant to define what productivity means.

Those definitions, I must admit, can become political footballs. If you write a plan, it can be scrutinized; your boss can disagree with it or accept it as a promise to accomplish everything you wrote down. Since a first attempt at planning isn't likely to be all that accurate, you may feel a little apprehensive about doing it if your boss is likely to be harsh when it comes to evaluating the plan. But don't give up on planning. Make a plan, and if the political climate in your organization doesn't foster the idea, just don't show it to anybody.

Another pitfall is to make plans that are so vague as to be useless. This may also be the result of the political atmosphere. If a plan is required but the organization somehow makes us fear planning, we may write a plan that is so vague it means nothing. If you're going to do that and

call it planning, you might as well not bother. It's just a waste of time.

Some managers don't go far enough; others go too far. They push their people to agree to unrealistic goals. Or they themselves believe that more can be accomplished than is possible. This is a problem particularly for very ambitious managers. They want more from their people than their people are willing or able to give. They confuse leadership and challenge with coercion.

Managers who are themselves extraordinarily talented may make the mistake of setting unrealistic goals. First-line supervisors who have recently done their subordinates' job use what they perceive to have been their own level of performance as the standard for the work of their subordinates. This is dangerous for two reasons. First of all, the supervisor's level of contribution may have been extraordinary, beyond the reach of the average worker. Second, and perhaps more likely, the supervisor may not remember correctly what it was like to do the job, may not have an objective perception of what his own performance was like, or the conditions may have changed enough to make the job substantially different. One thing certainly has changed: the present incumbents have a different, new, and inexperienced supervisor.

Planning Group Work

Where the work will be done through team effort—several people working in concert to produce the product or effect—it is best to carry out the planning in group meetings. You use the same techniques and checklists developed for planning one-on-one; you just do it in a group setting. This can be a time-consuming process, especially if the group has not worked or planned together before. You will need to be careful to keep the meeting on track and to keep the group focused on the issues. But the extra time you spend will be worthwhile in the long run because your people will have an opportunity to work out ahead of time any difficulties they anticipate. It is especially useful in helping people avoid conflict as they work together. Group planning sessions allow them to work out what responsibility belongs to what person. This keeps the territorial issues to a minimum later on.

There are some side benefits to group planning. It fosters a feeling for the team, something we all know helps generate energy and enthusiasm. And it helps people develop their communication and group problem-solving skills.

Be careful that group planning doesn't turn into a gripe session. You will have to keep people from going off on "woe-is-us" tangents. The

griping will most likely come up when you begin to go over the possible obstacles to getting the work done. Employees may begin to name human obstacles or problems with corporate policy, or another department's way of doing business. A certain amount of ventilation on these issues is actually good. Let them get the gripes off their chests. You will also learn about issues they face. You may have to go to bat for them to change a policy or negotiate better cooperation from other areas. But, you have to keep the lid on crybabyism. Keep asking questions like, "What can we do about that?" "If we can't change it, how can we get around that problem?" "How can we change our plan so that we set a goal we can accomplish despite the problem?" By raising these issues you will keep people thinking about the plan and how to make it workable. Your questions will also help them focus on actions they can take to solve their own problems instead of sitting around feeling bad because no one ever volunteered answers to questions they never asked.

Summary

- The first step to performance appraisal is to define the job and the criteria by which we will judge performance.
- Benefits of performance planning:
  - Employees are more likely to be committed to the work.
  - Employees will take fewer false steps if we set a clear course beforehand.
  - Employees will have the support and resources they need to get the job done.
- How to plan:
  - Always write your plans; don't just think about them.
  - Begin with overall organization or department goals.
  - Get your employees involved in the planning of their own work.
  - Set goals and plans based on overall organization objectives.
  - Add work described in the employee's job description.
  - Modify plan based on employee's strengths and limits.
  - Modify plan based on limits imposed by the environment in which the employee will work.
  - Make detailed action plan, including actions manager will take to support the employee's work.
- Brainstorming may help you and your employees broaden your thinking about what work to include in the plan.

- First, list everything you can think of regardless of whether it is practical.
- After you have listed all your ideas, prune the list to those that are most productive.

- Benefits of employee involvement in planning:
  - Their knowledge and perspective will make the plan more realistic.
  - They are more likely to commit to the plan with enthusiasm.
  - They are less likely to resent being assigned certain tasks if they know why they are doing them and how they fit into the larger picture.
- Criteria for a good plan:
  - Specific
  - Measurable
  - Time-limited
  - Realistic
  - Challenging
- Work plans should include not only objectives but also action plans and statements about the limits of an employee's authority.
- Don't forget to make your own action plan about what you must do to support the work and your follow-up dates.
- Include personal growth objectives in the plan. These can be:
  - Performance improvement goals
  - Career-related goals
- Set performance improvement goals that:
  - Relate to the work
  - Are built into the regular work plan, if possible
  - Represent changes in behavior not personality
- Career goals should be:
  - The employee's own
  - Flexible
  - Both long-range and short-range
- Set standards of performance high and apply them fairly and equally to all employees.
- Relate overall standards of performance to salary. A possible system is:
  - Exceeds Most
  - Exceeds Some
  - Meets All
  - Meets Most
  - Meets Some
- Your own enthusiasm for the plan sets the tone for the employee's response.

Checklist 1

Prepare the Employee to Plan

- Provide copies of organization or department goals.
- Ask the person to review the job description.
- Share information about future business conditions:

  Economic forecasts
  Sales forecasts
  Planned changes in product line, organization, or staffing

- If the budgets for the year have already been approved, share the budget as it affects the individual's work.

Checklist 2

What About the Special Employee?

New Employees

- Go a little light on challenge.
- Give them productive work right away.
- Make objectives shorter term.
- Concentrate on known skills and knowledge, things they've done in past assignments.

Poor Performers

- Accent realistic goals.
- Concentrate on their strengths.
- Plan more frequently.
- Plan for performance improvement over a reasonable period of time.

Timid Employees

- Accent realism in goals.
- Give them plenty of encouragement.
- Plan more frequently.

Experienced, Confident Performers

- Go high on challenge.
- Allow them to evaluate their own capabilities.
- Plan less frequently.
- Give more authority.

Checklist 3

Is the Plan a Good One?

For the Employee

- Can the person reasonably be expected to do the work?
  Have there been previous successes with similar work?
- Can the worker learn the required skills or gain the needed knowledge and keep up with the workload? Consider knowledge of the company, its products, its customers, and the employee's coworkers, as well as skills and technical information.

  What experiences, courses, coaching, and counseling will the employee need during the learning period?

- Will the plan sustain the interest and enthusiasm of the employee?
- Will the employee need support from you or others to complete the work?

  What arrangements can you make to remove potential obstacles?

- What limits do you want to put on the employee's authority to carry out the work?

In Your Environment

- Is there time to do the whole plan?
- Are there sufficient resources—people, equipment—to get the job done?
- What are the budgetary limits within which the work must be done?
- What difficulties will your employee encounter because of organization, work rules, personalities or experience levels of customers or coworkers?

  What can you do to remove such difficulties?
  What warnings and information will help your employee succeed despite the difficulties?

- What political issues impinge on the employee's work?

  Can the person handle these issues?
  Should you become involved in parts of the work?

- What changes in or outside the organization are likely to affect the work? Consider the economy, laws or rules, organization, personnel, product line, technology. Will priorities change?

What contingency plans do you need to make for uncertainties?

- What are the downstream effects of the work the employee will be doing?

  Can any potential problems be avoided by adjusting the plan or better preparing people for the changes that will occur as a result of the planned work?

PEOPLE: Performance Monitoring and Feedback

"MBWA (Managing By Walking Around)," by Tom Peters and Nancy Austin, California Management Review, Fall 1985.

"Using Feedback to Improve Performance and Enhance Performance," unpublished paper by James McCaffery, May, 1987.

MBWA (Managing by Walking Around)

Tom Peters Nancy Austin

A Blinding Flash Of the Obvious

"What's new?"
Nothing in particular.
"Then why read it?"
Because doing it isn't as easy as it sounds.
"Like what?"
Wandering around, for instance.
"What's so tough about that?"
Have you tried it?
"I haven't had the time."
That's what's so tough about it.
"What else is so tough?"
Listening to customers.
"You are right on that one; it is hard."
Glad to see you agree.
"Darn right. They just don't understand what we're trying to tell them."
Yeah, that's why listening is so hard.

And on it goes. It's now been four years since *In Search of Excellence* was written, and six since the research for it was begun. All involved have learned a lot, and yet we've learned nothing. We've learned nothing in that (1) there *is* nothing new under the sun, and (2) it was "all" covered in *In Search of Excellence:* customers, innovation, people.

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But here's the issue. The highest praise we have received came from a colleague at the end of the third day of a four-day seminar for small-business presidents in late 1983. All were sitting around, working on a carafe of young white wine, and he blurted out, "You know what these three days amount to, so far? A blinding flash of the obvious." Right on! Nothing new under the sun, nothing new in *In Search of Excellence*, and nothing new since. Giving everyone in the organization the space to innovate, at least a little bit. Answering the phones and otherwise behaving with common courtesy toward customers. Making things that work. Listening to customers and asking them for their ideas. Then acting on them. Listening to your people and asking them for their ideas. Then acting on them. Wandering around: with customers, your people, suppliers. Paying attention to pride, trust, enthusiasm and passion and love.

It's common sense, isn't it? But then another good friend says, "I guess the obvious must not be so obvious, or more would practice it." That's right, too: we've often said, only half facetiously, that IBM's only magic is that IBM's people are the lone players in a quarter-trillion-dollar industry who bother to answer the phones consistently. That Disney seems to be the sole player in its big industry that has figured out how to keep a theme park sparkling clean. It turns out that the obvious is not so obvious—and it's a hell of a lot harder to do than we ever imagined!

The Simple Scheme—Many accused *In Search of Excellence* of oversimplifying. After hundreds of post-*In Search of Excellence* seminars we have reached the opposite conclusion: *In Search of Excellence* didn't simplify enough!

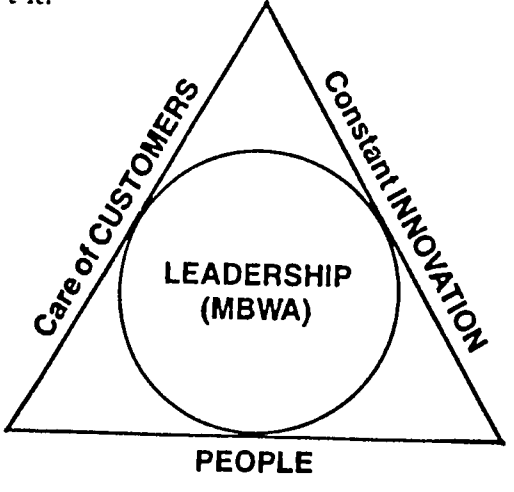
In the private or public sector, in big business or small, we observe that there are only two ways to create and sustain superior performance over the long haul. First, take exceptional care of your customers (for chicken, jet engines, education, health care, or baseball) via superior service and superior quality. Second, constantly innovate. That's it. There are no alternatives in achieving long-term superior performance, or sustaining strategic competitive advantage, as the business strategists call it.

Obviously, the two courses of action do not constitute all that's needed. Sound financial controls are essential. Those without them fail, period. Solid planning is not a luxury but a necessity. Moreover, business can be temporarily or permanently set back by external forces, such as an overvalued dollar or the loss of access to natural resources. Nonetheless, these other factors are seldom, if ever, the basis for lasting distinction. That is, financial control is vital, but one does not sell financial control, one sells a quality service or product. The lemonade stand, the lemonade, selling and servicing efforts must precede the accountant who adds up the pile of pennies at the end of the day. One seldom sustains superior performance through mere access to natural resources; one sustains it through innovation in resource exploration techniques and subsequent market develop-

ment. One is battered by an overvalued dollar, but one sustains performance by adding enough value to the product so that it is profitably salable despite international monetary variability. Likewise, in the school, efficient management of the budget is vital; yet a great school is never characterized by the remark, "It has a good budget." The superb school is superb only by virtue of its success in developing its ultimate customer: the student.

It turns out that neither superior customer service nor constant innovation—the two sustaining edges of excellence—is built upon genius in the executive suite, sleight-of-hand techniques or mystical strategic moves on a game board that allow one to gain a five- or ten-year advantage over one's competitors. Both are built, instead, on a bedrock of listening, trust and respect for the dignity *and* the creative potential of each person in the organization. Thus, customer courtesy means courtesy from the accounting department, from the purchasing department and the engineers, as well as from the sales people. Quality, too, is an all-hands operation. It means quality in all parts of the organization. The winners stun us not by their cleverness, but by the fact that each and every tiny aspect of the business is just a touch better than the norm.

So that is our model: care of customers, constant innovation, turned-on people. Yet one thing is missing, one element that connects all the others. It was a shadow over the pages of *In Search of Excellence*, but was seldom labeled, as many subsequently pointed out. It is leadership. Leadership means vision, cheerleading, enthusiasm, love, trust, verve, passion, obsession, consistency, the use of symbols, paying attention as illustrated by the content of one's calendar, out-and-out drama (and the management thereof), creating heroes at all levels, coaching, effectively wandering around, and numerous other things. Leadership must be present at *all* levels of the organization. It depends on a million little things done with obsession, consistency and care, but all of those million little things add up to nothing if the trust, vision and basic belief are not there. It seems obvious, doesn't it?



The Adaptive Organization—A regular criticism of *In Search of Excellence* was that it was focused internally (i.e., on management), and did not take into account changes and discontinuities foisted upon the organization by the outside world. It was a bum rap!

Our "defense" is that the management practices we describe are aimed at ensuring that the organization is always externally focused, always sensing change and nascent change before it sneaks up.

True, people and leadership appear to be "internal" variables. And the hastiest glance at Akron, Pittsburgh, or Detroit suggests that many of America's past greats have come upon desperate straits because of an excessive internal focus. Internal politics, complacency driven by bigness and a "Members only" mentality led to severe problems and hundreds of thousands of permanently lost jobs.

Yet the two other variables we focus upon, customers and innovation, are external. Obsessive pursuit of the customer and constant innovation mean adaptation. To pursue the customer and to pursue innovation are to be in constant commerce with the outside world, listening and thus adapting.

But it's even better than that. As our in-depth look at people and leadership will suggest, even these two "internal" variables *can* be sources of constant adaptation. If you are asking for practical innovation from everyone—receptionist as well as designer—you are turning every employee into an outward-focused, adaptive sensor. And guess where the best sources of competitive analysis and assesment often lie: with the men or women on the loading dock or on the line who know what their friend Mary Jo, who works for the bank down the street, just got in the way of a new aid for check processing.

And leadership *can* be adaptive, too. The brand we propose has a simple base of MBWA (Managing By Wandering Around). To "wander," with customers (at least 25 percent of the time) and vendors and our own people, is to be in touch with the first vibrations of the new. It turns out that hard-data-driven information is usually a day late and *always* sterile.

The surviving organization is the adaptive organization. The adaptive organization is one that is in touch with the outside world via living data. All four of our variables—two that you would expect (customers and innovation) and two that are novel (people and leadership)—are focused on sensing change and adapting to it, not via great leaps and genius paper plans, but via constant contact with and reaction to people on the part of every person in the organization.

Raise the issue of marketing and the discussion soon becomes technical; no living, breathing customers and their whims intrude upon the heated but wholly sterile debate. Shift to innovation and the same thing is true. Hour after hour of chatter about "technology ramps" and changing demographics ensue; nothing so trivial as the way we continuously dampen the spirit of would-be champions through our questioning routines is raised.

Talk of people and productivity and, again, often as not, the language is sterile and depersonalized. Labor intransigence is lamented. Trust and simple listening are never mentioned.

The topic of MBWA is at once about common sense, leadership, customers, innovation and people. Simple wandering—listening, empathizing, staying in touch—is an ideal starting point. Under the deceptively simple heading of MBWA lie the concepts that bring our whole scheme into clear relief.

MBWA: The Technology of the Obvious

> We were pretty good geologists when we went down there. We found out we weren't nearly as good as we thought we were....From the Brazos River east to the Mississippi...We saw bays and estuaries, channels and deltas and bars, lagoons, swamps, growth faults, salt domes....We jumped in the water and felt with our toes the sand of a transgressive overlap.
>
> —John Masters, president, Canadian Hunter Exploration, Ltd.

> The greatest problem American business faces is getting the boss back to work watching his customer and his product. Too many bosses are involved with long-range planning meetings. They are too busy playing golf, often to the point that they no longer know what the customer is saying, how he is being treated. They are not on the production floor long enough to know how the product is being manufactured or how the buyers are stocking the stores. As a result, we have set ourselves up for a terrific pratfall.
>
> —Stanley Marcus, former chairman, Neiman-Marcus
> (as reported in the *Knoxville News-Sentinel*, May 27, 1984)

> Get into the community and find out what their problems are. That's the best politics.
>
> —The late Senator George Aiken of Vermont, in 1974, on his success at the ballot box

In our work with groups of all sorts we have commented time and time again that we can make a strong case, which boils down to this: the number one managerial productivity problem in America is, quite simply, managers who are out of touch with their people and out of touch with their customers. And the alternative, "being in touch," doesn't come via computer printouts or the endless stream of overhead transparencies viewed in ten thousand darkened meeting rooms stretching across the continent. Being in touch means tangible, visceral ways of being informed. It means a remarkably successful thirty-year veteran geologist/entrepeneur sinking his toes in the sand of a transgressive overlap, instead of totally depending on a computer's interpretation of sophisticated geophysical tools.

In *In Search of Excellence*, Managing by Wandering Around rated a subtitle in "A Bias for Action," the first of eight chapters on the attributes of excellent companies. We know it as *the* technology of the obvious, the method by which leadership becomes effective in any well-run school, hospital, bank, single-store operation or industrial enterprise.

MBWA: With Customers

To listen is just that: to listen. Apple's Lisa computer (not a great commercial success, but the machine that spawned the wildly successful Macintosh) was noted for a breakthrough in the "user friendliness" of its operating system software (marked by the "mouse" and a revolutionary reduction in customer learning time). The developer of much of this software was John Couch, a prototypical engineer, with a Ph.D in computer science from Berkeley, among other degrees. We asked John once about the genesis of his thinking. He was quick to reply: "I bought my dad a computer outlet. I worked in it, for the full two years of the project, at least one and often two days a weekend, doing a full shift on the floor, incognito. I learned about the fears and frustrations of the average first-time user and the more sophisticated one firsthand. I believe it was the single most significant source of what we came up with." Being in touch means just that—being in touch. Somehow. It usually has little to do with statistical surveys—Couch's experience didn't, certainly. But it *is* valid. Currently Apple prides itself on having gotten its entire executive staff (the senior officers) to volunteer for a regular stint of listening in on the toll-free 800 customer call-in number. Whenever an executive participates, she or he gets a commemorative Listening Certificate—with a gold star attached if the executive has the guts to actually *answer* one or more phone calls.

"Daily Dose of Reality"

Three mornings a week, all executives of Castle find a 5" × 7" yellow sheet of paper on their desks. The title: "Daily Dose of Reality." Below is the name and phone number of a customer who bought a new piece of equipment from them (they make hospital sterilizers, surgical equipment) about six weeks before. (Better yet—the phone number is for the person who actually uses the equipment.) The routine is stated in full in an internal memo: "We will simply be asking our customers if they are satisfied with our product."

The objective is threefold: "to let our customers know they are important to us," "uncover problems before they become major irritants," and "give management a daily reminder of where the real world is—with our field reps and our customers."

"Naive" customer listening. Raw impressions. They are not substitutes for computer printouts—but there are no substitutes for them either. Consider this analysis (in 1983) of the source of many of GM's problems by a Sloan student at Stanford from General Motors:*

* Stanford's and MIT's business schools run year-long programs (e.g., the Stanford Sloan Program) for about forty superfast-trackers, principally from big corporations and federal agencies. The programs were started with seed money from the Alfred P. Sloan Foundation; the student's company nominates and supports the student.

> They [executives] drive down the highway outside Detroit. All the car company employees and suppliers are virtually required to buy American cars. He looks to his left, looks to his right. "Everybody's still driving American cars" registers at some level. Then he pulls into the company garage. His car is gone over from stem to stern for the next ten hours. When he leaves work he gets in, it starts like a charm: "And the damn things do work." All the tons of market research data that we have don't make up for the lack of *feel*. If even one of the companies or even one car-producing division had moved to California, they would have learned the bitter truth: Californians just don't like American cars anymore. These odd names—Honda, Toyota, Nissan—are all over the highways out here. Even I, and I consider myself pretty darned enlightened, didn't really "feel it" in the most important sense until I moved out to Palo Alto. I started subconsciously counting Japanese cars at intersections. I was incredulous. I'd tell my colleagues about it, back home. They didn't fathom what I was saying, as I hadn't before I came out here and lived it for myself.

If customer listening is the watchword, it should also be opportunistic. The president of Levi Strauss USA had a call, purely social, from a retailer who happened to be in San Francisco (the company's headquarters city). The man sat down and started to pour out his heart about some of the difficulties he had dealing with Levi Strauss (this was during the late 1970's when the jeans craze led the company to fall behind in satisfying the demand for their product). To the Levi executive's credit, he cut the retailer off early in the discussion, invited him—begged him—to stick around for three or four hours, called in the video cameras and all of the marketing people who were in the headquarters building at the time. Everyone trooped over to the nearest auditorium, and while the audience sat in rapt attention and the video tape spun, this fellow unloaded and answered questions for a full four hours. A host of copies of the tapes was made, and sent throughout the system.

Now, Apple and Levi Strauss are among the most systematic collectors of market data. Yet none of these examples is very systematic. But, again, each is valid. Here's another, again from a senior executive at Levi Strauss: "We've begun to correct some serious problems, particularly in the service-to-retailers area, over the last couple of years [1983-84]. At the heart of it for me was a commitment I made, following an almost accidental first experience, to spend one Saturday a month on the sales floor of one of our major chain customers, one of my 'executive accounts.' I asked them if they would let me sell blue jeans one weekend. They were delighted. It was quite an eye-opener for me—to sell our own, to watch people decide to buy other people's jeans. We haven't burned the market research data, but I'll tell you it's a different view."

Campbell Soup Chairman Gordon McGovern hasn't burned the computer printouts either, to be sure. But he is going to even greater extremes than Levi Strauss to get in touch. It's a keystone to his effort to innovate based upon listening. *Business Week* (December 24, 1984) reports:

> McGovern recently convened his directors in the back room of a supermarket for a board meeting, after which they roamed the store aisles probing shoppers for

comments about Campbell's products. He regularly dispatches company executives to the kitchens of some 300 women across the country, to see how meals are prepared. And he insists that his managers do their own grocery shopping.

McGovern himself can be found every Saturday in his neighborhood supermarket, stocking the family larder. "Gordon's made it his business to be out in the marketplace, getting to know his customers, whoever they may be," says Allen Bildner, president of Kings Super Markets Inc. in West Caldwell, N.J. With the entire food industry scrambling to meet America's changing tastes, McGovern's determination is the key to his dream of transforming Campbell into the the nation's most market-sensitive food company—almost an about-face for the once-cautious food processor.

Wandering with "Customers": Urban Government

Mayor William Donald Schaefer of Baltimore has wandered with his constituents for years. Maintaining a feel for his city has long been at the top of his list of priorities. Richard Ben Cramer reported in *Esquire* (October 1984):

> "I'm not pleased with this," he'd scolded them [members of the cabinet] many times. "That is NOT...GOOD...ENOUGH."
>
> PEOPLE, he'd write on his easel. He picked the easel thing up a few years ago, thought it might get the message across For greater weight, he'd write: PEE-PULL. Or: WHAT IF YOU LIVED THERE? He wanted the cabinet to have a feel for the citizens they governed.
>
> Sometimes he'd decide the problem was they just couldn't goddam see. He'd be riding around like he does on weekends, with his driver and a cop riding shotgun, and he'd see the potholes, and broken streetlights, caved-in trash cans, dirty parks, housing violations, abandoned cars, crooked traffic signs, dead trees, a missing bus stop, trash at the curb. "What are the bastards doing with the money?" he'd mutter aloud in the Buick. Then he'd get out his pen and his Mayor's Action Memos and tear into the thing:
>
> Get the g----m trash off East Lombard Street....
>
> Broken pavement at 1700 Carey for TWO MONTHS....
>
> Abandoned car at 2900 Remington. Why?
>
> Then the memos would be on their desks Monday morning, and the trash, the pothole, the abandoned car had better be gone when he drove by again. How'd it get there in the first place?
>
> One time he popped them an Action memo: There is an abandoned car...but I'm not telling you where it is." City crews ran around like hungry gerbils for a week. Must have towed five hundred cars.
>
> That was NOT...GOOD...ENOUGH: Schaefer called in his cabinet, the best municipal government in America. The mayor held two fingers up, and he poked them at his own glittery eyes.
>
> "Do you know what these are? Do you? These are eyes." The mayor was jabbing at his face now. They thought he might hurt himself.
>
> "I GOT TWO. AND YOU GOT TWO." Then he grabbed a cabinet member and started menacing him with the fingers in the eyes. The cabinet guy's head was burrowing between his shoulders.
>
> "So how come my eyes can see and a smart young fella like you can't see a damn thing, huh? HOW COME?"
>
> But today it's worse. He won't look at them. He is staring down at the table. His head, in his hands, rocks back and forth in sorrow. At his shoulder is the easel with the single word he'd written:
>
> ERR-JEN-C.

Bugging Customers—Let's pick up on the phrase "They [customers] were delighted [that the Levi's executive wanted to visit]." Often a rebuttal to our persistent suggestions for customer MBWA is that "customers don't want to be bothered," "customers don't want some damn vice president calling once a week to say 'How are you'" (we actually got this comment from the vice president of a phone company in one session). But our experience on such MBWA's is crystal clear: customers are, simply, *always* delighted by the attention.

Joe Baute, the president of Markem (a Keene, New Hampshire, maker of packaging and labeling products), described a new and highly effective twist to the company's annual top-management retreat in 1984: "The focus of the meeting was customers' concerns. We needed data, and decided to do something novel: Each attendee, at some point in the two weeks preceding the meeting, was to spend one full day with a customer, checking out his [the customer's] perception of us. Half our people thought it would be a waste. Several were certain the customers would feel imposed upon. To the contrary, without exception the customers loved it! And this even though we avoided the 'happy customer' problem—visiting only those most likely to tell us we were doing fine—by dividing the pile of candidates into good customers, bad customers and average customers. The debate at the meeting was informed by live impressions, for the first time in memory. Just about all agreed that it was the best meeting we've had. And follow-up has been terrific—and concrete."

An executive of AMP, the remarkably profitable ($1.5 billion in revenues) Harrisburg, Pennsylvania, makers of electrical connectors, tells a similar story. He brought in a dozen tough customers (and three or four AMP people: "We wanted 'them' to far outnumber 'us,' because the purpose was for us to be outnumbered, not for us to tell them why things were this way or that") for an intense weekend discussion. Again, several of his colleagues had argued that the customers wouldn't want to waste time on such an activity; and again, his experience was the converse: "To a man, they were flattered at the attention, and delighted to spend the time. You can't believe how much we learned."

After speaking to a bunch of hospital administrators, Tom had an interview with a new, local Cable TV group, this one specializing in communications with hospitals. As he walked toward the makeshift studio that had been set up in the auditorium, a fellow from the TV company grabbed him and started pumping his hand. It turned out that he was the marketing guy. His story: "I loved your book [*In Search of Excellence*]. The chapter on the customer in particular. As soon as I read it, I went out and started to call our customers, asking the major ones how they liked our programming. They told me! Boy did I get an earful."

"Naïve Listening"—"Naïve Listening" is a term we ran across when talking with the chairman of Allergan, a highly profitable Irvine, California,

subsidiary of SmithKline Beckman. About $100 million of the company's $200 million in revenues comes from a product family of ointments and the like aimed at helping contact-lens users. Chairman Gavin Herbert described the breakthrough that led to development of the product: "I've repeatedly argued that reading the data and talking to the ophthalmologists is not enough. In the pharmaceutical industry we're overwhelmed by data. All the prescription information comes in by the bushel, rapidly and neatly summarized. We have more than you need. But we miss the basic customer. I've always insisted that our people stay in touch with the users, the patients. In the process of talking with contact-lens wearers, we kept coming across, in one form or another, the same problem: 'itchy-scratchy eyes.' Now you know and I know that no ophthalmologist, after twenty years of professional training is going to write down as his diagnosis 'itchy-scratchy eyes.' It's just not professional language. Yet it *was* the problem. We started working on coming up with something to deal with itchy-scratchy eyes. That, plain and simple, was the genesis of this immensely successful product line." (We find it interesting that the company was founded by the current chairman's father, a practicing pharmacist. The family, in fact, lived right over the pharmacy, and the current chairman put in his time behind the counter too. Time and again we discover that the hands-on companies are led by people who got their start in hands-on jobs.)

"Black Box" versus South Bronx

The *Wall Street Journal* (December 12, 1984) reports:

> Westinghouse recently sent 30 hourly workers who produced subway generating equipment to New York to appraise their workmanship on the city's transit system, and underscore the need for reliability. "There's a difference between putting wires into a black box and riding the product through the South Bronx," contends Jack Geikler, general manager of Westinghouse's transportation business unit near Pittsburgh. Westinghouse workers say they see a big change in management's attitudes. "When I joined in 1968, just the notion that you went to see what you made was enough to send shivers up management's spine," recalls Harry Stauffer, a draftsman. Still, attempts to instill more pride-in-product at the workshop level won't necessarily land a contract. Westinghouse just lost a major streetcar contract in its hometown of Pittsburgh to a West German consortium. Nonetheless, asserts Westinghouse's Mr. Geikler, every little bit counts. "We see it as a survival issue. If we don't do these things, we're not going to make it."

Milliken and Company, the textile people, have taken the "naïve" idea and are turning it into a strategic passion. Naïve listening is the source of literally scores of programs. They include getting first-line people from Milliken factories in touch with first-line people in customers' factories. It turns out that, first, "hourly to hourly" is a fine way to sell. (As a friend at Northrop says, "Manufacturers are a helluva lot more credible to other manufacturers than the sales people.") Second, both have clearer notions

of the practical problems involved in the use of the product. Milliken is also opening a "customer listening college." (Apple, to get its message through, is spending a huge sum developing a "retailer's college," to teach the Apple way and Apple advantages to the retailing channel.)

Other parts of the Milliken strategy include an internship in manufacturing for all salespeople; a "stand-in-the-customer's-shoes" training program; a program to bring the customer to life (via videotapes of customers using Milliken products, etc.) for the service people—those in the PBX room answering the phones or on the loading dock;* sales training for all senior management (going through a not too shortened form of the normal sales-training program); training all Milliken people to understand customer manufacturing operations (in which so many of Milliken's products are used); inviting customers to come to the Milliken premises and present a history of their company's culture to Milliken people (including hourly people, so that all hands can get a "feel" for major customers); developing joint problem-solving teams with customers that include a heavy representation of hourly people from both Milliken and the customer's operations; having customers visit the specific factory at which their product will be made (and parading them through the factory so that factory people can see live customers);† showing visiting customers a film of the history of the Milliken Company (to give them a feel for what Milliken is all about in a tangible way). Milliken is also introducing extensive and detailed customer surveys through which Milliken is responsive to them, and in which everything from phone courtesy through billing is included.

Of course, the heart of the matter is mind-set. Chairman Roger Milliken spends 80 percent of his time on the issue. That's right: eighty! An important customer on a visit finds him, once again, lecturing at the Milliken

*This is an extension of the whole MBWA idea. MBWA has become, for us, shorthand for "bringing business—customers, suppliers, etc.—to life," somehow, for *all* hands. A Texas bank is following the Milliken lead. Here are both the logic and the technique: a bank doesn't "lend money"; rather, it lends money so that others can productively employ it—e.g., build factories, restaurants. The bank's innovative program involved bringing the customer to life for the operations people (check processors, management information systems people, et al.) by shooting live footage (often beefed up by a brief interview with the customer) to all those distant from day-to-day contact with customers. The program, an officer reports, has been "a roaring success."

†Customer visits to plants is one of the debated issues. Some staunchly argue that it's "not right"—i.e., "they" will steal "our" secrets. We think they're more likely worried about a potential embarrassment: "They'll see our dirty plants!" None we know who are wholeheartedly committed to customers visiting plants have found any cause for alarm. All view it as an unadulterated plus. A Campbell Soup executive, who had spent his career in sales, was transferred to Pepperidge Farm manufacturing years ago. He said, "We were experiencing some quality problems. My first step was to invite our distributors [customers] into the plants. First, I wanted them to be joint problem solvers with us. Second, I wanted our plant people to understand that there were real customers out there. Some of them literally threw rolls at us. It worked, *and fast.*"

Customer Service Center in Spartanburg, South Carolina. "Who's minding the store while you and Tom [Milliken President Malone] are doing this?" the customer asks, somewhat incredulous. Roger doesn't answer directly. Instead he says simply, "But what could be more important for me than to spend time with customers?" Roger Milliken is practicing customer MBWA with a vengeance. As he does, so does the company. As one Milliken manager, heavily involved in the new process, puts it: "A customer's problem is almost always solvable. It's up to us to see it as an opportunity. Put simply, the vendor who solves it gets the season's business." (He adds, to the naïve point: "We must constantly guard against the pitfall of being too knowledgeable.")

Really Naïve Listening

In February 1984 Tom spent four days with Milliken's 450 principal officers at their annual top-management retreat. The sole subject was getting closer to the customer—with Tom's connivance, not just listening, but "naïve listening." About a month after the meeting was over, he received a letter from the marketing director (let's get it straight—*marketing* director, not a born-again accountant or lawyer) of the division that manufactures carpets for institutions such as schools and hospitals. In it he described how he is repositioning his product line, focusing on new features, adding some new products. The reason: right after the February meeting and making his commitment to "naïve listening," he had gone out and worked two weeks, on the swing shift, in a customer's hospital. As he said, "Getting close to the customer is a *winner!!* [his emphasis]. I just got back from my second week working in a major hospital as part of the housekeeping staff. What an experience...to actually maintain your products (and competitive products) in the environment where they are used. Plus, it gave me an opportunity to do a lot of naïve listening while at this hospital. I worked the second shift (3:00 P.M. until midnight) and actually cleaned carpeting as well as hard-surface floors. I operated all the machinery they used daily, plus handled the same housekeeping problems problems that our customers face daily. I cleaned every stain from blood to urine, plus a few that I cannot even spell. To be honest, I was stiff and sore and worn out at the end of the two weeks, *but* I plan to do it again at least every six months. What did I learn? [At this point he goes on for about half a page talking about the features that really had come through in the "naïve" setting in which he had placed himself.] Now I can put together my trade advertising as well as my entire merchandising program based directly upon the needs of my customers as I observed them. No more SWAG (Scientific Wild Ass Guess) on what the market needs. I'm learning—from new-product introduction to maintenance of existing products—exactly what our health care customers require. We can now design products and programs that have a differential advantage for our customers plus get a fair profit for Milliken....I guess if we will just follow the Golden Rule—'Do unto others as you would have them do unto you' —we will become more efficient in our dealings with all people, including our customers!! I know I'm on the road to answering 'Where's the beef?' for the health care market."

What a great story! There's only one nagging problem: How come stories such as this don't describe what *everyone* does naturally? Shouldn't it be like falling off a log, especially for the marketing guy, to go out and spend two weeks at a major customer site, working the swing shift?

A Few (More) Ways to Keep in Touch—Oxford Software is a fine company, profitable, growing fast, with a solid outpouring of new products. At a celebration—a three-day meeting for all hands—of a recent success a secondary objective was to keep people from getting complacent. The chairman began the meeting with a speech. It included just one overhead transparency: a reproduction of a letter from a disgruntled (good, big) customer, telling the chairman that he thought Oxford had slipped of late, was resting on its laurels. Just one letter. Yet it had a truly galvanizing effect. When you eyeball it, see that the guy took the time to write, it's somehow different—very different. The picture is worth not just a thousand words, but more like a million.

Likewise, at People Express there's a highly visible bulletin board in each facility, located where almost everyone must pass by. Good-news customer letters are flaunted on the left side; the right side displays bad-news letters. Of course, the company systematically collects data on customer satisfaction—any sensible organization must. But the visible display of the real, unabridged words of the customer, on his or her letterhead, is compelling far beyond the numbers. It is life in a way that dry statistics can never be.

Test Flying

GE's aircraft engine pioneer, Gerhard Neumann, is a longtime practitioner of customer MBWA. Here is his description from his book *Herman the German* (Morrow, 1984) of the unique approach he took, while a member of General Claire Chennault's World War II Flying Tigers, to improve the reliability of engine repairs:

> I asked my squadron mechanics to "volunteer," if this was suggested by me, to test-fly in the single-seat fighter plane whose repair they had just completed. The pilot would sit on the crew chief's lap; neither would be able to sit on a parachute because the cockpit's canopy was not big enough. I had done this myself several times with my tall squadron commander, Major Robert Costello, sitting on my lap to identify engine problems which showed up only at altitudes of 20,000 feet or higher. The pilots were enthusiastic about my plan. Consequent improvement in quality of workmanship was dramatic. Way past dinnertime, the airfield looked as if it were invaded by glowworms: the twinkling came from flashlights mechanics used to check—once more—the tightness of pipes or connections they had made, in case I might suggest that they "volunteer" to ride in their planes the next day.

Magazine publisher James E. Burger reports the following in *Travelhost* (September 11, 1983):

> Recently I had occasion to visit the national headquarters at Frito-Lay. They produce, among other things, Lays Potato Chips. In their national headquarters they have a large bowl of potato chips, and every one of those chips is perfect. They are literally

hand-picked. They are not broken, burned or chipped. They are the finest potato chips that Frito-Lay manufactures. I found this very interesting, to find such perfect potato chips. They brought a point home to me: *that this was their business.* [Emphasis ours] They had brought together the very best that they could do. And because they did, people visiting their national headquarters would have an opportunity to sample the very best of their production. With that in mind, we started doing the same thing. I asked to have the finest magazines that we produce sent to our office each week. And the instructions were that these magazines were our potato chips. I didn't want the burnt ones, or the chipped ones, or the broken ones. I only wanted the ones that were the finest. At first, I was a little shocked. What I was shocked about was that the finest potato chips, the finest magazines, that we were producing *were* a little burnt and a little chipped. They didn't compare at all to the fine hand-selected potato chips that I had seen at the national headquarters at Frito-Lay.

Amen. Touch. Feel. Taste.

MBWA with Customers: Some Questions—and Things to Do Now

- Do you regularly call your own company and competitors with a simple request (e.g., on product information)? What are differences in response, in detail—days to answer, completeness of answer, courtesy, etc.? Have five people do this with different requests and compare notes. (Less systematically, just make a habit of calling in to your company once every couple of weeks to judge responsiveness. A variation on this theme is to dummy up some stationery and, by letter, make a simple request of your company and competitors.)
- Do you have an 800 toll-free call-in number (even if you are a small company)? If not, why not?
- Must do: Call a minimum of *three* customers per week from a list of fifty or so good, bad and indifferent customers. And get a list of major sales made and lost in the last three weeks. Call one recently gained and one recently lost customer. Ask why it happened. (Have five to ten colleagues—preferably from different functions—repeat this exercise some week, and use the results as the basis for a half-day meeting.)
- Former Marks & Spencer Chairman Marcus Sieff had a simple ritual, reported by Walter Goldsmith and David Clutterbuck in *The Winning Streak* (Weidenfeld and Nicolson, Random House and the Tom Peters Group, 1985). Every Saturday at about 5:00 P.M., for years on end, he would call the heads of four or five stores, chosen randomly, and ask how the day had gone. Likewise, each week, call *three* of your operations that deal directly with customers (sales branches, service offices, retail stores) and ask how the day's business has gone.
- Do you bring customers to life (via video, visits, etc.) for the off-line departments—MIS, accounting, personnel? Do you have members of the off-line functions make occasional (but regular) customer visits, work on the retail floor, etc.?

- Do you conduct occasional intensive customer debriefings (à la Markem, AMP, Milliken) where customers are "called in" (invited in) for multiday "How are *we* doing for *you?*" sessions?
- Do you have set routines and visit patterns which are aimed at the "naïve" part of listening? (E.g., let the customer speak first at debriefings, à la Milliken; visit ultimate users rather than intermediaries, à la Allergan?)
- Do senior managers (and all managers) work in selected customer operations (in a regular job) on a quarterly basis? Do "technical experts" (R&D people, brand managers, designers) regularly visit *and* work in selected customer operations?
- Are customers regularly invited to visit virtually all facilities? Are people from all customer functions (e.g., manufacturers) invited to visit? Are there regular routines for debriefing (i.e., listening to) customers on these visits?
- Do visitations—ours to customers, customers' to us—go all the way down to the hourly level? And are they regular?

Supplier as "Customer"—It seems that one of the half-dozen traits that we hear exemplify Japanese management (in contrast to management in the United States) is the long-term, almost familial relations between suppliers and producers. But there's no Japanese magic about it; it can happen in the United States—and does in many of the best companies. Again, our friends at Milliken are leading the way, doing virtually all the things we mentioned in connection with customers with their vendors as well, including swapping visits among hourly people from vendor organizations and Milliken organizations, and bringing vendor people into the Milliken operations to learn about things that the Milliken quality-improvement teams are doing.*

Milliken isn't alone. When Tom was in Sweden in 1982, he attended a meeting that included a presentation by Marcus Sieff of Marks & Spencer. Sieff commented on the exceptional family relationships that the company maintains with its suppliers. Tom expected the usual litany about a battalion of quality-control people, a tough legal-contracts section and the like. Instead Lord Sieff said, almost as an aside, "Well, of *course*, I and each of my [top 25 or so] executives make it a hard-and-fast point to visit a minimum of forty suppliers a year." Wow! So it isn't so mysterious after all. (Or is it? That's a lot of time and determination.)

*And again, the most common rejoinder we get on this point is "You're giving away your secrets to a potential competitor." Nonsense. The competitor—potential or otherwise—usually knows what you're up to. Besides, this kind of logic assumes that various segments of the channel are mortal enemies—and *that* assumption has gotten a good many of us into a mess. Both the vendors and the Milliken people benefit immensely from this exchange process, and the risks are minimal.

There's a tough side to the M&S equation as well. They simply demand that their suppliers live up to their high standards. Walter Goldsmith and David Clutterbuck again, in *The Winning Streak:*

> M&S maintains a team of inspectors who visit suppliers' premises, ensuring that quality levels are maintained and making suggestions for improvements. It calculates that a one per cent reduction in faulty merchadise more than pays for all the support services it provides suppliers, including substantial help in areas of employee welfare. M&S reasons that good working conditions are a prerequisite for high-quality production. It lays particular stress on canteens, morale and hygiene, and provides free courses for suppliers on a whole range of employee welfare issues. A regular newsletter keeps suppliers up to date on developments that might improve quality directly or through employee motivation.
>
> "All our long-term suppliers are very profitable," claims Sieff, suggesting that that is a result of adopting M&S-style management.
>
> Suppliers who do not fall in line, fall out. A large meat supplier, for example, had very poor working conditions for its employees. "Our business with them was increasing considerably. But they had appalling canteens and lavatories and some of the walls were running with damp. I said I would give them three months to put it right. When I came back there was no improvement. They said, 'You'll never stop doing business with us.' One month later we gave them two weeks' notice."

Only a couple of weeks after we met Marcus Sieff we visited Northrop, where we were doing some consulting, and where our friend Marv Elkin runs the purchasing organization. He's done a remarkable job of changing vendor-producer relationships for the better in the course of the past two or three years. We sat down to chat with him about it a bit, and mentioned Lord Sieff's comment about visits. Now, Marv's an animated fellow, and he leaped up halfway through our description: "That's it! That's it!" Yes, it was. It turned out to be *exactly* what Marv had been doing. He stated that over the past two years, in a program that departed remarkably from the company's previous adversarial relationship with vendors, he had visited over 150 suppliers. Equally important, his visits weren't thinly disguised opportunities to take whacks at the suppliers. They were open-ended, with no set agenda. He asked them to make a presentation on their company's history, their strategy, their work force, their quality programs: "It was just a chance to get acquainted, to learn about them, to show interest (which I desperately had) in them as a whole." It's a program that he's kept up, and gotten others of his own people thoroughly involved in as well. It's been a long first step toward reversing decades of adversarial and negative relationships, where the only senior contact came in the heat of battle and in response to pressing problems. And it came none too soon, because the quality programs that Northrop is having shoved down its throat by the Air Force are now requiring Marv to turn up the heat on his vendors. The groundwork, however, has been clearly—and expensively (in terms of time)—laid by his visits. Now all of them are in a position to work together.

Domino's Pizza Distribution Company (Domino's ingredients and equipment supplier) just says "Thanks." They regularly stage Vendor Appreciation Days. A horde of Domino's people will descend on a Wisconsin cheese maker or a California olive grower and shower the supplier with time and attention. Distribution executive Jeff Smith can't imagine it any other way. "They're part of the family, aren't they," he says, with surprise that anyone could conceive of a different position on the issue. (Interestingly, family relations with vendors are an explicit part of Domino's Distribution statement of its mission. Now, that is rare. But why not?)

That's really about the extent of the supplier-MBWA magic. Wandering around. Keeping in touch. Replacing theoretically adversarial relationships with garden-variety humanness, doing so at all levels of both organizations. And taking time to say thanks in more than a perfunctory fashion.

MBWA with Suppliers: Some Questions—and Things to Do Now

- Do people with functions other than purchasing (e.g., manufacturing, marketing) regularly visit vendors? Do vendors regularly visit *all* your facilities—factories or operations areas, etc.? Does your chief purchasing officer spend 25 to 35 percent or more of his or her time with vendors at *their* locations dealing with other than brushfire problems?
- Pick three good (and long) and three rocky vendor relationships. Study them. Have an executive team select one good and one bad per person and visit with each for one to one and a half days. Ask the vendors how *you* are doing as people to sell to. Return and spend a full day analyzing the data. What do they perceive it's like to do business with you? What are the *ten* things that irritate them most about your practices? Can you fix three of the ten in the next sixty days?
- To what extent are vendors "part of the family"? Are they (small and large) regularly invited to strategy sessions, company celebrations (formal and informal)? If so, *who* is invited—just the person who sells to you, or members of the vendor's factory, Quality Control department (after all, your success depends on the vendor's QC people)? Is there any air of "can't share this with them because it's too confidential"? Do company newsletters, bulletins (annual reports, even) tell stories about vendors, vendor facilities, company-vendor joint-problem-solving successes?
- To what extent are you part of the vendor's "family"? Do your hourly or first-line shop supervisors attend vendor functions? Ever? Regularly? If not, have *you* ever asked for an invitation for your down-the-line people?
- Do you and vendors have numerous, ongoing joint-problem-solving teams that involve hourly people from both sides? If not, why not?
- More generally, check around with people in various functions, at various levels. Develop a five-minute questioning routine about vendor relations

both in general and in specific terms. What does your little, nonsystematic survey suggest about the role of suppliers in your company? Are they seen as cherished, full-fledged members? Or as necessary nuisances?

MBWA: Innovation

PepsiCo was a sleepy company a dozen years ago. Now it's aggresive. But while it spends extravagantly to get Michael Jackson on the tube as an advertiser for Pepsi-Cola in the ceaseless battle against Coke, it places its real bets on development of the likes of La Petite Boulangerie, a bakery chain with six stores in the San Francisco area that is expected to run to three thousand stores, nationwide, just five years from now. Growing new or small businesses is the PepsiCo technique. Its subsidiary Frito-Lay was a fine company with a large share. Yet in the mid-seventies it really began to take off. Changes in the size of the bag, a huge variety of new flavors—in short, innovation—marked the new Frito-Lay.

What's the magic of the PepsiCo transformation? Much of it stems from a form of MBWA, we'd contend. In particular, the unique form practiced by PepsiCo's former chief operating officer, Andy Pearson. He was on the road a lot—probably 40 percent of his time. Much of that time was spent visiting subsidiaries. When he did so, the routine was standard. He igonored the executive suite at first, and headed for the office of the most recently hired members of the brand management staff. "What's up? What've you got going in the test market? How're they reacting to the new umpty-ump flavor?" And so on. Implicit (pretty explicit, come to think of it) was the message that *something* had better be going on. Under his and Chairman Don Kendall's stewardship the company took off like a jackrabbit. (They did the job so well that in 1981 Coca-Cola promoted the dynamic Roberto Goizuetta to chairman just to keep pace.)

To innovate is to pay attention to innovation. At Hewlett-Packard, each engineer leaves the project he or she is working with out on "the bench." Other engineers—including "retired" Bill Hewlett, who according to the old pros was always around and about—take a look at it, play with it, comment on it. More significant, even, is the tone set. Everybody leaves a device out. Everybody gets into the act and plays with everybody else's toys. (And you had darn well better be working on a toy, one that's fun enough and new enough to interest your ceaselessly wandering—and vociferously judgmental—peers.)

MBWA: Problem Solving, a Subset of Innovation—The Rockwell International engineer had a dubious distinction. He had been in charge of a large share of the space shuttle's misbehaving tiles (the ones that popped off during the stress of reentry in the troubled early days of the shuttles). After a discussion about MBWA a couple of years back, he came up to us and said, "I never had a label for it before. But that's it." The story he

related was of the obvious—yet not so obvious—variety. It went this way: "Every Monday, it seemed, it would be the same. Another problem had arisen over the weekend. Another foul-up. And then the invariant ritual would begin. Twenty-four hours would pass. I'd arrive the next morning. Like clockwork, a fifty-page report would be lying prominently on my desk, from one of the engineering groups. The thrust of it was always the same: 'It ain't our fault. Two other engineering groups screwed up.' And then another twenty-four hours would pass. The next day's desk fare was also predictable: two more reports, this time numbering a hundred pages each, from the two offended groups [from the previous day] rebutting the accusations and blaming others, including (especially) the first group. We just didn't seem to get anywhere. Finally I had an idea. I started one Friday afternoon. I brought all the top people involved in the program to a cramped, sweaty conference room near my place. These people were from all over. It didn't matter where. After that, every week, on Friday afternoon, we'd sit there and thrash around, from early afternoon until the wee small hours if necessary. We'd go over every problem. We'd figure out what the heck it was each of us was going to do in the next seventy-two to ninety-six hours. We'd review where we'd been in the last ninety-six. It was just as simple as that. You know, it's a fact of human nature: you can bullshit people to a fare-thee-well with a two-hundred-page report, and you can pull the wool over their eyes pretty well with a twenty-five-page one. But it's damn hard, on a Friday afternoon, to do either when you're far away from home and the cigarette smoke has reached the 'can't-quite-breathe' level. It's real hard to sign up for an objective and then come back to that smoke-filled room like clockwork next Friday and report that you couldn't make it to the guy sitting four feet away across the table to whom you made the promise. Truth and honesty win out in such a setting with remarkable regularity. And that was our routine. Every Friday afternoon. And the things that began to occur! In a period of about ten weeks we made more progress than we had in the prior eighteen months."

Now, that's problem solving! No matrix reporting relations. No 16,000-bubble PERT charts. Smoke-filled room MBWA, instead.

MBWA: Innovation—Some Questions and Things to Do Now

- Given that concrete experiments are essential to innovation, how—specifically—does your *daily* routine reflect your desire to constantly test and try new things? Are you constantly, like Pearson or the HP people, out on the floor (of the lab, design rooms, MIS coders' space) asking "What's gone on in the last twenty-four (or forty-eight) hours?" (GE's Gerhard Neumann and Lockheed's Kelly Johnson never let more than twenty-four hours pass without thorough "What have you tried that's interesting?" probes of *all* hands.)

- Select two projects that are badly delayed, two that are on or ahead of schedule. (Alternatively, select two or three project managers who always seem to bring a job in on time, two or three who don't.) Analyze the information swapping and getting-the-people-together-for-problem-solving routines. Are there any parallels to the Rockwell story? If so, dig a layer deeper: look for fifteen to twenty-five ancillary "trivial" factors that enhance the problem-solving setting (e.g., physical setting, time of day, duration of meetings, record keeping re promises made). How commonplace is the use of the devices you unearthed? If rare, can you induce more widespread use—e.g., by writing up or otherwise communicating these "problem-solving success stories"?

MBWA with Customers (yes, again): Innovation Source par Excellence—Listening/naïve listening. The studies continue to pour in. There are now over eighty that we have unearthed including those reviewed for *In Search of Excellence*. Virtually all of them say the same thing: the lion's share of new ideas comes from the users. (3M adds an important twist: a substantial share of their ideas come in response to the complaints of users. 3M sees the complaint per se as an unparalleled opportunity!) The Milliken people discovered that in virtually every division 50 percent or more of their product ideas came from users. And this was *before* they developed conscious, proactive "naïve listening" programs.

The power of listening: it borders on the bizarre. General Electric has radically increased its share of market in the railroad locomotive business against a tough competitor—the $80 billion General Motors Corporation. In 1980 customers were concerned that GM would achieve a monopolistic position. By 1984 they were again worried about a monopolistic position; only now GE was the worry. At the base of it was a division general manager hell-bent upon improving performance. He spurred a marketer to take on a semi-bootleg project with three engineers quietly borrowed from another operation. They hit the road, doing something that hadn't been done in a decade, talking, naïvely, with principal customers. They held workshops on customer premises. Walls were lined with butcher paper, and lists of desired features were divvied up: these are the features that we at GE will try to provide; this is what you the customer can best do. Out of it came the New Series Design, and then the remarkable new-order growth. The program was so successful that it has now allowed GE to invest over a quarter billion dollars in a new, highly automated factory in depressed Erie, Pennsylvania.

When you hear such stories you ought to be a bit skeptical. We were. But we did the best we could to check the information out, and it appeared to be valid. Then Tom had a unique opportunity to confirm it. He spoke at a luncheon meeting of San Francisco Bay Area business leaders sponsored by the chairman of the Stanford Board of Trustees. One present was Ben Biaggini, then chairman of the Southern Pacific Company. After relating this analysis, Tom turned to Ben, for the SP Railroad had been

one of the companies that GE had purportedly "operated upon," and asked, "Is there any truth to this?" To his great dismay, Ben replied, deadpan, "Not a bit." Tom recovered and asked, "OK, what *is* the story?" Ben grinned, and paused for a second, then he proceeded: "To tell you the truth, Tom, it had been a lot longer than ten years since anybody had bothered to ask."

This theme rings especially true for the technology-based industries, where technical arrogance and a "This product will sell itself" mentality dominate many companies—and bring more than a few to their knees. Fred Cox, chairman of successful Emulex, a computer industry player, says, "So many lose because they come to 'own the market.' They start to *tell* the customer what he wants." In computers, Wang has the top growth rate (sales *and* profits) among the big, higher-end players. Their secret? For the most part it's better listening to the ultimate user. Sandra Kurtzig's ASK Computer, which makes software systems primarily for manufacturers, has gone from $0 to $100 million in no time flat. Almost all agree on the reason. ASK is well named: They ask *and* listen—and then adapt a product to the customer's needs. Digital Switch is a Dallas-based star in telecommunications switch gear. MCI chose it as a major supplier over Northern Telecom when both Digital Switch and MCI were small. The reason, according to one close observer: "NT [Northern Telecom] *told* MCI what they could have. Digital Switch *asked* MCI what they wanted."

3M is so committed to the idea of customer listening for innovation that they've made it their corporate theme/logo.*

A Few (More) Tricks of the Trade—In many companies the best source of ideas is the sales force. Yet so few really listen to their sales force. The common wisdom is that "the sales force rolls over and plays dead in the face of every customer whim." To some extent, of course, that's true: that *is* what the salesman gets paid for, up to a point. But Chairman Bill Keefer of Warner Electric Brake and Clutch, running a highly profitable, $175 million company providing specialty industrial devices (such as clutches for Xerox machines), sees it differently. He knows that his future lies in the development of a large string of new, customer-induced, niche-oriented products (shades of 3M). And he knows that the people most likely to hear what's needed are his salespeople. So he has a boring routine. Each salesperson makes a monthly call report. Not so novel. As part of each call report, there is a requirement to submit the "best three potential product (new or line extension) ideas heard about on a customer premise." Now, this is a bit unusual. But the real novelty? The chairman

* Sometimes our friends explicitly test our credibility when it comes to 3M. The president of a small bank had an idea for an adhesive to keep pothole plugs from popping out in the extreme cold. Having read about 3M's listening proclivity in *In Search of Excellence*, he called them and rapidly got through to a 3M technology executive. A week later, the fellow called our banker friend back to report that they were working on his idea. His comment to us, "By God, they really *do* listen."

spends almost a full Sunday each month *reading* those ninety reports. Furthermore, he has an unfailing routine of penning personal notes on thirty or forty of the individual suggestions—notes to people in engineering and manufacturing requesting concrete follow-up within, usually, a five- or ten-day period.

So much of the business of retailing seems to have come to focus on the centralized distribution function, the centralized computer-aided buying function. But there are exceptions. Mervyn's is the shining star in Dayton-Hudson's crown; it has a fine buying organization. Now, buyers these days (like package-goods brand managers) are typical of the hotshot, fast-tracking young men and women who don't have time for the boring task of learning the job on the retail floor. Mervyn's, to some extent, is no exception. Most of its new buyers didn't start on the retail floor. But Mervyn's stays ahead of its competitors by effectively remerchandising its entire billion-dollar-plus operation once a week; what Mervyn's does once a week most of its major competitors can barely do in a quarter of a year.

Then the people at Mervyn's take a vital next step. They keep in touch—tangible, visible touch. There's a process called Weekly Store Check. The fleet-of-foot merchandising is accomplished by getting their top hundred or so merchants and executives together once a week to redo things (i.e., create the Ad Supplement). They proceed on the basis of lots of written feedback, lots of data telling them how the stuff they pushed last week is selling this week. They have trend-line analyses from themselves and from their competitors' operations, too. But equally significant, they see it: that same cast of a hundred—executive vice presidents, merchants, buyers—troops together as a group through a single store for a full four hours once a week. They ask questions: "Does this set of things that we put next to that set of things actually make sense when you see it in the store's live format?" "What does it feel like?"

MBWA: The Real-World Loop

MBWA means, among other things, not treating the innovator—designer/buyer/brand manager/product engineer—like a one-dimensional (and weird) being with no interest in the world Out There. Mervyn's gets all the innovators (buyers in this instance) out into the stores—weekly. 3M insists that all their R&D types make regular sales calls. But one doesn't have to go that far. At a seminar with a software company the usual issue arose: The sales types thought the prima donna software designers were flakes, not interested in the real world. We probed a bit deeper, and discovered that given the salespersons' *assumption* that "all software designers are flakes," they did in fact treat the designers like flakes. A designer pleaded: "How do you expect me to be excited about the marketing end? You never give us *any* information on it—no sales data at all, no customer information except major glitches, in conjunction with which you simply run around calling us a bunch of 'impractical nerd assholes.'" It turns out that this sad tale is an all too common one. The sales types (or the president, who vowed to fix the problem instantly in this case—and did) act out their negative assumptions; thus the "far out" types are not brought into the real-world loop, and they become farther out as a result, with predictable effects on innovation.

Customers and Innovation: Some Questions—and Things to Do Now

- Look at your last ten new products/services. What were the sources of the ideas? Look at key competitors' last ten new products/services. What were the sources of the ideas? (Our experience shows that 50 percent at least will come from customers, *even if you aren't trying hard* to tap this source. Does your evidence match this?) Have the customer-generated ideas led to faster (and more profitable) product development?
- Are all customers "hounded" for new ideas in all settings?
- Is there a specific and regular mechanism for salespersons to solicit customers' ideas? If so, is there a specific mechanism aimed at making sure that design/marketing/engineering/manufacturing pay attention to these ideas? Do nonsales functions (marketing, manufacturing or operations, accounting) specifically (alone or as part of a team) solicit customer ideas?
- Consider giving an award (sales, marketing, engineering) for "best idea garnered from a customer this month." Consider sales (marketing, engineering) contests focused on unearthing new ideas from customers. Consider adding manufacturers/operations people to this crusade (which must start by letting them visit the customers).
- Do you treat your designer/buyer types as well-rounded business people? Are they brought into the loop—the store, the factory, the customer's premises—in a way that makes them team members rather than the oddball "creative type"? If the answer is yes, then be specific: List 10 ways (or examples within the last 90 days) you've made the designers et al. part of the team.
- Are the "idea" people (engineers, brand managers, marketers, buyers) *forced* to visit customers or sales-floor operations regularly? Monthly? How about weekly?

MBWA: People

Phil Staley has turned around an old Ford plant in Edison, New Jersey. Every day he wandered the floor. And then he did more: He started barbecuing steaks for his people at one end of the plant. Then he more or less formalized it: he opened—on the floor—a shop of sorts, Staley's Steakhouse. He hangs out there a few hours a day, grilling steak, talking to people, listening.

Jimmy Treybig, Tandem Computer founder, thinks it's important to get people together. So he does. Everybody. Once a *week*. At every Tandem facility, from Santa Clara to Singapore, there is a "beer bust" once a week. No one is required to attend. But anyone can. And most do. Many say that more business is done in those couple of hours than during the rest of the week combined. The leader in the gene-splicing business, Genentech, a South San Francisco company, practices the same routine. Once a week. All hands. Free beer. (Free oysters the week that we were lucky enough to attend.)

We chat with executive after executive (and many nonexecutives). They brag: "Well, we get all our people together once a year. It's a big deal. It's an effort, but it's well worth it." Treybig wouldn't understand that; the Genentech people wouldn't understand it; Phil Staley wouldn't understand it. Hewlett-Packard insists that every division get all hands together, in a common setting, no less than once every two weeks. It's done. The cost—enormous. At least by some measures. It takes a lot of time, and a lot of energy. But how good are you? No better than your people and their commitment and participation in the business, as full partners, and as business people. The fact that you get them all together to share whatever—results, experiences, recent small successes and the like—at least once every couple of weeks seems to us to be a small price indeed to pay for that commitment and sense of teamwork and family. The "return on investment" is probably far and away the best of any program in the organization. Ask Victor Kiam: he started conducting regular all-hands meetings and sharing rituals as part of his turnaround program at Remington (the razor people) a couple of years back. He says it's the best investment he ever made. And if you don't believe him, ask his people.

There are, of course, numerous variations on this theme. Each serves to illustrate the imagination that can be applied to this underthought-about area of staying in touch. For instance, People Express has built an internal TV network, WPEX. A daily news show is taped (all "broadcasters" are regular employees—e.g., a pilot just finishing a flight) and transmitted to all the system's locations early the next day. Stock price, customer complaints and praise, and a hundred and one other activities are reported, and, we hear, avidly watched upon receipt. But here's our favorite (partially because it suggests that we *all* have the same problems). George Lucas, of LucasFilm (*Star Wars*, etc.) is just like you and us! His office people fight with his field people, and so on. Lucas has few rules, but one is this: on any LucasFilm softball team, there shall be no more than one person from any one department. Genius! When do you find out that people are human, not narrow-minded "functional bigots," as a colleague calls them? Much more likely over a postgame keg of beer than in a committee meeting.

Boldness!

Most give lip service to getting people together. ASK, HP, Genentech, Dana and People Express put their time (and money) where others put only their mouths, bringing hundreds or thousands together, from far and near, weekly or monthly. S.C. Johnson & Son (Johnson's Wax, etc.), the superb Racine, Wisconsin, company joins the list of the bold. Late in 1984, Chairman Sam Johnson observed that his British subsidiary apparently felt estranged from the Johnson "family feeling" he so cherished. To rectify the situation, he chartered a 747 and flew all five-hundred employees of the British subsidiary to the United States for a full week! Three days were spent touring U.S. factories and attending a lavish gala in Racine put on by the U.S. work force; two more days were devoted to sightseeing in New York City.

MBWA: People—Some Questions, and Things to Do Now

- How much time do you devote to walking the floor? Be specific: Collect some data for about twenty-five managers—all functions, all levels. How big is the variation? What's the low end: 5 percent? 10 percent? Are you surprised by the pattern?
- Wandering is a habit that starts close to home (i.e., the next office). Are the doors open or closed? Or, better yet, do you even have doors? Two examples: An officer in a mid-sized company has a favorite routine. Whenever he takes charge of a new area, he always begins by *personally* removing his door from his office. The message is clear. Another colleague one-ups him: he always moves his desk—again, personally—out into the secretarial bullpen area. More generally, do physical spaces enhance or thwart wandering? (At the highest level of generality, Mars, Inc., for instance, physically attaches *all* administrative facilities to manufacturing plants.)
- What is the frequency of "all hands" meetings? Why? Could you do more? We urge you to attend an all-hands session at Dana, Milliken, HP, Tandem or Genentech, for instance, if you can. "Seeing is believing" is probably uniquely applicable to this one.
- Can you readily list ten devices, à la LucasFilm, for *forcing* warring tribes into informal contact? If yes, can you list ten more—and put them into practice? This is a constant battle; there are never enough.

MBWA: The Technology of Leadership

MBWA: the technology of the obvious. It is being in touch, with customers, suppliers, your people. It facilitates innovation, and makes possible the teaching of values to every member of an organization. Listening, facilitating, and teaching and reinforcing values. What is this except leadership? Thus MBWA *is the technology of leadership*. Leading (a school, a small business, or a Fortune 100 company) is primarily *paying attention*, and that the masters of the use of attention are also not only master users of symbols, of drama, but master storytellers and myth builders. All this can be accomplished only through means that are visible, tangible. The story of the senior manager's ten-minute visit with a neophyte salesman—in the field, in *his* territory—is relayed in minutes around a system spanning six thousand miles. Its effectiveness is many times that of the formal pronouncement, which is viewed by most as written by a committee of staffers.

The Smell of MBWA

Is wandering encouraged or discouraged in your organization? (Look deeply at this. The *implicit* is *more* important than the explicit.) Do you give lip service to foster wandering, but then get angry and impatient when people take you at your

word and are *out* of their offices—when you want something *now*? Bob Waterman reports a conversation with a long-time Arco executive about inveterate wanderer chairman Bob Anderson: "If Bob would call you from the field, and if you happened to be *in*, you could detect noticeable disappointment in his voice." Sam Walton of Wal-Mart, too, shows ire when people are in their offices; and a P&G manufacturer reports, "The worst chewing out I got in my career came very early in my managerial days, when a visiting Cincinnati exec wandered by one morning and caught me in my office. He gave me hell and then some." These reports are exceptions. More common is a young brand manager we chatted with. We asked him if he got out to ride with salesmen once a month or so. His reply? "Once a *month*?! You're kidding. If we're not in the office, period, and ready to jump, with data in hand, on a split-second notice, we're in trouble. MBWA around here means bathroom breaks at most." His company's record, we'd add, is nothing to write home about. So, collect *good* data on this. By hook or by crook, get feedback you trust (especially from some entry level types): What is "OK" and "not OK" re wandering—how/how early is the message learned? What, direct and indirect, are the reinforcement devices?

Here are eight ways to fix the "smell," if it discourages wandering:

- Publicize the fact that *you* are out wandering 50% of the time, and that your colleagues are, too (if you and they are).
- Be meticulous in having meetings in other's offices/spaces rather than yours.
- Evaluate managers in part—and directly—on the basis of *their people's* assessment of how well/how frequently they are in touch.
- *Fire* a supervisor who doesn't know all his people's first and last names. (McPherson at Dana did this once; this fellow had been in the slot a half dozen years.)
- Hold meetings and reviews in the field (it gives a further signal that out-of-the-office is the norm).
- An especially tough one: When you're harried and need some information badly, and only Ms. X has it, and you discover upon calling that she's out on a field visit—*don't* call her in the field and tell her to rush back and get the answer. *Wait!*
- Start randomly popping into offices and asking the inhabitants why *they* aren't out.
- If, say, you're a manufacturing boss, make sure you have a second office on the shop floor. If you're an R&D V.P., make sure you have a second (non-headquarters) office in a lab. (S.I. Newhouse, who created the Newhouse publishing empire, *never* had an office or a secretary. He spent 100% of his time in his subsidiaries, roaming in unannounced and seconding an unimposing office to use for the day.)

MBWA pervades every level of the effective organization of every sort—which is to say that leaders exist at every level.

AID

USING FEEDBACK TO IMPROVE PERFORMANCE AND ENHANCE MOTIVATION

by

James A. McCaffery

"You know, you got to take the bones with the gravy", said the manager.

"Uh, I am not sure..., ah, 'the bones with the gravy'?", stammered the subordinate in this simulated feedback situation during the Management Skills Course workshop.

"Yup," said the manager with a certain kind of finality, "you just got to take the bones with the gravy."

The subordinate, with furrowed brow and puzzled look, said, "Ah, okay."

At first, when asked what this meant, observors said that if this were a real situation, the "subordinate" would have "gotten the message". When pressed, however, people were unable to be specific, and decided that maybe the feedback was not that effective after all. Indeed, the "subordinate" in the situation said he really did not understand what was meant, and had no idea what action to take as a result of the conversation. Although the words were of interest because of their somewhat mystical tone, the "feedback" had been of little practical value.

An unusual situation? Perhaps. Taking "the bones with the gravy" does have a memorable ring to it, but the question might be asked -- in general, how well do managers let subordinates know on an ongoing basis how well or how poorly they are doing?

Not very well, and not very often, our experience suggests.

The results of this paucity of effective feedback are serious and negative. People who work in organizations often do not know how others in the organization regard their work. People continue unknowingly to perform work functions in ways that important others regard as "bad". Staff development suffers, since one's positive performance and negative habits are not identified. The motivational power of positive feedback is severely constrained when people do not provide it.

When feedback is provided, it is often done under stress, in a crisis, or after a mistake, and it is given in these circumstances in abrasive and less than helpful ways. In a worse case scenerio, someone gets reassigned

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to a less desirable position or even fired for something that no one has ever seriously talked to the person about, and the person quite legitimately asks, "Why wasn't I ever told this before".

Results like these are important, and affect every corner of organizational life. They seriously inhibit production, and they have a powerful - if sometimes indirect - impact on morale and turnover.

Before looking in depth at feedback as a management tool, we need to be clear about the way the term feedback is being used in this article. Feedback means letting someone know on a timely and ongoing basis how they are performing, and it includes making positive or negative observations (or both). Used this way, feedback is meant to be given independent of any formal performance review process.

Although effective feedback should also be a part of that process, a manager who limits feedback to performance appraisal time is seriously underutilizing it as a management tool. The premise of this article is that managers should be skillful enough to make feedback a normal and natural and non-threatening part of everyday organizational life. And the climate should be such that the feedback is not just between managers and subordinates, but between peers on a work team, or between people who must work together even though they work for different divisions.

FEEDBACK -- ABUSED AND MISUSED

Through consulting and management development programs, we come in contact each year with thousands of managers at all levels and from a variety of management contexts. The evidence from this work -- which involves watching managers at work in real situations, as well as drawing observations from workshops -- increasingly suggests that most managers give and receive feedback ineffectively.

There is ample data to support this conclusion. Perhaps most powerful - because it is so universal - is the failure of managers in training workshops to carry out simulated feedback conversations effectively even when the conditions have been set up for success. Before each skill practice simulation, guidelines for giving and receiving feedback are reviewed, a model feedback discussion is viewed and debriefed (participants are often being quite skillful about critiquing the model session), and individuals are given time to prepare for their own skill practice. Yet, when it is time for skill practice, the managers often carry out the conversation ineffectively, and many are way off the mark.

One might say, "yes, but this is a workshop, participants are nervous, it is not a real situation", and so on. There is some truth in this. However, if people are good at something, if they do it well on a regular basis on the job, they will generally do it well in a workshop setting. The only difference may be some initial nervousness which is quickly overcome.

In addition, participants often make comments like the following afterwords: "This is difficult"; "I don't do this very often"; "This is

harder than it looks"; "This takes a lot of thought". Comments like these tend to indicate that giving feedback is not an activity that managers know well and are fluent with.

There is an interesting experiment which provides another source of interesting data about feedback. Ask a group of managers -- at about the same organizational level -- if they are satisfied with the quality and quantity of feedback they give to subordinates. Then ask how many of them are satisfied with the quality and quantity of feedback from their managers. Invariably, 75% raise their hand in response to the first question, and often less than 20% raise their hand after the second question. When we have asked that question of different levels of managers in the same organization, the response pattern has been the same.

This, of course, suggests someone is lying.

When this response pattern is pointed out to these same groups, there is a shock of recognition, followed by rueful laughter, and then most admit that they probably don't do it as well as they would like to think.

As an addition to this exercise, we have asked how many feel they receive sufficient positive feedback. Usually only about 1 or 2 of twenty respond positively to this question. More interestingly, when the question is asked, people generally respond with bursts of laughter. They seem to find it to be a strange question, as if receiving positive feedback is as likely to happen as finding a toaster that actually works for more than one month.

This workshop data is supported by consulting work done within organizations. Organizational survey work and other forms of data gathering unearth a consistant pattern within most work places -- people at all levels feel they do not receive sufficient feedback. At best, some people say that they "definitely hear when something really goes wrong". Unfortunately, that is often done in a threatening and abrasive manner (as in "You idiot, you screwed this up. Fix it immediately"). This kind of feedback might result in the fixing of a short term problem, but generally results in the growth of long term ill-will.

FEEDBACK -- AN UNNATURAL ACT

Somehow this data about feedback seems surprising. After all, there has been a good deal of emphasis on feedback over the past 20 years, at least within the HRD profession. There have been many articles published, there are workshops on performance feedback, and there is much stress placed in management training on the more formal performance appraisal processes. Feedback had become part of every manager's tool kit -- or so it seemed anyway.

Why hasn't this turned out to be true? The answer to this question is unclear, although it is interesting to speculate. When managers are asked about the lack of feedback effectiveness, they provide certain typical responses. "There is not enough time to do it right," is one reason managers assert they don't do it. Another reason given is that the organization culture does not support people using feedback as a management tool. A third reason is given as "Good people know how they are doing,

they do not need to be told by others". An interesting response to why people do not give more positive feedback is that "it will be seen as insincere".

Comments like these are interesting, but they do not fully explain why many managers choose not to engage in the activity of giving feedback. We think there are two general reasons for that -- first, giving feedback is almost an unnatural act and, related closely to the first, most people lack the skills to give feedback effectively.

Feedback is unnatural because -- at least in the U.S. -- we have learned through our cultural upbringing some rather ineffective ways of telling others how we view their performance. When people do not perform up to our expectations, we either learn to yell at them, or scold them, or we learn to suffer in silence and complain behind their backs to others. When someone does something good, we often do not tell them because "they might get a big head" or because it would embarrass them. These cultural patterns, learned in childhood, stick with us as adults, and form the basis for ineffective feedback patterns in organizations.

As a corollary to this "unnaturalness", most people do not have the skills to give feedback to others effectively. As indicated above, feedback skills are not culturally natural; in fact, bad feedback habits are drilled into our consciousness. Effective feedback skills are not normally learned in college or business school, and although many management training events include some training in the feedback area, it appears that it is not sufficient to result in changed behavior in this area.

In addition to giving feedback, we have noticed that most people are not good at receiving feedback. People often get defensive and try to "explain" away the reasons behind their actions. They do not listen well, or attack the messenger. All of these responses are likely to result in the giver being less likely to take the time to give people feedback in the future.

This situation can be changed by trying to modify AID's cultural climate around feedback. We have adapted and developed some guidelines for giving and receiving feedback which have been tested and changed over the last three years with a wide variety of managers. These guidelines are simple and practical, and they work.

GUIDELINES FOR GIVING FEEDBACK

The "giving feedback" guidelines have been adapted from some original ones published by NTL many years ago. Because the original NTL feedback guidelines appeared to be aimed more at maximizing the use of feedback in personal growth groups or in other non-organizational settings, some changes and additions have had to be made to them so they would fit organizational contexts.

These changes evolved as a result of years of work with real managers and individual contributors who were trying to improve their use of feedback in their own organizations. We have coached and listened to managers in those

situations, and we have revised and refined the guidelines to the point where they are extremely effective for use within organizations.

Before we turn to the guidelines, there are some important principles that need to be recalled. "Feedback" is a way of helping another person understand the impact of his or her behavior on others. It helps an individual keep his or her behavior "on target" and thus better achieves his or her goals. Feedback can be positive (some assume it is only the "bad news") or negative, or both.

Feedback is more effective when the following criteria are used:

1. Make specific statements; support general statements with specific examples. Specificity provides to the receiver an exactness which is valuable for both positive behavior ("exactly what did I do right" or "what should I be sure to continue doing") and negative behavior ("what precisely should I change).

   To be told that "you did well on that project" may be satisfying to both parties, but it is not nearly as effective as saying "you came in on time and under budget on that project". The latter statement makes it clear exactly what the feedback giver sees as positive in the receiver's performance. To be told that "you dominate meetings" will probably not be useful unless it is followed up by specifics. "For example, yesterday when we were in the personnel meeting trying to decide whether or not to hire Pat, you talked so much I stopped listening; you may have said good things later in the meeting, but I did not hear them."

2. Use descriptive rather than judgmental language. By avoiding judgmental language, it reduces the need for the individual to respond defensively. For example, regardless of merit, saying that some action was "terrible" or "stupid" or "utterly inappropriate" generally evokes anger, return accusations or passive-aggressive behavior in the listener. The feedback message rarely gets through this kind of communicative clutter.

   On the other hand, describing one person's impact on the performance of another makes it easier for the receiver to understand the meaning and importance of the feedback. Also, it tends to focus the discussion on behavior and not personal characteristics. People are more open to listening about the results of their behavior than they are about the worth of their person. An example is the following: "When you get angry and use abrasive language, it causes me not to want to tell you the truth -- so I just tell you what I think you want to hear". In this example, the results of the person's behavior are made clear.

3. It is direct, clear and to the point. No matter how well motivated one might be, certain actions -- "beating around the bush", using lots of modifiers, talking in general terms in hopes that the person will "get the message" -- create misunderstanding and discomfort. The point is to communicate directly, not leave someone guessing.

4. It is directed toward behavior which the receiver can do something about. Frustration is only increased when a person is reminded of shortcoming over which he or she has no control.

5. It is solicited rather than imposed. Feedback is most useful when the receiver asks for feedback in specific areas. This is an ideal that is not always possible to achieve in organizations. If someone's performance is having negative impact, then it is the responsibility of others to provide feedback. The best thing possible is to create an environment within which people feel comfortable soliciting feedback, since that does indeed increase its effectiveness.

6. It is well-timed. In general, feedback is most useful at the earliest opportunity after the given behavior (depending, of course, on the person's readiness to hear it, support available from others, etc.). We are talking here about reasonable time periods -- the same day, a day later, within a week, maybe even within a month.

   However, when it goes longer than a month, people generally end up arguing about history, about what really happened. Moreover, badly timed feedback also lends itself to the comment, "well, if that was so important, then why did you wait all this time to tell me". Feedback given in small pieces -- "chewable chunks" -- in a timely manner is much easier and more effective than saving things up for the "right time". The more natural and ongoing the process is, the better it will be for all.

7. It takes into account the needs of both the receiver and giver of feedback. Feedback can be destructive when it serves only one's own needs and fails to consider the needs of the person on the receiving end. This is especially true when the giver is angry and wants to "unload" on the receiver. There may be a certain psychological satisfaction for one of the parties in this instance, but it generally results in ineffective feedback and a strained relationship.

8. It is well-planned. It takes time to plan for a feedback conference -- what to say, in what order, how much -- all need careful thought. If, however, feedback is given on a more regular basis, then feedback conferences will be much easier.

HELPING OTHERS GIVE FEEDBACK

Feedback from another person is one important source of data which helps tell how one person's actions are affecting others. Even if one "disagrees" with the feedback, it is important to hear it clearly and understand it.

Feedback tells one person how another person sees his or her actions and gives one the choice of trying to change behavior. People act on their perceptions of another's actions; one may be coming across in unintended ways, and not know it. Feedback gives one knowledge of one's impact on others; such knowledge is invaluable for individual performance in

organizations. There is probably nothing worse than being ineffective in ways that are clear to others but not clear or available to the individual. As such, people who are interested in enhancing their performance should do everything possible to make it easier for others to give them feedback.

Yet, giving feedback is sometimes difficult; it is especially difficult if one is trying to get feedback from a subordinate. The following guidelines make it easier for others to give useful feedback. Keep in mind that these guidelines are meant to be used for both positive and negative feedback. It is often as hard (or harder) for people to hear positive feedback as it is for them to hear negative feedback.

1. Solicit feedback in clear and specific areas. It is always easier to give feedback if one is asked. It is made even easier when a specific question is asked -- "Could you let me know what you think of my current speed and quality of turning out widgets?" Ask clarifying questions in order to understand the feedback.

2. Make it a point to understand the feedback; paraphrase major points; ask clarifying questions. Active listening helps insure that real understanding has happened. It also helps the giver know that the receiver is indeed interested and trying hard to understand.

3. Help the giver use the criteria for giving useful feedback. For example, if the feedback is too general, one asks "Could you give me a specific example of what you mean?".

4. Avoid making it more difficult for the giver of feedback than it already is. Reacting defensively or angrily, or arguing with negative feedback, or saying, "oh it was nothing, anyone could have done as well" in response to positive feedback are all ways of turning off the feedback spigot.

5. Avoid explanations of "why I did that," unless asked. This particular guideline is perhaps the most important one, yet it is the one that most people have trouble with. "Why not tell them", they ask, "so they can understand your reasons?" Unfortunately, in almost all cases, explaining one's actions comes across as being defensive and often ends up in an argument. This then results in the giver beginning to back off, think "hey, this simply is not worth the trouble", and will discourage the person from trying to provide effective feedback in the future. This will not discourage the person from seeing negative behavior or assessing another person's performance; it simply means the person will not provide feedback.

   Even when asked, explanations should be given reluctantly. Often explanations "muddy the waters" and take the emphasis away from understanding the behavior and its impact. If one person has just interrupted another person 5 times in a short time period, the reasons

for the interrupter's behavior are not very important (unless the person is undergoing some kind of medical attack); the impact on the other person and on performance is what matters.

6. Show appreciation for the effort it took for the other person to give you feedback. Saying "thank you" or "I am grateful for the effort you took to tell me" is a clear message that one appreciates receiving feedback, whether or not agreement is reached. This action invites feedback in the future. In some ways, feedback is like a gift, because one has to care enough to give it; if the signals are wrong, one simply will not provide the "gift".

7. With key points, the receiver should say what he or she intends to do as a result of the feedback. This may be "thanks, I need to think about it" or "Let me check it out with others" or "That makes sense, I"ll try in the future to.....". If one just listens -- even politely -- and walks away, it may give a message that the receiver does not take what the giver said very seriously (of course, that is the case in some instances!).

8. Remember that feedback is one person's perceptions of another's actions, not universal truth. Keeping this in mind helps one be less defensive about feedback. Check it out with others to determine the presence of patterns of behavior. If two or three people provide similiar feedback, there may be a pattern reflected which needs to be considered.

These guidelines for giving and receiving feedback work. If all people in a particular work setting understand and use the guidelines, the feedback will be extremely useful and become an integral part of the every day work situation. The more people that are skilled in giving feedback at whatever levels, the better. That is, of course, why we recommend that the guidelines be "installed" on a system wide basis. If, however, even one person in a feedback situation uses the guidelines, the effectiveness of the feedback will still be very high.

It is vital for general managers to understand that increasing the level of feedback skills within organizations enhances performance and produces better results. We are not stressing the importance of feedback because it is "nice to do" or because it will make the workplace more humane -- although it indeed may have those effects. Getting people to talk with each other routinely about performance in a more acceptable, clear and precise way simply increases work output.

If people learn how they are doing from different sources (in addition to themselves), they will work to correct their deficiencies and capitalize on their strengths. Everyone will reduce the amount of unproductive time they spend complaining to others about the performance of a third party. Individuals will feel that organizational managers value high quality performance and communicate about it in ways that give everyone a chance to perform at their optimum levels. Everyone wins.

This, of course, sounds easier than it is. Practically speaking, how can you as a manager increase feedback skills within your office or Mission?

MAKING FEEDBACK A MORE EFFECTIVE TOOL IN YOUR MISSION OR OFFICE

You can begin by finding the others in your office who have attended either the Senior Management Course or the Management Skills Course. Get them together, and discuss how you might work towards improving the use of feedback with everyone in the office or Mission. Work to support each other as role models to implement this change. There are several specific actions that can be taken:

- As a manager, you can publish the feedback guidelines throughout your Mission or office at all levels so that everybody is aware of the "rules of the game". This will also indicate that feedback is a two way process, and that everybody bears responsibility for the success or failure of the feedback process. It establishes standards for everyday talk about performance to which all have access.

- You can run (or arrange for) focused training sessions so people can get practice at both giving and receiving feedback. Everyone should be included in the sessions. They can be short (2 or 3 hours) and be totally skill focused. A trainer or skilled manager can explain the guidelines and perhaps model an effective feedback conversation. Then, people can be divided into groups of three to practice giving and receiving feedback given typical situations that might exist in the Agency or your Mission or office. The third person is an observer, and gives feedback about how well the guidelines are followed.

  This is much the same structure that is used currently in both the AID Senior Management Course and Management Skills Course. For practice, the cases used during those courses could also be used.

- Once everyone is reasonably clear about the guidelines, you as a manager should than reinforce the act of giving feedback. People should be encouraged to try, even if they feel they will not get it "exactly right". After all, if it is not exactly correct, the receiver can ask questions which will get the conversation back on target.

- You can serve as a role model for using feedback effectively. As a manager who understands and uses the guidelines serves .

- Take some time to give unsolicited, "no-strings-attached", clear, specific positive feedback. This will have a powerful impact on people. It will also help set a clear and well-listened to example of how to give feedback.

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- In terms of receiving feedback, you can make a visible contribution by asking for it, and expressing appreciation when it is received.

Each one of these suggestions for action are seemingly small; yet they will add up to create incremental -- but significant -- change. This will have the effect of changing the norms about feedback in your Mission or Office (and eventually within the Agency). Since everybody "knows the rules", they can help one another be effective with feedback.

This will make feedback more a part of everyday life. As was mentioned early, the impact of feedback is optimized when it a normal, routine part of the work environment. If it is rarely given, or only given at EER time, feedback becomes strained and imbued with a sense of trauma which makes it almost impossible to do well. When given in small, "chewable chunks" in a timely fashion, it is much easier to do and much more effective.

THE MOTIVATING POWER OF AUTHENTIC POSITIVE FEEDBACK

There is one aspect of feedback that deserves a special note. Positive feedback by itself, when authentic, is a supurb tool to motivate people. And it is a tool that is grossly underused. People do not provide sufficient positive feedback; it is often used to soften the blow of negative feedback, as a way to pave the way for the "bad news". Organizational life has conditioned us to see positive feedback that way. Yet, when no-strings-attached positive feedback is given, the results are immediately clear.

In one of our management seminars, there is an exercise where we ask everybody -- after they have been working together intensively in small teams for a sufficent time period -- to go around the table and give everyone positive feedback. No negative feedback allowed. After much nervousness and laughter, people begin to give each other positive feedback. Even grizzled veterans with 30 years of organizational experience begin to participate (some almost develop a hernia). Immediately, the sound level in the room goes up, the energy level increases noticeably, and the teams become very focused. When asked how that exercise was, people invariably comment by saying "wonderful" or "energizing" or "it really charged me up to get on with the work".

There is much that goes on every day that is positive. We all should make it a point to give one or two people some positive feedback each day, without any negative feedback attached to it. That is not to say we should ignore the negative; rather it is to point out that a great number of positive things often get no communicative notice. Or we develop a communication pattern wherein we only give positive feedback as a precursor to the "other shoe falling".

Yet, in an age when we are trying to locate the magic formula of motivation, the power that communicating positive feedback has for motivating people is manifest. It is simple to do, and it does not cost anything. It is a waste not to use it.

PEOPLE: Team Effectiveness

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How to run a meeting

Antony Jay

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How to run a meeting

Antony Jay

At critical points things may go wrong, but here are ways of putting them right

Why is it that any single meeting may be a waste of time, an irritant, or a barrier to the achievement of an organization's objectives? The answer lies in the fact, as the author says, that "all sorts of human crosscurrents can sweep the discussion off course, and errors of psychology and technique on the chairman's part can defeat its purposes." This article offers guidelines on how to right things that go wrong in meetings. The discussion covers the functions of a meeting, the distinctions in size and type of meetings, ways to define the objectives, making preparations, the chairman's role, and ways to conduct a meeting that will achieve its objectives.

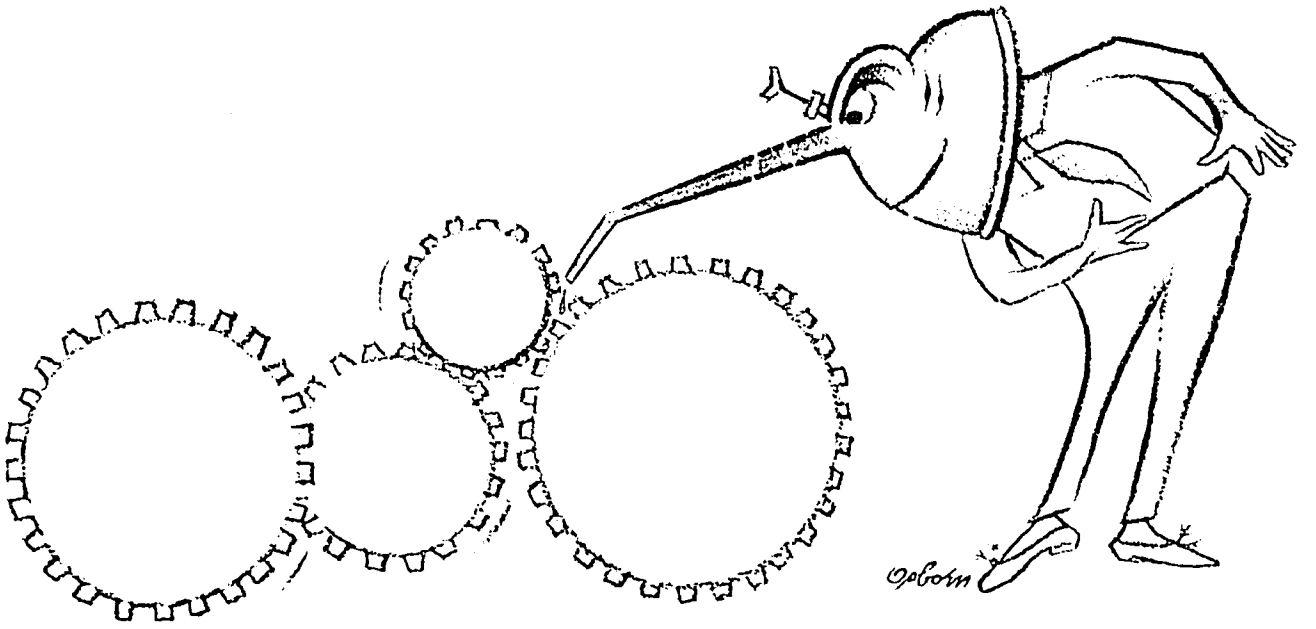
Mr. Jay is chairman of Video Arts Ltd., a London-based producer of training films for industry. Currently, the company is producing a film (featuring John Cleese of Monty Python) on the subject of meetings, and this article springs from the research Mr. Jay did for that project. He has also written many TV documentaries, such as *Royal Family*, and authored several books, including *Management and Machiavelli* (Holt, Rinehart & Winston, 1968).

Drawings by Robert Osborn.

Why have a meeting anyway? Why indeed? A great many important matters are quite satisfactorily conducted by a single individual who consults nobody. A great many more are resolved by a letter, a memo, a phone call, or a simple conversation between two people. Sometimes five minutes spent with six people separately is more effective and productive than a half-hour meeting with them all together.

Certainly a great many meetings waste a great deal of everyone's time and seem to be held for historical rather than practical reasons; many long-established committees are little more than memorials to dead problems. It would probably save no end of managerial time if every committee had to discuss its own dissolution once a year, and put up a case if it felt it should continue for another twelve months. If this requirement did nothing else, it would at least refocus the minds of the committee members on their purposes and objectives.

But having said that, and granting that "referring the matter to a committee" can be a device for diluting authority, diffusing responsibility, and delaying decisions, I cannot deny that meetings fulfill a deep human need. Man is a social species. In every organization and every human culture of which we have record, people come together in small groups at regular and frequent intervals, and in larger "tribal" gatherings from time to time. If there are no meetings in the places where they work, people's attachment to the organizations they work for will be small, and they will meet in regular formal or



informal gatherings in associations, societies, teams, clubs, or pubs when work is over.

This need for meetings is clearly something more positive than just a legacy from our primitive hunting past. From time to time, some technomaniac or other comes up with a vision of the executive who never leaves his home, who controls his whole operation from an all-electronic, multichannel, microwave, fiber-optic video display dream console in his living room. But any manager who has ever had to make an organization work greets this vision with a smile that soon stretches into a yawn.

There is a world of science fiction, and a world of human reality; and those who live in the world of human reality know that it is held together by face-to-face meetings. A meeting still performs functions that will never be taken over by telephones, teleprinters, Xerox copiers, tape recorders, television monitors, or any other technological instruments of the information revolution.

Functions of a meeting

At this point, it may help us understand the meaning of meetings if we look at the six main functions that meetings will always perform better than any of the more recent communication devices:

1

In the simplest and most basic way, a meeting defines the team, the group, or the unit. Those present belong to it; those absent do not. Everyone is able to look around and perceive the whole group and sense the collective identity of which he or she forms a part. We all know who we are—whether we are on the board of Universal International, in the overseas sales department of Flexitube, Inc., a member of the school management committee, on the East Hampton football team, or in Section No. 2 of Platoon 4, Company B.

2

A meeting is the place where the group revises, updates, and adds to what it knows *as a group*. Every group creates its own pool of shared knowledge, experience, judgment, and folklore. But the pool consists only of what the individuals have experienced or discussed as a group—i.e., those things which every individual knows that all the others know, too. This pool not only helps all members to do their jobs more intelligently, but it also greatly increases the speed and efficiency of all communications among them. The group knows that all special nuances and wider implications in a brief statement will be immediately clear to its members. An enormous amount of material can be left unsaid that would have to be made explicit to an outsider.

But this pool needs constant refreshing and replenishing, and occasionally the removal of impurities. So the simple business of exchanging information and ideas that members have acquired separately or in smaller groups since the last meeting is an important contribution to the strength of the group. By questioning and commenting on new contributions, the group performs an important "digestive" process that extracts what's valuable and discards the rest.

Some ethologists call this capacity to share knowledge and experience among a group "the social mind," conceiving it as a single mind dispersed among a number of skulls. They recognize that this "social mind" has a special creative power, too. A group of people meeting together can often produce better ideas, plans, and decisions than can a single individual, or a number of individuals, each working alone. The meeting can of course also produce worse outputs or none at all, if it is a bad meeting.

However, when the combined experience, knowledge, judgment, authority, and imagination of a half dozen people are brought to bear on issues, a great many plans and decisions are improved and sometimes transformed. The original idea that one person might have come up with singly is tested, amplified, refined, and shaped by argument and discussion (which often acts on people as some sort of chemical stimulant to better performance), until it satisfies far more requirements and overcomes many more objections than it could in its original form.

3
A meeting helps every individual understand both the collective aim of the group and the way in which his own and everyone else's work can contribute to the group's success.

4
A meeting creates in all present a commitment to the decisions it makes and the objectives it pursues. Once something has been decided, even if you originally argued against it, your membership in the group entails an obligation to accept the decision. The alternative is to leave the group, but in practice this is very rarely a dilemma of significance. Real opposition to decisions within organizations usually consists of one part disagreement with the decision to nine parts resentment at not being consulted before the decision. For most people on most issues, it is enough to know that their views were heard and considered. They may regret that they were not followed, but they accept the outcome.

And just as the decision of any team is binding on all the members, so the decisions of a meeting of people higher up in an organization carry a greater authority than any decision by a single executive. It is much harder to challenge a decision of the board than of the chief executive acting on his own. The decision-making authority of a meeting is of special importance for long-term policies and procedures.

5
In the world of management, a meeting is very often the only occasion where the team or group actually exists and works as a group, and the only time when the supervisor, manager, or executive is actually perceived as the leader of the team, rather than as the official to whom individuals report. In some jobs the leader does guide his team through his personal presence—not just the leader of a pit gang or construction team, but also the chef in the hotel kitchen and the maitre d'hôtel in the restaurant, or the supervisor in a department store. But in large administrative headquarters, the daily or weekly meeting is often the only time when the leader is ever perceived to be guiding a team rather than doing a job.

6
A meeting is a status arena. It is no good to pretend that people are not or should not be concerned with their status relative to the other members in a group. It is just another part of human nature that we have to live with. It is a not insignificant fact that the word *order* means (a) hierarchy or pecking order; (b) an instruction or command; and (c) stability and the way things ought to be, as in "put your affairs in order," or "law and order." All three definitions are aspects of the same idea, which is indivisible.

Since a meeting is so often the only time when members get the chance to find out their relative standing, the "arena" function is inevitable. When a group is new, has a new leader, or is composed of people like department heads who are in competition for promotion and who do not work in a single team outside the meeting, "arena behavior" is likely to figure more largely, even to the point of dominating the proceedings. However, it will hardly signify with a long-established group that meets regularly.

Despite the fact that a meeting can perform all of the foregoing main functions, there is no guarantee that it will do so in any given situation. It is all too possible that any single meeting may be a waste of

time, an irritant, or a barrier to the achievement of the organization's objectives.

What sort of meeting?

While my purpose in this article is to show the critical points at which most meetings go wrong, and to indicate ways of putting them right, I must first draw some important distinctions in the size and type of meetings that we are dealing with.

Meetings can be graded by *size* into three broad categories: (1) the assembly—100 or more people who are expected to do little more than listen to the main speaker or speakers; (2) the council—40 or 50 people who are basically there to listen to the main speaker or speakers but who can come in with questions or comments and who may be asked to contribute something on their own account; and (3) the committee—up to 10 (or at the most 12) people, all of whom more or less speak on an equal footing under the guidance and control of a chairman.

We are concerned in this article only with the "committee" meeting, though it may be described as a committee, a subcommittee, a study group, a project team, a working party, a board, or by any of dozens of other titles. It is by far the most common meeting all over the world, and can perhaps be traced back to the primitive hunting band through which our species evolved. Beyond doubt it constitutes the bulk of the 11 million meetings that—so it has been calculated—take place every day in the United States.

Apart from the distinction of size, there are certain considerations regarding the *type* of meeting that profoundly affect its nature. For instance:

Frequency—A daily meeting is different from a weekly one, and a weekly meeting from a monthly one. Irregular, ad hoc, quarterly, and annual meetings are different again. On the whole, the frequency of meetings defines—or perhaps even determines—the degree of unity of the group.

Composition—Do the members work together on the same project, such as the nursing and ancillary staff on the same ward of a hospital? Do they work on different but parallel tasks, like a meeting of the

company's plant managers or regional sales managers? Or are they a diverse group—strangers to each other, perhaps—united only by the meeting itself and by a common interest in realizing its objectives?

Motivation—Do the members have a common objective in their work, like a football team? Or do they to some extent have a competitive working relationship, like managers of subsidiary companies at a meeting with the chief executive, or the heads of research, production, and marketing discussing finance allocation for the coming year? Or does the desire for success through the meeting itself unify them, like a neighborhood action group or a new product design committee?

Decision process—How does the meeting group ultimately reach its decisions? By a general consensus, "the feeling of the meeting"? By a majority vote? Or are the decisions left entirely to the chairman himself, after he has listened to the facts, opinions, and discussions?

Kinds of meetings

The experienced meeting-goer will recognize that, although there seem to be five quite different methods of analyzing a meeting, in practice there is a tendency for certain kinds of meetings to sort themselves out into one of three categories. Consider:

The *daily meeting*, where people work together on the same project with a common objective and reach decisions informally by general agreement.

The *weekly* or *monthly meeting*, where members work on different but parallel projects and where there is a certain competitive element and a greater likelihood that the chairman will make the final decision himself.

The *irregular, occasional*, or *"special project" meeting*, composed of people whose normal work does not bring them into contact and whose work has little or no relationship to the others'. They are united only by the project the meeting exists to promote and motivated by the desire that the project should succeed. Though actual voting is uncommon, every member effectively has a veto.

Of these three kinds of meeting, it is the first—the workface type—that is probably the most common. It is also, oddly enough, the one most likely to be successful. Operational imperatives usually ensure that it is brief, and the participants' experience of working side by side ensures that communication is good.

The other two types are a different matter. In these meetings all sorts of human crosscurrents can sweep the discussion off course, and errors of psychology and technique on the chairman's part can defeat its purposes. Moreover, these meetings are likely to bring together the more senior people and to produce decisions that profoundly affect the efficiency, prosperity, and even survival of the whole organization. It is, therefore, toward these higher-level meetings that the lessons of this article are primarily directed.

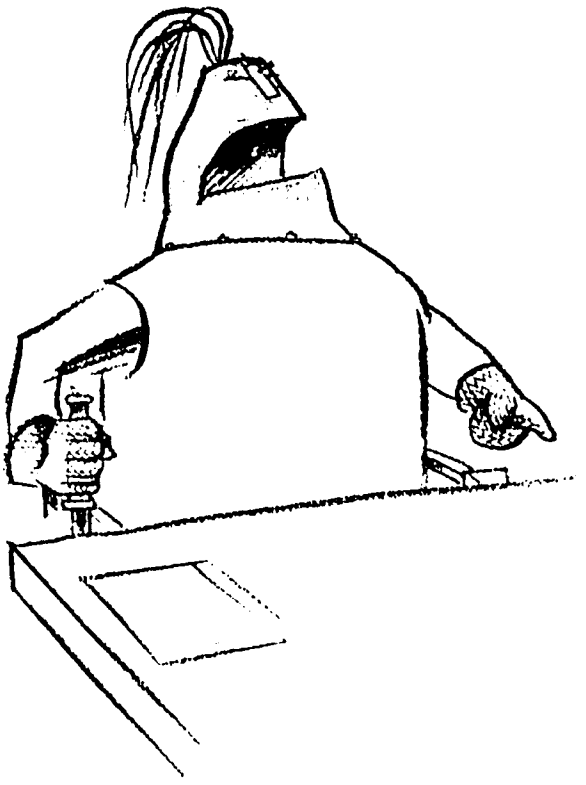
Before the meeting

The most important question you should ask is: "What is this meeting intended to achieve?" You can ask it in different ways—"What would be the likely consequences of not holding it?" "When it is over, how shall I judge whether it was a success or a failure?"—but unless you have a very clear requirement from the meeting, there is a grave danger that it will be a waste of everyone's time.

Defining the objective

You have already looked at the six main functions that all meetings perform, but if you are trying to use a meeting to achieve definite objectives, there are in practice only certain types of objectives it can really achieve. Every item on the agenda can be placed in one of the following four categories, or divided up into sections that fall into one or more of them:

1
Informative-digestive—Obviously, it is a waste of time for the meeting to give out purely factual information that would be better circulated in a document. But if the information should be heard from a particular person, or if it needs some clarification and comment to make sense of it, or if it has deep implications for the members of the meeting, then it is perfectly proper to introduce an item onto the agenda that requires no conclusion, decision, or



action from the meeting; it is enough, simply, that the meeting should receive and discuss a report.

The "informative-digestive" function includes progress reports—to keep the group up to date on the current status of projects it is responsible for or that affect its deliberations—and review of completed projects in order to come to a collective judgment and to see what can be learned from them for the next time.

2
Constructive-originative—This "What shall we do?" function embraces all items that require something new to be devised, such as a new policy, a new strategy, a new sales target, a new product, a new marketing plan, a new procedure, and so forth. This sort of discussion asks people to contribute their knowledge, experience, judgment, and ideas. Obviously, the plan will probably be inadequate unless all relevant parties are present and pitching in.

3
Executive responsibilities—This is the "How shall we do it?" function, which comes after it has been decided what the members are going to do; at this point, executive responsibilities for the different components of the task have to be distributed around the table. Whereas in the second function the contributors' importance is their knowledge and ideas here their contribution is the responsibility for implementing the plan. The fact that they and their subordinates are affected by it makes their contribution especially significant.

It is of course possible to allocate these executive responsibilities without a meeting, by separate individual briefings, but several considerations often make a meeting desirable:

First, it enables the members as a group to find the best way of achieving the objectives.

Second, it enables each member to understand and influence the way in which his own job fits in with the jobs of the others and with the collective task.

Third, if the meeting is discussing the implementation of a decision taken at a higher level, securing the group's consent may be of prime importance. If so, the fact that the group has the opportunity to formulate the detailed action plan itself may be the decisive factor in securing its agreement, because in that case the final decision belongs, as it were, to the group. Everyone is committed to what the group decides and is collectively responsible for the final shape of the project, as well as individually answerable for his own part in it. Ideally, this sort of agenda item starts with a policy, and ends with an action plan.

4
Legislative framework: Above and around all considerations of "What to do" and "How to do it," there is a framework—a departmental or divisional organization—and a system of rules, routines, and procedures within and through which all the activity takes place. Changing this framework and introducing a new organization or new procedures can be deeply disturbing to committee members and a threat to their status and long-term security. Yet leaving it unchanged can stop the organization from adapting to a changing world. At whatever level this change happens, it must have the support of all the perceived leaders whose groups are affected by it.

The key leaders for this legislative function must collectively make or confirm the decision; if there is any important dissent, it is very dangerous to close the discussion and make the decision by decree. The group leaders cannot expect quick decisions if they are seeking to change the organization framework and routines that people have grown up with. Thus they must be prepared to leave these

items unresolved for further discussion and consultation. As Francis Bacon put it—and it has never been put better—"Counsels to which time hath not been called, time will not ratify."

Making preparations

The four different functions just discussed may of course be performed by a single meeting, as the group proceeds through the agenda. Consequently, it may be a useful exercise for the chairman to go through the agenda, writing beside each item which function it is intended to fulfill. This exercise helps clarify what is expected from the discussion and helps focus on which people to bring in and what questions to ask them.

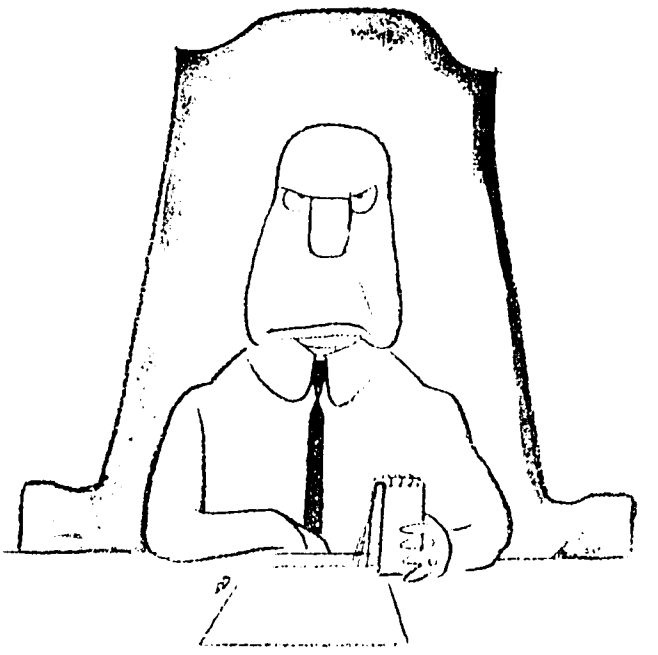
People

The value and success of a committe meeting are seriously threatened if too many people are present. Between 4 and 7 is generally ideal, 10 is tolerable, and 12 is the outside limit. So the chairman should do everything he can to keep numbers down, consistent with the need to invite everyone with an important contribution to make.

The leader may have to leave out people who expect to come or who have always come. For this job he may need tact; but since people generally preserve a fiction that they are overworked already and dislike serving on committees, it is not usually hard to secure their consent to stay away.

If the leader sees no way of getting the meeting down to a manageable size, he can try the following devices: (a) analyze the agenda to see whether everyone has to be present for every item (he may be able to structure the agenda so that some people can leave at half time and others can arrive); (b) ask himself whether he doesn't really need two separate, smaller meetings rather than one big one; and (c) determine whether one or two groups can be asked to thrash some of the topics out in advance so that only one of them needs to come in with its proposals.

Remember, too, that a few words with a member on the day before a meeting can increase the value of the meeting itself, either by ensuring that an important point is raised that comes better from the floor than from the chair or by preventing a time-wasting discussion of a subject that need not be touched on at all.



Papers

The agenda is by far the most important piece of paper. Properly drawn up, it has a power of speeding and clarifying a meeting that very few people understand or harness. The main fault is to make it unnecessarily brief and vague. For example, the phrase "development budget" tells nobody very much, whereas the longer explanation "To discuss the proposal for reduction of the 1976 1977 development budget now that the introduction of our new product has been postponed" helps all committee members to form some views or even just to look up facts and figures in advance.

Thus the leader should not be afraid of a long agenda, provided that the length is the result of his analyzing and defining each item more closely, rather than of his adding more items than the meeting can reasonably consider in the time allowed. He should try to include, very briefly, some indication of the reason for each topic to be discussed. If one item is of special interest to the group, it is often a good idea to single it out for special mention in a covering note.

The leader should also bear in mind the useful device of heading each item "For information," "For discussion," or "For decision" so that those at the meeting know where they are trying to get to.

And finally, the chairman should not circulate the agenda too far in advance, since the less organized members will forget it or lose it. Two or three days is about right—unless the supporting papers are voluminous.

Other 'paper' considerations: The order of items on the agenda is important. Some aspects are obvious—the items that need urgent decision have to come before those that can wait till next time. Equally, the leader does not discuss the budget for the reequipment program before discussing whether to put the reequipment off until next year. But some aspects are not so obvious. Consider:

□
The early part of a meeting tends to be more lively and creative than the end of it, so if an item needs mental energy, bright ideas, and clear heads, it may be better to put it high up on the list. Equally, if there is one item of great interest and concern to everyone, it may be a good idea to hold it back for a while and get some other useful work done first. Then the star item can be introduced to carry the meeting over the attention lag that sets in after the first 15 to 20 minutes of the meeting.

□
Some items unite the meeting in a common front while others divide the members one from another. The leader may want to start with unity before entering into division, or he may prefer the other way around. The point is to be aware of the choice and to make it consciously, because it is apt to make a difference to the whole atmosphere of the meeting. It is almost always a good idea to find a unifying item with which to end the meeting.

□
A common fault is to dwell too long on trivial but urgent items, to the exclusion of subjects of fundamental importance whose significance is long-term rather than immediate. This can be remedied by putting on the agenda the time at which discussion of the important long-term issue will begin—and by sticking to it.

□
Very few business meetings achieve anything of value after two hours, and an hour and a half is enough time to allocate for most purposes.

□
It is often a good idea to put the finishing time of a meeting on the agenda as well as the starting time.

□
If meetings have a tendency to go on too long, the chairman should arrange to start them one hour before lunch or one hour before the end of work. Generally, items that ought to be kept brief can be introduced ten minutes from a fixed end point.

□
The practice of circulating background or proposal papers along with the minutes is, in principle, a good one. It not only saves time, but it also helps in formulating useful questions and considerations in advance. But the whole idea is sabotaged once the papers get too long; they should be brief or provide a short summary. If they are circulated, obviously the chairman has to read them, or at least must not be caught not having read them.

(One chairman, more noted for his cunning than his conscientiousness, is said to have spent 30 seconds before each meeting going through all the papers he had not read with a thick red pen, marking lines and question marks in the margins at random, and making sure these were accidentally made visible to the meeting while the subject was being discussed.)

□
If papers are produced at the meeting for discussion, they should obviously be brief and simple, since everyone has to read them. It is a supreme folly to bring a group of people together to read six pages of closely printed sheets to themselves. The exception is certain kinds of financial and statistical papers whose function is to support and illustrate verbal points as reference documents rather than to be swallowed whole: these are often better tabled at the meeting.

□
All items should be thought of and thought about in advance if they are to be usefully discussed. Listing "Any other business" on the agenda is an invitation to waste time. This does not absolutely preclude the chairman's announcing an extra agenda item at a meeting if something really urgent and unforeseen crops up or is suggested to him by a member, provided it is fairly simple and straightforward. Nor does it preclude his leaving time for general unstructured discussion after the close of the meeting.

□
The chairman, in going through the agenda items in advance, can usefully insert his own brief notes of points he wants to be sure are not omitted from

the discussion. A brief marginal scribble of "How much notice?" or "Standby arrangements?" or whatever is all that is necessary.

The chairman's job

Let's say that you have just been appointed chairman of the committee. You tell everyone that it is a bore or a chore. You also tell them that you have been appointed "for my sins." But the point is that you tell them. There is no getting away from it: some sort of honor or glory attaches to the chairman's role. Almost everyone is in some way pleased and proud to be made chairman of something. And that is three quarters of the trouble.

Master or servant?

Their appointment as committee chairman takes people in different ways. Some seize the opportunity to impose their will on a group that they see themselves licensed to dominate. Their chairmanship is a harangue, interspersed with demands for group agreement.

Others are more like scoutmasters, for whom the collective activity of the group is satisfaction enough, with no need for achievement. Their chairmanship is more like the endless stoking and fueling of a campfire that is not cooking anything.

And there are the insecure or lazy chairmen who look to the meeting for reassurance and support in their ineffectiveness and inactivity, so that they can spread the responsibility for their indecisiveness among the whole group. They seize on every expression of disagreement or doubt as a justification for avoiding decision or action.

But even the large majority who do not go to those extremes still feel a certain pleasurable tumescence of the ego when they take their place at the head of the table for the first time. The feeling is no sin: the sin is to indulge it or to assume that the pleasure is shared by the other members of the meeting.

It is the chairman's self-indulgence that is the greatest single barrier to the success of a meeting. His first duty, then, is to be aware of the temptation and

of the dangers of yielding to it. The clearest of the danger signals is hearing himself talking a lot during a discussion.

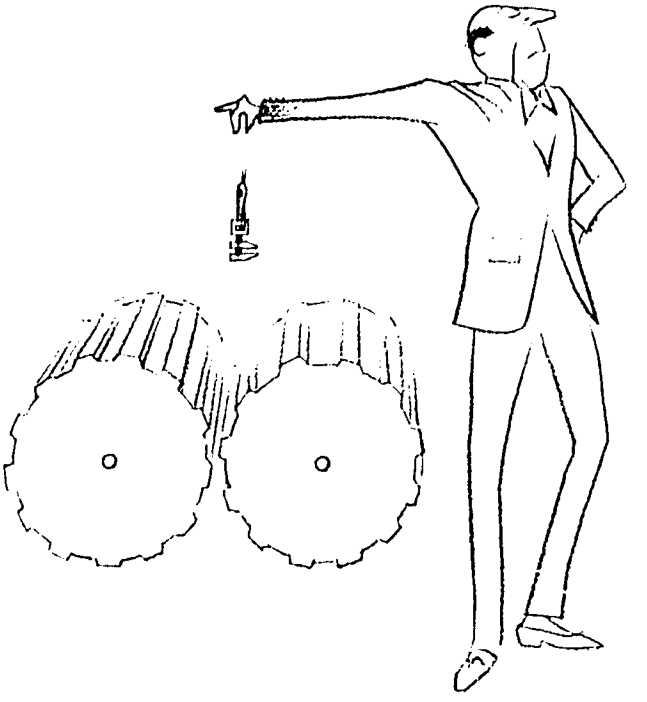
One of the best chairmen I have ever served under makes it a rule to restrict her interventions to a single sentence, or at most two. She forbids herself ever to contribute a paragraph to a meeting she is chairing. It is a harsh rule, but you would be hard put to find a regular attender of her meetings (or anyone else's) who thought it was a bad one.

There is, in fact, only one legitimate source of pleasure in chairmanship, and that is pleasure in the achievements of the meeting—and to be legitimate, it must be shared by all those present. Meetings are *necessary* for all sorts of basic and primitive human reasons, but they are *useful* only if they are seen by all present to be getting somewhere—and somewhere they know they could not have gotten to individually.

If the chairman is to make sure that the meeting achieves valuable objectives, he will be more effective seeing himself as the servant of the group rather than as its master. His role then becomes that of assisting the group toward the best conclusion or decision in the most efficient manner possible: to interpret and clarify; to move the discussion forward; and to bring it to a resolution that everyone understands and accepts as being the will of the meeting, even if the individuals do not necessarily agree with it.

His true source of authority with the members is the strength of his perceived commitment to their combined objective and his skill and efficiency in helping and guiding them to its achievement. Control and discipline then become not the act of imposing his will on the group but of imposing the group's will on any individual who is in danger of diverting or delaying the progress of the discussion and so from realizing the objective.

Once the members realize that the leader is impelled by his commitment to their common objective, it does not take great force of personality for him to control the meeting. Indeed, a sense of urgency and a clear desire to reach the best conclusion as quickly as possible are a much more effective disciplinary instrument than a big gavel. The effective chairman can then hold the discussion to the point by indicating that there is no time to pursue a particular idea now, that there is no time for long speeches, that the group has to get through



this item and on to the next one, rather than by resorting to pulling rank.

There are many polite ways the chairman can indicate a slight impatience even when someone else is speaking—by leaning forward, fixing his eyes on the speaker, tensing his muscles, raising his eyebrows, or nodding briefly to show the point is taken. And when replying or commenting, the chairman can indicate by the speed, brevity, and finality of his intonation that "we have to move on." Conversely, he can reward the sort of contribution he is seeking by the opposite expressions and intonations, showing that there is plenty of time for that sort of idea, and encouraging the speaker to develop the point.

After a few meetings, all present readily understand this nonverbal language of chairmanship. It is the chairman's chief instrument of educating the group into the general type of "meeting behavior" that he is looking for. He is still the servant of the group, but like a hired mountain guide, he is the one who knows the destination, the route, the weather signs, and the time the journey will take. So if he suggests that the members walk a bit faster, they take his advice.

This role of servant rather than master is often obscured in large organizations by the fact that

the chairman is frequently the line manager of the members: this does not, however, change the reality of the role of chairman. The point is easier to see in, say, a neighborhood action group. The question in that case is, simply, "Through which person's chairmanship do we collectively have the best chance of getting the children's playground built?"

However, one special problem is posed by this definition of the chairman's role, and it has an extremely interesting answer. The question is: How can the chairman combine his role with the role of a member advocating one side of an argument?

The answer comes from some interesting studies by researchers who sat in on hundreds of meetings to find out how they work. Their consensus finding is that most of the effective discussions have, in fact, two leaders: one they call a "team," or "social," leader; the other a "task," or "project," leader.

Regardless of whether leadership is in fact a single or a dual function, for our purposes it is enough to say that the chairman's best role is that of social leader. If he wants a particular point to be strongly advocated, he ensures that it is someone else who leads off the task discussion, and he holds back until much later in the argument. He might indeed change or modify his view through hearing the discussion, but even if he does not it is much easier for him to show support for someone else's point later in the discussion, after listening to the arguments. Then, he can summarize in favor of the one he prefers.

The task advocate might regularly be the chairman's second-in-command, or a different person might advocate for different items on the agenda. On some subjects, the chairman might well be the task advocate himself, especially if they do not involve conflict within the group. The important point is that the chairman has to keep his "social leadership" even if it means sacrificing his "task leadership." However, if the designated task advocate persists in championing a cause through two or three meetings, he risks building up quite a head of antagonism to him among the other members. Even so, this antagonism harms the group less by being directed at the "task leader" than at the "social leader."

Structure of discussion

It may seem that there is no right way or wrong way to structure a committee meeting discussion. A subject is raised, people say what they think, and finally a decision is reached, or the discussion is terminated. There is some truth in this. Moreover, it would be a mistake to try and tie every discussion of every item down to a single immutable format.

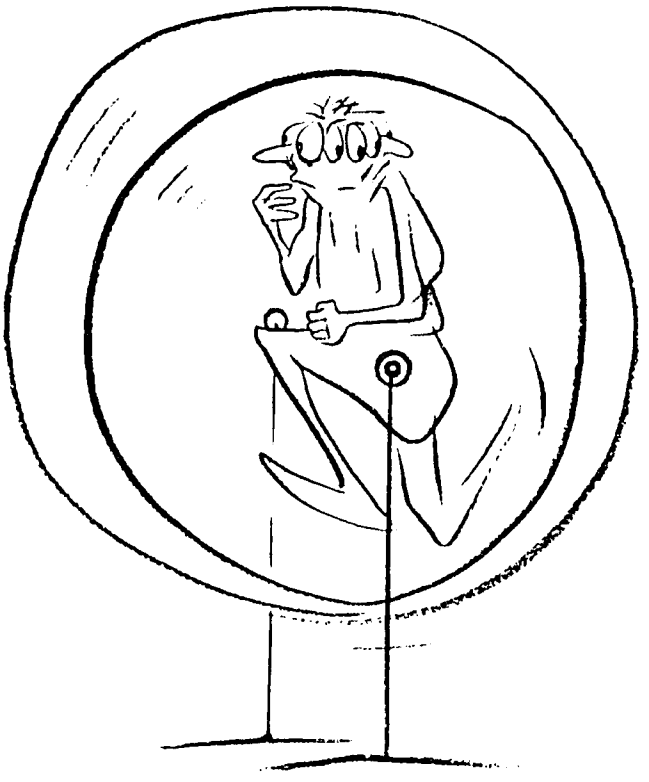
Nevertheless, there is a logical order to a group discussion, and while there can be reasons for not following it, there is no justification for not being aware of it. In practice, very few discussions are inhibited, and many are expedited, by a conscious adherence to the following stages, which follow exactly the same pattern as a visit to the doctor:

"What seems to be the trouble?" The reason for an item being on a meeting agenda is usually like the symptom we go to the doctor with: "I keep getting this pain in my back" is analogous to "Sales have risen in Germany but fallen in France." In both cases it is clear that something is wrong and that something ought to be done to put it right. But until the visit to the doctor, or the meeting of the European marketing committee, that is about all we really know.

"How long has this been going on?" The doctor will start with a case history of all the relevant background facts, and so will the committee discussion. A solid basis of shared and agreed-on facts is the best foundation to build any decision on, and a set of pertinent questions will help establish it. For example, when did French sales start to fall off? Have German sales risen exceptionally? Has France had delivery problems, or less sales effort, or weaker advertising? Have we lost market share, or are our competitors' sales falling too? If the answers to all these questions, and more, are not established at the start, a lot of discussion may be wasted later.

"Would you just lie down on the couch?" The doctor will then conduct a physical examination to find out how the patient is now. The committee, too, will want to know how things stand at this moment. Is action being taken? Do long-term orders show the same trend? What are the latest figures? What is the current stock position? How much money is left in the advertising budget?

"You seem to have slipped a disc." When the facts are established, you can move toward a dignosis. A doctor may seem to do this quickly, but that is the result of experience and practice. He is, in fact, rapidly eliminating all the impossible or far fetched explanations until he leaves himself with a short list. The committee, too, will hazard and eliminate a



variety of diagnoses until it homes in on the most probable—for example, the company's recent energetic and highly successful advertising campaign in Germany plus new packaging by the market leader in France.

"Take this round to the druggist." Again, the doctor is likely to take a shortcut that a committee meeting may be wise to avoid. The doctor comes out with a single prescription, and the committee, too, may agree quickly on a single course of action.

But if the course is not so clear, it is better to take this step in two stages: (a) construct a series of options—do not, at first, reject any suggestions outright but try to select and combine the promising elements from all of them until a number of thought-out, coherent, and sensible suggestions are on the table; and (b) only when you have generated these options do you start to choose among them. Then you can discuss and decide whether to pick the course based on repackaging and point-of-sale promotion, or the one based on advertising and a price cut, or the one that bides its time and saves the money for heavier new-product promotion next year.

If the item is at all complex or especially significant, it is important for the chairman not only to have the proposed course of the discussion in his own head, but also to announce it so that everyone knows. A good idea is to write the headings on an easel pad with a felt pen. This saves much of the time wasting and confusion that result when people raise items in the wrong place because they were not privy to the chairman's secret that the right place was coming up later on in the discussion.

Conducting the meeting

Just as the driver of a car has two tasks, to follow his route and to manage his vehicle, so the chairman's job can be divided into two corresponding tasks, dealing with the subject and dealing with the people.

Dealing with the subject

The essence of this task is to follow the structure of discussion as just described in the previous section. This, in turn, entails listening carefully and keeping the meeting pointed toward the objective.

At the start of the discussion of any item, the chairman should make it clear where the meeting should try to get to by the end. Are the members hoping to make a clear decision or firm recommendation? Is it a preliminary deliberation to give the members something to go away with and think about? Are they looking for a variety of different lines to be pursued outside the meeting? Do they have to approve the proposal, or merely note it?

The chairman may give them a choice: "If we can agree on a course of action, that's fine. If not, we'll have to set up a working party to report and recommend before next month's meeting."

The chairman should make sure that all the members understand the issue and why they are discussing it. Often it will be obvious, or else they may have been through it before. If not, then he or someone he has briefed before the meeting should give a short introduction, with some indication of the reason the item is on the agenda; the story so far; the present position; what needs to be established, resolved, or proposed; and some indication of lines of inquiry or courses of action that have been

suggested or explored, as well as arguments on both sides of the issue.

If the discussion is at all likely to be long or complex, the chairman should propose to the meeting a structure for it with headings (written up if necessary), as I stated at the end of the section on "Structure of discussion." He should listen carefully in case people jump too far ahead (e.g., start proposing a course of action before the meeting has agreed on the cause of the trouble), or go back over old ground, or start repeating points that have been made earlier. He has to head discussion off sterile or irrelevant areas very quickly (e.g., the rights and wrongs of past decisions that it is too late to change, or distant prospects that are too remote to affect present actions).

It is the chairman's responsibility to prevent misunderstanding and confusion. If he does not follow an argument or understand a reference, he should seek clarification from the speaker. If he thinks two people are using the same word with different meanings, he should intervene (e.g., one member using *promotion* to mean point-of-sale advertising only, and another also including media publicity).

He may also have to clarify by asking people for facts or experience that perhaps influence their view but are not known to others in the meeting. And he should be on the lookout for points where an interim summary would be helpful. This device frequently takes only a few seconds, and acts like a life belt to some of the members who are getting out of their depth.

Sometimes a meeting will have to discuss a draft document. If there are faults in it, the members should agree on what the faults are and the chairman should delegate someone to produce a new draft later. The group should never try to redraft around the table.

Perhaps one of the most common faults of chairmanship is the failure to terminate the discussion early enough. Sometimes chairmen do not realize that the meeting has effectively reached an agreement, and consequently they let the discussion go on for another few minutes, getting nowhere at all. Even more often, they are not quick enough to close a discussion *before* agreement has been reached.

A discussion should be closed once it has become clear that (a) more facts are required before further progress can be made, (b) discussion has revealed that the meeting needs the views of people not present, (c) members need more time to think about the subject and perhaps discuss it with colleagues, (d) events are changing and likely to alter or clarify the basis of the decision quite soon, (e) there is not going to be enough time at this meeting to go over the subject properly, or (f) it is becoming clear that two or three of the members can settle this outside the meeting without taking up the time of the rest. The fact that the decision is difficult, likely to be disputed, or going to be unwelcome to somebody, however, is not a reason for postponement.

At the end of the discussion of each agenda item, the chairman should give a brief and clear summary of what has been agreed on. This can act as the dictation of the actual minutes. It serves not merely to put the item on record, but also to help people realize that something worthwhile has been achieved. It also answers the question "Where did all that get us?" If the summary involves action by a member of the meeting, he should be asked to confirm his acceptance of the undertaking.

Dealing with the people

There is only one way to ensure that a meeting starts on time, and that is to start it on time. Latecomers who find that the meeting has begun without them soon learn the lesson. The alternative is that the prompt and punctual members will soon realize that a meeting never starts until ten minutes after the advertised time, and they will also learn the lesson.

Punctuality at future meetings can be wonderfully reinforced by the practice of listing late arrivals (and early departures) in the minutes. Its ostensible and perfectly proper purpose is to call the latecomer's attention to the fact that he was absent when a decision was reached. Its side effect, however, is to tell everyone on the circulation list that he was late, and people do not want that sort of information about themselves published too frequently.

There is a growing volume of work on the significance of seating positions and their effect on group behavior and relationships. Not all the findings are generally agreed on. What does seem true is that:

- Having members sit face to face across a table facilitates opposition, conflict, and disagreement, though of course it does not turn allies into enemies. But

it does suggest that the chairman should think about whom he seats opposite himself.

□

Sitting side by side makes disagreements and confrontation harder. This in turn suggests that the chairman can exploit the friendship-value of the seats next to him.

□

There is a "dead man's corner" on the chairman's right, especially if a number of people are seated in line along from him (it does not apply if he is alone at the head of the table).

□

As a general rule, proximity to the chairman is a sign of honor and favor. This is most marked when he is at the head of a long, narrow table. The greater the distance, the lower the rank—just as the lower-status positions were "below the salt" at medieval refectories.

Control the garrulous

In most meetings someone takes a long time to say very little. As chairman, your sense of urgency should help indicate to him the need for brevity. You can also suggest that if he is going to take a long time it might be better for him to write a paper. If it is urgent to stop him in full flight, there is a useful device of picking on a phrase (it really doesn't matter what phrase) as he utters it as an excuse for cutting in and offering it to someone else: "Inevitable decline—that's very interesting. George, do you agree that the decline is inevitable?"

Draw out the silent

In any properly run meeting, as simple arithmetic will show, most of the people will be silent most of the time. Silence can indicate general agreement, or no important contribution to make, or the need to wait and hear more before saying anything, or too good a lunch, and none of these need worry you. But there are two kinds of silence you must break:

1

The silence of diffidence. Someone may have a valuable contribution to make but be sufficiently nervous about its possible reception to keep it to himself. It is important that when you draw out such a contribution, you should express interest and pleasure (though not necessarily agreement) to encourage further contributions of that sort.

2

The silence of hostility. This is not hostility to ideas, but to you as the chairman, to the meeting, and to the process by which decisions are being reached. This sort of total detachment from the whole proceedings is usually the symptom of some feeling of affront. If you probe it, you will usually find that there is something bursting to come out, and that it is better out than in.

Protect the weak

Junior members of the meeting may provoke the disagreement of their seniors, which is perfectly reasonable. But if the disagreement escalates to the point of suggesting that they have no right to contribute, the meeting is weakened. So you may have to take pains to commend their contribution for its usefulness, as a pre-emptive measure. You can reinforce this action by taking a written note of a point they make (always a plus for a member of a meeting) and by referring to it again later in the discussion (a double-plus).

Encourage the clash of ideas

But, at the same time, discourage the clash of personalities. A good meeting is not a series of dialogues between individual members and the chairman. Instead, it is a crossflow of discussion and debate, with the chairman occasionally guiding, mediating, probing, stimulating, and summarizing, but mostly letting the others thrash ideas out. However, the meeting must be a contention of *ideas*, not people.

If two people are starting to get heated, widen the discussion by asking a question of a neutral member of the meeting, preferably a question that requires a purely factual answer.

Watch out for the suggestion-squashing reflex

Students of meetings have reduced everything that can be said into questions, answers, positive reactions, and negative reactions. Questions can only seek, and answers only supply, three types of response: information, opinion, and suggestion.

In almost every modern organization, it is the suggestions that contain the seeds of future success. Although very few suggestions will ever lead to anything, almost all of them need to be given every chance. The trouble is that suggestions are much easier to ridicule than facts or opinions. If people feel that making a suggestion will provoke the negative reaction of being laughed at or squashed, they will soon stop. And if there is any status-jostling going on at the meeting, it is all too easy to use the occasion of someone's making a suggestion as the opportunity to take him down a peg. It is all too easy and a formula to ensure sterile meetings.

The answer is for you to take special notice and show special warmth when anyone makes a suggestion, and to discourage as sharply as you can the squashing-reflex. This can often be achieved by requiring the squasher to produce a better suggestion on the spot. Few suggestions can stand up to squashing in their pristine state: your reflex must be to pick out the best part of one and get the other committee members to help build it into something that might work.

Come to the most senior people last
Obviously, this cannot be a rule, but once someone of high authority has pronounced on a topic, the less senior members are likely to be inhibited. If you work up the pecking order instead of down it, you are apt to get a wider spread of views and ideas. But the juniors who start it off should only be asked for contributions within their personal experience and competence. ("Peter, you were at the Frankfurt Exhibition—what reactions did you pick up there?")

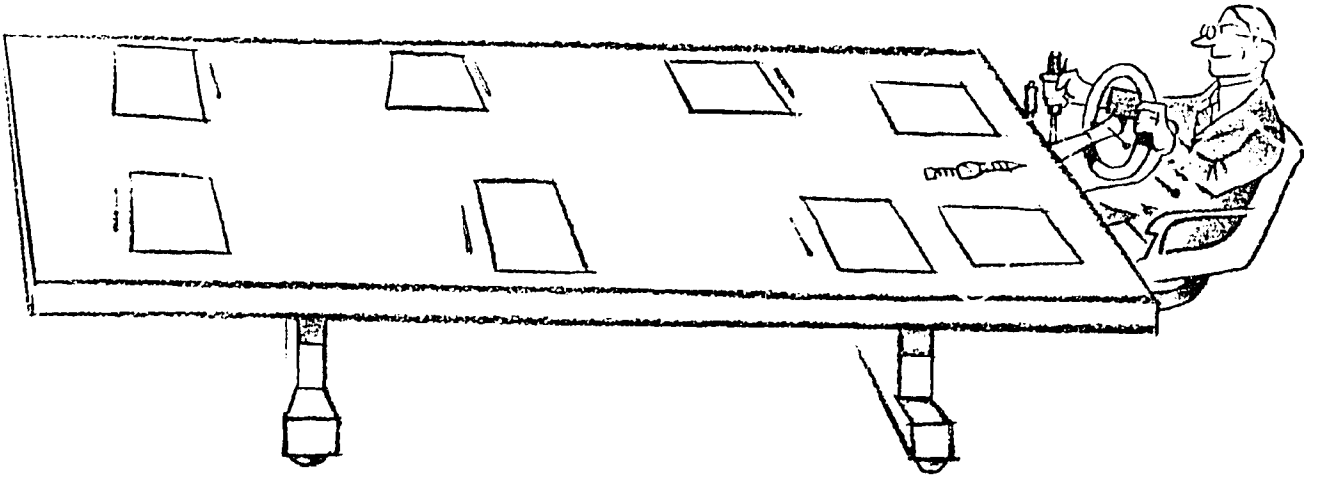
Close on a note of achievement
Even if the final item is left unresolved, you can refer to an earlier item that was well resolved as you close the meeting and thank the group.

If the meeting is not a regular one, fix the time and place of the next one before dispersing. A little time spent with appointment diaries at the end, especially if it is a gathering of five or more members, can save hours of secretarial telephoning later.

Following the meeting

Your secretary may take the minutes (or better still, one of the members), but the minutes are your responsibility. They can be very brief, but they should include these facts:

- The time and date of the meeting, where it was held, and who chaired it.
- Names of all present and apologies for absence.
- All agenda items (and other items) discussed and all decisions reached. If action was agreed on, record (and underline) the name of the person responsible for the assignment.
- The time at which the meeting ended (important, because it may be significant later to know whether the discussion lasted 15 minutes or 6 hours).
- The date, time, and place of the next committee meeting.



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DEFINITIONS AND CHARACTERISTICS OF HIGH PERFORMING SYSTEMS

Peter B. Vaill
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An "excellent human system" - a high performing system presents one at the outset with a profound conceptual problem: how does one define excellent? Your "high performing system" might be my "case of the compulsive pursuit of a socially useless objective".*** Or vice versa. There is no real escape from this problem, for how we define "performance" and "excellence" depend on values. As working rules of thumb, I have treated as high performing systems those organizations or groups which meet one or more of the following criteria:

1. They are performing excellently against a known external standard. The cleanest example is a team which does more of something in a given time period, or does a set amount faster, than it is usually done, or than it is done by the team's competitors.

2. They are performing excellently against what is assumed to be their potential level of performance.

3. They are performing excellently relative to where they were at some earlier point in time, i.e., a developmental criterion.

4. They are judged qualitatively by informed observers to be doing substantially better than other comparable systems.

5. They are doing whatever they do with significantly less resources than it is assumed are needed to do what they do.

6. They are perceived as exemplars of the <u>way</u> to do whatever they do, and thus become a source of ideas and inspiration for others, i.e., a style criterion.

7. They are perceived to fulfill at a high level the ideals of the culture within which they exist, i.e., they have "nobility".

8. They are the only organizations who have been able to do what they do <u>at all</u>, even though it might seem that what they do is not that difficult or mysterious a thing.

*** I once asked a student, who was insisting on an exact definition before she could write her term paper, "If this were a course in Botany, and the assignment was to describe a beautiful flower would you find that impossible?" This rhetorical question she did not find too helpful, although I was pleased with it.

One of the delightful things about searching for high performing systems is that one discovers a very large number of human systems which meet several of these criteria. Even though the behavioral sciences don't know it excellence is alive and well. Some such organizations are famous, glamorous, "trendy" but others are very humble and insignificant, even drab. The criteria though, lead one to discover many varieties of beauty in human relationships and many forms of striving which a "tighter" set of criteria would overlook. Whether doing serious social research or just living in the world, these criteria will introduce one to extraordinary human phenomena.

The Characteristics of High Performing Systems

Here is what I have found out about high performing systems:

1. HPSs are clear on their broad purposes and on nearer-term objectives for fulfilling these purposes. They know why they exist and what they are trying to do. Members have pictures in their heads which are strikingly congruent.

2. Commitment to these purposes is never perfunctory, although it is often expressed laconically. Motivation as usually conceived is always high. More important than energy level however, is energy focus. Motivation is "peculiar" in the literal sense of that word: "Belonging exclusively to one person or group; special; distinctive; different." (Outsiders find motivation peculiar too in the more usual sense of "weird, eccentric".) Energy is invested in particulars - in specific methods, tools, idea systems, arrangements and styles.

   In most HPSs, there will be some sense of its operation analogous to a feeling of rhythm. One of the "peculiarities" of motivation which is very important is the way members express their energy and commitment through getting into a "groove" of some kind.

3. Teamwork in HPSs is focussed on the task. Social psychology's favorite distinction between "task functions" and "group maintenance functions" tends to dissolve. Members will have discovered those aspects of system operations which require integrated actions and will have developed behaviors and attitudes which fulfill these requirements.

   Couples with the previous proposition about the focus of motivation, this means that there is usually a strong conservatism evident in the HPS. There are firm beliefs in a "right organizational form", and a noticeable amount of effort is devoted to attaining and maintaining this form. Theoretically, "form follows function", but once members have found a form that works, they cling to it.

4. Leadership in HPSs is strong and clear. It is unambivalent. There is no question of the need for initiative nor of its appropriate source (although it may not always be the same person). Leader style varies widely from HPS to HPS, but is remarkably consistent within a given HPS. Leader style is never conflicted: it does not swing between cool/warm, close/distant, demanding/laissez faire. Leaders are experienced as reliable and predictable.

5. HPSs are fertile sources of inventions and new methods within the scope of the task they have defined and within the form they have chosen. HPSs are relatively conservative about new methods and inventions which take them outside the task boundaries and structural forms they have traditionally practiced. "They do not tamper with a good thing".

6. HPSs are clearly bounded from their environments and a considerable amount of energy, particularly on the part of leaders, is usually devoted to maintaining these boundaries. Bounding occurs in terms of firm, even if unofficial, membership rules; in terms of methods (technologies) employed; in terms of times and time durations in which the system is "on"; and in terms of the spaces the system occupies when it is operating. There will be a strong consciousness of "we are different" in the HPS and these ongoing bounding efforts is one of the ways this consciousness displays itself most clearly.

7. Proposition (6) leads to another consistent finding and that is that HPSs are often seen as "a problem" by entities in their environment, even entities which have a great deal of power over them. HPSs avoid external control. They scrounge resources from the environment non-apologetically. They produce what they want by their standards, not what someone else wants. Thus, they often frustrate environmental entities, especially in bureaucratic settings. One can note continual annoyance, even fury with HPSs. People decide "they've got to be broken up". Especially when an HPS is a sub-unit of a larger organizational, it is thus a paradox: it fulfills the larger system's desires for high performance, but the price is that it is relatively unmanageable.

8. Above all, HPSs are systems which have "jelled", even though the phenomenon is very difficult to talk about. Neither mechanical nor organic metaphors are usually adequate for describing the "fit" of the various elements and practices of the system.

   Frequently the elements of an HPS, when examined one at a time, do not seem to qualify for membership; HPSs are often composed of castoffs and rejects.

   Beyond its concrete existence, the phenomenon of the HPS poses social science with a profound conceptual challenge, namely, of learning to talk about intense human interdependency in terms more descriptively accurate than either physics of biology provide.

ELEMENTS OF TEAMWORK

The items listed below are some of the key elements in achieving group teamwork. Rate the group on each of the eight items by circling the appropriate number.

A. How Clear are the Group Goals?

1.	2.	3.	4.	5.
No apparent goals	Goal confusion, uncertainty or conflict	Average goal clarity	Goals mostly clear	Goals very clear

B. How Much Trust and Openness in the Group?

1.	2.	3.	4.	5.
Distrust and no openness	Little trust, some openness	Average trust and openness	Considerable trust and openness	Remarkable trust and openness

C. How Empathetic are Group Members to Each Other?

1.	2.	3.	4.	5.
No empathy	Little empathy	Average empathy	Considerable empathy	Remarkable empathy

D. How Much Attention is Paid To Process and Content (The Way the Group is Working?

1.	2.	3.	4.	5.
No attention to process or content	Little attention to process and content	Some concern with group process and content	A fair balance between content and process	Very concerned with process content

E. How are Group Leadership Needs Met?

1.	2.	3.	4.	5.
Not met, drifting content	Leadership concentrated in one person	Some leadership sharing	Leadership functions distributed	Leadership needs met creatively

F. How are Group Decisions Made?

1.	2.	3.	4.	5.
Unable to reach decisions	Made by a few-- or by one person	By majority vote	Attempts at integrating minority vote	Full participation and tested consensus

G. How Well are Group Resources Utilized?

1.	2.	3.	4.	5.
One or two contributed	Several tried to contribute but were discouraged	Average use of group resources	Group resources well used and encouraged	Group resources fully and effectively used

H. How Much Do Members Feel They Belong to the Group?

1.	2.	3.	4.	5.
Members have no sense of belonging	Members not close but some friendly relations	About average sense of belonging	Warm sense of belonging	Strong sense of belonging among members

TEAM BUILDING FROM A GESTALT PERSPECTIVE

H. B. Karp

Working together productively has been a concern of mankind for so long and in such varied contexts that it has become one of our identifying characteristics as a species. From the time the first mastodon was killed in a group hunt, we have been looking for more effective ways of combining individual human efforts in order to meet both organizational and individual needs.

WHAT IS A TEAM?

A team is a group of individuals who must work interdependently in order to attain their individual and organizational objectives. Teams can be differentiated from other types of groups by certain definable characteristics. According to Reilly and Jones (1974), there are four essential elements:

> (1) The group must have a charter or reason for working together; (2) members of the group must be interdependent—they need each other's experience, ability, and commitment in order to arrive at mutual goals; (3) group members must be committed to the idea that working together as a group leads to more effective decisions than working in isolation; (4) the group must be accountable as a functioning unit within a larger organizational context. (p. 227)

The most obvious example of a team is an athletic team. The members have a purpose, which gives them an identity. Each player has a unique function (position) that must be integrated with that of the other members. The players are aware and supportive of the need for interdependent interaction, and the team usually operates within the framework of a larger organization (a league).

Not all working groups, however, are teams, nor should they necessarily be. The faculty of a department in a university is a good contrast to an athletic team. Although there is a reason to work together, and departmental faculty members do function as part of a larger organization, there is very little need for interdependent action, since normally each member is totally responsible for the design, execution, and evaluation of his own work, i.e., his teaching and/or research. In this case, team building would have little or no relevance. (Recently, a professor jokingly described her department as "a bunch of screaming anarchists held together by a common parking lot.")

Other examples of work groups that are not teams are committees, in which the purpose is representation, rather than interdependence; training groups, for which no charter exists; and "love puddles," in which the emphasis is on getting along well rather than on working together effectively.

From a Gestalt point of view, there are several necessary assumptions concerning the nature of teams. The first assumption is that all the talent necessary to allow the team to be anything it wishes is already present within the group. The second is that everyone already knows what he or she wants to do; the prime focus is on how the members are stopping themselves from doing what they want. Third, the team's maximum potential for strength and effectiveness is limited only by the limitations each individual member sets on his or her potential. And, fourth, the work itself is potentially exciting.

TEAM EFFECTIVENESS

Two perspectives can be applied to the question of how team effectiveness is achieved: vertical (through leadership) and horizontal (through group dynamics).

Leadership

Much has been written and spoken advocating the participative leadership approach as the one best way to manage team development; currently, the participative approach is highly favored in the business setting. Nevertheless, autocracy or any other particular leadership style is not precluded from being effective: one has only to look at the sports team to see that this is true. It is highly unlikely that either the Green Bay Packers or a high school football team would vote as a team, prior to each game, on what plays will be run.

More important than the particular leadership style is the team leader's ability to combine individual efforts into group output, provide the necessary liaison between the team and the total organization, and accomplish this in a manner consistent with the values of the team leader and other members.

Group Dynamics

The very nature of teamwork depends on the effectiveness of the interaction among team members. The concepts of contact, role, and values are elements of effective team interaction.

Contact

Good contact is based on authenticity among team members. It implies that each individual is aware of his or her individuality and is willing to state views and ideas clearly and to support the principles of *awareness* and *conscious choice*.

Effective work teams are also characterized by relationships that are fairly relaxed but not necessarily warm; i.e., members get along well enough to attain organizational objectives. The norm can be stated: "You are free to be who you are, and I am free not to like you, as long as this does not detract from team effectiveness."

An environment that encourages the open expression of disagreement as well as agreement accepts the reality that an individual may like some people more than others. This is legitimate as long as openly stated preferences do not result in discriminatory, unfair, or task-destructive behavior.

Role

Two elements, function and relationship, are combined in the concept of role. Function is the specific task each member is there to perform; relationship relates to the interaction necessary to get the task completed—with whom each member must interact and how the interaction occurs.

In the well-functioning team, role clarity is evident. The team's objectives are clear and agreed upon, and each team member knows each member's *unique* contribution to those objectives, thus eliminating any duplication of effort. Usually, the effective team is comprised of individuals who have complementary, rather than similar, talents and approaches.

Values

All decisions, whether made by individuals or by groups, are based on values. Three specific values seem to identify good working teams: task effectiveness, dealing in the present, and conflict viewed as an asset.

- *Task Effectiveness.* The well-functioning group places a high value on task effectiveness, with greater emphasis on doing the right things, rather than on doing things right. This value implies that the team also focuses on the objective, or end result, rather than only on the team's ongoing activity.
- *Dealing in the Present.* The effective team focuses on "right here, right now," an emphasis that allows a flexible response to changing conditions within the team itself and within the larger organization. The team can make more appropriate decisions when it is concentrating on *what* is happening rather than *why* it is happening.
- *Conflict Viewed as an Asset.* Conflict provides two very necessary elements to the effective work group. First, it is the prime source of energy in systems, and, second, it is the major source of creativity. Since conflict is absolutely unavoidable, in any case, an effective team's approach to dealing with it is to use it rather than to try to resolve, avoid, or suppress it. More potential for ineffectiveness and marginal performance exists in avoiding conflict than in conflict itself. When conflict is seen as an asset, the preferred approach is to deal with it through collaboration, although competition or even compromise is not precluded, when called for by the situation (Karp, 1976).

WHY TEAMS?

Although establishing teams frequently involves much hard work, the effort provides three important factors to group effectiveness: synergy, interdependence, and a support base.

Synergy

What energy is to the individual, synergy is to groups. The synergy of a group is always potentially greater than the sum of the combined energies of its members. Thus, it is not infrequent in laboratory exercises that a group effort results in a better performance than that achieved by the group's most competent member (Nemiroff & Pasmore, 1975). When team concepts are applied to group formation, the result is not only the effective use of energy, but also the creation of new energy.

Interdependence

Effective teams are made up of highly independent individuals who must combine their separate efforts in order to produce an organizational result. The focus of the team effort is on *combining*, rather than on *coordinating*, resources. Interdependence in today's organizations is a simple reality. Most products and services are too complex, and their respective technologies too specialized, for any one individual to accomplish alone. The team concept provides the necessary link to approach organizational objectives from a position of strength and creativity.

Support Base

It is no overstatement that the average adult spends most of his waking hours in a work setting. It is also a reality that the individual carries all his or her needs with him or her at all times, regardless of the location or situation. From this perspective, the quality of life must be attended to in the work setting as much as in the home setting.

The team constructed along authentic lines has the potential to provide social and emotional support for its members, producing a more satisfying and work-productive environment. It is important to note that, in order for a group truly to function as a support

base, the group norms that emerge for any specific team *must* originate from within the team itself and not represent a set of "shoulds" from the behavioral sciences, social institutions, or other external sources. Sometimes, also, it is simply more fun to work with someone else than to work alone.

CONCLUSION

Team construction is one of many viable organizational approaches and structures. It is a situational alternative and not a matter of organizational dogma and clearly needs to be based on conscious choice. Some questions can help determine whether teams are appropriate in a particular organizational situation: Is there a need for interdependent work in order to meet organizational objectives and, if so, to what extent? Can individual satisfaction or higher and better output be better attained through the combination of individual efforts? If the responses to these questions are positive, team building would seem to be a good choice.

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2

STAGES OF TAKING CHARGE

The learning and action that managers engage in to take charge can vary substantially, as do the issues they face. Consider, for example, the following brief summaries of two successful cases. In one, the manager had been promoted from within, while in the other, he had come from outside the industry.

Tom Kane took charge of a $260 million industrial- and office-products division with a mandate from corporate headquarters to improve margins, increase share of market, and grow the division to $400 million within three to five years. Before assuming the division's presidency, Kane had been a group officer in another part of the parent corporation but previously had spent twenty-five years in the division and knew its industry, products, and people well. As a result of his experience, Kane had a fairly specific plan of what changes he wanted to make once he took charge, and he had discussed them with corporate staff in some detail before beginning the assignment. Kane spent his first three months checking his prior assumptions about people, problems, and the organization. Having confirmed his assessments, Tom restructured the division from a functional to a geographic organization during his third month. This major reorganization involved a half dozen executive changes.

The results of the reorganization were almost immediate in terms of improved margins and coordination between manu-

facturing and sales. Kane did not anticipate the need to make any further changes and immersed himself in the process of making the changes work. After three or four months, however, Kane and his top management group became increasingly aware of sales and distribution problems in the United States and Canada that had not been evident under the earlier functional structure. As Tom probed the causes of the problems he also became aware of the limitations of several of the senior executives who were managing the division's sizable domestic operations. Though they had been superior managers in the former functional structure, they seemed not to have the breadth or general management skills necessary to manage within the new structure. This raised questions about whether he had the right people in place to grow the division to $400 million.

Kane worked on both sets of issues for nearly eleven months before he felt he understood them well enough to develop an action plan. As a result of his effort, Tom implemented a major reassignment of his top management group (involving eleven related personnel actions) in his sixteenth month and then restructured the division's domestic sales and marketing organization in his seventeenth month. The following six months were largely devoted to "shaking down" the new domestic sales organization, consolidating the changes he had made, and getting the "tigers" he now had as general managers working with one another. After twenty-seven months on the job, Tom saw his efforts pay off: the division had its best first quarter ever. By his thirty-first month, Tom felt he had finally mastered the situation. The changes he had made during his first two years were paying off: share of market was increasing rapidly and so were margins. Kane finally felt he had the structure and management group in place to grow the division's revenues to $400 million and he now turned his attention to divesting a product group which no longer fit in with the growth objectives of the division.

When Chet Ferguson took charge of the $175 million machine-tool division, his mandate was threefold: to stop the division's enormous losses; to create an organization that would be

viable for the long run; and to develop at least two candidates to succeed him as president within five years. Ferguson had no previous experience in the machine-tool industry but had more than twenty years' experience in sales and manufacturing management, most recently as executive vice president for both functions in a $250 million precision parts division.

Unlike Kane, Ferguson had little first-hand knowledge of the division's business and no prior assessment or diagnosis of its problems. So he spent most of his first five months learning about the division, its personnel, and problems. During this period, he reported being overwhelmed at times by the amount of learning needed to orient himself, let alone assess and diagnose the situation.

During this period, Ferguson also worked at assessing his managers and their capabilities, but his major efforts focused on improving production planning by instituting and running weekly production meetings and implementing a number of improvements in planning and control systems, areas in which he had a great deal of expertise.

His initial five-month period of orientation and evaluation culminated with the decision to transfer the marketing and engineering staffs of the largest product group to the division's central functional staffs. Ferguson made these changes in order to get better "visibility" into the product group's problems as well as to get more divisional control over it since the product group was the source of the division's biggest losses. The results of these structural changes were quickly evident in better pricing decisions and improved delivery schedules.

During the next seven months, Ferguson made virtually no further changes. Instead, he continued to work at developing strength in his management group and improving the division's management practices. The success of the changes he had made in his fifth month, however, led him to question whether the division's structure should be changed from a relatively decentralized product organization to a functional one. He struggled with this question for nearly six months, engaged a consulting firm to study the problem, and finally concluded that a change to a functional structure would improve both

Ferguson implemented the reorganization during his twelfth through fourteenth months—a major reorganization comparable to the one Kane, an industry insider, had implemented after only three months. Unlike Kane, however, it took Ferguson more than ten months to consolidate the changes because of unanticipated problems and the need to transfer and hire people for several new positions. By Ferguson's twenty-sixth month, the reorganization was fully shaken down and the division had finished a profitable year. Ferguson and his top management group then spent the next six months developing a new strategic plan. Ferguson now felt that he had finally "put the road map in place." No major changes were made during the next ten months, and the division was among the most profitable in the corporation. Ferguson was now actively identifying potential successors.

Learning and Action Stages

Although these cases differ in many respects, Ferguson and Kane and the other managers studied went through a similar process of learning and action-taking.

Two patterns stand out from the data when the taking-charge process is examined over time. The first is that taking charge can be a long process at upper and middle levels of management: from two to two and a half years for senior-level U.S. managers and even longer for some European and U.K. senior-level managers. Second, as the two cases just cited illustrate, is that the taking-charge process is not one of steadily increasing learning or action. Rather it consists of a series of stages in which the new manager's emphasis alternates between learning and action in what appears to be a sequentially predictable fashion.

I use "learning" and "action" in their broadest meanings. By learning, I mean the orientation work of figuring out a new assignment or situation as well as the assessment and diagnostic work of determining how to improve the organization's performance. By action, I mean both organizational and personnel

tion's performance; these range from corrective changes that deal with only certain aspects of the organization to those that are sufficiently profound to reshape an organization.

Before discussing these stages in detail, I shall first describe them broadly. In the first stage, *Taking Hold,* which typically lasts from three to six months, the new manager takes hold of the assignment. There is a great deal of learning and action. The learning is mainly orientational and evaluative, and the new manager focuses principally on problems that become apparent to him based on his past experience and what he learns about the situation during his first three to five months. The changes he makes, even if they are major, tend to be corrective; they deal with problems he is able to identify and diagnose early in his succession. By the end of this Taking-Hold period, he understands the situation fairly well and has acted on those problems he understands.

In the next stage, *Immersion,* the manager immerses himself in running the organization in a more informed fashion. During this time, which typically lasts from four to eleven months, the manager makes very few changes. It is, however, a period that is potentially very important for learning that is deeper than the orientational and evaluative learning of the first stage. When the new manager develops either a more detailed concept of how further to improve performance or, in many cases, a significant reconceptualization of how the organization's structure and practices should be altered, the Immersion stage is over.

The concept that develops from the Immersion stage provides the impetus for the next stage, *Reshaping,* which is typically a period of intense change usually lasting from three to six months. During this time, the new manager acts on the learning of the previous stage. Most of the major structural changes of the first three years in the cases I studied were made during this stage.

The taking-charge process then continues into a period of *Consolidation,* in which the new manager and his group attempt to consolidate the changes made in the Reshaping stage. Consolidation typically lasts three to nine months. The learning

early in this stage tends to be evaluative, focusing mainly on the results of the major changes made in the earlier period. By the middle of this stage, the manager begins to make a number of corrective changes aimed at consolidating the directions implemented during the Reshaping stage.

The completion of the taking-charge process is marked by a transition into a *Refinement* stage, in which most of the manager's additional learning is a consequence of dealing with the day-to-day problems of running the business rather than his newness to the job or the need to work on major underlying problems. In the cases studied, no significant organizational changes were made by the new managers thereafter, except in one case where an acquisition was made at the forty-month period. Otherwise, the period from twenty-seven to forty-two months involved relatively minor organizational change.

The Three-Wave Phenomenon

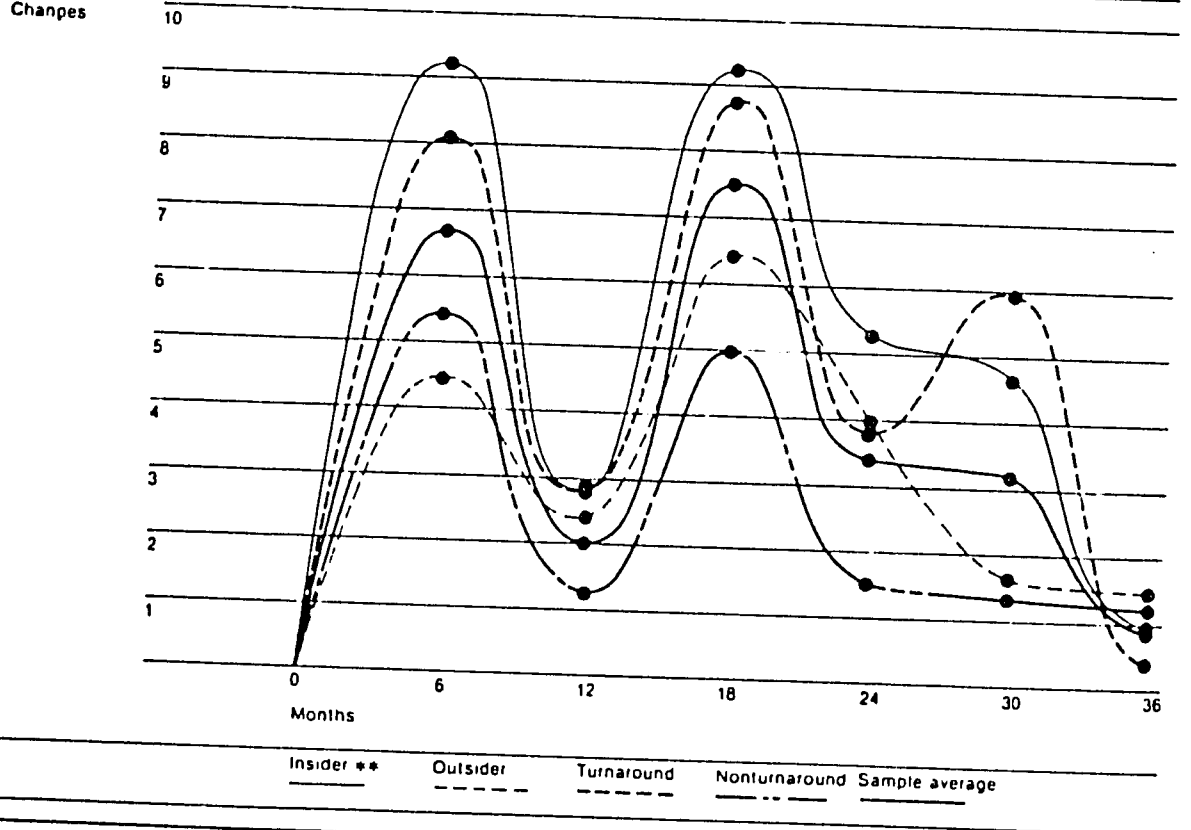
The stage pattern is most visible in the timing and magnitude of the changes new managers make during their first three years on the job. When one plots organizational actions, such as personnel and structural changes, over time, the changes tend to cluster in three waves of action corresponding to the stages just described. These three waves can be seen quite clearly in Figure 2-1 which presents a plotting of the average number of organizational changes made each quarter for the first thirty-six months of taking charge. The organizational change measure shown is a composite of both structural and personnel changes made per quarter, but the same three-wave pattern is found when the measure is disaggregated by either structural or personnel changes.[1]

I have called this pattern the "three-wave" phenomenon because it shows up consistently, regardless of how the activity data are disaggregated. Figure 2-2 breaks out the sample for different types of successions, including turnarounds, nonturnarounds, insider successions, and outsider successions.[2] Again the same pattern is found.

Figure 2-1
Average Number of Organizational Changes per Three-Month Period Following Succession*

* Averages based on change data from the successful cases in the longitudinal and historical studies.

Figure 2-2
Average Number of Organizational Changes per Six-Month Period Following Succession, Categorized*



* Averages based on change data from the successful cases in the longitudinal and historical studies.
** Insider successions are those in which the new manager had five or more years' experience in the new organization's industry.

The three-wave pattern also characterizes successions in which the new managers took over smoothly running and effective organizations, where one would expect relatively little need for change or where whatever change was necessary might be either consolidated in one wave or spread out more evenly over time. Finally the three-wave pattern shows up on a case-by-case basis with relatively few exceptions (the exceptions were cases in which only the first two major clusters of activity appeared).

Case-by-case, the three waves generally peaked at between 3 and 6 months, 15 and 20 months and 27 and 30 months. Typically, the second wave was the largest and the third wave was, without exception, the smallest (see Appendix C for examples of plottings of this data on an individual basis).

What accounts for this pervasive pattern? Why were the major changes made by the new managers invariably clustered in three waves of action? One can speculate that it takes time to plan and implement major changes under any circumstances, let alone while a manager is also taking charge, and therefore peak-change periods will always be separated. Or, perhaps managers intuitively "pile up" the changes they want to make and implement them all at once to minimize organizational disruption. Neither of these explanations, however, accounts for why there are typically three waves of change, not one, with the second wave usually the largest, and the third wave always the smallest; nor do they explain why half the managers in the longitudinal studies believed that their *first* wave of action would take care of all of the major changes required and did not discern the need for further major change until later in the study.

I also considered that these change patterns might in some way be related to annual budgeting and planning cycles. This might have been a viable explanation if all seventeen managers had taken charge of their assignments on January first or on the first day of their firm's fiscal year. Yet the successions began in almost every month of the year; only one manager began his assignment effective the beginning of his firm's reporting year. Thus budget and reporting cycles are also an inadequate explanation for this periodicity.

Perhaps the three-wave phenomenon was an artifact of the research design itself, i.e., the very process of studying new managers on a scheduled basis (at the 3-, 6-, 12-, 18-, 30-, etc.-month periods) could have influenced the timing and magnitude of the changes they made. One could argue that the new managers might have used the periodic interviews as catalysts for introspection and as occasions for organizing their thoughts, which in turn mobilized them to take actions in patterns that reflected the periodicity. The result would be a more orderly and clustered pattern of action than normal. The problem is, however, that although this explanation might apply to the longitudinal cases, in which I studied the new managers as they actually went about taking charge, it would not apply to the historical cases, which were studied retrospectively. In those ten cases the data were gathered after the fact and there was no possibility of a researcher effect. Yet the same three-wave clustering was found in these cases as well, as shown in Figures 2-1 and 2-2.

Although I could speculate further, my interview and observational data suggest that the three-wave pattern is closely related to the way managers learn about their new situations and how they then act on that learning. The experience of following the longitudinal cases as they actually unfolded and of listening to managers and their key subordinates describe what they were doing as the new managers took charge leads me to believe that the three waves are natural consequences of how new managers learn and act as they try to master a new situation.

Managers, as Argyris and Schön have demonstrated, learn from the results of their actions,[3] but the results of changes made in complex organizations take time to play themselves out. Thus, it takes time for a manager to learn from the results of the changes he makes as he takes charge. Moreover, as I will show later, changes reconfigure the situation, opening up new opportunities for further learning and diagnosis at least until the manager has largely mastered the situation. Finally, the more familiar a manager becomes with a situation, the fewer opportunities he has for significant incremental learning. This

is one explanation for why the wave pattern diminishes after twenty-seven to thirty months.

Seen in these learning and action terms, the wave pattern corresponds to the stages I have described, as Figure 2-3 illustrates. The first stage, Taking Hold, coincides with the first wave of change because it is a period in which the new manager is not only learning about the situation but applying what he knows from past experience to act on that learning when he makes corrective changes.

Because the consequences of changes take time to appear, the second stage, Immersion, corresponds to the trough between the first and second wave. This trough also occurs because the new manager, having acted on what he felt needed to be changed, now immerses himself in managing the organization more knowledgeably. The relatively change-free Immersion period further provides an opportunity for deeper and more reflective learning than was possible in the first stage, because the manager is now better informed and able to see underlying patterns.[4]

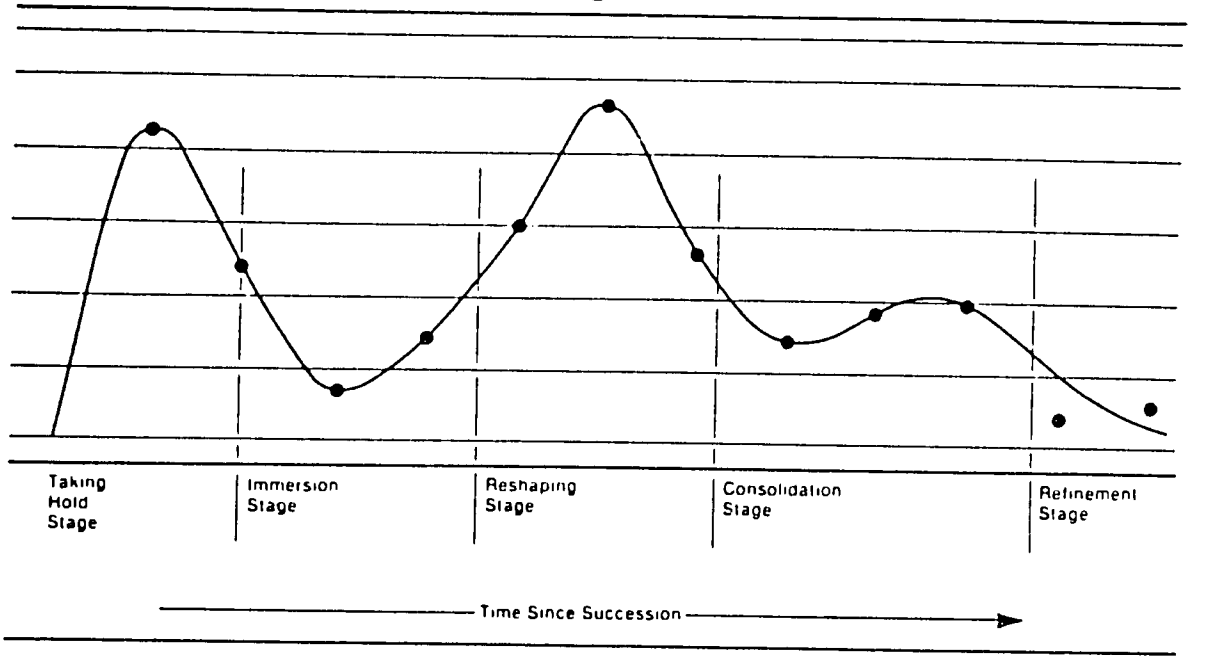
It is not surprising, then, that the deeper understanding that emerges from the Immersion stage typically yields a new conceptualization of the situation. This becomes the basis of the major changes made in the Reshaping stage, which coincides with the second and typically largest wave of change.

Finally, the Consolidation stage reflects both the manager's assessment of changes made in the Reshaping stage and the actions he takes to correct and consolidate them. This stage corresponds to the small third wave and the trough before it.*

Before proceeding to a more detailed description of the stages, I wish again to stress that the length of time individual managers spent in each of these stages varied greatly. The

*It could be argued that the Consolidation stage comprises two parts. The first would be an assessment period corresponding to the trough between the second and third waves in which the new manager and his group review, analyze, and learn from the actions of the Reshaping stage. The second part of Consolidation could be conceptualized as a period in which consolidating and corrective changes are made based on the assessment that preceded it. This second part would correspond to the third wave.

Figure 2-3
Organizational Change Activity and Corresponding Stages of Learning and Action



stages are *not* defined by elapsed time; they are defined by learning and action issues.

Taking Hold

I have called the first stage Taking Hold because it was during this initial stage, typically lasting from three to six months, that the new managers attempted to grasp the nature of their new situations, understand what tasks and problems needed to be dealt with, and assess their organization's capabilities. In simplest terms, the new managers tried to learn as much as they could about their new assignments and act on those problems they believed needed tackling.

The learning that occurs during this stage is principally *orientational* and *evaluative* and results in the new manager's developing a cognitive map of his situation by the middle to the end of the period. By "cognitive map" I mean a mental model or picture of the organization, its key actors, and the important factors that affect its functioning and performance.[5] Managers

promoted from within obviously begin with a better cognitive map, and their learning is acquired from the perspective of being the person in charge. For an outsider, especially one who comes from outside the organization's industry, developing a cognitive map of the situation requires a great deal of learning. If the new assignment is a major promotion or change, the new manager may at times feel overwhelmed.

In those cases where the new manager was an outsider to the organization, the orientational learning meant acquiring an understanding of the business, products, competition, cost structure, and so forth, as well as of how the organization itself worked. The orientational learning was especially demanding if the new manager came from another industry. For example, the new president of a computer products subsidiary, an industry outsider, described the task as being so large that "even locking myself up for four days to review strategic, financial, marketing, and industry reports barely made a dent in it." Early in this stage he also said he needed several hours just to go through the morning mail, not only because the issues were new to him but because the computer industry's technical jargon and nomenclature were still foreign to him. Another manager in a similar situation voiced his exasperation by simply saying "there aren't enough hours in the day."

If the new manager had been promoted from within or was not an industry outsider, the orientational learning was usually less overwhelming and typically focused on unfamiliar aspects of the business. The new CEO of a $3 billion group who had spent his entire career in the operations end of the business began by systematically studying all of the group's strategy documents, plans, and budgets. Then he shifted to the group's finances, an area he had not previously worked in but which he felt was critical since the group managed its own financing. As he put it, "You've got to keep the bankers away from your door or it's no use talking about strategy." With this as background he proceeded to focus intensely on the group's strategic and planning functions. All of these aspects of the organization, with which he had no in-depth exposure, were, he felt, essential for him to master his new job as CEO.

The learning that occurs during the Taking-Hold stage is also *evaluative*. Much effort was devoted to assessing key subordinates, where the problems lay, and very important, one's priorities. This evaluative learning varied by situation, and in five of the turnarounds it also had a charged urgency: "how to stop the bleeding."

For insiders already familiar with their organizations, both the evaluative and orientational learning of the Taking-Hold period typically did not involve as much "front-end" work as it did for outsiders. More often, the new manager consciously or tacitly tested his assumptions about the organization and its problems.

For one new division president, described at the beginning of the chapter, who had over twenty-five years in his organization, evaluative learning meant testing both his assumptions about key people and his prior assessment of the division's problems. This occupied a large portion of his first three months and resulted in a number of conclusions, including the belief that one of his senior vice presidents (SVP) was "over his head." The assessment was based on a number of meetings with the SVP and his subordinates, the man's previous five-year plan, complaints about "cliques" in his area, problems with other functions, and the man's insensitive treatment of two of the firm's major overseas distributors. The new president found the insensitive treatment particularly troublesome because it indicated he could not trust the man's judgment. Such testing of prior assumptions characterized most of the insider successions and typically took a variety of forms.

The Taking-Hold stage also involves a great deal of action, which typically peaked between three and six months. Nearly a third of all the structural and personnel changes made during the first three years occurred during the first six-month period (the percentage change data are presented in Appendix C, Figure C-3). Although the stages do *not* neatly portion themselves out into six-month periods case-by-case, this figure does give some indication of how much action took place in this period, since Taking Hold lasted only from three to six months in most of the cases.

Organizational changes made during this stage tend to be *corrective:* they address problems that either become apparent to the new manager as he develops his cognitive map or were already apparent to him before he took charge. To put it bluntly, the new manager "fixes" those problems he knows how to fix based on his past experience and what he has learned about the new situation.

The nature of these corrective actions obviously varies. In turnarounds they often involved immediate changes to deal with urgent problems, such as the introduction of a cost system, a reduction in the product line, or a change in reporting relationships. The new manager may take these actions even if he has not yet had the time to do a strategic analysis or even develop an action agenda. The problem may be so urgent and obvious to the new manager that he knows, based on his past experience, that it must be acted on. In one turnaround, a new general manager of a $70 million consumer-products division knew by the end of the second week that the division needed a better cost system in manufacturing; by the end of the first month he realized that the product line had to be reduced if losses were to be stemmed. Although it took nearly five months before he had developed a complete strategy for turning the division around, he understood that, based on his past experience, both a cost system and a reduction in the product line were needed immediately.

The corrective actions of the Taking-Hold period do not always involve immediate, short-term interventions. The CEO of the $3 billion group described earlier, who was also involved in a turnaround, approached this stage quite differently. Having been promoted from within and having himself previously turned around the manufacturing part of the business, his initial actions were not significant short-term corrections but were focused on product strategy and on establishing product policy committees and new product project teams. Although his actions did not have the same "fix-it" quality of those taken in the general manager's turnaround, they were nonetheless corrective. They dealt with areas that the new CEO saw as lacking but critical to his group's success.

Not only does the nature of the corrective actions taken in this stage vary, depending on the situation, but so does the magnitude, depending on the new manager's prior knowledge and his perception of the need for change. Kane, the division president with twenty-five years' prior experience described earlier, implemented a major reorganization of his division in his third month in office. In contrast, the division presidents who were outsiders to their division's industries, like Ferguson, did not implement comparable organizational changes until their second year in office, well beyond the Taking-Hold stage. The difference lies in the first president's greater knowledge of the division's operations and problems, and his conviction that the division needed to be restructured and that he knew how to do it.

Most of the examples discussed so far have concerned successions of division- or group-level general managers and have therefore involved changes in organization structure and product policy. In successions of upper-level functional managers and middle-level general managers, however, the corrective actions of the Taking-Hold stage tended to involve less dramatic changes and were focused more on systems and practices than on structure. Nonetheless, the same pattern of corrective actions was found.

In summary, the Taking-Hold period is one of intense learning during which the new manager develops a cognitive map of the new situation and takes corrective action on those problems he understands and knows how to address, be they as immediate as cutting the product line or as far-reaching as conducting a strategic business analysis. Whatever the case, this stage involves some action and typically a flurry of it by the middle to the end of the stage.

Immersion

Although managers typically experienced the learning of this stage as being much less demanding than that of the Taking-Hold stage, their interviews revealed that the Immersion stage

was a *very* important period of deeper learning and diagnosis. In the U.S. cases, the period lasted from four to eleven months.

Unlike the Taking-Hold period, the Immersion stage involves relatively little organizational change activity (see Figure 2-3). Only 6 percent of the structural and 9 percent of the personnel changes were made during the second six months, which generally coincided with the onset of this stage (see Appendix C for a presentation of this data). This dramatic decrease in organizational change from the first six months occurred partly because the new manager had already taken action on those issues he understood in the Taking-Hold period.

The second stage is named "Immersion" because during this period the new managers immersed themselves not only in running their organizations in a more informed fashion but in a process of less hectic and finer-grained learning than had been previously possible. The successful managers acquired this finer-grained understanding for two reasons. First, they now knew enough about the situation to be able to see subtleties that had escaped them earlier. Second, they had been at the new job long enough to develop a sufficient experience base to see patterns that had not been evident earlier. In five cases, the new managers found that despite changes they had made in the Taking-Hold stage, some of the same problems persisted, although perhaps manifested differently. Conversely, in seven cases, the new managers found that *because* certain changes made earlier *did* work, new problems became visible. These problems were not apparent earlier because they had been masked by difficulties that the Taking-Hold actions had addressed. Moreover, some issues that new managers had only partially understood in their first three to six months became more concrete during the Immersion stage because their experience base had grown, or simply because they had struggled with them longer. This pattern was evident in seven of the successful cases.

To a great degree, the finer-grained and, in many cases, deeper and more reflective learning of the Immersion stage is possible because of the work done in the Taking-Hold stage. In

one case, for instance, cost problems in manufacturing persisted after the new manager of a $55 million construction-products division had made several major changes during the Taking-Hold stage. These changes included reorganizing manufacturing by product lines (the division's two product lines were quite different) and implementing better control, scheduling, and cost systems. Although these changes had made a visible difference, costs were still too high. The new manager and his subordinates continued to struggle with this problem during the Immersion stage and, as their understanding of the situation deepened, they realized that many of the cost problems were rooted in the product's design, and ultimately in how the division's engineering group was structured. It took, however, six to eight months of exploration before this underlying cause became clear.

Even when the changes made in the Taking-Hold stage *did* work, the Immersion stage still yielded potential further learning. What occurred under these circumstances was that new problems began to emerge which were not visible to the new manager earlier because they were masked or over-shadowed by larger problems. For example, Kane, the division president who had implemented a major reorganization of his division in his third month, discovered a new set of problems during the Immersion period that neither he nor his management team had seen earlier. The reorganization he had implemented in the Taking-Hold stage had changed the $260 million division from a functional to a geographic structure, with a domestic-international split. This change significantly improved the division's responsiveness, productivity, and coordination among functions within the United States and abroad. As the original cross-functional problems began to diminish, however, a number of new problems concerning the U.S. sales force's organization and its channels of distribution became visible. These problems were not obvious during the Taking-Hold stage because they had been hidden by the more basic cross-functional problems existing under the old organization structure. When the reorganization alleviated these more basic problems, the sales force and channels problems were revealed. These prob-

lems did not magically stand up and announce themselves after the reorganization, of course. They surfaced in large part as a result of the better understanding that the new president and his group acquired as he continued to work at mastering the new assignment. This was a much more subtle, exploratory, and detailed kind of learning than had occurred during the Taking-Hold stage, despite the fact that the new president had over twenty-five years of experience in the division.

I do not believe that this process of immersion and exploration happens by choice or design, although I suspect that how deeply it goes is influenced by the manager's desire to master his assignment. The new manager has already acted on whatever problems were apparent in the Taking-Hold stage and he now naturally begins to look more closely at issues that were either below the surface or not so obvious earlier. This deeper and more concrete understanding develops even when the manager has made a detailed and thorough analysis of the situation in the Taking-Hold stage, because the fine-grained and more probing learning of the Immersion period is a natural outgrowth of the interactions, problems, and conflicts that the new manager has to deal with day-to-day. In the longitudinal studies, the learning gained in this stage resulted in the new managers' developing a much better and deeper understanding of the basic issues and underlying problems. This was especially true for managers who were new to the organization or business.

Interviews during this period often showed managers asking questions like: Is the basic structure right? Are our channels of distribution wrong? Why do we continue to have cost problems in manufacturing despite improvements in production and inventory control? Interviews also showed that during the Immersion stage the new manager questioned more sharply whether he had the right people in place. Typically, obvious competence problems had been treated in the Taking-Hold stage, but now the questions became more subtle. As will be discussed in chapter 4, the new manager began to know many key subordinates and their strengths and limitations better during the Immersion stage than had been possible in the Taking-Hold stage.

Similarly, if in the Taking-Hold stage the manager had developed some notions of changes that needed to be made but that he felt uncertain about implementing, he typically explored these questions further and in more depth during the Immersion stage, in his own mind and in discussions with others. I observed this type of exploration in over half the cases. Interviews during this period suggested that the new manager selectively attended to details and events that might clarify whether such changes would be useful and what problems he might expect in implementing them.

In all of the longitudinal cases, the Immersion period culminated with the new manager developing either a different concept of what needed to be done than he had at the end of the Taking-Hold stage, or a much more refined concept of how the organization could be made more effective. The analysis, probing, discussion—in some cases, agonizing—of the Immersion stage results in a better understanding of the more basic dynamics of the business, its people, and organization. The concept that emerges from this stage (whether new or refined) is not necessarily radical; however, in eight of the seventeen cases, the revised concept had implications for major changes in strategy or organization or both. In most cases the result was a sharper plan of action for improving the situation.

Even in cases of experienced insiders who began their successions with a sizable amount of understanding and insight into their organizations and business, the Immersion stage still led to a better, or at least a more detailed, concept of what needed to be done to improve the situation. For example, in the case of the division president cited earlier, the concept that emerged involved relatively detailed ideas of how the division's U.S. sales and marketing functions ought to be reorganized as well as a specific concept of how to reassign his top management team to make the new organization structure he had implemented earlier work. Despite his obvious competence and intimate knowledge of the business, he had simply needed, as he put it, the additional time and experience to figure out what was required to implement his new strategy and structure effectively.

In summary, the Immersion stage is a period of relatively

little change activity, but of important continued learning. The nature of this learning is less intense than in the Taking-Hold stage, but is more fine-grained, more diagnostic, subtle, and, in most cases, more probing in nature. As a result of this better understanding the manager's cognitive map becomes fuller and more detailed, and he revises his concept of what needs to be done to effect further improvements.

Reshaping

If the Immersion stage is characterized by relatively little change, the third stage, Reshaping, is the opposite. This is the period of the second major wave of action, which in most cases was the largest. Learning and diagnosis continues, but in a more diminished and routine fashion. I call this stage reshaping because the new manager's principal activities are now directed at reconfiguring one or more aspects of the organization to implement the concept developed during the Immersion stage. He reshapes the organization to deal with the underlying issues he explored during the earlier stage.

The Reshaping stage is similar to the Taking-Hold because it involves much organizational change. Over 32 percent of the management personnel changes and 30 percent of the structural changes were made during this six-month period. (Again, the stages being described did not neatly portion themselves into six-month periods; nonetheless, after thirteen to eighteen months most of the managers had reached Reshaping.)

By the time most managers reached this stage, they were eager to act on the added learning of the Immersion period. Indeed, the transition between the end of the Immersion stage and the beginning of the Reshaping stage usually involved a number of activities that paved the way for the changes of the Reshaping stage. In nine of the divisional and group successions, this entailed using internal task forces, outside consultants, or both. The end of the transition into the Reshaping stage was often characterized by the new manager (and often his key subordinates) becoming increasingly impatient to "get

on with it." In one situation, the new president of a $650 million computer subsidiary had to fend off growing pressure from two of his vice presidents while he commissioned several internal task forces to focus on the areas of intended change. As he put it:

> The task force reports will take us to the point where there will be no surprises and a lot of added insights; the nice part of this is that everyone will know what needs to be done and they'll have ownership of the changes we need to make. If the obvious answer is wrong they'll flush it out. In the meantime, I have to convince these guys that the added time this is taking is worth it.

The changes made during the Reshaping stage often involve organizational processes and are not limited to structural changes alone. All of the general management successions had some element of structural change and, in most, major structural changes. In two of the division president successions, these changes entailed reorganizing from a product to a functional structure. In middle-level successions, however, the scope of the structural changes was significantly less dramatic than in the general manager or upper-level functional successions. This is not surprising, for the discretion to make structural or other major changes decreases as one goes down the hierarchy, as does the scope of the operation to be reshaped. More often, changes in functional successions involved procedures, practices, and in some cases, mission definitions. Whatever the situation, in all of the cases in which the new manager lasted in the job longer than eighteen months, there was some organizational change at this stage.

Reshaping is a very busy period for the manager and his direct reports, especially if major changes are being made. The case in which the U.S. marketing and sales units were being reorganized at the sixteen-month point required many meetings, with the managers being affected to work out details of relocations and positional changes and with each of the district sales forces to explain the changes. Key customers and distributors also had to be called on. Although the actual changes

had been announced and published within a relatively short period, their implementation needed almost eight weeks of sustained activity by the new president, his new marketing VP, and his domestic sales manager. As would be expected, the learning and assessment of this stage is very intervention- and action-oriented, including searching for feedback on the sales reorganization's impact on key distributors, and its effects on orders.

The Reshaping stage ends when the new manager has implemented as much of the concept as circumstances allow, although interviews showed that several factors often prevented a complete implementation from occurring. The most prevalent of these was the unavailability of a person or persons needed to fill key positions.

Consolidation

In the fourth stage, Consolidation, comes the third and final wave of action in the taking-charge process. Much of the new manager's learning and action now focuses on consolidating and following through on changes made during the Reshaping stage. The learning, assessment, and diagnosis of this stage tend to be evaluative: the new manager and his key subordinates now assess the consequences of the changes made in the earlier wave of action and typically take corrective measures based on that learning.

The learning of this stage concerns two issues. The first is the time needed to implement fully and work out the details of many of the organizational or personnel changes initiated in the Reshaping period. Much Consolidation-stage learning focuses on identifying follow-through problems and ways of implementing further changes to deal with them.

In one division that had been reorganized from a product to a functional structure during the Reshaping stage, the new president had deferred integrating the manufacturing department of one of the former product groups into the divisional manufacturing function until after several other changes had

been made. Now that the major part of the reorganization had been completed, he and his manufacturing vice president began to look more closely at the implementation required to integrate this product group and how best to organize it.

A second issue that arises during this stage is dealing with unanticipated problems that result from the changes made during the Reshaping stage. In four of the successful cases, for example, much of the nonroutine activity of the new managers during this stage was devoted to diagnosing these problems, learning about them, and correcting them.

Finally, during Consolidation, those aspects of the concept that could not be implemented in the Reshaping stage are dealt with as people or other resources become available. In another four cases this meant either waiting the necessary time to find and hire a person for an important position or transferring a manager already in the organization who could not be moved earlier.

In summary, the Consolidation stage involves considerably less organizational change than the Reshaping stage and considerably less incremental learning than the Taking-Hold and Immersion stages. In the U.S. cases, the Consolidation period varied from four to eight months in duration. This stage comes to an end when the new manager has consolidated and followed through all the changes initiated earlier.

Refinement

The final stage is Refinement, a period of relatively little organizational change. The manager had by this point "taken charge." In seven cases the new manager's actions and learning now focused either on refining operations or, in two other cases, looking for new opportunities in the marketplace or in new technology. In one of those situations this involved considering potential acquisitions, and in the other it meant possibly divesting part of the business.

Refinement is the end of the taking-charge process. The manager can now no longer be considered "new." The man-

agers no longer felt new, nor were they seen or spoken of by their subordinates as being new. By now, managers had either established credibility and a power base or they had not; they also had had enough time to shape their situations and be judged by the results of their actions. If the manager was still uncomfortable with his situation, it was typically because of pressing business problems such as a recession or mounting interest rates, rather than his newness to the job.

Interviews during Refinement suggested this was a relatively calm period compared with the earlier stages. From this stage onward the manager's learning tended to be more slowly incremental and routine than it had been in the Taking-Hold, Immersion, Reshaping, and Consolidation stages. The calmness of this period can be destroyed by important developments in the economy, the marketplace, or technology. But whatever additional learning and action these events lead to, they cannot be attributed to the manager's newness. For better or worse, the manager has taken charge.

The Stages in Overview

From this description of these stages, it should be apparent that the nature and degree of both learning and action vary significantly as the new manager takes charge. Learning is orientational and evaluative in the Taking-Hold stage, but becomes more reflective, probing and finer-grained in the Immersion stage; it is distinctly intervention-oriented in the Reshaping period and largely evaluative in the Consolidation stage. Table 2-1 summarizes the kinds of learning and action that characterize each stage. What this Table describes is a *changing mix* of learning and action over the course of a management succession. In reality, all of the different kinds of learning and action can be found within every stage; however, the emphasis on each alters as the new manager proceeds to master the situation.

The persistence of the three-wave pattern raises some interesting questions that will be explored in later chapters. It sug-

Table 2-1
Learning and Action by Stage

	Taking Hold	Immersion	Reshaping	Consolidation	Refinement
Type of learning	Orientational, evaluative	Exploratory, reflective	Intervention-oriented	Evaluative	Routine
Learning outcomes	Cognitive map of new situation	Revised concept for change	Short-term assessments	Evaluative and corrective assessments	Incremental knowledge
Action outcomes	Corrective actions	Maintenance and/or preparatory actions	Reshaping actions	Corrective actions	Maintenance actions

gests, for example, that taking charge, as I have defined it, does not occur overnight. A new manager needs time to have an impact on an organization, and changes take time to implement in an informed and intelligent fashion. Equally important, learning enough about a new situation to make changes that go beyond obvious problems requires not only the front-end work of the Taking-Hold stage but the deeper and finer-grained learning of the Immersion stage.

Factors Affecting Length of Stages

The duration of the stages varied from case to case. (Some sense of this variability can be seen by a comparison of the longitudinal cases shown in Appendix C.) One question the data raise is: What affects the duration of these stages on an individual-case basis? Generalizing from a study of seventeen successions is difficult, but it is possible, based on interview and observational data, to speculate about several factors that appear to have an effect on the duration of stages in individual successions. These include important externalities (such as a recession), the manager's own learning and management styles, the quality of his subordinates, and the norms of the larger organization or parent corporation.

It seems hardly accidental that the longest stage for each of the four presidents in the longitudinal studies coincided with

the onset of recession in his industry (see Appendix C, Figure C-4). One might expect quite the opposite—that such a major external crisis would have the effect of hastening the process, accelerating the new manager's learning and the speed to act on those organizational changes he felt were necessary to improve performance. In each case, however, the exigencies of the recession provided a number of immediate problems to be dealt with: planning layoffs, reducing inventories and cutting costs, and managing cash (and relations with corporate headquarters) more carefully. These were very real problems that detracted from the principal learning and action activities of the stage in question, whether the reflective and preparatory work of the Immersion period or the less critical follow-up work of the Consolidation stage.

Despite the apparent (and conveniently "chartable") effects of the recession on the length of certain stages in the longitudinal cases, interviews and observations suggest that the manager himself—how he learns and his management style—is likely to have a far more profound effect on how long it takes him to work through individual stages than do dramatic externalities.

I do not think it is a coincidence that managers who were described by subordinates as having strong, hands-on, intervening management styles typically had long Immersion periods before getting to their second waves of actions. I suspect they became so captured by the details that it took them longer to do the reflective probing necessary to perform the deeper diagnostic work needed to reconceptualize the situation.

Similarly, the interviews in the retrospective studies also suggest that the norms and culture of the larger organization or parent can influence the length of certain stages, particularly Immersion. In two successions, the new managers made a point of explaining that the main reason they took so much time before making major organizational or policy changes in their second waves of action was that it was the company's style not to make significant changes without first exploring all of the possibilities and touching all bases. It is not surprising then that, although both of these successions had relatively normal

Taking-Hold periods (of about six months each), they also had the longest Immersion periods of all of the successions studied.

Two other factors can potentially affect the time a new manager takes to progress through these stages. One is the quality of the subordinates in place when the new manager arrives. If they lack ability or background, this cannot help but extend the time needed to complete the process of taking charge. If the new manager concludes that key subordinates are sufficiently hopeless to be terminated, he must then find replacements for them and this takes time, even when they are not searched for on the open market and are transferred from other parts of the parent organization. If the manager decides to work with them to improve their performance, this also takes time and will inevitably extend the length of the early stages.

Finally, external constraints in the form of corporate approvals for changes in systems, procedures, personnel, and structure also add time to the process, most typically in the Taking-Hold and Immersion stages.

Surprisingly, there are several factors that, based on the data, *do not* seem to affect the length of the stages. I expected that turnarounds might have led to shorter Taking-Hold stages or longer Immersion periods. There is, however, no evidence in the successions I studied that suggests that turnarounds differ from the others in the amount of time spent in any of the stages. Similarly, managers promoted from within did not have shorter stages than those who were brought in from the outside, although they did differ in other respects that will be described in the next chapter.

Do Managers Make Changes for the Sake of Change?

A final question which these stages raise is whether there is a tendency for new managers to make changes simply for the sake of change or because they believe that to get ahead they must make changes? The persistence of the three-wave phenomenon, even in successions in successful organizations, demands this question be asked or at least addressed. My own

is that managers do not make these changes for the sake of change or to promote their own careers.

Although surely a way of leaving one's imprint on an organization is to change it, I think there is a much simpler explanation of why new managers made changes. As the next chapter will show, the actions a new manager took and the areas in which he involved himself, especially during the Taking-Hold stage, were very much influenced by his previous experience, and to some degree by certain stylistic preferences. I think that the change phenomenon described in this chapter occurred because new managers brought insights, preferences, and strengths to their assignments different from those of their predecessors; therefore, they focused on different aspects of the situation. Even in organizations with "thick" cultures, a new manager brings to the assignment a different mix of experience and managerial preferences than his predecessor. Indeed, one of the advantages of a change in management (if it is not done too frequently) is that a different set of eyes and ideas are brought to a situation. If the new manager is at all different from his predecessor and is at all performance-oriented, he is likely to see problems or patterns which his predecessor did not. I think this is especially true in general management successions where there is usually a larger range of issues to be addressed than in functional cases.

Thus the new manager's exploration and probing is likely to result in at least some change. This explanation of the change phenomenon is also consistent with the marked decrease of change after the 27- to 30-month period (a period of calmness extending at least as far as the 42-month period, the latest date for which data were gathered). In a sense, the manager has not only mastered the situation by 27 to 30 months, he has used up his newness.

Notes

1. See Appendix C for a description of these measures and how they were operationalized, as well as for disaggregated presentations of the activity

2. Insider successions were those in which the new manager had five or more years of experience in the industry of his new assignment.
3. See Argyris (1976, 1982); Schön (1983); Argyris and Schön (1974).
4. This pattern is consistent with the Reflective Observation stage of Kolb and Rubin's (1974) Learning Cycle theory.
5. I am using the term cognitive map here broadly to include such constructs as schema, social knowledge structure, script, frame, mental mode, representation. See Tolman (1951) for the basic definition of the term. See also Gray, Bougon and Donnellon (1985) for a broader description of the construct as a relationship among other concepts including continuity, proximity, contiguity, resemblance, implication, and causality (pp. 86 to 87).

4

THE ORGANIZATIONAL WORK OF TAKING CHARGE

The last two chapters have described the stages new managers go through in taking charge and several factors that influence how they progress through these stages. In this chapter I will examine more closely the organizational work of taking charge, particularly as it affects the new manager's success in mastering the new assignment.

By organizational work I mean the tasks involved in assessing, developing, and improving the organization. This is distinguished from two other important aspects of taking charge. One is the interpersonal, one-on-one work of building effective working relationships with individual subordinates and superiors (the topic of the next chapter), and the other is the business-analytic and strategic work of determining business needs which, although closely related to the organizational issues I shall discuss, is beyond the scope of this book.

The organizational work of taking charge spans a range of activities, from learning how the new organization functions (who does what, how the structure and systems work, etc.) to actually changing how the organization operates (for example, by introducing new systems or altering reporting relationships). The work can be categorized or conceptualized in different ways.[1] An analysis of my own field data identified more than a dozen organizational tasks that new managers engaged

in during their first twenty-four to thirty months. Here I will focus on only three of the most important:

- *Learning, assessment, and diagnosis* is the cognitive work of taking charge. It consists of learning about the organization, assessing it and its key people, and diagnosing the causes of organizational problems as well as configuring ways to improve the organization's effectiveness.
- *Working out shared expectations* is the team-building work of taking charge and consists of developing a cohesive and focused organization. An important aspect of this task is working through a shared set of expectations about priorities, goals, and standards with subordinates and superiors, and instilling them in the organization.
- *Changing the organization to improve performance* is the change work of taking charge. It involves making organizational changes aimed at improving performance.

I have chosen these organizational tasks for two reasons. First, they are descriptive of a core set of activities that occupied most of the managers during their first twenty-four to thirty months on the job, regardless of whether they were insiders or outsiders, in turnarounds or in normal successions. Second, they are the organizational activities that the successful managers as a group handled most differently from those who failed.

In practice, these tasks are not dealt with sequentially, but more or less simultaneously over time. The exigencies of taking charge of a business unit or function and the realities of how managers learn and act do not allow the new manager the luxury of working on them one at a time. The tasks are, in general, fairly straightforward; how they are accomplished is more variable. The new managers performed these activities in fairly individual ways depending on their backgrounds and styles and the situations they faced.

There are, however, several broad differences that distinguished the successful from the unsuccessful managers. As a group, the managers in the failed successions tended to work in

a more isolated and less interactive fashion than the successful managers. Interviews with these failed managers, their subordinates and their superiors suggest a "Lone Ranger" approach. As a group they used such interactive vehicles as group meetings and problem-focused task forces to a much lesser degree than the managers in the successful transitions, and, as the last chapter revealed, they were not as successful in developing strong working relationships.

The broad pattern characterizing how managers who failed handled the tasks contains several elements. Their assessments and diagnoses of their new situations tended to be more narrowly focused than those who succeeded, especially during the Taking-Hold stage, so that they failed to address important organizational areas or priorities. The managers involved fewer people in their assessments and diagnoses of the organization and its problems. They were also less effective in working through shared expectations with both their superiors and subordinates in their first year on the job. All but one of the managers who failed also had difficulties in developing a cohesive management group. As a result, the changes they made, especially in the Taking-Hold stage, were less effective, either because the changes were based on partial or incorrect diagnoses of their new situations or because they were badly implemented by a management team which did not support the changes.

Learning, Assessment, and Diagnosis

The cognitive work of learning about the organization, assessing it, and diagnosing organizational problems, is a particularly important part not only of the orientational and evaluative learning of the Taking-Hold stage, when the new manager is trying to grasp his situation, but of the second stage, Immersion, when he acquires a deeper and finer-grained understanding of it.

The experienced and successful managers started this work on the first day on the job, if not earlier, while preparing for the

assignment. The learning, assessment, and diagnosis occur simultaneously. The new managers' descriptions of their first weeks on the job showed that they were assessing their situations and beginning to diagnose organizational problems even as they were learning about them.[2] In some cases, the initial assessment was guided by the new manager's mandate or by questions he had raised during his preparation. Organization insiders obviously began this process with a much fuller cognitive map of the situation than organization or industry outsiders and thus they experienced less front-end learning.

ORIENTATION WORK

In all but two cases, during their first one to three weeks on the job the managers conducted a series of meetings and other activities that provided an initial opportunity for orientation and preliminary assessment. (Not surprisingly the two exceptions were insiders who had been promoted from within.) Activities included reviewing performance data, five-year plans (if they existed), touring facilities, and meeting with their new subordinates (which managers variously described as "getting to know each other," "breaking the ice," or informal "briefing" meetings). (See Appendix C, Table C-1 for a summary of these activities by case.)

This round of initial activities occurred with both industry insiders and outsiders as well as in turnarounds and nonturnarounds. Although most managers used the orientation period as an opportunity to make initial assessments, the more experienced managers also used these activities to identify patterns, spot obvious organization problems, and generate questions about areas they needed to look into further. The comments of a $70 million consumer-product-division president, for whom the new assignment was his third turnaround, give some flavor of this initial orientation work:

> The first thing I did was to meet with everyone—to say hello, introduce myself. Then I scheduled a meeting with every manager here to familiarize myself with the operations. I took notes. Put his

name down and asked him to tell me what his job was. When I met with the product planning manager and he described his job to me, I couldn't believe it! It sounded like he was running the company. But I just took notes and didn't say anything. When I met with the sales VP he told me that he didn't have authority over what products to sell—that was product planning's responsibility. I meet with a few other people and I begin to get the impression that maybe the product planning guy *was* running the company. People also found ways to say that he wasn't the easiest guy to work with either.

The VP of manufacturing told me about the manufacturing problems, but didn't know what really caused them. For example, everyone had mentioned delivery problems, so I asked him why we had them and he told me about the short runs policy [for preferred customers], and about sales selling orders on a one-shipment basis. So I began to see that a lot of the problems people were talking about were in the "mechanics" of running the business. They didn't know *how* to do things and the systems were lousy.

Then I talked with the controller and his group and I began to see some of the reasons why. All they [the controller's department] were doing was recording numbers. Plus, two of the managers in the controller's department came to me and said "I can't work for this guy." It bothered me that two of his subordinates would say that, and I don't like situations where people take a fellow apart when he's not there. But it sure raised questions about the guy.

As this quote illustrates, the manager began assessing the organization and its people and even diagnosing its organizational problems as he was still becoming oriented. He saw several patterns he felt needed further exploration: the power of product planning over other functions; the lack of attention to what he called "mechanics" (i.e., planning and control systems), and the effects of sales policies on manufacturing problems. This initial round of activities also raised questions about his controller and product planning manager. Not surprisingly, they were the first two of his direct reports whom he began to assess in depth soon afterward.

Sometimes initial assessments can be precise, depending on the obviousness of the problems and the background the new manager brings to the situation. In the case just cited, the new president identified the need for a better cost system by the end

of his first week. More often, assessments based on this first round of meetings were more impressionistic, however, especially for new managers who were outsiders. Several of the more seasoned managers pointed out the dangers of making too much out of first impressions, particularly concerning people. The division president just quoted cited the following example:

> You have to be careful about relying too much on the first impression. No one could have left a better impression than Benson [a general manager who reported to him]. People at corporate thought he was the greatest thing to put on socks and my initial impressions of him were very favorable. He was bright, articulate and tough. He had presence and seemed to know his stuff. But later, when I get into exploring his area, I find we're not even playing the same ball game. Now, some of these other guys, who didn't come across so well early on, have turned out to be more solid.

EARLY ASSESSMENT AND DIAGNOSIS

After an initial round of orientation activities, the new manager's assessment and diagnosis of the situation takes shape mainly as part of the process of trying to master the assignment, or as one manager described it, of "managing it while you're trying to get your hands around it." The process may be guided by a going-in mandate, if there is one, but usually it occurs as a part of daily interactions with key people, suppliers, customers, as well as a part of the need to make decisions or to sign off on the decisions of others. In an important way, the daily litany of routine and nonroutine problems that comes with the new job are the major *arenas* in which the new manager's organizational assessment and diagnosis take place. And this learning, assessment, and diagnosing takes time, especially for industry outsiders or managers who are still inexperienced. But time is also needed for seasoned managers. One of the most experienced managers described his first six months as president of a $175 million machine-tool division:

> In the early period there is a very steep learning curve. I don't really think you can be effective until you've learned. It's taken me a period of four to five months before arriving at the point that I feel I know what I'm doing—what the conditions are, the business, the people and the problems, why we weren't making money. Now I can begin to address my attention specifically to figuring out the problems. I now have the feeling that I know what has to be done and how to do a better job.

As the new manager gains experience during the Taking-Hold stage and as his cognitive map of the situation becomes fuller, his task increasingly is to diagnose the extent to which performance problems are related to organizational variables, including key people. In practice this does not happen in a neatly systematic way. Some organizational problems may become immediately apparent to the new manager even before he has been on the job long enough fully to understand the situation or develop a concept of how it should be functioning, as was the case with the division president quoted earlier. He had determined by the end of his first week that a better cost system was needed and by the end of his sixth week that his controller was incompetent. Some problems are diagnosed earlier than others depending on the prior experience and knowledge base a new manager brings to the assignment and how obvious the problems are.

Using Meetings, Systems, and Other Devices. In diagnosing organizational problems, the successful managers often used or created a number of devices for focusing on specific problems or for yielding information on their causes. Problem-focused meetings, in particular, played an important role not only for orientation but for helping a new manager and his management team diagnose performance issues (such as delivery, margin or cost problems) and their organizational implications (see, for example, Appendix C, Table C-3, cases 1, 2, and 4).

The new managers who succeeded differed from those who failed in the extent to which they engaged others in the process of diagnosing organizational problems during the first three to six months of the Taking-Hold stage, especially in their use of

group-based devices. Those who succeeded used both recurrent meetings and specific problem-focused task forces or committees to a much greater degree (ten out of fourteen). In contrast, not one of the managers in the failed successions used a problem-focused task force during his first eighteen months to assess or diagnose problems (see Appendix C, Table C-1 for comparative data). This is part of the "Lone Ranger" pattern that characterized the failed successions.

New managers also used existing information and control systems to assess and diagnose organizational performance and problems. When a new manager's initial assessment showed that an existing system was inadequate in yielding the information needed to assess performance or diagnose problems, he typically responded by initiating changes in the system (or in some cases by implementing a new system) that would provide information. Systems changes were made in all but one of the longitudinal cases during the first three to six months (see Appendix C, Table C-2). With four exceptions, however, the need for major structural change (as compared to systems change) was *not* apparent to the new manager within the first three months. (Not surprisingly, two of these exceptions were managers who had been promoted from within, and a third had previously worked in the division.)

Assessing Key People. Critical to the organizational work of the Taking-Hold stage is assessing key people—their relative competencies, strengths, and weaknesses. Much of this assessment occurs naturally in day-to-day interactions. As the new manager works with key people, observes their actions, and learns more about the problems of their areas and how they handle them, early impressions become more specific and differentiated. Initial questions about a subordinate's competence, intentions, or commitment usually lead to a more explicit focus on a subordinate's performance. If differences in goals or questions about ability became apparent, the successful managers typically confronted the subordinates in question on these issues within the first three to five months in an attempt to correct the situation or, as was true in several situations, to termi-

nate the subordinate. Failure to do this resulted in the relationship problems described in the previous chapter.

Strategic Reviews. Whether or not a new manager and his team did a strategic review of the business also shaped the organizational assessment and diagnostic work of the Taking-Hold period. Only four new managers implemented explicit strategic analyses or reviews during their first six months. The strategic analysis either influenced the new manager's diagnosis of the organization or it led directly to organizational change. In three of these cases, the results of the strategic analysis were the basis for reassessing both the organization's structure and key subordinates.

These were, however, only a minority of the managers. Most either did not conduct a strategic analysis during their first three years (nine cases), or they did not do so until after they had taken hold of the situation and had gained at least an initial understanding of the situation (four cases).

GOING BEYOND THE INITIAL DIAGNOSES

Based on my fieldwork in the longitudinal cases, the four to eleven months that comprise the Immersion stage are critical to gaining a deeper understanding of the organization and how to improve its effectiveness. Managers typically experienced the assessment and diagnostic work of the Immersion stage as less demanding and time consuming than that of the Taking-Hold stage. Yet, in most of the successful cases, the major changes made by the new managers occurred as a result of the added understanding they acquired during this period. The underlying dynamics of why this deeper and finer-grained learning occurs have already been described in chapter 2; here I will focus on only the broad themes that characterized the second stage of diagnostic work.

Assessing the Effects of Prior Changes. If the new manager had done a thorough job in assessing and diagnosing his situation

during the Taking-Hold stage, he had developed a fairly complete cognitive map of the situation by the time he reached the Immersion stage. He now could look for patterns that had previously eluded him. Equally important, the new manager and his staff now could learn from the results of the actions and changes that they made during the Taking-Hold stage.

The possibility for further learning and diagnostic work existed whether the changes made in the earlier period were effective or ineffective in doing what the new manager had wished. If organizational changes made during the Taking-Hold stage had succeeded in dealing with the problems they were intended to address, new problems became visible. They were not previously visible because they had been overshadowed or masked by the problems that they had acted on during the Taking-Hold stage. Thus problems that were either more subtle or more basic now became clearer.

For example, the new president of a $650 million computer subsidiary and his team had reorganized the company during the Taking-Hold stage as a result of an intensive and thorough strategic analysis that occupied the new manager's first six months. This reorganization greatly reduced interdivisional conflicts and was effective in increasing the market focus of its divisions. Once these problems were eliminated, however, a number of questions became clearer about how the subsidiary's software and new-venture operations were organized. These problems had been overshadowed by the interdivisional conflicts and lack of market focus existing before the new president and his staff reorganized the company.

If the changes made in the earlier stage had *not* been effective, then the Immersion stage provided another opportunity for diagnosis. The question now became one of why these changes did not work, or why they did not have a stronger effect on performance. In the successful cases, the new managers and their staffs probed further to understand the underlying causes of the problems.

A new division president of a $55 million construction-products division and his group had diagnosed major planning and

control problems in manufacturing during Taking Hold and had made several significant changes in structure and systems to correct the problems. However, during the Immersion stage it became apparent that although costs had dropped and deliveries had improved, the division was still not cost competitive. The diagnostic work of the Immersion stage was largely devoted to figuring out why. Much probing and analysis revealed that their manufacturing costs were higher than competitors' because the product's design was inherently more expensive to make, regardless of how efficiently manufacturing was managed. The new manager's probing and diagnostic work during the Immersion stage finally traced the sources of the design problems to the organization of the engineering group.

Settling Questions About Key People. Another Immersion task is settling any continuing questions the new manager might have about key subordinates. Most managers had already dealt with obvious competence problems during the Taking-Hold stage. Not until the second six months or later did more subtle questions become clearer. It takes time for this finer-grained assessment, and, I believe, there are limits to how much a new manager can do during Taking Hold. New managers did not have an infinite store of time during their first six months and they usually focused on those areas that were either most critical or in most trouble. As a result, it was the subordinates in those areas that they got to know and assess most quickly and deeply. The time-staggered interviews of the longitudinal studies suggest that managers did not get to know subordinates in less critical areas in comparable depth until after the Taking-Hold stage was completed. Hence, nearly half of the new managers had questions about at least some subordinates well into the Immersion stage. Typically this now resulted in closer scrutiny of these subordinates; in most of the successful cases, managers confronted the subordinate with perceived shortcomings or differences in priorities or goals. The confrontations usually led to performance improvements (in four cases) or to reassignments or resignations (in three cases).

Developing Shared Expectations

The second major group of organizational tasks centers on developing and working through a set of shared expectations about goals, priorities, and roles with key subordinates and superiors. In practice, new managers begin doing this almost from their first day on the job. But developing a larger sense of shared purpose and cohesion takes considerably longer—from three to eight months, sometimes longer, in the successful cases. The new manager needs time to understand the situation, get to know his subordinates, and work out priorities, especially if he is an outsider.

Team-building work is obviously easier if the manager is an insider or if he takes over a cohesive organization that is focused on what he believes are the right goals and priorities. This was the situation in seven cases. But even under these fortunate circumstances, the task requires attention; in two of these cases, in the eyes of superiors and subordinates, the management group's cohesion and unity of purpose actually deteriorated during the new manager's first twelve months.

WORKING THROUGH SHARED EXPECTATIONS

The general pattern characterizing the successful transitions was that the new manager worked out an increasingly concrete and specific set of expectations over time, with both his direct subordinates and his boss. This often required tacit or explicit testing and in some cases negotiation of differences. The time-staggered interviews make it clear that it takes time and focus to do this, particularly during the Taking-Hold and Immersion stages. It requires an ongoing investment of time on the part of the new manager in meeting with key subordinates and superiors to work out priorities and settle differences. It also requires elapsed time: general expectations usually became more concrete and operational as a result of a number of specific interactions and decisions. In some instances, the new manager did not know enough about the situation early on to be specific about expectations and could communicate them

only generally. In the successful cases, the new managers tacitly or explicitly worked at grounding general expectations in more specific and operational terms as problems were diagnosed and as the managers began to know their people better. A general manager of a $175 million machine-tool division describes his first six months:

> First of all it takes a while before you get a good enough picture of the situation to start getting specific except in the problems that are obvious to you. I tried my best from the beginning to be very firm about what we were going to do—the directions we had to move in—and as I've learned more I've become more firm. . . . But there's a changing relationship over that period. People have to learn about each other—learn how you react, do things. You learn more about them, you begin to talk more freely and with what you learn about the business, you're able to ask better questions. They become less strained, talk more freely, and you get more specific about what these directions mean. . . . You can't do all of that right away. It takes time and work.

In contrast, the prevalent pattern in the less successful transitions was either that expectations were left so general or vague that goals and priorities were still ambiguous, even after five or six months on the job, or that the new manager had failed to confront and work through important differences in expectations with key people. In one case of a small operating subsidiary, after five months the new general manager and his chief engineer still had unresolved differences over technical policy matters and equipment specifications. Their failure to resolve these differences led to considerable tension and conflict within the organization and subsequently to equipment problems. Although the problems were not given as the reasons for the manager's eventual termination, they certainly undermined his credibility in the eyes of senior management and several of his subordinates.

In another situation, the new COO of a $100 million operating group failed to work out agreed-upon performance targets with his superior and his three division general managers. Moreover, although all parties agreed in principle that organi-

zational changes were needed in all three divisions, his division general managers complained that they could not get him to clarify what he expected, even generally. As a result, the situation felt "unmanaged" and valuable time was lost while his subordinates failed to take action. A downturn in the group's markets intensified the problems and the COO's superior concluded that his inability to deal with such obvious issues meant that he was in over his head. He was subsequently relieved of his job and transferred to another part of the parent corporation.

These two examples concern expectations about major goals and policy matters and seem dramatic because they address such large issues. However, much of the actual work of developing a set of shared expectations about how the organization should function occurs with more modest issues. In many cases, the reviews that are a normal part of managing a business provide natural arenas in which this work is accomplished. These include formal vehicles like budget reviews, capital allocation approvals, operating reports, and updates of five-year plans. All provide opportunities for expectations to be worked through and communicated.

BUILDING A MANAGEMENT TEAM

One apparent difference between the successful and unsuccessful managers was how effective they had been in building a cohesive management team. Although many arenas exist in which expectations can be worked out, one of the most important was the new manager's group of immediate subordinates. It is a natural setting in which subordinates in charge of different parts of the organization can grapple with differences and focus on common priorities.

The importance of building a well-functioning management team is obvious to most experienced managers. Several more seasoned managers were explicit about this as a major task of taking charge. The consumer-goods division manager quoted at the beginning of this chapter, who was in his third turnaround commented:

> From the first few days it was obvious there was no interworking between people. And compared with the need for a standard cost system this was even more important. I can live without a standard cost system—at least for a while. But I can't turn this division around if I can't get people to pull together.
>
> But this is a lot more subtle thing than getting a new system in place. You can't mandate that people work like a team. You can't mandate that as a priority—that is unless you're a fool. These things come subtly. People have to *want* to work together; they have to see how to do it. There has to be an environment for it and that takes time. It's my highest priority right now but I don't write it down anywhere because it's not like other priorities. If I told corporate that building a team was my prime goal they'd tell me, so what? They'd expect that as part of making things better.

A prevalent characteristic of failed successions was that the manager was viewed by subordinates and superiors as having failed to develop a cohesive management team by the end of his first twelve months. A variety of reasons were given, including lack of skill in leading people, interpersonal conflicts with direct reports, and a perception that the manager simply did not see team building as very important compared to other more pressing business problems.

Whatever the underlying causes of how the manager dealt with his subordinates, two broad patterns characterized the failed successions. The first, which occurred in half the cases, was that the manager chose not to work with his direct reports *as a group*, but individually or through formal communications. Thus many common and group-wide issues were handled largely one-on-one. Staff meetings, when they did occur, were described by subordinates as perfunctory and not very useful. Lack of group identity further worsened because even on a one-on-one basis, the new manager spent most of his time with a small number of subordinates and barely any time with others.

This pattern is another manifestation of the "Lone Ranger" theme and is, I believe, one of the causes of poor organizational assessment and diagnosis in the early stages of taking charge. It is also consistent with the failed managers' less extensive use of group-based vehicles for problem solving and diagnosis.

One of the failed cases illustrates this pattern particularly well. During his first six months the new COO of the $100 million operating group referred to earlier devoted most of his initial efforts to problems in a division he formerly headed, to the exclusion of the group's two other divisions. This caused mounting complaints of absentee management and being in the dark from the other parts of the organization. Criticisms became more hostile after his first six months because of increasing competitive pressures on all of the divisions. As a result, his division general managers became more openly critical of his lack of direction, and found occasions to voice their complaints to senior management. During this period the COO seldom met with his top managers or direct staff as a group, which further reinforced their sense of being rudderless. I also believe that the contrast between him and his predecessor exacerbated the problem. The former group COO was a highly interactive and charismatic manager who instilled strong loyalties among his management team. The comparison between his approach and the new manager's was particularly striking to people who valued being part of a team.

A second pattern that characterized cases in which new managers failed to develop cohesive management groups was an unwillingness or inability to resolve conflicts already existing within the management group. Instead, conflicts were either suppressed or left unchecked, even after five or six months. Whether this was because the new managers were preoccupied with other matters or because they had difficulty in dealing with conflicts is not clear. Whatever the cause, they did not focus on this conflict resolution or see it as a priority.

In contrast, the prevalent pattern in the successful cases was that the new manager found some way of confronting and resolving major conflicts between members of the management group and saw their resolution as important to performance. The comments of a division manager six months into a turnaround are an illustration:

> Of all the things I've said, the most important is getting people working together for a common purpose and understanding what

> that common purpose is. . . . The single biggest problem in a situation like this is if you don't have a unity of purpose. Management gets fragmented, and confused—people spin their wheels. No one wants to be unsuccessful, so why does this happen?
>
> [It's] because people can't get across to each other what needs to be done and why. . . . It all stays below the surface. When you're with a group of managers you're trying to figure out what it's all about and what *you're* all about. . . . I've never been in a situation yet where I haven't had to clear the air and get the conflicts out on the table. People tend to hold back until then. But when the air is cleared it's different. It's a tough little exercise, though, of getting the conflicts out and getting them settled. But after you've survived it, people begin to feel good with each other. Absolutely straightforward. Until you've done that, all you're doing is playing games.

Of course, building a focused and well-functioning management team is not the only way a new manager works through and communicates a shared set of expectations about goals and priorities; it is, nonetheless, important because it is through the manager's team of direct reports that he has the highest leverage in influencing the larger organization. Let me turn now to some other ways shared expectations are communicated.

SYMBOLIC BEHAVIOR

My field observations suggest that the new manager's expectations are also communicated symbolically by the actions he takes, particularly during the first three to six months of the Taking-Hold stage. One of the social realities of this period is that the new manager's behavior is the object of considerable interest to the organization as a whole—even if he is an insider. People search for clues, observing even the smallest nuances in his behavior and interpreting them.

A consequence of this heightened scrutiny is that many of the manager's routine actions symbolically communicate his expectations either intentionally or unintentionally. For example, in the case of one of the new division presidents, a number of his subordinates commented early on that he never took his

jacket off except when he was touring the plant and that he had spent most of his first three months in his office. He called people to him rather than going to their offices, and he held all his meetings in his own office. At this early stage, two inferences were drawn about him and how he wanted to operate (which were widely discussed by people below his subordinates' level). The first was that he was a formal and demanding taskmaster, which was largely correct. The second was that he was not a very approachable person and did not want to waste his time with minor people or minor matters. The second, as many people later discovered, was not correct. He was a careful listener and those who worked with him found him very approachable. Yet it took time for this initial misperception to be corrected.

Even the most routine actions can communicate expectations. In two other divisions I studied, I was surprised by how many subordinates mentioned the new general manager's working hours as an example of how he had signaled expectations to the organization:

> He was the first one in the office. His car was in the lot by 7:00 a.m. every morning and he never left before 6:00 p.m. That told people a lot about what he expected from us.

The subordinate of another general manager commented:

> On Jim's arrival the message got through pretty quickly that at 8:00 a.m. he was here and come 5:00 p.m., he was still here—that he was putting in a long day—and then some. The number of people who straggled in late quickly declined. The message got across, but never a word was said.

Similarly, even how the new manager used his office or changed his furniture could communicate expectations. In one case, where a new division president was trying to break down functional barriers between departments, several of his subordinates remarked that he had replaced a rectangular conference table in his office with a circular one so that sales and manufacturing could not align themselves on opposite sides of

the table. One of his subordinates commented, "You began to see that he means it." Indeed during a visit at the end of this manager's third month, I observed in the division's large conference room, a meeting of representatives from manufacturing, sales, and data processing in which the new president actually had people move their chairs so not to be seated in "blocks." As one of his subordinates said after the meeting, "You get the message he isn't kidding about breaking down functional barriers."

Both of these examples are initial impressions about general expectations, but there were similar incidents of symbolic behavior communicating more specific expectations as well. During my six-month interviews in another division, *every* member of the top management group and several people in middle management referred to an incident that had occurred two months earlier when the division had again missed its shipments quota. The new president called together the executives involved and suggested that every member of the group who was "really" concerned with the delivery problem remain in the plant until the quota had been met. By two o'clock in the morning of the next day, the quota had been shipped, and as one of his subordinates phrased it, "There was no question of our being late on shipments again." This incident, which people later called the "late hour exercise," was perceived by several of his subordinates as extreme and punitive, by others as appropriate and overdue, but all agreed it had made its point. The "late hour exercise" was so powerful in its symbolic meaning that it was still being mentioned by his subordinates in interviews two years later.

RALLYING CRIES AND THEMES

Several new managers used another method to communicate expectations to the wider organization: coining a phrase that captured one or more beliefs about what they felt the organization needed and using the phrase repeatedly. In the longitudinal studies this typically did not occur until the new manager had been on the job for three to six months, having spent

enough time to work through a sense of direction and priorities. These phrases served as a shorthand to signify the manager's expectations about what the organization should focus on or where it should move. They became themes or rallying cries.

For one division president the theme became "fixing the mechanics," an expression that he and his management team used increasingly as a symbol of what they were working on. In another turnaround, the rallying cry was "instilling discipline," which subsumed a whole number of expectations about better planning, the introduction of tighter control systems, and a more disciplined management of the business. The use of "discipline" was so pervasive in my interviews and in meetings I attended during this manager's second year, that there were times when I felt I was visiting a Marine Corps boot camp. The point is that it worked to communicate a whole set of expectations about how the business should be run and provided a shorthand for reinforcing those expectations.

Other examples included "decompartmentalizing," "closing the black hole," (in a situation in which severe inventory problems existed), and "making the elephant jump," (making a large organization quicker and more responsive).

The most surprising rallying cry appeared in one of the organizations that I had chosen to study because, by my criteria, it was unambiguously *not* a turnaround. The division had a long and sustained record of growth and profitability and was clearly not in economic trouble. I was therefore amused to discover on a visit during the manager's second year that his rallying cry had become, "turning the company around." Both he and his subordinates, and even his superiors, referred to what the new manager and his team were doing as "turning it around." By my criteria, and compared with other cases I was studying, this was by no stretch of the imagination a turnaround situation. Yet for that organization, the expression connoted specific expectations about improving margins, increasing market share, and becoming more efficient producers and aggressive marketers. Its literal meaning did not matter.

Such rallying cries are, of course, not substitutes for the de-

tailed, day-to-day task of working out and developing shared expectations. However, if the frequency with which these rallying cries showed up in my interviews and observations are any indication, they were certainly effective in reinforcing and communicating the expectations.

Changing the Organization to Improve Performance

The third group of tasks in the organizational work of taking charge is changing the organization to improve its performance. This is less critical in well-functioning and successful organizations than in turnarounds, and the change data presented in the previous chapter show that new managers implement fewer organizational changes in normal successions than in turnarounds.

The prevalent pattern in the successful cases was that the new managers did not make major organizational changes lightly. With the exception of insider successions and some turnarounds, major changes typically were not made until the Reshaping stage—after the new managers and their groups had had enough time to take more modest corrective actions and to do subsequent assessment and diagnostic work.

There is no clear single pattern that stands out in the failed successions concerning change, but two different patterns, each of which characterized half of the failure cases. In the first, some new managers made major structural changes during Taking Hold that were viewed retrospectively by others (and particularly superiors) as being based on inadequate or incorrect diagnoses of organizational problems. Inappropriate changes worsened the situation, perhaps because they were made too quickly, before the new managers fully understood their situations. In these cases, the pattern was confounded because these managers were industry outsiders who also had difficulties working with subordinates, peers, or bosses. Thus it is quite possible that they were at a disadvantage in experience and that their "Lone Ranger" styles may have prevented them

from getting useful input in diagnosing the organizational problems that the changes were intended to correct.

The pattern that characterized the other half of the failed successions was the opposite of inappropriate or premature change: the managers were perceived as either waiting too long to implement corrective changes or they failed to address serious organizational problems in a timely manner.

The common theme in these two patterns is that the new managers failed to deal with obvious organizational and performance problems effectively, either because of inappropriate changes or actions that were seen as inadequate. My own belief is that both patterns are closely related to poor diagnosis, lack of interaction, and poor team building. I should also add that how "appropriate" an organizational change is seen (especially by superiors) is not simply a function of economic results; it is dependent on what the expectations are. When there are differences about what needs to be done, or a lack of clarity, it is not surprising that organizational changes may be seen as inappropriate, either by superiors or subordinates.

DILEMMAS IN MAKING ORGANIZATIONAL CHANGES

The two patterns of "the wrong changes too soon" and "not enough change too late" that characterized the failed successions highlight a set of dilemmas faced by many of the managers studied, including successful ones, and were most keenly expressed during the Taking-Hold stage or toward the end of the Immersion stage.

The first dilemma was how quickly to move in making organizational changes to deal with existing problems when the sources of these problems were not yet thoroughly understood, as is often the case during the Taking-Hold stage. If the manager waits until he understands the situation thoroughly, he risks acting too slowly on important problems, thereby losing some of the advantages of the "honeymoon" period as well as valuable time. The manager may also lose credibility because he appears indecisive.

How quickly to make organizational changes preoccupied over a third of the successful managers, including three of the most seasoned executives, during their first three to six months on the job. One described the dilemma as follows:

> I know [the group VP] and the people here are waiting for me to make some changes and they're beginning to have questions about why nothing's happened yet. So I'm paying a price for taking my time on this and I'm not sure how much longer I can go before [taking some visible action]. But I do know I'm not ready yet.

Another said:

> Everyone knows we're in trouble. I made some changes early on [in the first two months] and they're waiting for the other shoe to drop. A couple of people [he names them] are getting a little uptight about it, but I've got to get some things nailed down better before I'm ready to move.

On the other hand, if the new manager acts on his "best understanding" of the situation but without a full picture of all the variables, he risks acting prematurely and making a poor decision. He also risks making a change he will subsequently regret because he has precluded options he may wish he later had, particularly after the deeper learning and diagnoses of the Immersion stage.

This dilemma is particularly salient for industry-outsider managers who, in the absence of good counsel, advice, or data, may be better off deferring major changes until they have gone through the deeper learning of Immersion. That outsider successions typically had small first waves of action and large second waves probably reflects an intuitive recognition of this dilemma. The best solution for an outsider is to acquire the needed data and to involve knowledgeable others in the diagnosis of the problems and in evaluating the effectiveness of alternative ways of dealing with them.

The timing dilemma can also reappear at the end of Immersion. Since this stage typically led to a second wave of action, many managers were again concerned with how quickly to act

on the added learning and experience acquired during this period. The president of a $650 million computer products subsidiary (who had implemented a major change at the seven-month period) described the tradeoff between acting on what he and his divisional management group had learned during the nine months since he had restructured the organization and the need to ensure that the organization was ready for another wave of significant change. He accurately recognized the frustration building in several of his direct reports who were convinced that further changes were needed quickly. He was also cognizant of the need to gain acceptance for these changes, especially because the division had already undergone so much change. In another case, a division president turning around a $175 million capital goods division was afraid that if he deferred restructuring the division too long he would not only lose valuable time but would become, in his words, "too cozy with the problems." He explained:

> You have to understand the problems to know what changes are needed. But if you wait too long you understand them too well and you begin to buy into all the reasons why you have them, and then you begin to lose your edge. Still, what I'm talking about here is a major reorganization and it needs to be right. That's why I've got [a consulting firm] in here to make sure I'm not going off half cocked.

The common theme in these comments is again timing. Managers handled the dilemma either by making the change and taking the risk that the timing was too fast and running into implementation problems later, or by deferring the change and living with the frustrations of impatient subordinates or superiors. In three cases the dilemma was resolved by the managers' convincing others that the changes should be delayed. In two other cases, the managers decided that the unit was in such a crisis that the costs of not acting were higher than those of acting prematurely or incorrectly.

A final dilemma in making change is whether or not performance problems in a given area are caused by the subordinate in charge of the area or by the way in which the subordi-

nate's job or area is structured. This was an issue for six of the managers. It was not clear to them what was cause and what was effect. There was sufficient evidence to suggest that the subordinate in question was quite competent and responsive. Yet the performance of his unit was in some way deficient and the subordinate was not able to improve it. In four of these cases the dilemma was resolved by reducing the subordinate's responsibility so that he had less to focus on, and in two situations by expanding the resources available to him. The dilemma was real in these cases because the new manager was unclear about the source of the performance problem. This was qualitatively different from the new manager diagnosing the cause to be either a subordinate's limitations or the structure itself; his concerns would then center on how quickly to make the change or how to implement it.

Pre-Succession Work

This chapter has described the organizational work new managers engage in *after* they take charge. Although I did not set out to examine the effect of pre-succession activities, my interviews showed that a new manager's pre-succession preparation made a difference in some of the problems he faced as well as how he handled them. Therefore, pre-succession work deserves some mention.

In at least six cases, the manager's preparation before starting his new assignment had an important bearing on his mandate and what his going-in priorities were. It is safe to say that one of the first tasks for a new manager *before* taking on a new assignment is to understand what top management's expectations are about the unit's performance, why he was selected for the job, what top management expects him to bring to it in experience and skills, and what their general assessment of the situation is. In practice, this was done at least to some degree through oral briefings, and, in cases involving division and group general managers, by examining financial reports, and five-year plans. In nine cases pre-succession work took place

during discussions leading up to the new manager's decision to accept the assignment, with more detailed information typically provided after he had accepted it.

Understanding a predecessor's strategy and priorities is also useful, not only for substantive reasons but because such knowledge is likely to provide clues about current expectations and directions. Also, there is a contrast effect that normally occurs when a new manager takes charge. People naturally compare him with his predecessor in terms of priorities, goals, actions, and style. Meeting with one's predecessor, if that is possible, is therefore helpful. Obviously, this background information is more easily obtained by a new manager who is an organizational insider and if he was formerly a direct report of his predecessor, he generally understands the context work quite well.

Although almost all the managers found the background information useful, having a clearly defined going-in mandate from top management seemed to be much more important. By a *going-in* mandate I mean the new manager's charter for approaching the assignment. In general management successions, the going-in mandates were usually not very specific about what actions to take. They focused on more general parameters such as competitive position, market share, growth, and contribution objectives.

In several successions, some of the new manager's problems could be partly traced to an inadequate going-in mandate or to the new manager's inability to get one. In one of the failed successions in which a marketing VP of a $21 million subsidiary was fired after nine months, the company's top management failed to make explicit that its most urgent priority was to reverse a decline in the newly acquired subsidiary's margins. As basic as this priority was, it was not made clear either in discussions with the individual before he took the job or six weeks after, when he gave the subsidiary's president and the parent's executive vice president a presentation of his marketing strategy that it was more important than gaining market share. As a result, the new VP's major actions were aimed at "buying" market share, which inevitably resulted in further erosion of mar-

gins in the short term. Top management *did* want to increase market share (which is what they told the new manager before they hired him), but not at the cost of further lowering margins in the short run, a priority which he did not learn until it was too late. The fault can be laid at the feet of both top management and the new manager. The latter had not explored or pressed hard enough to discover what the parameters were for increasing market share or what the relevant tradeoffs might be. And top management had failed to make a very important expectation clear. Similar cases of unclear going-in mandates resulting in problems occurred in three other cases.

There are times, however, especially in division management successions or in turnarounds, when the going-in mandate cannot be made very specific or clear. Top management does not know the situation in enough detail or the division's environment is in such a state of turbulence that there is simply too much uncertainty to be specific, even about general expectations. But even in these situations, obtaining as explicit a mandate as is reasonably possible is important. The case of a $650 million subsidiary in the computer industry provides a good illustration. The new subsidiary president was an industry outsider and the subsidiary was in serious trouble. Its markets and technologies were in turmoil and the subsidiary's three key officers were at odds over the firm's strategic direction. Despite the inherent uncertainty of the situation the new president's going-in mandate was made quite clear: make an analysis of the industry environment, determine what business the subsidiary should be in, and shape a strategic direction. In his pre-succession discussions, he also learned that one of the reasons he was chosen for the job—he was an industry outsider—was for his "people management" and marketing skills. He discovered that top management expected him to make the subsidiary's management resolve its conflicts and work together. Keenly conscious of his lack of industry experience, he and his superiors also worked out a time frame for how long this was likely to take and got an explicit agreement that corporate would "take the heat off" the subsidiary while he took hold of the situation.

I do not want to overstate the importance of the pre-succession work of gaining background and securing a going-in mandate because other factors can be more determining. In at least five of the cases, new managers were given relatively vague initial mandates (although in three the new managers had a great deal of interaction with their superiors during the Taking-Hold and Immersion stages, typically involving three to four contacts per week). On the other hand, it is foolish to ignore the importance of these pre-succession tasks because poorly defined going-in mandates *were* a source of problems in a number of the successions.

Notes

1. See, for example, Goodman 1982; and Stiener 1983.
2. This pattern is characteristic of how experienced managers think about and work on problems. See Isenberg (1985).

USING RETREATS AS AN EFFECTIVE MANAGEMENT TOOL

by

JAMES A. McCAFFERY

A retreat is an opportunity to engender creativity, a time to remove one's nose from the grindstone and look to the hills, a chance to consider what ought to be -- and devise steps to get there.

Most people in AID work hard, and they -- like their counterparts elsewhere -- want to create meaning for their work, they want to be involved and work towards an ideal. Even in the face of conflicting demands and numerous pressures which affect their work, they want some sort of sense that what they do on an everyday basis makes sense, and that their efforts are helping to move their mission or office team toward some overall desirable direction.

It is clear that employees are more productive and motivated when they achieve a greater sense of participation and feel more powerful. Retreats -- when they are carefully planned, implemented and followed through -- can engender this critical motivating sense of creative participation. Just as important, effective retreats produce concrete approaches to help the office or mission move in new directions or tackle long-standing and difficult organizational problems.

There has been much discussion in the Senior Management Course about the value of using retreats as a management tool. There is a general sense that they can be useful as described in the previous paragraphs, but people in fact have had widely varying experience with retreats. Indeed, some of the more experienced people in the Agency still speak with great fervor about the nature and results of the Brazil "OD experience" of the early '70's. Although there is not always agreement about what happened there, it certainly left a vivid impression. However, most retreats succeed or fail for much more mundane and every-day reasons.

At least one reason for mediocre or unsuccessful results is the tendency by the manager to underestimate the complexity of preparing for and doing a retreat. The purpose of this paper is to address the various issues that a senior manager must consider and actions that he or she must take in order to attain the vision described above and insure a successful and results-oriented retreat.

WHAT ARE POSSIBLE PURPOSES OF A RETREAT?

There are a number of different purposes that retreats might have. Any particular retreat may have one or two purposes, or it may have several. It is important to think carefully and clearly about retreat purposes since they will serve as the foundation for the retreat design. It is also critical to share the purposes widely with participants since this will help set expectations about what the retreat intends to accomplish. Retreats can be used to:

- Engage in a substantive planning process in a way which involves all the major contributors.

- Build a more effective team in the mission or office.

- Take stock of progress with project or management initiatives.

- Engender a sense of creativity and synergy around problems or future directions (e.g., development of the CDSS or Action Plan).

- Create an appropriate degree of shared ownership of key planning issues or solutions to complex organizational problems.

- Promote the opportunity for people to discuss issues at a much deeper and more thoughtful level than they can in the "controlled chaos" of the normal office environment.

Regardless of which purpose(s) is chosen as the explicit reason for the retreat, it must be made clear to everyone that the retreat itself is simply one step among many in a continuing process to begin or maintain an improved management approach. All too often, the retreat is seen as something separate from the "real world" of the office, something that starts and ends at the retreat site. Retreat results must be planned carefully to fit in with ongoing work imperatives, and the manager must be very zealous and persistent in following up on agreed upon action items. The most compelling reason for retreat failures can be traced directly to the lack of follow-up. People often remember such retreats as being "productive" or "fun", but "nothing happened as a result".

WHO FACILITATES THE RETREAT?

As the manager contemplates preparation for the retreat, one of the first questions he or she faces revolves around whether to use an outside facilitator or not. There are a number of reasons why senior managers might decide to facilitate the retreat with internal resources. The senior manager may find it more appropriate to do it himself or herself. The purpose of the retreat may relate strictly to programmatic discussions and the manager may be very skilled at leading such discussions.

The senior manager may have on staff someone with solid facilitation skills who could be selected to facilitate the retreat. As long as this person is generally viewed as being fair and not unduly biased, this is a viable alternative. The retreat may consist largely of the senior staff, and the communication level among those individuals may be high enough to eliminate the need for an outsider.

Cost may be another reason for using internal resources, especially given the eternal crunch on OE funds. For those working in Missions in

the field, lack of access to skilled retreat facilitators may be another reason to opt for internal facilitation.

On the other hand, there are sound reasons to consider outside help. An outside facilitator might be used when there is a large group, perhaps 20 or more people. Possibly the retreat is going to be opened up to a group beyond the senior staff, and thus it will be somewhat unusual for a group this size to meet together. Achieving a high level of participation with larger groups while getting decisions made or problems solved is more difficult than it might initially appear.

A facilitator is useful when the senior manager wants to be free to participate fully in substantive programmatic or management issues without having to worry about running the meeting. This is especially true if the top manager is going to be taking an advocacy role at various times of the meeting.

Another reason for employing an outsider is when there are warring factions in the group, and at least part of the reason for the retreat is to reduce or manage these conflicts more effectively. Outside help here tends to promote a sense of neutrality that may help clarify and reduce the conflict. The senior manager may in fact be neutral in a particular situation, but people involved may not share that perception.

Finally, the manager may decide that creating participation is not one of his or her strengths, and that a facilitator may be necessary to get people fully involved. Once the level of participation is increased during the retreat, the senior manager then might be able to continue at an appropriate level back at the office.

Facilitators can be used to help develop the agenda, to facilitate the meeting, and to act as a catalyst for stimulating and assessing progress with follow-up activities. What characteristics should a senior manager look for in hiring a facilitator? In terms of facilitation skills, the person should be a good listener and an effective discussion leader (asks open-ended questions, gets a variety of people involved with responses, and has a number of different techniques for creating participation with large groups).

Beyond these skills, the facilitator should have a sufficient amount of experience helping teams deal with complicated issues in a way that optimizes participation. It is not necessary that the facilitator have any substantive experience with or knowledge of programmatic business; indeed, at times such knowledge may actually be a hindrance to a facilitator (who may, if not careful, get involved in the subject of the discussion too much as a participant). Experienced and effective facilitators are oriented towards helping the organization achieve concrete results, and very much see the retreat as only part of a larger office or mission process. If a candidate does not exhibit this approach when interviewed, it is perhaps best to seek other facilitators.

After deciding who is to take a lead role in facilitating the retreat, the senior manager must turn to issues of preparation.

HOW TO PREPARE FOR THE RETREAT?

Preparation consists of developing the agenda, finding a suitable site, creating expectations about the retreat for the whole organization, and deciding on who is to attend.

Developing the Agenda

There are a variety of ways to develop the agenda:

* The senior manager can identify what he or she thinks are the salient issues for the retreat, and organize those in some order which is suitable for the time allotted.

* Key people or a random sample of employees in the mission or office can be surveyed using a paper and pencil instrument. This instrument can have a series of open-ended questions (e.g., "What are the issues with....") or a series of scaled questions (e.g., "Rank the following issues on a 1 - 5 scale"). The agenda can be based on (or at least influenced by) the data produced through this process.

* A planning committee, or series of planning committees, can be initiated which include a cross-section of employees. Such a committee should have no more than 5-8 people on it, and should have its role and timeline clearly defined. For example, is it to plan the retreat, or give the Senior manager advice on key issues, or react to the manager's plans. How such a committee actually gets used is largely a question of management style.

  (This planning committee approach was used recently with great success by the Mission in El Salvador to prepare for a retreat. The work of the committees -- formed around several issues identified through a written questionnaire -- allowed the retreat to deal more substantively with a wider range of issues than would normally be possible.)

* A cross-section of people can be interviewed. This is an especially good technique if an outside facilitator is being used. If an outsider is not being used, interviewers can be chosen from among the planning committee.

In practical terms, the most effective approach is to use a modest combination of all four of the agenda development methods spelled out above. If one needs to be eliminated, I would recommend not using the survey instrument. Such an instrument is somewhat tricky to construct, and the results can be ambiguous, even somewhat akin to reading tea leaves. The other three methods are powerful as well as economical, especially if realistic resource limits are provided (e.g., if a good cross-section of people are chosen, only a portion of staff need to be interviewed before the important issues become clear; a planning committee only need meet a couple of times or so to develop the agenda, and it certainly should avoid writing papers).

Creating Expectations for the Retreat for the Whole Organization

Once an agenda has been set, it is necessary to create expectations for the organization, and there are three factors to consider here. First, it is important to be clear to people that it is better to focus on fewer agenda items, and do them more thoroughly and well, than to focus on many items and address them superficially, or not finish some at all. Concomitantly, it is important to stress that the discussions at the retreat are to produce concrete outcomes that will make a real difference to the mission or office on an operational level. It is not a time for discussion alone. Finally, it is important to emphasize that there is to be a balance between content (e.g., programmatic plans and discussions, management issues for the office) and process (e.g., building a team, increasing participation, having fun).

Choosing a Site

All of this preparation work is important, perhaps none more so than choosing a site. In general, high performing teams are able to work hard and play hard. Having fun at a retreat contributes to producing important results, and a thoughtful and careful approach to choosing an appropriate environment will help ensure that the "work hard - play hard" ethic actually materializes.

Yet, finding a suitable location is often left until the last minute, almost an afterthought. Ideally, a retreat site should be just that -- something out of town where people are truly free from daily work pressures. The amount of work accomplished at an off-site retreat setting is significantly more than gets done in town. However, if budgetary restrictions preclude an out-of-town site, then a conference room should be found that is outside the office, as far outside as possible, and the expectation should be set that the session on the first day may run into the evening.

If possible, the conference room should have windows, comfortable chairs, and enough room for smaller groups to work. Another suggestion is to end the first day with some kind of short social event (cocktails, wine and cheese, tea, or whatever). All of these arrangements help to indicate that it is not just business as usual.

Why is the site and environment so important? It is critical to keep in mind that the informal aspects of the retreat contribute measurably to work output. Serious issues are often discussed at breaks, or at lunch or dinner or after dinner. The somewhat more informal and participatory climate encourages people to be open and clear with one another in ways that the normal office environment discourages. Even apparently meaningless social time contributes -- for example, a person will find that discussing something socially over lunch with another person will help pave the way for a subsequent in-session discussion on a controversial topic.

It seems that field Missions have much better luck choosing sites than offices in Washington, where the site selection effort is hampered by

lack of ability to contract for conference space and the pressure of car pools. Some Washington managers, however, have been quite creative in scrounging for space, and the efforts have generally paid off.

Deciding Who Attends

The decision about who to invite to the office or mission retreat depends largely on the goals. Retreat participants vary all the way from the Director and senior staff to all professionals or everyone in the mission or office. If the goal is to make sure the senior staff is together on what it views as the organization's direction for the next year, then it makes sense to limit participation to just that group. On the other hand, if at least one goal is to increase participation, then it is logical to extend an invitation to a greater number of people. In the latter instance, it certainly makes sense to invite support staff and FSN's, or at least have representatives from those groups.

One of the common mistakes made in the retreat process at missions is to omit -- almost without thinking -- the FSN's. Needless to say, the FSN's notice this omission, and it defeats the purpose of increasing participation (and makes it hard to build a true mission team).

Decisions about who should come often become very difficult. Some missions or offices are quite big, and how many people can be at a retreat and still have it be productive? Ideally, between six and ten people work best; most organizations, however, are larger than that (except for the senior staff). If wider participation is desired, retreats can be held with 40 or 50 people, but they have to be designed very carefully to succeed. Some kind of mixture of small group activities and report outs in the large group is necessary here for effective output. When retreat numbers get over 25, it is a good idea to get some professional facilitator help for the design or delivery stage, or both.

Another factor that makes the "who comes" decision difficult actually should be entitled "who does not come". Once a senior manager has made a decision to have a retreat that includes people beyond the senior staff, it sometimes becomes difficult to draw the lines --- just "professionals"? USDH's? what about support staff? which FSN's? what about Exo or the Controller's office? There are no right answers here, but the decision about who does not come, and the implications of that decision and the messages it sends, needs to be carefully considered. Generally, it is better to err on the side of having slightly too large a group than to omit someone or some group that may turn out to be critical for future team effectiveness.

One last note here -- senior managers planning retreats should be very careful about the assumptions made regarding certain sections of the office or mission. Participation decisions are often made based on conventional wisdom or parochial considerations. For example, the following logic was used to suggest eliminating one office: "We needn't invite anyone from Exo because they are not interested in program discussions, and they don't have much to contribute in that area". Perhaps that is true, perhaps not; even if it has been true, the senior manager needs to consider whether or not that kind of vision of the

Executive Office is consistent with his or her own agenda for the mission. The retreat can be used for consciousness raising, to create new and different roles for individuals and offices, and to help people rethink linkages and interrelationships.

WHAT ARE THE ESSENTIAL INGREDIENTS OF RETREAT IMPLEMENTATION?

As part of the preparation process, the retreat planners should have identified clear goals, an agenda, and a rough sense of timing for each agenda item (overall, retreats may last anywhere from a half day or day to three days. In addition to the preparation work delineated above, there are six essential elements for effective retreat implementation:

* After any introductory activities, the senior manager needs to begin with a well-planned opening presentation. In this opening, the manager needs to articulate a cogent rationale for the retreat, including ideas about how the retreat can contribute to the mission/office agenda for the next year or so. The senior manager needs to stress the importance of the retreat, and that it is but one step -- albeit an important and highly visible one -- in a series of management activities the manager intends to continue doing or undertake during that time period. The manager then needs to state his or her expectations of retreat behavior ("full participation" or "open exploration of these issues" or "advice to me so I can make these particular strategic decisions" or whatever); it also needs to be stressed that interruptions will be kept to a minimum.

* After the opening by the senior manager, the retreat leader (senior manager, outside facilitator, planning committee member) needs to share the goals and the agenda for the retreat. This should include some time to allow for questions and any participant input to the final agenda. If there has been any data gathering work done prior to the retreat, the results should be shared at this time. Ideally, the issues identified during the pre-retreat data gathering should serve as the basis for at least some of the final goals and agenda.

* Once the framework and direction for the retreat has been firmly established, the major activity involves substantive discussions around clear topics or problems. If the retreat group is small (below 10 or 12), these discussions can be done almost entirely as one group. If the group is larger, then it is important to have a combination of small group and large group work. In situations like this, small group work optimizes participation, and gets better, more substantive thinking. Some people will resist, and may ask, "Why not just discuss things in the large group, there are only 25 of us?". At this point, it is extremely important to push ahead with the small group idea -- in large groups, usually only the most verbal participate, the quieter, more introverted people generally are silent, and the discussion tends to hop around in ways that almost preclude rigorous thought and clear decisions.

To make these discussions fruitful, it is important for the retreat leader to stress participation within time limits, and to provide clear small group tasks if such a method is being used. Also, it is important to assign leaders and reporters, or to include that in the instructions to the small group and let them choose.

* The retreat leader must moderate the discussion and report outs. The leader must be constantly looking and checking with the group to see that things do not become "over-discussed, and he or she must be clear about helping the group realize when discussion on an item is completed. Other important facilitator duties include making sure no one person is dominating discussion, and helping everyone get a chance to participate who wants to. The senior manager (who may or may not be the retreat leader or facilitator) needs to be clear when decisions are to be made, and how he or she is using the group in the decision-making arena -- to advise, to vote, to reach consensus, or to provide input to the manager who will then make the decisions.

* The retreat leader must record decisions or agreements as the retreat proceeds. Recording decisions helps determine whether there is real agreement and helps make sure that people clearly understand each agreement. It helps to record these publicly, if possible, on a flip chart or board of some sort. Keeping them in view reminds people of progress.

* Near the end of the retreat, the retreat leader must review decisions and agreements, and -- with the group's input -- assign responsibility with time deadlines where appropriate. The more specific and trackable these assignments are, the more likely it is that things will actually be accomplished after the retreat ends. Finally, this list needs to be reviewed by everyone, and tested for reality. People at retreats can generally plan far more than they can implement, and this sets people up for failure. In this final review process, it is good to ask the questions like the following, "Think of our regular workload -- can we do all these things and still get the work out? Are there things here that should take priority over some of the regular work? Upon further reflection, should we eliminate or temporarily shelve any of these action items?"

Other things could be added to this retreat implementation list. For example, some retreats include short training components -- if conflict has been identified as a problem, there might be a part of the retreat devoted to enhancing people's conflict management skills. But these six items at a minimum will help insure a productive retreat if the preparation work is done correctly.

The Senior Manager's Role

There is, however, one final element which needs special emphasis -- the role of the senior manager. He or she needs to be a role model, and any actions that the manager takes must be consistent with his or her normal management style; or, the senior manager might use this to signal a slight (or not so slight) change in management style. This obviously needs careful thought. The manager must participate fully, offering his or her own opinions without dominating, and sometimes waiting until near the end of the discussion to contribute.

Some senior managers think that their role at the retreat is to be silent and listen. That is indeed part of the role (one hopes this happens beyond the retreat!), but the senior manager also needs to register his or her views, and lead the decision-making process. Although it is appropriate to put an emphasis on listening, if the senior manager's retreat behavior is completely out of character, the mission or office staff will think something is wrong, and may view the proceedings as not being "real". The difficult thing for the manager, of course, is to maintain a balance, and get views shared while encouraging participation from others.

It is also extremely important for the manager to avoid "gamesmanship"; that is, trying to steer the group indirectly so they get "the right answer" or make the "correct" decision. If on a particular topic, the manager knows there is only one acceptable answer, it is far better to state it from the outset, and not waste everyone's time creating the illusion of participation. People respect a manager's own agenda or "sacred cows", but not if they feel they are being manipulated to agree. This of course means the manager needs to be rigorous in his or her own thinking about what is truly open for discussion and what is not, and what kind of input the manager really wants about which issues. Generally, the manager's behavior needs to be reasonable consistent with the normal management style -- a retreat does not necessarily mean "democracy."

WHAT CAN THE SENIOR MANAGER DO TO INSURE APPROPRIATE FOLLOW-UP?

Follow-up to retreats is absolutely critical. Retreats are hard work, and they take people who probably already see themselves as overworked away from their job for two or three days. Expectations then get raised about progress, and about future organization change for the better. If this progress -- or at least some of it -- does not materialize, people will often get more bitter then if the retreat had not happened at all. If the senior manager can not commit the energy to insuring follow-up effectiveness, than it is better not to do the retreat at all.

What can the senior manager do? The goal of retreat follow-up is to make it clear that whatever actions were planned during the retreat are a vital part of the organization's regular agenda. There are several ways to do that.

Usually one output of a retreat is a series of action items with responsibilities attached. The first step in the process of integrating these items into the fabric of the organization is to get the items typed and cleaned up. Then, as soon as possible after the retreat, the manager needs to hold a meeting with the retreat participants and assign (or agree on assigning) responsibility and time deadlines for each of the priority items. During this meeting, it is entirely possible that some of the items will need to be put on hold until later, since it is much better to choose fewer items and accomplish them than to choose many and fail.

The manager then uses these items as a plan, and monitors progress against the plan carefully and systematically. A key part of this process involves finding appropriate times when the manager can reinforce the need for people to work to accomplish the action items. In addition, when one of the action items is accomplished, that act should be noticed and celebrated. This is an instance where "cheerleading" is very appropriate; the manager can take time to look for positive accomplishments on an ongoing basis, and point out these accomplishments in public forums. The manager can also "nag" in those areas where there has not been appropriate progress against a certain action item.

After six months or so, the manager (or a member of a planning committee or the outside facilitator) can construct a simple evaluation instrument from the action items, and this can be used to collect data which will help assess follow-up progress. A simple 1 - 5 scale can be used with all or selected action items, asking how satisfied people are with progress against the particular agreement. The results can be tabulated, shared at a meeting, and a discussion can be led which focuses on the reasons behind people's assessment. This generally results in satisfaction about some items, a redoubling of effort about others, and elimination of some items. It also calls people's attention to the overall follow-up process, and sends a signal that the senior manager is indeed serious about these efforts.

It is sometimes useful for the senior manager to identify someone in the office who seems particularly interested in or enthusiastic about management and the retreat process. The manager can enlist this person's support to assist in the follow-up process; this assistance can include reminding the senior manager about important milestones, sharing reactions employees are having over time, helping to develop short action assessment instruments, and so on. (The Mission in El Salvador has initiated a retreat follow-up committee to carry out this function).

Between nine and twelve months after the retreat has ended, a final review should be conducted to assess long term progress. The data from this might help shape the next year's retreat.

There is one almost foregone conclusion about retreat follow-up: <u>if the manager does not take an active role in tracking progress and reinforcing work on the action items, most of the plan will not be accomplished.</u> Indeed, often people will never look at the plan again. The rush and priorities of everyday business will sidetrack the intentions of almost everyone; thus, the manager's follow-up role is indispensable.

SUMMARY -- A REVIEW OF THE CRITICAL STEPS

If you are a senior manager and you are thinking about undertaking some sort of retreat activity, this section is meant to be a review and checklist which should help you as you manage the retreat process.

1. Well in advance (2 months or more) of the retreat dates, decide on the following:

   a. What your goals are for having a retreat.

   b. Whether to have an outside facilitator or not; what about a planning task force.

   c. Who is to come from your mission or office; check your assumptions very carefully here so that important groups do not unthinkingly get left out.

   d. What site will you use for the retreat; check availability.

2. Manage any pre-retreat data collection process; decide who does it, kinds of data to be gathered, who on the staff contributes.

3. Assure that the retreat goals and agenda are developed; check how data collected has influenced goals and agenda; examine plans for realism -- it is better to do fewer things well than many superficially, or to leave things unfinished.

4. Manage expectations of the whole organization about the retreat.

5. Begin the retreat with a cogent opening statement which includes your sense of how retreat and retreat output fits your overall agenda.

6. Help lead (if you are not the facilitator) and participate in the retreat; be a role model; make or help crystallize decisions as they evolve; record decisions.

7. Review decisions, action items and responsibilities at the end; spell out plans for follow-up.

8. Follow-up on action items persistently; be a cheerleader, acknowledge accomplishments, push when action is not forthcoming.

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THE ART OF CREATIVE FIGHTING

H.B. Karp

Whether the particular setting is the family, the small group, the agency, or the business unit, training individuals to deal effectively with conflict requires a great deal of skill and awareness on the part of the facilitator. When training is unsuccessful in other areas of human resource development, such as communication, problem solving, or motivation, the worst that usually happens is that the situation does not improve with time; in other words, communication remains ineffective, problems are not solved, or productivity fails to increase. In dealing with conflict, however, the situation is quite different. A training error or an inappropriate intervention can make the situation immediately more risky and volatile than it was previously. It also becomes less likely that a positive outcome will emerge.

Several elements contribute to making conflict training such a touchy area:

- The topic itself has a strong tendency to initiate deep feelings on the part of most participants and some facilitators. Most people either do not like conflict or are afraid of it even before they deal with it.
- Training in conflict management is not just a matter of cognitive understanding of relevant theory and technique. Facilitators must be comfortable with conflict and their own unique approaches to dealing with it *before* they can assist others in this regard.
- Despite disclaimers to the contrary, there appears to be a highly preferred, "one-best way" to deal with conflict from the viewpoint of human resource development: collaboration. Facilitators work effectively with people in developing collaborative approaches to conflict issues, but they often ignore or avoid other approaches in the process. This tendency has the effect of limiting alternatives and can lead to an impasse. In fact, such a unidirectional approach may increase rather than lessen the fear of conflict. Although collaboration may be the most preferable method for dealing with conflict, on some occasions a collaborative solution simply is not available.

A pragmatic view of training in the area of conflict indicates that the first essential step is to help people to see the simplest and most basic aspects of conflict, thereby stripping it of its mystic and awesome nature. Conflict certainly demands respect, but it need not generate fear and wonder. The second essential step is to legitimize the *process* of conflict. The most valuable skill needed in handling a conflict is not the ability to get along well; it is the ability to fight well. The time to get along well is after the fight is over. Indeed, when people are able to fight fully and creatively, it is probable that they will get along better after the resolution than they did before the conflict arose.

THE NATURE OF CONFLICT

Conflict occurs when two or more people attempt to occupy the same space at the same time. This space can be physical, psychological, intimate, political, or any arena in which there is room for only one view, outcome, or individual. Whether cast in the home or the work setting, conflict is absolutely unavoidable as a normal condition of active life. In addition, it is neither good nor bad in itself; it simply is. Whether the outcome of a conflict situation is positive or

negative is almost totally determined by the way in which it is managed. When managed effectively, conflict actually becomes a vital asset in that it is a prime source of energy and creativity in a system.

The four major categories of areas in which conflict arises are described as follows, in descending order of the objectivity involved.

1. *Fact.* Conflict over fact is the most frequent variety, the most objective in nature, the least volatile, and by far the easiest to resolve. This type of conflict centers on *what a thing is or is not.* Resolution is usually achieved by comparing the object of the conflict to a standard or by referring to a mutually acceptable authority. For example, if one person believes that a specific object is a hammer and another believes it to be an axe, resolution is simple to achieve: Obtain a picture of each and hold them next to the object in question.

2. *Method.* Conflict over method is a little more subjective and volatile than conflict over fact. Those involved disagree about a procedure and are in conflict over *what is to be done.* Although personal opinion enters into the process, the conflict can be managed objectively for the most part. For example, a conflict about how to conduct a sales campaign can be resolved most easily by achieving mutual agreement on market conditions, advertising capabilities, budget constraints, and so forth.

3. *Objectives.* Conflict over objectives is more subjective and has a greater potential for volatility than the two types previously discussed. It concerns *what is to be accomplished* and is harder fought due to the fact that it incorporates higher degrees of personal commitment and risk, in terms of both personal and organizational variables. For example, "what is best for the company," such as the next project, is often intertwined with "what is best for me," such as the next promotion. Critical to managing this type of conflict is the recognition that the subjective elements involved are as legitimate as the objective elements.

4. *Values.* Conflict over values is almost totally subjective in nature and is, therefore, the most volatile type. It pertains to *what is right or wrong.* Mismanaged conflicts over values can result in divorces and even wars. The basic strategy in dealing with such a conflict is to avoid it if at all possible. If it is unavoidable, the best tactic is to objectify the issue as much as possible, dealing with behaviors or events that arise from the value rather than dealing with the value itself. For example, a heated argument over the morality of capital punishment has a high probability of ending in nothing but rage, self-righteousness, and moral indignation. However, a discussion of capital punishment in terms of its deterrent effects and legal ramifications has a somewhat better chance of resulting in agreement and resolution.

STRATEGIES FOR MANAGING CONFLICT

The three basic strategies that are used to manage conflict are described in the following paragraphs. These strategies concern the way in which the conflict is resolved rather than the way in which it is conducted.

1. *Competition* is known as the "win/lose" approach to conflict; people compete to see who wins, and the winner takes all. The most obvious example of the competitive approach to conflict is an athletic event.

2. *Compromise* is a "lose/lose" approach. All parties agree to sacrifice equal portions of what they want. Subsequently, another mutual cut may be established and another until everyone settles for very little of what he or she originally wanted. An illustration of the result of conflict that is dealt with through compromise is the comparison between the wording of a bill in the House of Representatives prior to its first committee hearing and the final wording when that bill is enacted into law.

3. *Collaboration* is called the "win/win" approach. When this strategy is employed, people agree ahead of time to work with their conflict until they come up with a unique solution that provides each of them with all or almost all of what he or she wants.

There is little question that the collaborative approach to conflict, although it is the most costly in terms of time and energy, has the highest probability of producing the most creative and highest yielding results. However, as mentioned previously, there are times when a collaborative approach is not available and the issues are too important and vital to the individuals involved even to consider compromise. Some conditions that tend to preclude collaboration are harsh time deadlines, poor interpersonal relationships between or among the conflicting parties, severely limited resources, or differing values. Under these circumstances, competition is the only means available for managing the conflict.

Frequently a conflict is first approached competitively due to disinterest in or unawareness of a collaborative alternative; then, after those involved have competed for a while, they discover a collaborative solution. If the fighting is creative and effective, there is a higher probability that this will occur, given the potential availability of a collaborative solution at the outset.

CREATIVE FIGHTING

It is often the case that people in conflict are unwilling to engage each other powerfully simply because they do not possess the basic skills required for effective fighting. Paradoxically, once an individual has acquired these skills and is comfortable with them, it is much less likely that he or she will have to use them. The newly acquired knowledge and abilities produce a clear confidence that is observable to others, thereby making the individual less subject to unilateral attacks. On the other hand, if a fight becomes unavoidable, he or she can handle it.

Anger is as appropriate and productive a reaction to events as is any other human response. It is as unavoidably reflexive a response to being frustrated as laughter is to being amused. The issue involved is not whether it is appropriate to feel anger when frustrated, but rather how to deal with anger appropriately when it occurs. People must be made aware that there are techniques of fighting that can be learned and used skillfully. Also, they must be given the opportunity to practice these techniques in a neutral, low-risk setting, such as a training workshop. When all parties involved in a fight have acknowledged the legitimacy of conflict, established the norms for fighting, and are confident in their own abilities and strength, they are likely to approach one another with respect. Under such circumstances, there is little threat to ongoing relationships; in fact, there is a great potential for solidifying and enhancing these relationships.

The following paragraphs describe ten guidelines for the process of preparing people to fight creatively.

Establish the Legitimacy of Fighting

Fighting must be seen as a natural and sometimes appropriate thing to do. Occasionally it is even fun, as long as all parties agree to do it. Above all, fighting must not be viewed as an activity to be avoided at all costs. Whenever two or more people are working or living together, conflicts of interest arise. Sometimes these conflicts can be resolved through peaceful negotiation or willing compliance; sometimes they cannot. When the latter condition exists, fighting is the ultimate and appropriate response, unless one or more of the parties disempower themselves and give in because of fear of confrontation.

As stated previously, when fighting is approached creatively, it has several positive aspects that should be recognized: It is energizing; it honors all of its participants; it frequently produces

the best solution under the circumstances; it strengthens, rather than weakens, relationships; and the arena in which it occurs becomes a safer, more "human" place in which to live and work. When fighting is not engaged in creatively, personal relationships deteriorate and become characterized by spite, sniping, silent vows of vengeance, sulking, self-pity, and complaints about being misunderstood

Deal with One Issue at a Time

In an ongoing relationship, unfinished business frequently co-exists with the current source of contention. The temptation when fighting is to bring up unresolved arguments from the past and catch an opponent off guard. When this ploy is successful, the person who initiated it achieves the upper hand and places the opponent on the defensive; the parties involved start a different fight that bears no relevance to the present conflict, and both (or all) of them become vulnerable to attack in this fashion.

Therefore, it is important for those in conflict to maintain a focus on the point of contention. When one person confronts another with an unrelated issue, the individual who is attacked should not respond except to say "That's not what we're dealing with at the moment." Subsequently, the parties may agree to discuss the secondary issue at some time in the future.

Occasionally, during the course of a fight, it becomes obvious that a secondary issue from the past is actually blocking the resolution of the issue at hand. For example, one person might say to another, "The last time you asked me for support and I helped you, you refused to acknowledge my contribution in the final report." When such a situation arises, the current issue should be set aside until closure of the unfinished issue is achieved, at which point the original fight can be continued with greater energy and a higher probability of a successful outcome. The important point is that only one issue should be addressed at a time.

Choose the Arena Carefully

Just because one person is angry with another and wants to fight does not automatically mean that the second party is ready or willing to oblige. Too often, one of the parties is dragged into "the combat zone" when totally unprepared or disinterested, and this situation frequently creates further unnecessary defensiveness, resentment, and personal animosity. To prevent such a development, all parties involved must understand and agree that if one person does not want to fight at a particular moment, no fight takes place at that time. There are three basic responses to consider when a fight is impending.

1. *Engage.* If the timing is right and the point is legitimate, the sooner it is brought into the open and dealt with creatively, the better. The usual outcome of avoiding a fight is that the longer it stays internalized, the higher the probability that it will fester and become more interpersonally volatile.

2. *Accede.* If an issue is important to one party but not to another, the person who feels it to be unimportant may accede to the point. Before engaging in a fight, everyone involved should determine whether the issue is worth his or her time and effort. It makes little sense to pursue a goal that is of no personal consequence. One benefit of this response is that it transforms an opponent into an ally. Another positive aspect is that the individual who consciously chooses to accede to another's wishes experiences no loss of power.

3. *Postpone.* If a person is prematurely engaged in a conflict, he or she may choose to acknowledge the issue and then put it aside. This approach involves listening to what the other person says, acknowledging an understanding of the point being made and its importance, and setting a time for assembling everyone involved and dealing with the issue. This response has a

tendency not only to defuse the issue for the individual who brought it up, but also to prevent its escalation. In addition, postponing a fight allows time to consider the issue fully and to develop appropriate tactics.

The individual who initiates a confrontation and is met with postponing as a response must remember that an opponent should never be forced to fight before he or she is ready. Agreeing to the postponement can be advantageous in that a fully prepared opponent is less likely to overreact or to wage unwarranted counterattacks than is an opponent who is caught off guard.

Avoid Reacting to Unintentional Remarks

Frequently, in the heat of battle, things are said that are regretted an instant later. This is particularly true if the issue at hand is of deep, personal significance to one or both of the parties; if ego involvement is high; or if the relationship is an important one. A related consideration is the fact that often people do not know precisely what they feel or think until they hear themselves verbalizing these feelings or thoughts.

An important aspect of creative fighting is to establish the norm that when unexpected or unintentional comments are made, none of the parties involved will respond by escalating the fight into a more volatile stage that no one wants. Instead, the preferred tactic should be to stop the conversation when a questionable comment is made and determine whether the comment accurately conveys what the speaker meant. If the speaker disavows the comment, everyone—including the speaker—should ignore it; if he or she confirms it, a deeper point of contention may have arisen. In the latter case, those involved in the fight must then decide which issue to focus on.

Avoid Resolutions That Come Too Soon or Too Easily

Newly married couples are often told, "Never let the sun set on an argument." However, this advice may be too simplistic. When a fight is resolved too quickly or a simple but incomplete resolution is agreed to, there are several negative side effects that are usually more painful and damaging in the long run than the original fight itself.

For example, if a fight ends prematurely, its unfinished elements do not go away; they are temporarily repressed and will almost certainly manifest themselves later. Also, the easiest solution is not always the best one in that it tends to treat symptoms and thereby obscure the real problem. Still another negative effect is that if the solution is complete for one party but not for another, the person who feels unsatisfied is not emotionally free to enter into future fights with total enthusiasm. This last effect, although very subtle, can seriously damage the relationship(s) involved.

Each fight has its own, unique level of intensity. Some fights involve simple disagreements and are resolvable "by sundown," whereas those that involve intense feelings, deep-seated values, or complex issues require much more time to be dealt with effectively. With each fight, it is essential that the parties recognize and remain aware of the time element.

There are two ways to approach the handling of time. The first is to recognize clearly and specifically the complexity and importance of the issue and then to agree to devote as much time as required to achieve a resolution. The second approach, known as "bracketing," is also quite useful, particularly when complex, interdependent relationships are involved and the issue at hand is complicated. Many times, reality dictates that even though a fight is taking place, everyday life must go on. When this is the case, it is appropriate to fight for the length of time available; "bracket" the fight by setting it aside completely, but on a temporary basis; devote energies to other concerns as necessary; and resume the fight when possible. In many instances,

this approach allows adversaries to work together well and energetically in areas that are not affected by the fight; the harmonious functioning is possible because the point of contention, although "on hold," is still actively being honored by the adversaries.

Avoid Name Calling

The function of creative fighting is to manage conflict in such a way that the following outcomes are ensured.

- An effective resolution is found;
- Everyone involved maintains a clear sense of personal dignity throughout; and
- The relationship(s) is (are) in no way damaged.

Nothing blocks these outcomes more effectively than resorting to name calling.

Creative fighting is unlike many other approaches to conflict in which the participants devote their efforts to injuring their opponents as much as possible; instead, when fighting creatively, each participant strives to achieve a specific objective. In most cases these individual objectives are mutually exclusive so that a clear choice must be made as to which will constitute the final outcome. When accomplishing a specific objective is a person's reason for fighting, it is very much in that individual's best interest not to dehumanize the opponent(s).

Name calling usually occurs when logical arguments fail or when one or more of the parties have become frustrated beyond tolerance. In order to avoid name calling, the safest and most productive stance to maintain throughout the fight is to speak strictly for oneself. When everyone invariably speaks only in terms of what he or she wants, feels, or thinks, there is little risk that anyone will be personally offended; consequently, there is little risk that the fight will escalate to a more volatile and unmanageable level.

Avoid Cornering an Opponent

Occasionally, being "right" and devastating one's opponent may be more personally satisfying than achieving the best resolution possible. However, this approach produces only momentary satisfaction and can be very costly. The practice of cornering and devastating an opponent may preclude a solid resolution. Also, the party who is the object of such an attack may eventually retaliate in kind.

One important aspect of conflict is that, regardless of the point of contention, the longer the fight goes on or the greater the intensity, the higher the ego involvement and the greater the need to save face. Everyone involved should keep this in mind and make it as easy as possible to accommodate one another's wishes. Above all, opponents must be allowed to save face. For example, if it is obvious to everyone that an opponent cannot win a particular argument, it is best to let that opponent retire gracefully. The adversary who allows such a retreat not only achieves what he or she wants, but also accords the opponent the respect that is deserved. Thus, this stance usually results in some degree of appreciation on the part of the vanquished opponent, particularly when all parties realize that pain and humiliation could have been inflicted had the party with the upper hand chosen to do so.

Agree To Disagree

Creative fighting demands the generation of alternatives and a conscious choice of one of these alternatives. Although a mutually acceptable resolution is always the desired outcome, sometimes the reality is that such a resolution is not available. In a fight in which the point of contention is basically impersonal, such as an argument over a fact or a method, a mutually acceptable resolution is almost always available. However, in a fight that is waged over a deeper,

more personal issue, such as an objective or a value, mutuality is much more difficult and sometimes impossible to achieve. In the latter case, each viewpoint is so innately a part of the individual who holds it that any attempt to minimize its validity will be taken as an attack on the individual personally. Thus, it is almost impossible for someone involved in such a fight to concede a point without feeling personally diminished in the process.

As mentioned previously, the best and most obvious choice in dealing with arguments of a personal nature is to avoid them completely, if at all possible. Sometimes, however, a discussion about one point reveals a more intense point that is really what is at issue. As soon as it becomes evident that the parties involved are diametrically opposed on a deeply personal issue, there is little or no chance that anything can be said to alter the situation. In fact, the longer the confrontation continues, the higher the probability that each party will become more firmly entrenched in his or her position. Thus, the parties should simply agree to disagree and drop the subject for the moment. Once everyone agrees that it is perfectly acceptable to see things differently and that no attempts at conversion will be made, the subject is much safer to discuss in the future should it arise again. In the meantime, all parties can live or work together productively, because the point of difference can be side-stepped.

It is highly improbable that people involved in a long-term work or personal relationship will share all core values. Not to recognize this fact invites unnecessary squabbling. Although there seems to be constant pressure in interdependent relationships to locate common ground, it may be just as important to isolate irreconcilable differences and acknowledge them as being equally natural and "human."

In some rare instances in which a relationship between two people is extremely interdependent and long term, the parties may hold such polarized values that when one pursues his or her value, the pursuance automatically creates pain or severe problems for the other. Some examples of this type of polarization are the need for autonomy versus the need for participation, the need for isolation versus the need for intimacy, and concern with production versus concern for people. When the situation is so extreme that any concession on the part of either person will result in a loss of self-respect, the following procedure should be considered.

1. *Accept the polarity.* The two parties involved must establish the norm that both have a right to their viewpoints, but that neither is required to like the opposite viewpoint.

2. *Establish the importance of the relationship.* The parties should determine all of the positive, productive aspects of the relationship. It is preferable that they complete this task together rather than separately. They must review the basic values that they hold in common as well as their past successes in the relationship. During this process, enjoyable times and instances of mutual support should be recalled, and the potential for similar occurrences in the future should be accepted. In addition, the interdependent nature of the relationship should be acknowledged and defined.

It is important to note, however, that this step might reveal the possibility that the two parties do not have a solid relationship and that permanent disengagement may be the most realistic, mutually benefical resolution.

3. *Stay with the fight to the end.* If the parties determine that the relationship is important and worth saving, they must agree to endure the fight. However, neither should acquiesce only to please the other person or to reduce the other's pain; both should be appreciative of attempts to please, but they should not accept concessions that are made strictly for this purpose. If they have evaluated their relationship correctly, they will find ways to continue to work together productively, even though they are both experiencing some degree of pain. Both parties must remember that although they seriously disagree on a specific issue, they do not disagree on all others.

Working or living with someone under these conditions represents an incredibly heavy burden for both parties. Sooner or later, only because of exhaustion, it is probable that they will mutually agree to "let go" of the troublesome issue. More to the point, as the exhaustion increases, so does the importance of other issues, and the originally polarized viewpoints tend to become modified. When this happens, it may be possible to achieve a resolution.

Focus on What Is Wanted Rather Than Why It Is Wanted

Almost all fights, creative or otherwise, arise from the fact that the participants want different things. Also, in many cases compliance from the opponent(s) is necessary for the attainment of each person's objective. Thus, it is essential to establish clearly what each party wants and how these objectives differ. On the other hand, spending time and energy exploring *why* each party wants what he or she wants is, at best, a total waste of time and, at worst, an invitation to a psychological melee.

The point to remember is that people have a right to want what they want and to want all of it. This point has tremendous impact on creative fighting. When participants answer opponents' inquiries as to why they want specific objectives, they become "defendants" and the opponents become "judges" who can rule on the worthiness of the reasons supplied. These reasons, once verbalized, are usually anything but convincing. The reality is that very few people know exactly why they want what they want. In fact, most are not too concerned with their own motivation in this regard; for them, it is simply enough that they want.

In addition, the answer to the first "why?" usually leads to another "why?" and still another, and each time the defendant is forced to stray farther from the original objective to provide an answer. Eventually, the issue that generated the fight becomes obscured. The roles may even be reversed; the defendant may become the judge and counter with questions of his or her own. Thus, all parties are compelled to defend themselves, and as a result the fight may escalate.

Therefore, the best strategy is to avoid asking and answering queries about motivation. Instead, each person should concentrate on accomplishing his or her specific goal.

Maintain a Sense of Humor

Fighting is most often viewed as a grim and serious business. In many cases, of course, it is quite serious and certainly deserves to be respected. However, even when the subject of the fight is important and tempers are aroused, it is important that the participants not lose their perspectives. The best way to retain one's perspective during a fight is to exercise a sense of humor. For example, a married couple may be arguing vehemently about finances when suddenly the husband exclaims, "Not only *that*, but you never really liked my mother!" At such moments, it is perfectly legitimate to recognize the humor of the situation and respond accordingly. In fact, the parties involved may be unable to control their laughter and subsequently may find that the fight has disintegrated. Although the tendency when engaged in a fight is to become more "righteous" as the confrontation progresses, the participants would do well to remember that it is the fight that should be taken seriously—not themselves.

SUMMARY

Training people to deal with conflict in an effective manner requires much of a facilitator. Participants must be taught that conflict is a natural part of life and that dealing with it creatively can actually enhance rather than destroy relationships.

Part of the facilitator's responsibility is to help the participants to see that there are four

different sources of conflict—fact, method, objectives, and values—and that each source represents a different level of volatility. In addition, the three basic strategies for handling conflict—competition, compromise, and collaboration—should be presented and explained, and the facilitator should take care not to convey an exclusive prejudice in favor of collaboration.

When all participants are aware of the basic aspects of conflict, they should be allowed to practice fighting creatively in a relatively nonthreatening environment, such as a workshop. As they practice, the facilitator should help them to adhere to the ten guidelines that are detailed in this paper.

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PEOPLE: Conflict Resolution

"The Art of Creative Fighting" by H.B. Karp, from the 1983 Annual for Facilitators, Trainers and Consultants.

"The Use of Active Listening in Negotiation and Conflict Resolution," by B. Kim Barnes. Situation Management Systems, 1985.

VALUES

"Shaping Values," Digital Equipment Corporation, (unpublished in-house paper), November, 1986.

shaping VALUES

An excerpt of some recent research done on the shaping and managing of company values.

"Companies with strong shared values seem universally to be outstanding performers as long as the values are relevant to environmental conditions."

digital

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SHARED VALUES

Every organization has shared values. The values may be grand in scope or narrowly focused. They can capture the imagination or they can simply drive. If they are strong, they can command everyone's attention: "What people really care about around here is quality". If they are weak, they may often be ignored.

Values are not "hard", like organization structures, policies and procedures, strategies, or budgets. Often they are not even written down. And when someone does try to set them down in a formal statement of corporate philosophy or values, the product often bears an uncomfortable resemblance to the Biblical beatitudes - good and true and broadly constructive, but not all that relevant to Monday morning.

Yet "hard" or not, shared organizational values powerfully influence what people in an organization actually do. Excellent performers among the organizations we know seem commonly to:

(a) have highly focused and widely shared values, and
(b) work hard at keeping these shared values intact.

THE DIFFERENCE

One thing characterizing high-performance companies is that people are turned on, up and down the line. Most people in "turned-on" companies, share a common belief about the distinctiveness of their organization.

Some examples:

International Business Machines: "IBM means service," a succint statement of the primacy of satisfying the customer.

Caterpillar: "24-hours parts service anywhere in the world," again symbolizing an extraordinary commitment to meeting customers' needs.

Continental Bank: "We'll find a way" (to meet customer needs).

Dana Corporation: "Productivity through people," enlisting the ideas and commitment of employees at every level in support of Dana's strategy of competing largely on cost and dependability rather than product differentiation.

Most of these phrases sound utterly platitudinous to the outsider. Within an organization, however, they take on rich and concrete meaning. More, they often determine what people do.

Take Dana Corporation. As a competitor in the long-established auto-parts manufacturing business, it has virtually doubled its productivity over the past 7 years, a period when overall U.S. productivity growth has been slowing. It did not accomplish this record with massive capital investment, with sophisticated industrial engineering studies, or with management-imposed speed-up measures. Instead, it relied on its people, right down to the shop floor level. Management continually stressed the importance of productivity to company success. It created a multitude of task forces; gave its people practical opportunities to generate productivity-improving ideas and then implemented them; and consistently, visibly, and frequently rewarded success.

THE THEORY

Reviewing the shared values of outstanding companies that we know well, we come to a simple, central insight: For those who hold them, shared values define the fundamental character of their organization. In this way, they create a special sense of identity for those in the organization, giving meaning to work as something more than simply earning a living. Sometimes managers refer explicitly to one or another of these values in providing guidance to subordinates. They are embodied in company folklore: new people may be told stories about the company's past that underline the importance of these values to the company. People interpret these values in the context of their own jobs. The values really guide behavior.

As we have already seen, shared values define a company's view of itself in relation to the outside world - notably to customers and competitors. But, within an organization, they also govern "the way we do things around here." For example, they indicate what matters are to be attended to most assiduously: what kind of information is taken most seriously for decision-making purposes; what kind of people are most respected.

Shared values, when strongly held, tend to establish the strategic ground that the company will occupy. This gives a lot of room for initiatives, as IBM, Du Pont, GE, Dana, and others illustrate. But it also sets the bounds of the strategic alternatives that a company is likely to generate, and of those that its people are likely to implement successfully. Deeply held shared values are hard to change.

When a company with strongly held values finds that it has lost marketplace or economic relevance, it generally has great difficulty adjusting successfully.

While shared organizational values have obvious economic implications, they are - significantly - rarely if ever financial in character. As a matter of fact, the paramount shared value (sometimes the superordinate goal) in virtually every outstanding organization we have surveyed centers on a key business function such as customer service or product innovation, or an ideal rather than a financially oriented goal, such as growth or profitability. Three explanations suggest themselves. First, it is probably easier for most organizations to identify with qualitative dimensions of excellence than with abstract financial goals. Second, a value that focuses attention on a means to successful performance - e.g., customer service - provides managers with more practical guidance than one concerned only with end results - e.g., a simple dictum to make more money or grow. (There is an intriguing parallel finding from another area: MBO systems focused on completion of a few key actions are apparently more effective than those focused on financials.) Third, it may be that financial goals, being totally abstract, are less effective in capturing the imagination of people throughout the organization.

How do shared values actually help to determine organizational performance? In broad terms, they act as an informal control system that tells people what is expected of them. At Dana Corporation, Rene McPherson actually threw out piles of policy manuals when he became CEO, preferring to rely on the guidance of shared values. More specifically, we hypothesize that shared values effect organizational performance in three main ways:

1. Managers and others throughout the organization give extraordinary attention to whatever matters are stressed in the corporate value system - and this in turn tends to produce extraordinary results.

2. Down-the-line managers make marginally better decisions, on average, because they are guided by their perception of the shared values.

3. People simply work a little harder because they are dedicated to the cause.

THE ROLE OF LEADERSHIP

Shared values are not timeless. They do not come into being spontaneously, and though durable they are not immutable; on the contrary, they are perpetually subject to modification or reinforcement. The driving force behind their creation and maintenance, and change, seems to be nothing other than top-management leadership.

Creating and Instilling Values

A strong set of shared values seems always to come initially from a forceful leader who is bent on their establishment. Tom Watson, Jr., is legendary for his commitment to the value system that should characterize IBM. To symbolize his concern with customer service, he continued to answer a number of customer complaints personally as long as he served as CEO. Like stories are told of men such as General Wood at Sears, Roebuck, Alfred J. Sloan at General Motors, Adolph Ochs at The New York Times - and, more recently, of J. Willard Marriott, of Bill Hewlett and David Packard, and of Ray Kroc at McDonald's. None of these men was content simply to be a manager. None shrank from articulating the values that he believed should guide his organization and insisting on their rightness. All, unmistakably, were leaders.

Their success in instilling values, however, appears to have had little to do with charismatic personality. Rather, it derived from obvious, sincere, sustained personal commitment to the values they sought to implant, coupled with extraordinary persistence in reinforcing those values. None of these men relied on personal magnetism. All made themselves into effective leaders.

Sustaining and Modifying Values

Given that shared values stem from a leader's initiative, what keeps them fresh and vital in an organization over long periods of time? Certainly one key is continuing, explicit management attention.

In general, the primary stimulus and example for constant reinforcement of values continues to come from the chief executive. People pay attention to what he says, and even more attention to what he does. They read the patterns of business decisions emanating from the executive floor to figure out what really counts with top management. When the chief executive's statements and his actions remain consistent with the established values of the company, people remain oriented to those values. When the pattern of his actions begins to diverge from those values, people become confused, their own focus dissolves, and the drive born of the sense of shared values may simply evaporate.

Other senior managers as well, of course, help to reinforce (or weaken) the shared values of the organization through their words and actions. It could be said, in fact, thet the mark of a senior-management team, as opposed to a disparate collection of individuals, is coherent support for common values - despite possible differences over policy and practice.

ORGANIZATIONAL SUPPORTS

More than persistent senior-management attention is needed, however, to sustain a strong set of shared values in a large and complex corporation. In addition, the values must be reflected in several other key features of organizational life. Perhaps the most important of these is the process of assimilation or "socialization" of new employees.

Assimilating New Hires

The first 1 or 2 years on the job are crucial for the instilling of value systems in new employees. Japanese companies take elaborate steps to develop a tightly shared philosophical framework for their new employees, which enables them later on to give so much autonomy to their working groups at all levels. U.S. companies with strongly held and tightly focused value systems work almost as hard to manage the early process of socialization.

Hewlett-Packard's current CEO, John Young, says, "I don't care if they do come from the Stanford Business School. They've got to get their hands dirty, or we're not interested." (In H-P, that generally means starting in marketing and sales, participating in the introduction of a new product.) These typical first job assignments tell future managers something basic about the shared values of the organization they are joining. The first jobs also help create the peer-group networks that build loyalty - and in so doing - implicity enforce the company's shared values.

Rewards and Recognition

In outstanding companies, personnel systems typically support the shared values in several ways. Virtually all promotion is from within; this minimizes dilution of the company's value system and enables it to guide communication and behavior throughout the company. Promotions tend to go to those with outstanding achievements of the sorts prized by the company's value system.

Informal personnel rewards are equally important. It is natural that top managers should more readily lend an ear to people whose behavior is attuned to the corporate value system. These are the people whose accomplishments are most likely to be publicly recognized.

Company Folklore

People in the organization are consistently trying to interpret why it is the way it is. One of the commonest ways of doing this is by telling stories that capture important aspects of its character.

In conspicuously value-driven companies, senior management seizes opportunities to create legends that will reinforce shared values. A study contrasting two companies found employee commitment higher in the one in which employees could tell a lot of organizational stories.

Structure and Systems

Companies that are guided by strong shared values also tend to reflect these values in the design of their formal organization.

To take an example, a company with values geared primarily to the external marketplace is likely to have at least one very senior marketing vice president in its top-management structure, and it is likely to rely on some version of product managers or brand managers to handle product marketing. It will surely have rather elaborate systems for gathering and sifting data on customer tastes, response to its products, and initiatives by its competitors.

IMPLICATIONS FOR SENIOR MANAGERS

A fashionable school of thought characterizes decision making and control, rather than leadership, as the essence of the managerial job. Heavily influenced by management science models, this school of thought argues that modern corporations are so enormously complex, and so vulnerable to diverse external and internal forces
and pressures that they present only a very limited scope for managerial initiative.

The argument is plausible but our observations fail to support it. By and large, the most successful managers we know are precisely those who strive to make a mark through creating a guiding vision, shaping shared values, and otherwise providing leadership for the people with whom they work.

More generally, the companies cited earlier in this article all seem to have dealt more successfully than most with external and internal pressures, precisely because their shared values have provided a sense of common direction.

Risks and Pitfalls

The power of values is that people - at least some people - care about them. This power can be a problem as well as a source of strength. If a manager chooses to build or reinforce the shared values of the group of people he works with, he had better recognize the risks he is assuming:

1. The risk of obsolescence: What if the environment changes? One of the most serious risks of a potent system of shared values is that economic circumstances can change while shared values continue to guide behavior in ways no longer helpful to the organization's success.

2. The risk of resistance to change: Barring an environmental upheaval that forces everyone to adapt or perish, can an institution of true believers ever change? In a glamour growth company, one of the authors spent 2 years trying to help the CEO in a determined effort to cut out excessive overhead, in the face of increasingly strong cost competition. Overall, fewer than 1000 overhead positions were eliminated, and many of those were soon added back. Because of the powerful growth mentality that persisted in the company, cost reduction simply would not fly.

3. The risk of inconsistency: What if managerial behavior contradicts professed values? In one company we know, the CEO speaks frequently and eloquently about the value of serving customers better. But when year-end approaches, he demands financial performance - the customer be hanged. Given the demonstrated primacy of clearly articulated financial objectives, it is no wonder that very few people in the organization buy into the customer service rhetoric.

   In order to avoid the risk of contradiction, top management must be convinced that it can adhere faithfully and visibly to the values it intends to promote.

Although there are serious risks in tampering with the shared-value system of an institution, there are also rewards if it is done right. Companies with strong shared values seem universally to be outstanding performers as long as the values are relevant to environmental conditions.

Those with the strongest track records, in fact, seem to be just the companies whose operative values are most directly relevant to the performance of key competitive functions. When the environment changes and the objectives of the key functions change, the shared values can get in the way until they are reshaped.

Deciding Priorities

If shared values influence behavior as powerfully as we have asserted, then managers can hardly afford not to be concerned with them. Nowhere do shared values matter more than in the giant corporations. The top managers of these companies are highly dependent upon the ability of a large number of subordinates to appraise situations correctly and the take the actions that will best serve the corporation.

All the same, it is clear that the task of shaping shared values can't always head the top manager's agenda. When should it get special priority? Our experience suggests at least four situations in which top management should consider the shaping of shared values as something close to its most important mission:

1. When the environment is undergoing fundamental change, and the company has always been highly value driven.

2. When the industry is highly competitive. Why is Digital Equipment so successful as a company? Or Intel? Or McDonald's in another area? One answer is that they are serving rapidly growing and highly profitable markets. Another is that each has a clear vision of its sustainable competitive advantage. But the analysis does not end there. What each has done, as well, is to convert its corporate vision - basically an intellectual construct that people can understand - into a set of common expectations about everyday behavior that people can feel. A strong and appropriate set of shared values can enable a company to achieve extraordinary success even when the market is neither fast growing nor unusually profitable.

3. When the company is mediocre, or worse.

4. When the company is truly on the threshold of becoming a Fortune 500-scale corporate giant. Corporate character, we would hypothesize, is forged relatively early. Strongly held shared values do tend to keep people moving in roughly the same direction even in a company's early days when formal policies and systems have yet to be developped. Later on, however, the process of bureaucratization begins to take hold. At this point the values are often seriously threatened and may require conscious support if they are to survive the transition.

Pursuing a Value-Shaping Program

If a top manager decides to place the value-shaping task high on his list of priorities, how should he pursue it?

To begin with, he gives it as much attention as he gives any other truly top-priority task, which is to say, a lot. He puts shared values at the center of his agenda and consciousness, not in the "get to it as soon as possible " category.

Often the first step a top manager takes to shape shared values is to begin talking about them with his closest colleagues. These conversations have two aims: to gain collective commitment to the idea that a strong set of shared values is to be a principal legacy of this particular top team, and to forge a common understanding of the specific values to be pursued.

Soon after taking this first step, value-shaping top managers look for ways to reach down into their organizations to establish the importance of the chosen values. Almost invariably they spend an unusually high proportion of their time "in the field". In addition, many look for relatively structured devices for focusing attention on shared values. For example, the Chairman and the President of an engineering service company we know conduct a series of seminars for down-the-line managers - several levels down - on the basics of their business as they see them. Other top managers arrange regular lunches or dinners at which they find occasions to talk with high potential junior managers about "what made this company great," or "what's going to be distinctive about this company," or create "events" to highlight further the importance of key values. Examples:

- "Kick-off meetings" for managerial programs aimed, perhaps, at serving a new group of customers better, taking excess costs out, or developping more strategically oriented middle managers

- Special contests and awards aimed at giving public recognition to those who have done something to serve a key value, and for stimulating others to do likewise

- Specially appointed ad hoc working groups with responsibility for short-term projects related to key values.

Special management initiatives such as these go a long way toward dramatizing the values that a management team aims at establishing or reinforcing, but they are not enough unless the day-to-day behavior of the value-shaping manager reflects his concern - indeed, very frequently his near obsession - with the importance of key values. What counts is rarely the single dramatic act, but the consistency of a pattern of behavior over time.

Down-the-line managers are constantly analyzing the behavior of their superiors, and their peers for that matter, to figure out what they really care about, what they really expect, and what they really will accept. The manager who would shape values turns this reality to his advantage.

- He consciously explains the decisions that he makes, in terms of their relevance to key values.

- He develops questioning routines rooted in important values. The questions he asks when a subordinate makes a proposal, gives a presentation, or talks about his work, tell that subordinate - and others listening - what expectations must be met to secure his approval.

- The value-shaping manager also develops something close to a reward routine; that is, he actively seeks ways to provide frequent and visible praise, or other recognition, for even modest contributions to the service of important values.

- He seeks to use each contact with another member of the organization - a meeting, a phone call, a chance encounter in the hall, a memorandum in the in-box - to send a message reinforcing a value theme. In fact, he organizes his calendar so that he will be seen to spend a lot of time on matters visibly related to the values he preaches.

- Even in dealing with outsiders he neglects no opportunity to reinforce the theme. What is said to customers, to investors, or to journalists can often have a powerful impact on people inside the organization. It provides further evidence that management's commitment to the shared values is "for real."

All this is to say that top managers who would shape values must consistently and continuously regard themselves not only as deciders, controllers, or doers, but also as symbolic leaders, sending signals by their behavior.

At first, the senior manager who lays no claim to personal charisma may be unsettled by the suggestions that he should manage his symbolic behavior so as to reinforce important values. On reflection, however, he should be encouraged by the message that mere mortals can be value-shaping leaders. Charisma has little to do with it; it may even be a long-run liability if the source of strength is in the leader's personality rather than the values he espouses. Attention, commitment, persistence, and perhaps a measure of risk taking are required - but no magic.

***

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TECHNICAL REPORT

Off the Track: Why and How Successful Executives Get Derailed

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Technical Report 21

Off the Track:

Why and How Successful Executives Get Derailed

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Off the Track:
Why and How Successful Executives Get Derailed

Senior Executive: At one time, he was the leading, perhaps the only, candidate for CEO. And then he ran into something he'd never faced before--an unprofitable operation. He seemed to go on a downward spiral after that, becoming more remote each day, unable to work with key subordinates.

Interviewer: Why do you think he derailed?

Senior Executive: Some of it was luck because the business was going down when he inherited it. Some of it was surrounding himself with specialists who inevitably wear the blinders of their particular field. And some of it was that he never learned to delegate. He had no idea of how to lead by listening.

Few people reach the top of a major corporation without considerable talent and an impressive list of accomplishments. Still, many talented executives rise near the top yet are denied the ultimate positions. The quick answers to why this can happen include the ever-popular Peter Principle--rising past one's level of competence--or more darkly, that some managers possess a fatal flaw.

But the grain of truth in these explanations masks the true complexity of the process. As we discovered in a recent study conducted by the Center for Creative Leadership, those who were once quite successful and later derailed differed only slightly from those who reached the top. Some of those who derailed found themselves in a changed situation where strengths that had served them well earlier in their careers became liabilities that threw them off track. Others found that weaknesses they'd had all along, but which had been outweighed by certain assets, were precisely the things needed as strengths in a new situation. Yet others became captives of their own success or of events outside their control.

When we began a large-scale study of the key events in the careers of effective, mobile executives, we included a close look at executives who "derailed"--that is, people who were very successful in their careers (spanning 20-30 years and reaching very high levels) but who, in the eyes of the organization, did not live up to their full potential. What

became of these people varied: Some were demoted or transferred, some were fired or opted for early retirement, and some simply stopped advancing. One thing they had in common, however, was that their halted progression was not voluntary. What, we wondered, separated these otherwise successful people from their colleagues who arrived at the very top of the corporation?

To find out, we and our associate, Ann Morrison, worked with several Fortune 500 corporations to identify "savvy insiders"--people who had seen many top executives come and go and who were intimately familiar with the circumstances surrounding their careers. The executives agreed to participate because of a desire to understand who makes it and how, what pitfalls to avoid, and most important, what they can do to systematically develop future leaders.

In each corporation one of us interviewed several insiders, usually a few of the top ten executives and a few senior "human resources professionals," people who help make executive succession decisions. We asked them to describe, in detail, first a success story, then a derailment. In all cases, the executive describing the cases knew the people quite well and considered them fairly representative of either success or derailment in that corporation. The interviews yielded about 20 success cases and a comparable number of derailments.

Although the interviews lasted two hours and longer, covering many questions about key events in the careers of 40 executives, we have organized the results to answer four questions:

- Why were those who derailed so successful in the first place?
- What events brought their weaknesses to the surface?
- Why did they derail?
- How did they differ from those who remained successful?

Reasons for Success Before Derailing

If there is a formula for success, only an alchemist could concoct its magic properties--a great track record, lots of brains and technical acumen, and qualities such as charm, luck, loyalty, ambition, and leadership (see Figure 1).

Figure 1

Reasons for Success Before Derailment

(Based on 50 reasons for success from 20 cases:
The average executive had 2 or 3 of these characteristics)

1. Outstanding track record--identified early as having high potential and had a string of successes
2. Outgoing, well-liked, charming
3. Technically brilliant
4. Loyal and helpful to management; willing to make sacrifices
5. Ambitious; managed career well
6. Moved up during reorganization or merger
7. Excellent at motivating or directing subordinates

Almost to a man (they were all men), derailed executives were identified early as having "it" and ran up a string of successes in engineering, operations, or project management assignments. One brought in three huge successes in a row which at one time accounted for half the corporate profits.

About half of the time they were seen as technical geniuses ("This guy is without peer") or brilliant problem solvers ("He'd do anything to solve a problem--anything"). They were less often well-liked or considered charming; their manners were sometimes viewed with suspicion, as if their impeccability concealed a certain hollowness beneath.

Some executives who eventually derailed moved up during mergers or reorganizations, a time when performance is particularly hard to measure. Others were exceptionally hard-working and loyal, managed their careers well, or were excellent at motivating and supporting their subordinates.

Thus far, these men looked much like successes in any field. For one reason or another, they were much better than the competition. There seemed to be little to differentiate them, other than luck, from those who did eventually succeed.

Trail in the Forest

While conducting the interviews, we did not hear many stories about so-called water-walkers, leaders who have no faults. The one "natural leader" we encountered derailed because everyone assumed he could do absolutely anything. At higher levels of management his faults began to show. He became lost in detail, concentrated too much on his subordinates, and apparently lacked the intellectual ability to deal with complex issues. Still, no one helped him. It was assumed that he would succeed regardless. Both the eventual successes and the eventual derailments had plenty of faults to show. What, we wondered, might cause these faults to surface, especially so late in a career?

The events that reveal flaws are seldom cataclysmic. They are more like the broken twigs and crushed leaves in frontier novels that subtly indicate a direction taken, and mark that someone has passed that way. As one executive put it, "Careers last such a long time. Leave a trail of mistakes behind you, and you eventually find yourself a captive of your past."

In general, the flaws of the successful and the derailed showed when one or more of five things happened:

- They lost a boss who had covered or compensated for their weaknesses.
- They entered a job for which they were not prepared (another function or a big change in responsibility), usually coupled with having a new boss whose style was quite different.
- They left behind a trail of little problems or bruised people, either because they handled them poorly or moved through so quickly they failed to handle them at all.
- They moved up during an organizational shakeup and weren't scrutinized until during the shakedown period.

- They entered the executive suite, where getting along with others under highly stressful conditions is critically important.

These events, which happened to both types of executives, began to separate the two groups. How an executive dealt with his faults under stress went a long way toward explaining why some arrived and some jumped the track just short of town.

The Faults That Mattered

Senior Executive: Successful people don't like to admit they make big mistakes, but they make whoppers nevertheless. I've never known a CEO who didn't make at least one big one and lots of little ones, but it never hurt them.

Interviewer: Why?

Senior Executive: Because they know how to handle adversity.

Part of knowing how to handle adversity lies in knowing what not to do when faced with it. A manager does not necessarily have to know the right move, but must avoid making the wrong one. As we were to learn, many patterns of managerial behavior were acceptable to others. The key was in learning which ones were not acceptable.

Just as a successful executive doesn't have all the good qualities, executives who derailed didn't have all the bad ones. In general, ten personal and managerial flaws were cited as reasons for derailment (see Figure 2); of these, only two applied to the average derailed executive.

Personal flaws.

Senior Executive: ". . . he wouldn't negotiate, there was no room for countervailing views. He could follow a bull through a china shop and still break the china."

The most frequent cause for derailment was insensitivity to others. Under stress, some of the derailed managers became abrasive and intimidating. One walked into a subordinate's office, interrupting a meeting, and said, "I need

to see you." When the subordinate tried to explain that he was occupied, his boss snarled, "I don't give a Goddamn. I said I wanted to see you now."

Figure 2

Fatal Flaws: The Reasons for Derailment

(Based on 65 reasons for derailment from 21 cases: The average derailed executive had two of these characteristics)

1. Specific performance problems with the business
2. Insensitivity to others: an abrasive, intimidating, bullying style
3. Cold, aloof, arrogant
4. Betrayal of trust
5. Overmanaging--failing to delegate, or build a team
6. Overly ambitious--thinking of the next job, playing politics
7. Failing to staff effectively
8. Unable to think strategically
9. Unable to adapt to a boss with a different style
10. Overdependent on an advocate or a mentor

Others were so brilliant they became arrogant, intimidating others with their knowledge. A typical remark was, "He made others feel stupid . . . wouldn't listen, had all the answers, wouldn't give you the time of day unless you were brilliant too."

In an incredibly complex and confusing job, being able to trust others absolutely is a necessity. Some committed what is perhaps management's only unforgivable sin--they betrayed a trust. This rarely had anything to do with

honesty (which was a given in almost all the cases), rather it was a one-upping of others or a failure to follow through on promises, which wreaked havoc on organizational efficiency. One executive didn't implement a decision as promised, causing conflicts between marketing and production that reverberated downward through four levels of frustrated subordinates.

Others, like Cassius, were overly ambitious. They always seemed to be thinking of their next job, bruised people in their haste, and spent too much time trying to please upper management. This sometimes led to staying with a single advocate or mentor too long. When the mentor fell from favor, so did they. Even if the mentor remained in power, people questioned the executive's ability to make independent judgments. Could he stand alone, or did he need a mentor for a crutch?

Managerial flaws. A series of performance problems sometimes emerged where a manager ran into profit problems, got lazy, or demonstrated that he couldn't handle certain kinds of jobs (usually new ventures or jobs requiring lots of persuasion). More important, by failing to admit the problem, covering it up, and trying to blame it on others, the manager showed that he couldn't change. One manager flouted senior management by "failing" to work with a man specifically sent in to fix a profit problem.

After a certain point, managers cease to do the work themselves, and become executives who see that it is done. Some never made this transition, never learning to delegate or build a team beneath them. Although overmanaging is irritating at any level, at the executive level it can be fatal because of the difference in one's subordinates. When executives meddle, they are meddling with other executives, most of whom know much more about their particular area of expertise than their boss ever will. One external affairs executive who knew little about government regulation tried to direct another with 30 years experience rather than help him accomplish what needed to be done. The expert balked, and the executive lost a battle that should never have begun.

Others got along with their staff, but simply picked the wrong people--staffing in their own image with technical specialists, or picking people who later failed.

Inability to think strategically was masked by an attention to detail and a miring in technical problems as some executives simply couldn't go from being doers to being planners. Another, related failure to adapt appeared as a

conflict of style with a new boss. Although the successful managers had the same problem, they didn't get into wars over it, fought problems with facts, and rarely let the issues get personal. Derailed managers exhibited a host of unproductive responses--they got peevish, tried to shout the boss down, or just generally sulked around.

One manager exhibited both flaws--he couldn't change from a go-goer to a thinker/planner and eventually ran afoul of a slower-paced, more reflective boss.

Every strength is also a weakness. The reasons for derailment seemed to be all over the place. Some derailment cases over-controlled, some failed to mind the store. Some were dictators, some were wishy-washy. By going back to why the derailed managers succeeded initially, a pattern emerged that explained how certain combinations of strengths became weaknesses that eventually caused the derailments. In other words, the same attributes that got these men to the top also did them in.

- Executives who were brilliant but not personable derailed because of insensitivity to others or over-managing, or both.
- Executives who were personable but not brilliant derailed because they couldn't think strategically.
- Loyal, hard-working types remained that way and over-managed themselves off the track.
- Ambitious types got skewered for being ambitious. Eventually the trail of bruised bodies became a pile.
- Finally, even those who had it all (brilliant and likable) sometimes derailed, but the reasons were idiosyncratic. One was too ambitious, one betrayed a trust, another fought with the wrong person.

The Arrivers Vs. The Derailed

As we stated at the beginning of the report, both groups were amazingly similar in some respects: incredibly bright, identified early, outstanding track records, a few faults, ambitious, and willing to sacrifice. A closer look (summarized in Figure 3) does reveal some differences and, at the levels of excellence at which executives deal, even a

small difference is more than sufficient to create winners and losers.

Figure 3

Those Who Arrive Contrasted With Those Who Derail

Similar in Many Ways:

- incredibly bright
- identified early
- outstanding track records
- have a few flaws
- ambitious
- made many sacrifices

But Those Who Arrived:

- had more diversity in their track records--had done more <u>different</u> kinds of things well
- maintained composure under stress
- handled mistakes with poise and grace
- focused on problems and solved them
- got along with all kinds of people--were outspoken but not offensive

---

1. <u>The track records</u>. Derailed executives had a series of successes, but usually in similar situations: They had turned a business around more than once, or they had managed progressively larger jobs, but in the same function. By contrast, the arrivers had more diversity in their successes--they had turned a business around <u>and</u> successfully moved from line to staff and back; or they had started a new business from scratch <u>and</u> completed a special assignment with distinction. They built plants in the wilderness and the Amazon jungle, salvaged disastrous operations, resolved all-out wars between functions without bloodshed--one even built a town. They showed a breadth of perspective and interest that resulted (over 20 to 30 years) in detailed knowledge of many parts of the business, as well as first-hand experience with <u>different kinds</u> of challenges.

2. Composure. Derailed managers were often described as moody or volatile under pressure. One, who could control his temper with top management he sought to impress, was jealous of and often angry at peers he saw as competitors. His too-frequent outbursts eroded the cooperation necessary for success as peers began to wonder if he were trying to do them in.

In contrast, the arrivers were calm, confident, and predictable during crises. Quite simply, people knew how they would react and this helped them plan their actions accordingly.

3. Handling mistakes. Although neither group made many mistakes, the arrivers overwhelmingly handled them with poise and grace. Almost uniformly, they admitted the mistake, forewarned others so they wouldn't be blindsided by it, then set about analyzing and fixing it. Also important were two things the arrivers didn't do--they didn't blame others, and once they had handled the situation, they didn't dwell on it--they moved on to something else.

Derailed executives tended to react to failure by going on the defensive, trying to keep it under wraps while they fixed it, or, once the problem was visible, blaming it on someone else.

4. Going after the problem. Although both groups excelled in this area, arrivers were particularly single-minded. This "What's the problem?" mentality kept them away from three of the common flaws of the derailed--they were too busy worrying about their present job to be eager for their next position, they demanded excellence from their people in problem solving and in so doing often helped develop them, and they developed many contacts, saving themselves from the sole-mentor syndrome. (In fact, almost no successful manager reported having a single mentor.)

5. Interpersonal style. The arrivers, perhaps because of the diversity of their backgrounds, had the ability to get along with all types of people. They either had or developed the skills required to be outspoken without offending people. Rather than being seen as charming-but-political or direct-but-tactless, they were described as direct-and-diplomatic. One arriver disagreed strongly with a business strategy favored by his boss. He presented his objections candidly and gave the reasons for his concerns and for the alternative he preferred. But when the decision went against him, he put his energy behind making the decision work. When his boss turned out to be wrong, the arriver didn't gloat about it--he let the situation speak for itself without further embarrassment to his boss.

Why Executives Derail

Executives derail for four basic reasons, all connected to the fact that situations change as one ascends the organizational hierarchy:

- Their strengths become weaknesses. Loyalty becomes overdependence or narrowness or cronyism. Ambition destroys their support base. Their leadership of subordinates causes them to bog down in operational and technical detail.

- Their deficiencies eventually matter. If talented enough, one can get by with insensitivity at lower levels, but not when one's subordinates and peers are powerful and probably also brilliant. The charming-but-not-brilliant find that the job gets too big and problems too complex to get by on interpersonal skills.

- Success goes to their heads. After being told how good they are for so long, some simply lose their humility and become cold and arrogant. Once someone acts as if there is nothing more to learn, their information sources begin to dry up and people no longer wish to work with them.

- Events conspire, too. A few of the derailed apparently did little wrong. They were done in politically, or by economic upheavals. Essentially, they weren't very lucky.

One senior executive, in commenting on this part of the study, said that he thought only two things differentiated the successful from the derailed--total integrity and understanding other people.

Integrity seems to have a special meaning to executives that is vastly different from its Mom-and-apple-pie image. The word does not refer to simple honesty, but embodies a consistency and predictability built over time that says, "I will do exactly what I say I will do when I say I will do it. If I change my mind, I will tell you well in advance so you will not be harmed by my actions." Such a statement is partly one of ethics, but more, it may be one of deadly practicality. This seems to be the core method of keeping a large, amorphous organization from collapsing in its own confusion.

Likewise, understanding other people's perspectives has the same Mom-and-apple-pie ring to it, but of all the differences between the arrivers and the derailed, this was the most glaring. Only 25% of the derailed were described as having a special ability with people while 75% of the arrivers were spoken of with such warmth. Interestingly, two of the arrivers were cold and assinine when younger, but somehow completely changed their interpersonal style. "I have no idea how he did it," one executive related. "It was as if he went to bed one night and woke up a different person." However the feat was accomplished, a certain awareness of self and willingness to change characterized the group. That same flexibility, of course, is also what is needed to get along with all types of people.

A final word, a lesson perhaps, to be drawn from our findings. Over the years, "experts" have generated long lists of critical skills in an attempt to define the complete manager. In retrospect it seems obvious that no one, the most talented executive included, could possess all those skills. As we came to realize, executives, like the rest of us, are a patchwork of strengths and weaknesses. The reasons why some executives ultimately derailed and others made it all the way up the ladder confirm what we all know but have hesitated to admit: There is not one best way to succeed (or even to fail). The foolproof, step-by-step formula is not just elusive; it is, as Kierkegaard said of truth, like searching a pitch dark room for a black cat that isn't there.

Figure 4

This is a comparison of an executive who arrived with an executive who derailed, in the words of executives who knew them well.

One Who Arrived

The Man

"He was an intelligent guy with a delightful twinkle in his eye. He could laugh at himself during the toughest of situations."

Notable Strengths

"He was a superb negotiator. He could somehow come out of a labor dispute or a dispute among managers with an

(Figure 4 continued)

agreement everyone could live with. I think he did this by getting all around a problem so it didn't get blown. People knew far in advance if something might go wrong."

Faults

"He was too easy on subordinates and peers at times. Line people wondered if he was tough enough, and sometimes why he spent so much time worrying about people."

Career

"He wasn't really developed--rather, he was thrown into special assignments--negotiations, dealing with the press, fix-it projects. He always found a way to move things off dead center."

And ended up . . .

Senior Vice President

One Who Didn't

The Man

"He got results, but was awfully insensitive about it. Although he could be charming when he wanted to be, he was mostly knees and elbows."

Notable Strengths

"He was a superb engineer who came straight up the operations ladder. He had the rare capability of analyzing problems to death, then reconfiguring the pieces into something new."

Faults

"When developing something, he gave subordinates more help than they needed; but once a system was set up, he forgot to mind the store. When things went awry, he usually acted like a bully or stonewalled it, once hiring a difficult employee and turning him over to a subordinate. 'It's your problem now,' he told him."

(Figure 4 continued)

Career

"He rocketed upward through engineering/operations jobs. Once he got high enough, his deficiencies caught up with him. He couldn't handle either the scope of his job or the complexity of new ventures."

And ended up . . .

"Passed over and it's too bad. He was a talented guy and not a bad manager either. I suppose that his over-managing, abrasive style never allowed his colleagues to develop and never allowed him to learn from them."

Managing your boss

John J. Gabarro and John P. Kotter

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Managing your boss

A compatible relationship with your superior is essential to being effective in your job

John J. Gabarro and John P. Kotter

Good managers recognize that a relationship with a boss involves mutual dependence and that, if it is not managed well, they cannot be effective in their jobs. They also recognize that the boss-subordinate relationship is not like the one between a parent and a child, in that the burden for managing the relationship should not and cannot fall entirely on the boss. Bosses are only human; their wisdom and maturity are not always greater than their subordinates'. Effective managers see managing the relationship with the boss as part of their job. As a result, they take time and energy to develop a relationship that is consonant with both persons' styles and assets and that meets the most critical needs of each.

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Drawings by Arnie Levin.

To many the phrase *managing your boss* may sound unusual or suspicious. Because of the traditional top-down emphasis in organizations, it is not obvious why you need to manage relationships upward—unless, of course, you would do so for personal or political reasons. But in using the expression *managing your boss*, we are not referring to political maneuvering or apple polishing. Rather, we are using the term to mean the process of consciously working with your superior to obtain the best possible results for you, your boss, and the company.

Recent studies suggest that effective managers take time and effort to manage not only relationships with their subordinates but also those with their bosses.[1] These studies show as well that this aspect of management, essential though it is to survival and advancement, is sometimes ignored by otherwise talented and aggressive managers. Indeed, some managers who actively and effectively supervise subordinates, products, markets, and technologies, nevertheless assume an almost passively reactive stance vis-à-vis their bosses. Such a stance practically always hurts these managers and their companies.

If you doubt the importance of managing your relationship with your boss or how difficult it is to do so effectively, consider for a moment the following sad but telling story:

Frank Gibbons was an acknowledged manufacturing genius in his industry and, by any profitability standard, a very effective executive. In 1973, his

1. See, for example, John J. Gabarro, "Socialization at the Top—How CEOs and Their Subordinates Develop Interpersonal Contracts," *Organizational Dynamics*, Winter 1979, and John P. Kotter, *Power in Management*, AMACOM, 1979.

strengths propelled him into the position of vice president of manufacturing for the second largest and most profitable company in its industry. Gibbons was not, however, a good manager of people. He knew this, as did others in his company and his industry. Recognizing this weakness, the president made sure that those who reported to Gibbons were good at working with people and could compensate for his limitations. The arrangement worked well.

In 1975, Philip Bonnevie was promoted into a position reporting to Gibbons. In keeping with the previous pattern, the president selected Bonnevie because he had an excellent track record and a reputation for being good with people. In making that selection, however, the president neglected to notice that, in his rapid rise through the organization, Bonnevie himself had never reported to anyone who was poor at managing subordinates. Bonnevie had always had good-to-excellent bosses. He had never been forced to manage a relationship with a difficult boss. In retrospect, Bonnevie admits he had never thought that managing his boss was a part of his job.

Fourteen months after he started working for Gibbons, Bonnevie was fired. During that same quarter, the company reported a net loss for the first time in seven years. Many of those who were close to these events say that they don't really understand what happened. This much is known, however: while the company was bringing out a major new product—a process that required its sales, engineering, and manufacturing groups to coordinate their decisions very carefully—a whole series of misunderstandings and bad feelings developed between Gibbons and Bonnevie.

For example, Bonnevie claims Gibbons was aware of and had accepted Bonnevie's decision to use a new type of machinery to make the new product; Gibbons swears he did not. Furthermore, Gibbons claims he made it clear to Bonnevie that introduction of the product was too important to the company in the short run to take any major risks.

As a result of such misunderstandings, planning went awry: a new manufacturing plant was built that could not produce the new product designed by engineering, in the volume desired by sales, at a cost agreed on by the executive committee. Gibbons blamed Bonnevie for the mistake. Bonnevie blamed Gibbons.

Of course, one could argue that the problem here was caused by Gibbons's inability to manage his subordinates. But one can make just as strong a case that the problem was related to Bonnevie's inability to manage his boss. Remember, Gibbons was

not having difficulty with any other subordinates. Moreover, given the personal price paid by Bonnevie (being fired and having his reputation within the industry severely tarnished), there was little consolation in saying the problem was that Gibbons was poor at managing subordinates. Everyone already knew that.

We believe that the situation could have turned out differently had Bonnevie been more adept at understanding Gibbons and at managing his relationship with him. In this case, an inability to manage upward was unusually costly. The company lost $2 to $5 million, and Bonnevie's career was, at least temporarily, disrupted. Many less costly cases like this probably occur regularly in all major corporations, and the cumulative effect can be very destructive.

Misreading the boss-subordinate relationship

People often dismiss stories like the one we just related as being merely cases of personality conflict. Because two people can on occasion be psychologically or temperamentally incapable of working together, this can be an apt description. But more often, we have found, a personality conflict is only a part of the problem—sometimes a very small part.

Bonnevie did not just have a different personality from Gibbons, he also made or had unrealistic assumptions and expectations about the very nature of boss-subordinate relationships. Specifically, he did not recognize that his relationship to Gibbons involved *mutual dependence* between two *fallible* human beings. Failing to recognize this, a manager typically either avoids trying to manage his or her relationship with a boss or manages it ineffectively.

Some people behave as if their bosses were not very dependent on them. They fail to see how much the boss needs their help and cooperation to do his or her job effectively. These people refuse to acknowledge that the boss can be severely hurt by their actions and needs cooperation, dependability, and honesty from them.

Some see themselves as not very dependent on their bosses. They gloss over how much help and information they need from the boss in order to perform their own jobs well. This superficial view is particularly damaging when a manager's job and decisions affect other parts of the organization, as was the case in Bonnevie's situation. A manager's immediate boss can play a critical role in linking the manager to the rest of the organization, in making sure the manager's priorities are consistent with organizational needs, and in securing the resources the manager needs to perform well. Yet some managers need to see themselves as practically self-sufficient, as not needing the critical information and resources a boss can supply.

Many managers, like Bonnevie, assume that the boss will magically know what information or help their subordinates need and provide it to them. Certainly, some bosses do an excellent job of caring for their subordinates in this way, but for a manager to expect that from all bosses is dangerously unrealistic. A more reasonable expectation for managers to have is that modest help will be forthcoming. After all, bosses are only human. Most really effective managers accept this fact and assume primary responsibility for their own careers and development. They make a point of seeking the information and help they need to do a job instead of waiting for their bosses to provide it.

In light of the foregoing, it seems to us that managing a situation of mutual dependence among fallible human beings requires the following:

- That you have a good understanding of the other person and yourself, especially regarding strengths, weaknesses, work styles, and needs.
- That you use this information to develop and manage a healthy working relationship—one which is compatible with both persons' work styles and assets, is characterized by mutual expectations, and meets the most critical needs of the other person.

And that is essentially what we have found highly effective managers doing.

Understanding the boss & yourself

Managing your boss requires that you gain an understanding of both the boss and his context as well as your own situation and needs. All managers do this to some degree, but many are not thorough enough.

The boss's world

At a minimum, you need to appreciate your boss's goals and pressures, his or her strengths and weak-

nesses. What are your boss's organizational and personal objectives, and what are the pressures on him, especially those from his boss and others at his level? What are your boss's long suits and blind spots? What is his or her preferred style of working? Does he or she like to get information through memos, formal meetings, or phone calls? Does your boss thrive on conflict or try to minimize it?

Without this information, a manager is flying blind when dealing with his boss, and unnecessary conflicts, misunderstandings, and problems are inevitable.

Goals & pressures

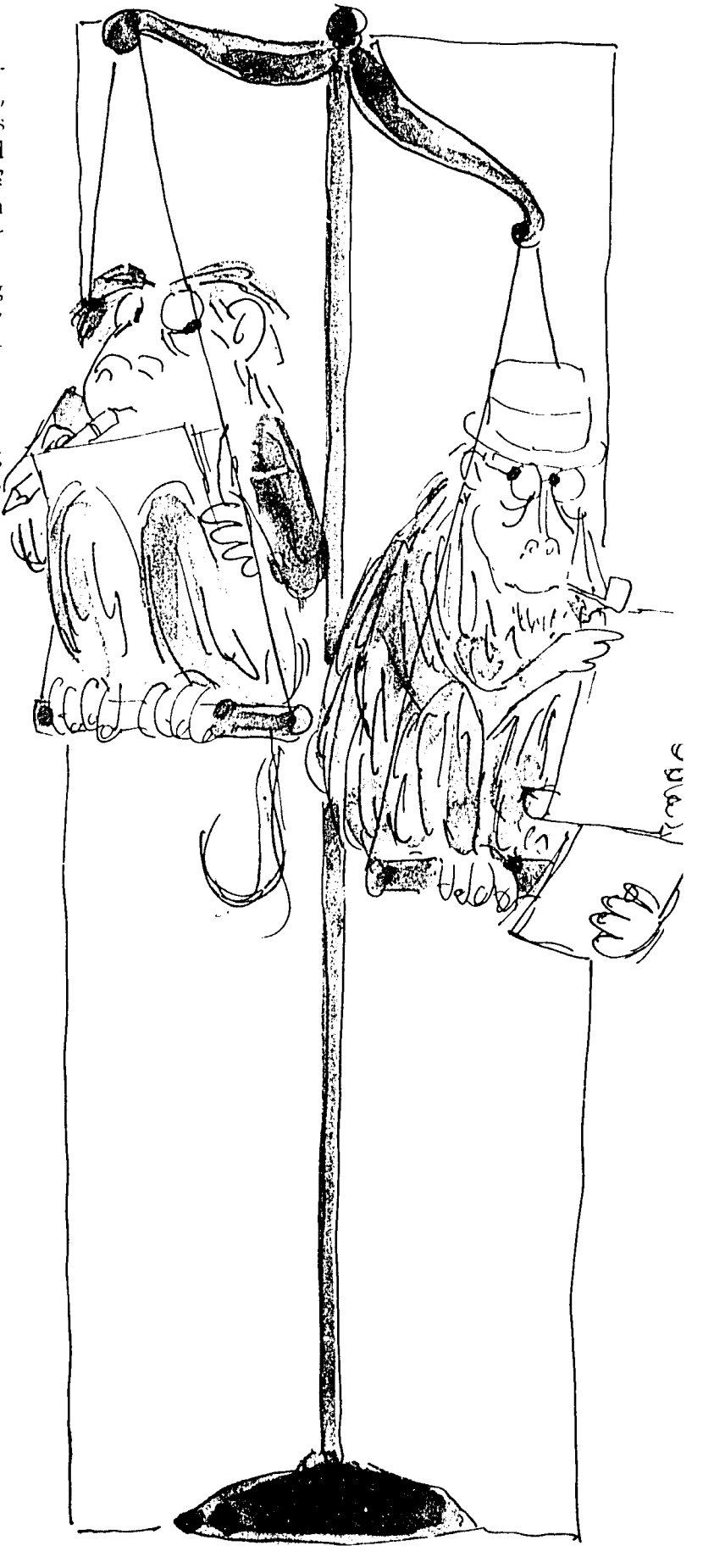
In one situation we studied, a top-notch marketing manager with a superior performance record was hired into a company as a vice president "to straighten out the marketing and sales problems." The company, which was having financial difficulties, had been recently acquired by a larger corporation. The president was eager to turn it around and gave the new marketing vice president free rein—at least initially. Based on his previous experience, the new vice president correctly diagnosed that greater market share was needed and that strong product management was required to bring that about. As a result, he made a number of pricing decisions aimed at increasing high-volume business.

When margins declined and the financial situation did not improve, however, the president increased pressure on the new vice president. Believing that the situation would eventually correct itself as the company gained back market share, the vice president resisted the pressure.

When by the second quarter margins and profits had still failed to improve, the president took direct control over all pricing decisions and put all items on a set level of margin, regardless of volume. The new vice president began to find himself shut out by the president, and their relationship deteriorated. In fact, the vice president found the president's behavior bizarre. Unfortunately, the president's new pricing scheme also failed to increase margins, and by the fourth quarter both the president and the vice president were fired.

What the new vice president had not known until it was too late was that improving marketing and sales had been only *one* of the president's goals. His most immediate goal had been to make the company more profitable—quickly.

Nor had the new vice president known that his boss was invested in this short-term priority for personal as well as business reasons. The president had been a strong advocate of the acquisition with-



in the parent company, and his personal credibility was at stake.

The vice president made three basic errors. He took information supplied to him at face value, he made assumptions in areas where he had no information, and—most damaging—he never actively tried to clarify what his boss's objectives were. As a result, he ended up taking actions that were actually at odds with the president's priorities and objectives.

Managers who work effectively with their bosses do not behave this way. They seek out information about the boss's goals and problems and pressures. They are alert for opportunities to question the boss and others around him to test their assumptions. They pay attention to clues in the boss's behavior. Although it is imperative they do this when they begin working with a new boss, effective managers also do this on an ongoing basis because they recognize that priorities and concerns change.

Strengths, weaknesses & work style

Being sensitive to a boss's work style can be crucial, especially when the boss is new. For example, a new president who was organized and formal in his approach replaced a man who was informal and intuitive. The new president worked best when he had written reports. He also preferred formal meetings with set agendas.

One of his division managers realized this need and worked with the new president to identify the kinds and frequency of information and reports the president wanted. This manager also made a point of sending background information and brief agendas for their discussions. He found that with this type of preparation their meetings were very useful. Moreover, he found that with adequate preparation his new boss was even more effective at brainstorming problems than his more informal and intuitive predecessor had been.

In contrast, another division manager never fully understood how the new boss's work style differed from that of his predecessor. To the degree that he did sense it, he experienced it as too much control. As a result, he seldom sent the new president the background information he needed, and the president never felt fully prepared for meetings with the manager. In fact, the president spent much of his time when they met trying to get information that he felt he should have had before his arrival. The boss experienced these meetings as frustrating and inefficient, and the subordinate often found himself thrown off guard by the questions that the president asked. Ultimately, this division manager resigned.

The difference between the two division managers just described was not so much one of ability or even adaptability. Rather, the difference was that one of the men was more sensitive to his boss's work style than the other and to the implications of his boss's needs.

You & your needs

The boss is only one-half of the relationship. You are the other half, as well as the part over which you have more direct control. Developing an effective working relationship requires, then, that you know your own needs, strengths and weaknesses, and personal style.

Your own style

You are not going to change either your basic personality structure or that of your boss. But you can become aware of what it is about you that impedes or facilitates working with your boss and, with that awareness, take actions that make the relationship more effective.

For example, in one case we observed, a manager and his superior ran into problems whenever they disagreed. The boss's typical response was to harden his position and overstate it. The manager's reaction was then to raise the ante and intensify the forcefulness of his argument. In doing this, he channeled his anger into sharpening his attacks on the logical fallacies in his boss's assumptions. His boss in turn would become even more adamant about holding his original position. Predictably, this escalating cycle resulted in the subordinate avoiding whenever possible any topic of potential conflict with his boss.

In discussing this problem with his peers, the manager discovered that his reaction to the boss was typical of how he generally reacted to counterarguments—but with a difference. His response would overwhelm his peers, but not his boss. Because his attempts to discuss this problem with his boss were unsuccessful, he concluded that the only way to change the situation was to deal with his own instinctive reactions. Whenever the two reached an impasse, he would check his own impatience and suggest that they break up and think about it before getting together again. Usually when they renewed their discussion, they had digested their differences and were more able to work them through.

Gaining this level of self-awareness and acting on it are difficult but not impossible. For example, by reflecting over his past experiences, a young manager learned that he was not very good at dealing

with difficult and emotional issues where people were involved. Because he disliked those issues and realized that his instinctive responses to them were seldom very good, he developed a habit of touching base with his boss whenever such a problem arose. Their discussions always surfaced ideas and approaches the manager had not considered. In many cases, they also identified specific actions the boss could take to help.

Dependence on authority figures

Although a superior-subordinate relationship is one of mutual dependence, it is also one in which the subordinate is typically more dependent on the boss than the other way around. This dependence inevitably results in the subordinate feeling a certain degree of frustration, sometimes anger, when his actions or options are constrained by his boss's decisions. This is a normal part of life and occurs in the best of relationships. The way in which a manager handles these frustrations largely depends on his or her predisposition toward dependence on authority figures.

Some people's instinctive reaction under these circumstances is to resent the boss's authority and to rebel against the boss's decisions. Sometimes a person will escalate a conflict beyond what is appropriate. Seeing the boss almost as an institutional enemy, this type of manager will often, without being conscious of it, fight with the boss just for the sake of fighting. His reactions to being constrained are usually strong and sometimes impulsive. He sees the boss as someone who, by virtue of his role, is a hindrance to progress, an obstacle to be circumvented or at best tolerated.

Psychologists call this pattern of reactions counterdependent behavior. Although a counterdependent person is difficult for most superiors to manage and usually has a history of strained relationships with superiors, this sort of manager is apt to have even more trouble with a boss who tends to be directive or authoritarian. When the manager acts on his or her negative feelings, often in subtle and nonverbal ways, the boss sometimes *does* become the enemy. Sensing the subordinate's latent hostility the boss will lose trust in the subordinate or his judgment and behave less openly.

Paradoxically, a manager with this type of predisposition is often a good manager of his own people. He will often go out of his way to get support for them and will not hesitate to go to bat for them.

At the other extreme are managers who swallow their anger and behave in a very compliant fashion when the boss makes what they know to be a poor decision. These managers will agree with the boss even when a disagreement might be welcome or when the boss would easily alter his decision if given more information. Because they bear no relationship to the specific situation at hand, their responses are as much an overreaction as those of counterdependent managers. Instead of seeing the boss as an enemy, these people deny their anger—the other extreme—and tend to see the boss as if he or she were an all-wise parent who should know best, should take responsibility for their careers, train them in all they need to know, and protect them from overly ambitious peers.

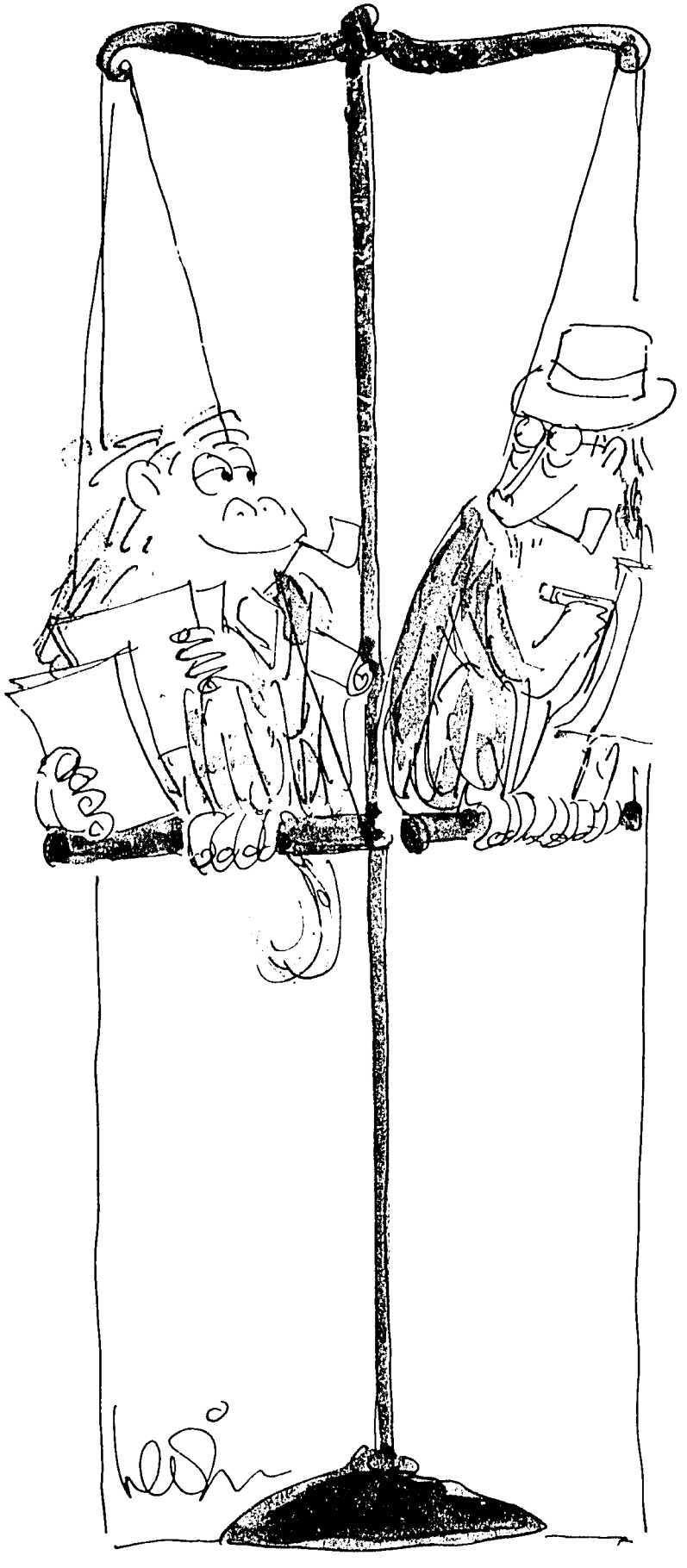
Both counterdependence and overdependence lead managers to hold unrealistic views of what a boss is. Both views ignore that most bosses, like everyone else, are imperfect and fallible. They don't have unlimited time, encyclopedic knowledge, or extrasensory perception; nor are they evil enemies. They have their own pressures and concerns that are sometimes at odds with the wishes of the subordinate—and often for good reason.

Altering predispositions toward authority, especially at the extremes, is almost impossible without intensive psychotherapy (psychoanalytic theory and research suggest that such predispositions are deeply rooted in a person's personality and upbringing). However, an awareness of these extremes and the range between them can be very useful in understanding where your own predispositions fall and what the implications are for how you tend to behave in relation to your boss.

If you believe, on the one hand, that you have some tendencies toward counterdependence, you can understand and even predict what your reactions and overreactions are likely to be. If, on the other hand, you believe you have some tendencies toward overdependence, you might question the extent to which your overcompliance or inability to confront real differences may be making both you and your boss less effective.

Developing & managing the relationship

With a clear understanding of both your boss and yourself, you can—usually—establish a way of working together that fits both of you, that is characterized by unambiguous mutual expectations, and that helps both of you to be more productive and effec-



tive. We have already outlined a few things such a relationship consists of, which are itemized in the *Exhibit*, and here are a few more.

Compatible work styles

Above all else, a good working relationship with a boss accommodates differences in work style. For example, in one situation we studied, a manager (who had a relatively good relationship with his superior) realized that during meetings his boss would often become inattentive and sometimes brusque. The subordinate's own style tended to be discursive and exploratory. He would often digress from the topic at hand to deal with background factors, alternative approaches, and so forth. His boss, instead, preferred to discuss problems with a minimum of background detail and became impatient and distracted whenever his subordinate digressed from the immediate issue.

Recognizing this difference in style, the manager became terser and more direct during meetings with his boss. To help himself do this, before meetings with the boss he would develop brief agendas that he used as a guide. Whenever he felt that a digression was needed, he explained why. This small shift in his own style made these meetings more effective and far less frustrating for them both.

Subordinates can adjust their styles in response to their bosses' preferred method for receiving information. Peter Drucker divides bosses into "listeners" and "readers." Some bosses like to get information in report form so that they can read and study it. Others work better with information and reports presented in person so that they can ask questions. As Drucker points out, the implications are obvious. If your boss is a listener, you brief him in person, *then* follow it up with a memo. If your boss is a reader, you cover important items or proposals in a memo or report, *then* discuss them with him.

Other adjustments can be made according to a boss's decision-making style. Some bosses prefer to be involved in decisions and problems as they arise. These are high-involvement managers who like to keep their hands on the pulse of the operation. Usually their needs (and your own) are best satisfied if you touch base with them on an ad hoc basis. A boss who has a need to be involved will become involved one way or another, so there are advantages to including him at your initiative. Other bosses prefer to delegate—they don't want to be involved. They expect you to come to them with

major problems and inform them of important changes.

Creating a compatible relationship also involves drawing on each other's strengths and making up for each other's weaknesses. Because he knew that his boss—the vice president of engineering—was not very good at monitoring his employees' problems, one manager we studied made a point of doing it himself. The stakes were high: the engineers and technicians were all union members, the company worked on a customer-contract basis, and the company had recently experienced a serious strike.

The manager worked closely with his boss, the scheduling department, and the personnel office to ensure that potential problems were avoided. He also developed an informal arrangement through which his boss would review with him any proposed changes in personnel or assignment policies before taking action. The boss valued his advice and credited his subordinate for improving both the performance of the division and the labor-management climate.

Exhibit
Managing the relationship with your boss

Make sure you understand your boss and his context, including:
His goals and objectives
The pressures on him
His strengths, weaknesses, blind spots
His preferred work style
Assess yourself and your needs, including:
Your own strengths and weaknesses
Your personal style
Your predisposition toward dependence on authority figures
Develop and maintain a relationship that:
Fits both your needs and styles
Is characterized by mutual expectations
Keeps your boss informed
Is based on dependability and honesty
Selectively uses your boss's time and resources

Mutual expectations

The subordinate who passively assumes that he or she knows what the boss expects is in for trouble. Of course, some superiors will spell out their expectations very explicitly and in great detail. But most do not. And although many corporations have systems that provide a basis for communicating expectations (such as formal planning processes, career planning reviews, and performance appraisal reviews), these systems never work perfectly. Also, between these formal reviews expectations invariably change.

Ultimately, the burden falls on the subordinate to find out what the boss's expectations are. These expectations can be both broad (regarding, for example, what kinds of problems the boss wishes to be informed about and when) as well as very specific (regarding such things as when a particular project should be completed and what kinds of information the boss needs in the interim).

Getting a boss who tends to be vague or nonexplicit to express his expectations can be difficult. But effective managers find ways to get that information. Some will draft a detailed memo covering key aspects of their work and then send it to their bosses for approval. They then follow this up with a face-to-face discussion in which they go over each item in the memo. This discussion often surfaces virtually all of the boss's relevant expectations.

Other effective managers will deal with an inexplicit boss by initiating an ongoing series of informal discussions about "good management" and "our objectives." Still others find useful information more indirectly through those who used to work for the boss and through the formal planning systems in which the boss makes commitments to his superior. Which approach you choose, of course, should depend on your understanding of your boss's style.

Developing a workable set of mutual expectations also requires that you communicate your own expectations to the boss, find out if they are realistic, and influence the boss to accept the ones that are important to you. Being able to influence the boss to value your expectations can be particularly important if the boss is an overachiever. Such a boss will often set unrealistically high standards that need to be brought into line with reality.

A flow of information

How much information a boss needs about what a subordinate is doing will vary significantly depending on the boss's style, the situation he is in, and the confidence he has in the subordinate. But it is not uncommon for a boss to need more information than the subordinate would naturally supply or for the subordinate to think the boss knows more than he really does. Effective managers recognize that

they probably underestimate what the boss needs to know and make sure they find ways to keep him informed through a process that fits his style.

Managing the flow of information upward is particularly difficult if the boss does not like to hear about problems. Although many would deny it, bosses often give off signals that they want to hear only good news. They show great displeasure—usually nonverbally—when someone tells them about a problem. Ignoring individual achievement, they may even evaluate more favorably subordinates who do not bring problems to them.

Nevertheless—for the good of the organization, boss, and subordinate—a superior needs to hear about failures as well as successes. Some subordinates deal with a good-news-only boss by finding indirect ways to get the necessary information to him, such as a management information system in which there is no messenger to be killed. Others see to it that potential problems, whether in the form of good surprises or bad news, are communicated immediately.

Dependability & honesty

Few things are more disabling to a boss than a subordinate on whom he cannot depend, whose work he cannot trust. Almost no one is intentionally undependable, but many managers are inadvertently so because of oversight or uncertainty about the boss's priorities. A commitment to an optimistic delivery date may please a superior in the short term but be a source of displeasure if not honored. It's difficult for a boss to rely on a subordinate who repeatedly slips deadlines. As one president put it (describing a subordinate): "When he's great, he's terrific, but I can't depend on him. I'd rather he be more consistent even if he delivered fewer peak successes—at least I could rely on him."

Nor are many managers intentionally dishonest with their bosses. But it is so easy to shade the truth a bit and play down concerns. Current concerns often become future surprise problems. It's almost impossible for bosses to work effectively if they cannot rely on a fairly accurate reading from their subordinates. Because it undermines credibility, dishonesty is perhaps the most troubling trait a subordinate can have. Without a basic level of trust in a subordinate's word, a boss feels he has to check all of a subordinate's decisions, which makes it difficult to delegate.

Good use of time & resources

Your boss is probably as limited in his store of time, energy, and influence as you are. Every request you make of him uses up some of these resources. For this reason, common sense suggests drawing on these resources with some selectivity. This may sound obvious, but it is surprising how many managers use up their boss's time (and some of their own credibility) over relatively trivial issues.

In one instance, a vice president went to great lengths to get his boss to fire a meddlesome secretary in another department. His boss had to use considerable effort and influence to do it. Understandably, the head of the other department was not pleased. Later, when the vice president wanted to tackle other more important problems that required changes in the scheduling and control practices of the other department, he ran into trouble. He had used up many of his own as well as his boss's blue chips on the relatively trivial issue of getting the secretary fired, thereby making it difficult for him and his boss to meet more important goals.

Whose job is it?

No doubt, some subordinates will resent that on top of all their other duties, they also need to take time and energy to manage their relationships with their bosses. Such managers fail to realize the importance of this activity and how it can simplify their jobs by eliminating potentially severe problems. Effective managers recognize that this part of their work is legitimate. Seeing themselves as ultimately responsible for what they achieve in an organization, they know they need to establish and manage relationships with everyone on whom they are dependent, and that includes the boss.

SMR Forum: Management and the Art of Chinese Baseball

Ralph G. H. Siu, Consultant

If the hallmark of effective managers is their ability to combine the tools of the "science of management" with a more intuitive "art of management," as this author argues, then the following provocative article may advance the state of that "art" by providing some insightful and entertaining guidelines for managers interested in self-improvement. *Ed.*

The crux of effective management is getting the desired things done by acting, quasi-acting, and nonacting. To be sure, acting and nonacting include the *science of management* — the objective, the verbalizable, the systems analytical, and all of the other quantifiable factors that have been so well covered in the thoughtful pages of SMR. But they also include the *art of management* — the subjective, the ineffable, the holistic synthetic, and the infinite concatenations of cascading sensed-unknowables. Small executive decisions are weighted toward the scientific polarity; BIG executive decisions are weighted toward the artistic.

This little opinion in a somewhat light vein proposes to spotlight the artistic and intuitive facets of executive life. Without intending to detract from the essential scientific and objective inputs, it seeks to depict the reality of what actually goes on and to encourage a richer amalgam of the two polarities than has been evident in the relatively one-sided, scientifically-dominated management literature of the last two decades.

The Singularly Essential Art

By way of background, let us refresh ourselves as to the kind of milieu in which BIG decisions are made by referring to two current examples. The first example is from international trade. For over a decade, the giant transatlantic commercial airlines have been eying each other and gingerly lowering their respective fares a little at a time to obtain a higher fraction of the total passenger business. Just about the time when some semblance of competitive price equilibrium was about to be reached, Britain's Laker Airways suddenly launched a no-frills, no-reservation air service between New York City and London at drastically reduced rates in late 1977 and began steps to start a similar service between Los Angeles and London in late 1978. The round-trip ticket in the latter case would be less than half

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that charged by TWA and British Airways, covering the same route. Overnight, as it were, the carefully calculated projections of the major carriers had to be recalibrated.

The second case is taken from domestic politics. During the early stages of congressional debate over the energy bill in 1977, the Senate majority was pushing toward a version to which the President said he was unalterably opposed. Several of the loyal Democratic senators took the signal and launched a filibuster to defeat the measure. Just as they felt that their maneuver was succeeding, as everyone was being worn to a frazzle, the Vice-President and the majority leader pulled a parliamentary move that resulted in the passage of the controversial bill. This left the erstwhile filibustering stalwarts, as the American vernacular puts it, "fit to be tied."

We can readily see from these sketches why it is that the singularly essential skill among senior executives lies in the art of Chinese Baseball. Chinese Baseball, by the way, is played almost exactly like American Baseball. It uses the same players, same field, same bats and balls, same method of keeping score, and so on. The batter stands in the batter's box, as usual. The pitcher stands on the pitcher's mound, as usual. He winds up, as usual, and zips the ball down the alley. There is one and only one difference — after the ball leaves the pitcher's hand and as long as the ball is in the air, anyone can move any of the bases anywhere.

In other words, everything is continually changing — not only the events themselves, but also the very rules governing those events. This kind of arena is alien to the scientific tradition of fixed boundary conditions, clearly defined variables, nonsubjective assessments, and rational consistency within a closed system. In the ball game of competitive actualities, everything is in flux, and all systems are open.

Five Management Principles

From the strategic artistry of Chinese Baseball flow five basic management principles.

1. Act from an instantaneous apprehension of the totality.

This principle pertains to what many Chinese regard as the mark of a wise man. The key word is "apprehending," as contrasted to "understanding." It is important, of course, to understand things. But that is not enough. An effective chief executive must be able to reach into a mass of conflicting data and opinions and pull out the right thing to do at the right moment of need. He or she does not get trapped in the double bind of riding the train of logic too long. Such a fix is exemplified by the King of the Alligators, who captured a beautiful maiden when she fell out of her canoe. The mother begged for her return. Touched by the streaming tears, the King of the Alligators offered her a sporting proposition. He would return the

daughter, if the mother could make one true statement. Without thinking, the old lady replied: "You're going to keep my daughter."

Effective CEOs are seldom sprung in this manner. They are aware that rationality and the scientific method provide critical inputs to only one of three crucial questions overarching key decisions. These are: (a) Does it add up? (b) Does it sound okay? and (c) Does it feel right? Logic and science contribute primarily to the first question, less to the second, and even less to the third. The master executive always massages his or her critical decisions in such a way that the responses to all three questions are positive. This can never be realized through understanding alone but only through apprehending.

The second important word in the first management principle is "totality." There is no need to belabor the familiar moral behind the story of the blind men and the elephant. But a comment or two on the contrast between the wholist and the partist strategies in resolving issues may be cogent.

The *wholist strategy* begins with the totality of a situation, whereby all possible factors are included within the net of consideration. The unnecessary and less relevant components are then successively eliminated until the desired equilibrium is attained. In this case, the tentative resolution at any given time is always relatively correct but imprecise due to the varying degrees of extraneous chaff until the end point is reached.

The *partist strategy* begins with a small collection of factors assumed to be necessary and sufficient for the case at hand. Different combinations and permutations of increasing complexity are then successively tested. In this case, the tentative resolution at any given time is always precisely stated but relatively wrong until the end point is reached.

Some time ago some researchers conducted a preliminary comparison of the two approaches in the solution of problems. The results suggested that given infinite time, either technique would deliver the correct resolution. Given only limited time, however, the wholist strategy was found to be superior. When the game of Chinese Baseball is taken into consideration, the odds would be overwhelmingly in favor of the wholist strategy. Furthermore, as any professional football player knows so well, the BIG games are decided more often than not on the mistakes committed rather than on the yardage gained. Although the wholist strategy may not make as much yardage in any one play or any one game, it is relatively invulnerable to fatal mistakes. In contrast, although the partist strategy may make a spectacular yardage in any one play or any one game, it is invariably susceptible to fatal mistakes over time.

2. Subsume yourself and resonate.

This principle pertains to the social meaning of one's own operations. In applying the principle, the executive will first have to clearly define both his or her operational concern and the context in which his or her opera-

tions are imbedded. In the case of a chief executive officer, the operational concern is the corporation and the context is the community at large. The executive imparts social significance and value to the operations (the corporation) by subsuming it in the larger context (the community) and then by looking at them separately from the two perspectives: from his or her position of responsibility in the corporation and from the interest and viewpoint of the community. By continually resonating one against the other, the executive can then draw unto the corporation a broader-based strength from the community and at the same time give the community the full benefit of the corporation's operations.

An example of how the subsuming-and-resonating principle works is the way in which accomplished utility executives are able to gain their requested rate increases from utility commissions. They intuitively sense the fact that the decisive factor in winning them is not the company's need for the higher rates per se but the community's perception of whether its overall requirements can be met better by granting the rate increases rather than by spending its monies elsewhere. By being sensitive to the feelings of the people in the subsuming context and their regulator-representatives and by continually resonating the corporation's interest against the community's throughout the year, the accomplished utility executive brings about a shared mutuality. The more congruent the perceived overlapping interests, the closer the executive is targeting the requisite resonance.

3. Maintain multiple tactical targets within attainable reach until the moment of final commitment.

This principle pertains to competitive effectiveness. What is being assured is the freedom of tactical movement within a strategic thrust. One should not be a slave to a single tactical target from the very beginning. This would lock the individual into a rigid course of advance, which can be much more readily frustrated by the inevitable vicissitudes of life. Instead, the executive should have at least two alternative targets, committing himself or herself to a specific one at the last moment. This reference to alternative tactical targets in no way implies a prime target with fallback substitutes. For although this is often the best that can be achieved, it is preferable to have all alternatives equally feasible until the final closure.

The AMK Company's take-over of United Fruit a decade or so ago illustrates the principle. Up to the last move, AMK could have either clinched control of United Fruit by acquiring more shares or made money by selling the shares it held. It chose to gain control.

Another example of multiple tactical targets is contained in the story of the prisoner in ancient Persia. He and his cellmate had been condemned to death by the Sultan. Knowing how much the Sultan loved his stallion, the prisoner offered to teach the horse to fly in a year in exchange for his life. The Sultan, fancying himself as the rider of the only flying horse in the

world, agreed. The other prisoner looked on in disbelief. "You *know* horses don't fly. You're only postponing the inevitable." "Not so," said the clever tactician. "I have actually given myself *four* chances for freedom. First, the Sultan might die during the year. Second, I might die. Third, the horse might die. And fourth, you know, I might just teach that horse to fly."

4. Be propitious.

This principle pertains to elegance and style in getting things done. Everyone talks at length about timing: lead time, lag time, critical path in planning schedules, and so on. But relatively few exhibit a native feel for the instrument of time in practice. Most people allow wishful thinking to distort their estimates of incubation time, of time to build up a psychological head of steam, of time for infractions to be forgiven, and of time for people to become bored and impatient. They do not anticipate the time it takes for different acts to come to fruition, or match this against the development time available. They fail to lay the basis for the resolution of conflicts before their actual onset. The net result is a lifelong staccato of crisis after crisis. They never glide with the art of de-existing them.

A common manifestation of inept timing, especially among more aggressive junior executives, is premature closure. They want to arrive at an answer as soon as possible, instead of when required. As a consequence, they do not reconnoiter the problem thoroughly. They do not probe the more complex alternatives, which might prove more remunerative. They do not even allow sufficient time for the dilemma to go away on its own, when such might well happen. When victory seems within sight, they often launch into the final push before making certain that the psychological momentum is in their favor. A favorable outcome, if attained under such circumstances, may be extra costly. And they may very well fail.

Many executives just cannot seem to get the sequencing of their actions straight in the implementation of a well-drawn-up plan. They are reminiscent of the Texan who wanted to become an Alaskan. When Alaska was admitted as a state, the Texan moved up there because he wanted to continue living in the largest state of the Union. Even after spending quite some time there, however, he did not seem to be accepted by the natives as a real Sourdough. In his deep discouragement sitting at the bar one day, he bemoaned his troubles to the bartender. The man took pity on him and finally told him the secret. "What you need to do to become accepted as one of us are three things. First, drink a fifth of whiskey in one swig. Second, make love to an eskimo girl. And third, shoot an Alaskan bear." The Texan grabbed the bottle of whiskey, downed it in one long gurgle, then stalked out of the saloon. Eight hours later the Texan staggered back through the swinging doors, all bloodied and battered, clothes torn to shreds, but still undaunted. He beat his chest and bellowed forth: "Noaaw, where's that eskimo gal ah'm s'pposed to shoot?"

5. Orchestrate the virtual presences.

This principle pertains to the essence of leadership. The creation of and response to virtual presences are unique to the human species among animals. A virtual presence is something which is not real in the space-time sense, yet it exerts a practical effect as if it were. An example of a virtual presence in mathematics is the square root of minus one. There is no such thing even by its own rules. It cannot be plus one, because plus one times plus one equals plus one — not minus one. It cannot be minus one, because minus one times minus one equals plus one — not minus one. Yet this purely imaginary number is used very effectively in calculations involving real events, producing very worthwhile and practical answers that cannot be obtained in any other way. There would not have been any modern physics in the sense we know it today had not the virtual presence of the square root of minus one been invented.

Much of man's psychological well-being is a function of virtual presences. There would not have been such mental anguish, had not the capacity for producing virtual presences of hallucinations, delusions, and schizophrenic selves been engendered through the unfortunate confluence of genetic endowments and environmental influences.

Our social activities are driven by virtual presences. There would not have been such rapid cultural progress of the kind we know today had not the virtual presences of all kinds of myths been blandished before the young by their elders. There would not have been wars of the massive destructiveness we experience today had not the virtual presences of patriotism and other fanciful propaganda been drummed into the citizenry by its leaders.

In this connection, one of the most prevalent deficiencies among the inexperienced and immature is the disdain with which they view ceremonies. Men and women of great power, however, know all too well that ceremonies constitute the lubricant of social processes and the seal of community approval. They are always creatively nimble in the adaptation of ceremonial stratagems.

The Master of Action

It may be well, in closing, to remind ourselves that the various facets of management have been dissected into distinct topics only for discussion purposes. It seems that we can think and talk about things only in an abstract and analytical mode. Of course, this is not the way that phenomena occur in nature. Happenings do not stand still for our slow-witted thinking. To be in control of the situation is to ride the moment on the wing in an agglomerate gut-feeling fitness. Science and art, cause and effect, plans and operations, means and ends — all merge in the instant of the act. This is the hallmark of the Master of Action.

TEN DAY-TO-DAY GUIDELINES

Five proverbs for planning:

1. The shrike hunting the locust is unaware of the hawk hunting him.
2. The mouse with but one hole is easily taken.
3. In shallow waters, shrimps make fools of dragons.
4. Do not try to catch two frogs with one hand.
5. Give the bird room to fly.

Five proverbs for operations:

6. Do not insult the crocodile until you have crossed the river.
7. It is better to struggle with a sick jackass than carry the wood yourself.
8. Do not throw stone at mouse and break precious vase.
9. It is not the last blow of the ax that fells the tree.
10. The great executive not only brings home the bacon but also the applesauce.

WHY SOME MANAGERS DON'T GET THE MESSAGE

Many executives let it be known with their bullying manner that they don't want criticism. Others want it but don't get it.

By Robert E. Kaplan, Wilfred H. Drath, and Joan R. Kofodimos

LBJ's biographer, Doris Kearns, has described the imposing experience of being in the same room with President Johnson. "One could sense his extraordinary power the moment he entered a room," Kearns wrote. "There was a strange texture to the mere act of standing next to him; it seemed as if he were violating the physical space of those around him."

Imagine confronting such a person with his human foibles. No: very likely. We tend not to criticize the personal behavior of powerful people. Take these observations, made by a group of top-level executives and management experts:

☐ "When you're a manager, you develop a set of people you can get feedback from—a web, a grapevine. But as you rise in the hierarchy, it withers, and by the time you get to the top, it's dead."

☐ "The higher you go, the more constricted the feedback channels become."

☐ "In most corporate organizations senior executives don't get much feedback on their weaknesses. There is not that candor in executive suites."

These comments come from a series of interviews with 22 executives and 18 experts on executive development from a variety of organizations—large and small, public and private. The 40 interviews took from an hour to three hours each, and resulted in more than 400 pages of transcripts, which we subjected to careful analysis. We were looking for patterns in what executives found problematic about their jobs, how likely it was that they acknowledged the problems, and what conditions affected whether they became aware of their problems and tried to do something about them.

Many comments confirmed the fairly widespread notion that executives do not get much feedback from those around them. We came up with some preliminary thoughts on why not, and what can be done about it.

We are not speaking here of the inevitable and frequent criticisms made of the decisions and policies of an executive. These appear regularly in the press and are leveled at executives from many outside groups. As one CEO remarked wryly, "In this job you're not going to go home at night with a warm feeling." We are talking about feedback aimed not at *what* an executive does—the decisions he makes, the policies he formulates—but at *how* he does his job—his process of making a decision, his way of relating to others, his manner, style, behavior.

The executive's bearing, his way of being with other people, can inhibit feedback. This demeanor may stem from his mental acuity, his command of the issues, his history of success, or all three. It may be related to what the management consultant J. Sterling Livingston called the "will to power."

Whatever its source, the demeanor of people in charge serves a useful—probably indispensable—function. A certain air of authority is no doubt necessary for executives to do their jobs. Yet a powerful, dominating presence often chokes off criticism. We heard about the president of a $100 million organization who "did not receive a lot of feedback because he is a very dapper, proper, good-looking person who has a magnetism about him." People did not feel comfortable criticizing him.

Another executive, we learned, "acts dumb, is anti-intellectual. He swears at you, shortcuts things, doesn't want to hear things. You can see him using power. He's physically strong, intimidating. I've seen very few people talk back to him or kid him." Clearly, this is not the case with every executive. Some executives openly encourage feedback, though when this is done,

Illustrations by Tom Lulevich

the executive may still have problems convincing others of his sincerity.

In general, we found that an attitude implicit in the executive's bearing can discourage others from challenging him—especially about his management style. One executive-development specialist put this attitude into words: "I've made it to the top and one of the characteristics of being here is that the door opens one way; people don't swing my door open and tell me how to do my job." In other words, the executive's achievement entitles him to an exemption from advice and criticism.

Another aspect of demeanor that we noticed in some of our interviews with executives was their tendency to monopolize the conversation. The tendency to deliver monologues, which some executive-development specialists we interviewed also noted, discourages criticism for the simple reason that others have trouble getting into the conversation.

In extreme cases, an executive's demeanor can cut off information brutally. Although any superior can do this to a subordinate, high-level managers have more weight to throw around and perhaps also a greater need for power. For their trouble in speaking up, subordinates can be handed their heads on a platter. In less obvious cases, the executive's demeanor may carry an implied threat that he will use his position to a subordinate's disadvantage.

For their trouble in speaking up, subordinates can be handed their heads on a platter.

Plain abrasiveness can also get the executive in trouble. According to one of our sources, half of the executives identified in his corporation as being "problems" were also considered abrasive. In a recent study by our colleagues Morgan McCall and Michael Lombardo, abrasiveness was the most common reason for executives to derail in mid-career. "Zinging," as one respondent called it, usually destroys any instinct on the part of other people to help the executive with his problems, to give him constructive criticism, or to be a confidant. If anything, the abrasive executive inspires vengeful feelings in the people he attacks.

To one degree or another, then, the executive's demeanor, which derives from who he is and what he does, affects the willingness of people around the executive to criticize his managerial behavior and character. For executives whose demeanor is plainly hostile or abrasive, personal feedback is nearly impossible to get. For executives who welcome and encourage such feedback—and we heard of several in our interviews—there is still the problem of actually *getting* the feedback.

One theme we heard again and again in our interviews centered on the executive's extraordinary impact on those around him. Many of the executives themselves brought this up as a matter of concern, especially in the area of exercising their influence. A university president told us, "If you're chief executive, people not only take seriously but spread around things that you have simply sent up as a trial balloon. You're really saying, 'I want to talk about this,' and bango, it's all over the lot." A casual comment can reverberate with significance. One executive told us of seeing a picture on a subordinate's office wall. He said casually to the subordinate, "Why do you have that picture?" He was only making conversation, or so he thought. The next day, when he returned to the subordinate's office, the picture had been taken away. People hang (or unhang) on every word. Comments become commands; statements become injunctions. This effect can become so pronounced that some executives must guard even the expression on their faces. "If I don't smile," one told us, "people think the business is going bad."

The problem with this exaggerated impact is that it makes some executives reluctant to speak out at all until they are ready to make a firm decision. They become reluctant to hold casual conversations that may later turn out—much to their chagrin—not to have been so casual after all. This tends to add distance to the relationships between an executive and those around him. Keeping one's own counsel, whatever valuable services it may render, has the effect of excluding others. This makes for a cooler relationship in which people feel less free to offer criticism—and in which they have less personal contact to use as a basis for criticism.

But what about "insiders," those people with whom the executive feels free to discuss issues openly, whom he encourages to speculate and try out new ideas as much as he wants? Are they not a valuable source of feedback? For some exec-

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utives they undoubtedly are. Yet to the extent that these insiders act as cheerleaders for the executive, the flow of information is likely to be retarded. This can happen to any executive, even one who tries to resist it, for the simple reason that such cheerleaders are often acting in their own self-interest. They tell the executive what he wants to hear, and omit what they do not want him to hear.

Cheerleaders are performing a disservice to the executive when they respond to his willingness to be open with what is an essentially defensive posture, saying in effect, "When I deal with you, I'd better protect my flank." This robs the executive of an important source of learning about himself.

As potentially serious as this can be, perhaps the most serious form of cheerleading is the unconscious kind, when subordinates don't withhold criticism, but instead become blind to any faults in their highly placed superior. This is a form of collusion. Because of their dependence on him, subordinates cooperate with their superior in supporting the image of himself he wishes others to see. One person we interviewed described such a setup in his company: "There is a kind of pact of admiration. . . . You only say good things about this guy. . . . It's kind of like being in a king's court. . . . There's a kind of conspiracy that way." Such a "delusionary system" is not likely to be fertile ground on which the executive can learn and grow.

It is not only an executive's subordinates who hold back criticism; fellow executives may also play hands off. As we have noted, executives with abrasive styles turn off peers as well as subordinates. But even the easy-to-take executive is not likely to receive constructive criticism on the way he manages from the people with whom he is locked in competition for advancement and resources. One person said that the highest-ranking executives in his international bank each inhabited "protective cocoons"; they "danced around" one another. The chief executive, of course, has no peers in the organization and is probably unlikely to enter into conversations on self-development with the external peers with whom he does business.

The structure of most businesses tends to bring executives into contact with fewer and fewer people inside the organization. This is especially true of top executives, located on a separate floor or in a separate building. Only through extraordinary effort can top executives make contact with a significant portion of the rest of the organization, and then the act is usually more symbolic than substantive. As one human-resources director we interviewed put it: "Most executives have very few people they have contact with—20 or 30 people in a 20,000-person organization—and those people tend to be high-level executives who also tend to be isolated."

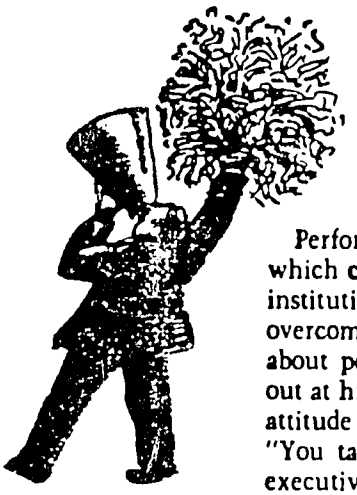
Besides this more or less structural isolation of executives, there is an isolation that comes from *insulation*—the tendency of the organization to protect its executives from the indignities and problems of everyday life. Absence of contact guarantees the absence of communication, especially of sensitive information. Moreover, the scant communication that does occur usually takes place on the executive's turf, complete with the trappings of power and the symbols of isolation (such as an office on the top floor), all of which can make subordinates less comfortable about speaking up.

Executives may need to be somewhat removed to make their jobs feasible. Were an executive left prey to the thousands of relevant and irrelevant interruptions that are waiting to intrude, he would never be able to carry out his role. Yet isolation restricts criticism that an executive could use to perform his role more effectively.

Some managers do encourage feedback, but have problems convincing others of their sincerity.

Just as an executive cannot function without some isolation, he cannot function without some autonomy. But executives are granted autonomy along a fairly wide spectrum, from the extreme of the executive who is only a functionary of the board or the chairman, to the top person who has no board of directors or whose board rubber-stamps his decisions. We found evidence that autonomy—especially when it approaches being total—is an important factor in screening criticism of the executive's modus operandi.

Executives who have the autonomy to hire whomever they please can—and some do—use that autonomy to hire people in their own image—people whose backgrounds, sex, and education make them compatible. Executives who do this are likely to end up with cheerleaders—subordinates who tell them only what they want to hear. "I see executives surrounding themselves with compatible people, people who fit in," said one person we interviewed. "If you rely too much on strengths, it hurts your effectiveness, and you can end up hiring mirror images," said another. Executives are not likely to get criticism on their behavior by turning to such "mirrors."



An executive's casual comment may have an exaggerated impact.

Performance appraisal is another means by which critical information can be delivered, an institutionalized way in which organizations overcome the disinclination to give feedback about performance. But formal appraisals thin out at high levels. One consultant described the attitude of executives toward appraisal this way: "You talk about performance appraisal at the executive level? *Uh-uh*. That's for you folks down there."

An executive who reported directly to the CEO of a major U.S. corporation explained why formal appraisals did not happen at high levels in his company. "We have a pretty good performance-appraisal system, but there aren't appraisals for the top people. And, come to think of it, it's because of the chairman—he doesn't like to do them. He *thinks* he does them. I've had performance reviews, but they've always been at bars after a game of tennis. And the next day neither one of us remembers what was said."

Executives often have the autonomy to put themselves outside the appraisal system, and who but the top person is to say otherwise? The personnel executive in charge of the system ordinarily lacks the clout to define it as including the top levels, or to enforce it if the top levels merely go through the motions of participating. In granting such autonomy to its executives, an organization is allowing its executives to grant *themselves* an immunity to being appraised. In one case the top management team of a major institution decided to go through a weeklong program that included getting structured feedback from subordinates. Everyone participated *except the chairman*, who had never made a practice of receiving personal criticism and apparently was not about to start.

Probably the key to whether executives receive appraisals is the extent to which the top executive takes the system seriously and uses it personally. For example, Jean Riboud, who has been CEO for almost 20 years at the French corporation Schlumberger, meets once a year with each of his top executives to assess their performance. One of these men, Carl Buchholz, described such a meeting in a *New Yorker* magazine article: "[The CEO] said, 'Let's talk about the Buchholz problem.' He talked about my relations with other people, and how I ought to improve them. He talked about what he wanted done that wasn't being done. He was quite specific."

From our interviews we learned of other mechanisms the organization can use to encourage constructive criticism. One international financial organization conducts inspections of each major unit of the organization. A member of the board of directors heads a team of three, which goes into a division and conducts confidential interviews, the results of which are channeled to the division's top management. The report includes perceptions of the CEO and the top management team. Another corporation used a kind of ombudsman—an outside consultant who knew the organization and had the respect of many people in it. He kept his ear to the ground and regularly fed criticisms of top management back to those concerned.

Organizations can also do a lot to deemphasize power differences. One way is to reduce the gap between executives and others by making executive offices less impressive and locating them closer to other offices. Intel, for example, deliberately avoids such perks as limousines, plush offices, and private dining rooms.

People around the executive play an important role in freeing the channels for feedback. Although in a distinct minority, certain individuals in the executive's world do have the inclination and courage to tell the executive about his shortcomings. One executive talked about "the constructive critics who care enough about the organization and the person to help him and tell that person how his behavior is impacting on the organization. Those people in my executive experience were few and far between. But there were a few, and those few helped me to understand myself better."

Perhaps the most important factor is the attitude of the executive himself. Some executives make it a point to avoid becoming isolated and to solicit reactions to their work. More effective general managers build larger networks and make better, more skillful use of their relationships. One human-resources executive we interviewed commented that "the less secure [executives] really hide, but the more secure ones will step out of their offices or go down to the departments, make it a point to stay in touch." Another staff executive reported to us that people two or more levels below would never be open with him in his office; he had to go to them.

Furthermore, executives get explicit information about themselves only if they convince others of their desire for it by word and action. A CEO said: "People have to make sure they're being asked honestly, and what they are going to get back is not a 'Louisville Slugger.'" Finally, executives have to appreciate how difficult it is

to get reactions to themselves and their work; it is easy for them to labor under the illusion that they know where they stand with others. Chris Argyris of Harvard once made a practice of asking executives whether they knew what their subordinates thought of them. They would say yes, they did know. Then he would ask them whether their own superiors knew what they, the executives, thought of *them*. And the executives would say no. The point had been made. Executives get this kind of information only if they go after it.

Assessing oneself is the first step toward self-improvement. Yet the likelihood that executives will spend time and energy in introspection must be considered in light of the extraordinary demands of their work and the degree to which introspection is immediately relevant to their day-to-day performance.

Many executives are faced with staggering, unremitting demands on their time. Many of these demands rise up suddenly and urgently from sources outside the executive and beyond his control. He must respond to, deal with, these demands.

The former CEO of BankAmerica, Louis Lundborg, wrote that his job was virtually four full-time jobs in one: desk work, meetings with employees, meetings with customers, civic and other public affairs—each could take 100 percent of his time.

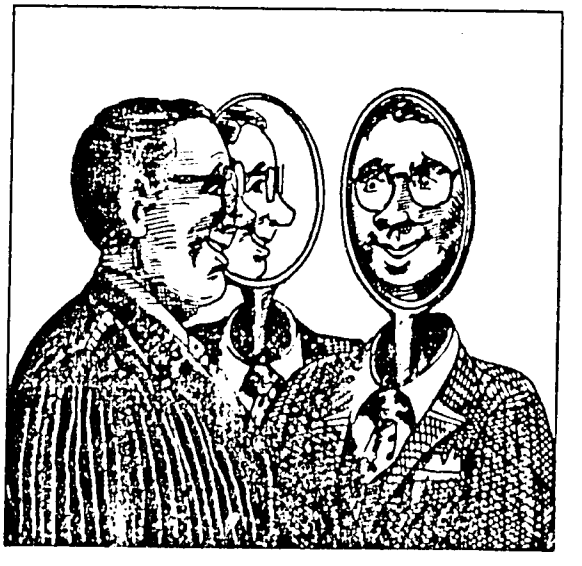
With so much else to do, how can an executive find time to look inward? One CEO described himself as being "at the center of a heaving circle," the top half of which was the outside world pressing down on him so urgently that he had little time to attend to the bottom half—internal management. Henry Kissinger reported that despite his investigative background as a researcher, he was so busy as Secretary of State that he found virtually no time for reflection. Similarly, a survey of brigadier generals concluded that they were "too busy to have time to do any reflection; [instead, they were] putting out brush fires and reacting rather than thinking or planning ahead."

But lack of time is not the whole story. As busy as executives are, their work lives are less hectic and unmanageable than those of some first-line supervisors whose average day is crammed with as many as 500 discrete episodes. So despite the considerable demands, executives probably enjoy greater latitude than some lower-level managers over how they spend their time.

In part, the issue comes down to attitude. Executives may not find the time because introspection is not a high priority; it is not immediately relevant to the performance of the executive's work. The results an executive is concerned with are external and tangible—turning a plant around, improving profits, increasing productivity. Such results do not manifestly require self-understanding, and therefore do not seem to require introspection.

One CEO we interviewed spoke eloquently of his orientation toward action and away from self-reflection. "I am not conscious of doing that kind of in-depth reflecting. . . . There are always so many things to *do*. I never sat down and asked whether there was some pattern to my life. . . . Everything just seemed to keep tumbling out. It was like running ahead of an avalanche. . . . [I] don't have a lot of time to sit back and dream about where I'm going and why." Many executives share this sense of being always immersed in action. They are men of action, not reflection—and certainly not self-reflection.

The issue, then, is not how to turn executives into navel-gazers, but how to help them use introspection as a tool to become more effective, as a way of getting information about themselves—their behavior, their strengths and weaknesses—that will help them pursue self-development.



Executives may hire mirror images of themselves who are not likely to criticize their behavior.

From our research it seems that executives can introspect only by special effort, or with ingenu-

ity in planning their time, or through close relationships, or by a change in attitude. Recognizing the contribution that introspection can make to their self-development and thus to their enhanced effectiveness is the first step. Next, executives need to develop structures or routines that not only allow for introspection but provide for rewards in the form of self-learning.

Sometimes these can be quite simple. One executive we talked to reflected on the events of the day and his role in them while walking his dog late in the evening. Governor Mario Cuomo of New York faithfully keeps a diary, a habit that may have sprung from his years as a law-school professor, and that provides him with an opportunity to contemplate his daily actions. If job demands preclude introspection, then another strategy can be to fight the problem at the source—control the work load. Lundborg of BankAmerica tried to do this by focusing only on those items that he thought would be important looking back five years later. Perhaps by weeding out less important demands, time and energy can be gained for the introspection needed periodically to monitor and modify one's performance.

People in high places continually draw fire. They learn to be thick-skinned.

Introspection need not be a solitary activity. Conversations with friends, relatives, or trusted counselors can help the individual to think out loud. One executive told Studs Terkel: "I have only a wife to talk to. . . . [With her] I [am] able to talk out loud and hear myself. . . ."

Finally, opportunities for introspection can be had in performance appraisal—if it is practiced at executive levels—or in the self-appraisal and self-assessment components of training programs. Executives do hear criticism at times, some more than others. But are they able to accept its validity, and, if only to themselves, admit failure or weakness or shortfalls in performance? As we will see, our interviews indicate a reluctance—sometimes an adamant refusal—on the part of executives to admit weakness or acknowledge any need for improvement.

We suggest that there is a relationship between the executive's reluctance to accept criticism and the executive's need to be competent. By the need to be competent we mean a complex of attributes, including the need to be equal to the demands of the job, to live up to the expectations that come with high positions, and to have a sense of self-worth. A number of the people we interviewed called it "ego," by which they seem to mean pride—in one's abilities and position.

Several factors contribute to the executive's need to be competent. One factor is the set of expectations that come with the territory, a sense that the executive must almost be larger than life. A manager who reported to the CEO of a major corporation told us that the chief executive "needs to be above everybody. He needs to be smarter than everybody, never wrong."

Another factor is that, as holders of great responsibility, executives incur high risks. The high stakes make competent performance vitally important. Millions may be lost, lawsuits may be engendered, and careers may be ruined through the incompetence of a highly placed person.

Also feeding into the need to be competent is the fishbowl in which the executive operates. The opinions he renders and the policies he adopts are often highly visible and come under close scrutiny. Executives want to build and maintain their reputations as people who know what they are doing. The need to save face is therefore considerable. If executives make a habit of being wrong, they erode their confidence in themselves as well as the confidence of others in them. Another aspect of visibility is that because people in high positions continually draw fire, they learn to be "thick-skinned," according to CEOs we interviewed. They learn to protect themselves from criticism. The hitch is that they may learn this lesson too well. The executive's personality can also contribute to the need to be competent. Executives are ambitious people who strive for many things, not the least of which is a strong sense of efficacy and worth.

The organization may cap all this by communicating its expectations of competence to the executive in powerful ways. One of the most powerful may be the special treatment that executives are accorded. Executives receive high—even exorbitantly high—salaries, are ensconced in opulent settings, and are afforded every convenience. The executive corridor typically stands as a monument to its occupants' importance. As one executive said, "They sort of handle you like a precious egg." The implicit message may be that the executive had better live up to the high expectations of the organization as symbolized by the special treatment. The executive is likely to expect himself to be, and know that others also expect him to be, more than ordinarily competent.

Our interviews provide support for this tendency of some executives to become unduly impressed with their competence and impor-

tance, and therefore to reject criticism. A line executive told us, "I don't think most people in elevated positions really like to hear that they're something less than perfect." A staff executive said, "Executives are susceptible to believing in their own infallibility. They think they can do no wrong." And another line executive said, "As you grow in authority and responsibility, your confidence increases, and that can be good or bad—you can become fatuous and think you don't make mistakes." These comments indicate that executives are at least perceived as being reluctant to admit weakness to themselves or others.

In extreme cases, executives succumb to an exalted view of themselves—what our respondents called "a big ego"—that virtually closes down their ability to accept criticism. A big ego hurts the executive because it keeps him from learning.

We should note that one factor that feeds the tendency for executives to sidestep criticism is their power. If the question of how to account for performance problems arises, their power makes it possible for them to attribute those problems to others, especially subordinates. We heard of an executive who went so far as to send his subordinate to a fix-it service to correct deficiencies that were largely the executive's own.

Many executives resist the temptation to blame others and to see themselves without faults. One executive who made a practice of examining his management style reported that at the end of the day, "I go home to my wife and say, 'I can't be that smart, I can't do everything.'" Another offered this advice: "Absolutely most important of all for a top manager: Don't take yourself too seriously. . . . It took a lot of luck to get you the top job. You're good, but so are the people around you. Be able to laugh at yourself."

By taking himself less seriously, the executive can go a long way toward reducing the loss of confidence that may come with accepting criticism. Yet we should not expect the executive to take himself lightly; he is always likely to feel the sting of criticism especially keenly. As Peter Drucker points out, speaking of political and military leaders, "To be more [than mediocre] requires a man who is conceited enough to believe that the world . . . really needs him and depends on his getting into power."

Good relations with one or more key people can help an executive overcome the temptation to reject criticism. A trusted colleague can help an executive accept negative information because there is an atmosphere of mutual respect. One executive we interviewed said, "I'm blessed with having a very good relationship with a guy I like working with and for. . . . A key thing is mutual respect. . . . He keeps me up-to-date all the time on how I'm doing." A trusted consultant can sometimes play this role. One CEO confided to us that, despite the discomfort involved, a consultant had managed to deliver a message that no one in the organization had dared bring up with him—that his autocratic style was a major deterrent to his organization's ability to use participative management.

Managers often make big mistakes. What they learn from them may be critical to success.

Another way to help executives accept critical information is to meet them on their own terms. If an executive shows a need to be treated as a special person, then recommend a self-assessment program at a prestigious institution. Similarly, if the executive is reluctant to make it public knowledge that he is getting help of some kind, respect his need for privacy. The only drawback here is that in meeting an executive on his own terms one may simply be playing into his hands. If one does too good a job of catering to the executive's need for status, for example, the executive may never put these needs aside long enough to open himself to learning and self-examination.

Finally, if executives are to accept criticism more readily, organizations will probably need to open the way by reducing the link between making mistakes and being judged incompetent. Too often a single mistake, if large enough, brands a manager as being unequal to the task. Yet research by our colleagues McCall and Lombardo has shown that successful managers often make many big mistakes, and that the lessons they learn from such mistakes may be critical to their success. Organizations must understand—and encourage their executives to understand—that admitting weakness or ineffectiveness can be the beginning of further development and increased competence.

Perhaps organizations can begin by moderating the display of executives' rank and privilege. Remember that when the ancient Romans treated conquering heros to a parade and celebration, they helped the hero keep things in perspective by stationing a slave to whisper in the hero's ear: *Respice post te, hominem te esse memento*—Look behind you, remember you are a man. ■

L-3

Manage by Example

Example is leadership.

Albert Schweitzer

My moment of truth came toward the end of my first ten months. It was one of those nights in the office. The clock was moving toward four in the morning, and I was still not through with the incredible mass of paper stacked before me. I was bone weary and soul weary, and I found myself muttering, "Either I can't manage this place, or it's unmanageable." I reached for my calendar and ran my eyes down each hour, half-hour, quarter-hour to see where my time had gone that day, the day before, the month before. . . . My discovery was this: I had become the victim of a vast, amorphous, unwitting, unconscious conspiracy to prevent me from doing anything whatever to change the university's status quo.

Warren Bennis
while president of the
University of Cincinnati,
as reported in *The Leadership Challenge*

I did the thirty-day [calendar] review and a general review of the last six months. I became shocked and then saddened as the truth [about how I was spending my time] slowly sank in.

Hospitality industry executive
Skunk Camp participant, 1985

I started by delivering on my number one promise—I have cleared my calendar so that about 60 percent of my time is available for listening, walking around, etc. I have even set aside all airplane travel time for "innovative dreaming," in fact that's where I am now. I previously used this time for "in-basket clearing."

Senior civilian executive
U.S. Army Corps of Engineers
Skunk Camp participant, 1986

Taken from Thriving on Chaos: Handbook for a Management Revolution by Tom Peters, Alfred A. Knopf, 1987.

ATTENTION GETTER #1: A CHANGE IN YOUR CALENDAR

I have studied leadership and strategy implementation for over twenty years, reviewing hundreds of books, thousands of studies, and observing a host of effective and ineffective leaders. Literature on management style is best measured by the ton, as is true for topics such as conflict resolution, consensus-building, "forging a team at the top," choosing an optimal structure, and goal-setting techniques. More recently "how to create the 'right' culture" seems almost to have become a boardroom obsession.

To be sure, many sound ideas have surfaced concerning each of these important topics. Yet I am willing to stick my neck out and state unequivocally that all of them, taken together, pale by comparison to the power of this one: changing your calendar.

Changing your calendar is not sufficient to bring about desired organizational change. But it is necessary. It is quite simply impossible to conceive of a change in any direction, minor or major, that is not preceded by—and then sustained by—major changes, noticeable to all, in the way you spend your time.

At one level, this prescription seems almost tautological. As managers, we don't do the business of the enterprise anymore—drive the municipal bus, patrol the beat, sell the shoes or computer. Therefore, *we are our calendar,* the signals we send about what's important and what isn't. That seems to be what Warren Bennis found out in the course of trying to institute changes at the University of Cincinnati.

At another level, the power of the calendar exists because virtually everyone is a boss-watcher. In ways both direct and convoluted, the agenda of others soon come to mirror that of the boss. And this is true—to the point of being a truism—on the shop floor, in the elementary school, on the garbage route, and in the executive suite.

Why, then, since the powers of example (that is, the calendar) are both ageless and indisputable, do we stress them here? Quite simply because their creative use is more essential today than ever before.

All organizations must now be jerked rapidly in new directions. Moreover, the requisite change in direction is taking place against a backdrop of ever more confusing messages from the environment—cut costs but achieve better quality; decentralize and recentralize. Even if conventional planning tools were once effective as direction setters (a questionable assertion), they are much too slow—and not blunt enough—for today's needs.

Telecommunications engineers have a precise term for all this: "signal-to-noise ratio." When you are transmitting through the air, or via a transatlantic cable, there is lots of interference or "noise," such as random electromagnetic signals. Your transmitted signal must be strong enough (i.e., of great enough amplitude, distinct from all others) to override the noise—in other words, the

signal-to-noise ratio must be high enough—so that the signal arrives clear and unequivocal at the receiving location.

Turbulence in the environment is now causing unprecedented noise. If the organization is to be led clearly to implement its vision (see L-2), our "signal amplitude" had better be great indeed. Only when the front line receives crystal-clear signals that leaders, at all levels, are foursquare behind them will they be comfortable enough to take the risks necessary to make the far-reaching changes required. And the only for-certain confirmation of the commitment of leaders is the way they spend their time. In summary, to signal the need for dramatic change, the calendar must be altered dramatically—unmistakably enough and visibly enough to overwhelm the growing noise level.

So it boils down to this: Want to call attention to your new quality program, or your new people participation program, or your new innovation program? There's only one way that counts with the organization's members: Spend time on it—lots of it.

A Possible Scenario: Making Your Calendar Send Your Message

Is quality your necessary and consuming passion?

- Start *every* meeting—even if the topic is a new computer for the Düsseldorf office—with a quality review.
- Schedule a full-dress quality review once a month with those who report directly to you and an informal report on quality at the start of each week's routine staff meeting.
- Go outside the firm to a number of seminars on the topic—even if you're chairman of a $20 billion company—and let everybody know you went, and took notes.
- Meet once or twice a week with longtime customers or suppliers, on their turf, to discuss quality; then circulate detailed notes on the meeting.
- Make sure your desk is stacked high with books on quality—for all to see.
- Regularly call people at all levels of the organization to ask questions about quality.
- Circulate dozens of articles on the topic—to hundreds of people, with a simple note appended, such as "Can we make use of this? Let me know."
- Have a three-day "off-site session" with front-line quality managers from each facility.
- Start routinely poking around—in person—in the bowels of the organization, even in functions outside your own; chat up everyone who's willing to discuss the topic with you; mainly ask questions at first.
- Get anyone and everyone to send you reports on some aspect of quality in their operation.

And then, and here's the rub, add up all this activity to determine, exactly and quantitatively, just how much gross calendar time you are spending on the matter. You simply must have at least one daily activity that is clearly—i.e.,

visibly (stands out against the background "noise")—devoted to it. You should set a bold, quantitative weekly and monthly target as well, and then track your progress, and publicize your schedule (and schedule changes) for everyone to see.

The Message Is in the *Amount* of Time Spent

Though the issue might well be quality, you need not spend so-called "quality time" on it. That is, you don't need to get everything right at first; you simply need to get quality demonstrably on your agenda. No doubt you will be at sea in the beginning; implementing a new strategic thrust is not easy: "Just what the hell *is* quality anyway?" You won't know whom to meet with, whom to call, what to ask or talk about, whom to believe. The odd thing is that it really doesn't matter. What matters is that everyone who works for and with you observes you embracing the topic with both arms—and your calendar. What they need to observe is your obvious, visible and dramatic, determination to batter down all barriers to understanding, and then implementation.

Your energy and intensity—as shown chiefly by your time spent—will signal everyone who comes in contact with you, directly and indirectly, that you are in dead earnest, which is really the point. In surprisingly short order, even if the organization is a big one, their calendars will mysteriously start to match yours. The firm will slowly begin to come to life around the issue. Many efforts will be misdirected or useless. A few may even be harmful. No matter. Slowly the lumbering beast called the unit or organization (whether with 17 or 17,000 occupants, whether public sector or private) will shift its sights. And if you sustain your effort—as proved by that damnable calendar—attention to, and experimentation with, the new strategic thrust will be sustained as well. Over time, you and the obviously sensible people on your payroll will inexorably begin to do more things "right."

Creative Uses of the Calendar: (1) Turning Any Occasion into a Soapbox Opportunity and (2) Self-Cooptation

Is it as easy as just changing your calendar? Yes. And no. It is that easy—after the fact. But it's no easier than losing weight and then keeping it off. After all, your calendar, as it is now, is not the calendar of an idiot. It was "chosen" by you. Perhaps you feel it was foisted on you by superiors, or just grew topsy-turvy, like Bennis's, out of maliciousness or mindlessness. And it is true, you are in part a victim—but never, I contend, decisively so. You may well be forced to go to meeting X and declaim on topic Y. But even in that extreme case, you can always—yes, always—turn the presentation into a soapbox opportunity to preach the quality (or service, or participation, or innovation) gospel: "Let me begin my discussion of European computer selection with a review of its impact on quality as perceived by our customers." It would be darned tough to stop you from doing that!

Another example: Former Secretary of Health, Education, and Welfare John Gardner had a number of pet projects, but the "system" stymied him. He broke somewhat free when he started to schedule seemingly insignificant speeches, a year in advance, on one of those pet topics. Suppose he had a keen interest in cancer research. In February of one year, he might schedule a speech to an obscure cancer research consortium for March of the following year. Once on the master calendar, the event becomes "real" to the bureaucracy. About six to eight weeks before the speech, the system starts to cough up papers and speech drafts on the subject, and meetings automatically get scheduled to discuss the forthcoming event; in other words, Gardner would grab hold of the "mindless system," and use this subtle lever to make it attend to his desires.

In less august surroundings, we all have similar opportunities. Each year, for instance, I deliberately schedule about ten or fifteen speeches to groups that will force me to think about new topics I'm interested in. As the day approaches, I'm often mad as the dickens at myself for having scheduled such a "disruption." But I know I've got to show up, so I start working on the new topic; the result is that a small number of what I call "self-cooptation" events often set the tone for the rest of my work.

Measure (Quantify) Your Progress

Specifically, I propose that you begin by shifting at least 15 percent of your time toward your top priority in the next six weeks, and follow up with another 15 percent (for a total of 30 percent) in the six weeks after that. Indeed, it is certain that the first figure can be 25 percent, or even higher. I have seen any number of superb leaders almost totally clear the decks to get on with a new agenda. Remember the busy executive from the U.S. Army Corps of Engineers who quickly shifted 60 percent of his normal working time, and then his airplane time too.

In the face of most organizations' need for revolutionary change, this shift in the use of your time must soon add up to even more than I've suggested so far—to fully 50 percent of your time devoted to the new, revolutionary strategic priority. Nothing less will shake most organizations from their lethargy fast enough to restore competitiveness.

Bob Townsend, author of *Up the Organization* and *Further Up the Organization*, offers even more dramatic counsel, based upon the turnaround he engineered at Avis. He urges you to devote 100 percent of your time to the critical issue. For instance, at one point Townsend determined that Avis's financial reporting was a mess. He was unable to measure anything accurately, or even know how he stood at the end of the day. He relieved the controller, and then, over the furious objections of the board of directors, formally appointed himself full-time controller. He moved out of the president's office and into the controller's office for several months, until the problem was in hand and a replacement had been selected. As he says, the extreme demonstration of concern sent "a darned clear message." Talk about a high "signal-to-noise ratio"!

There Can Be No Surrogates

There is in fact no alternative to you acting as standard bearer for a dramatic strategic shift. You may, if you are chief executive, appoint a "representative"—a "quality czar," for example. But beware. He or she can be no more than your point person, and never a true surrogate. There can be no substitutes when it comes to the way the members of the organization assess your priorities and the seriousness of your intent. You are either "on" the topic—or you are not.

ATTENTION GETTER #2: PROMOTING CONVERTS TO THE NEW PROGRAM

For us boss watchers (all of us, that is) the way our bosses spend their time, not what they say, is the top attention director. Ultimate confirmation of the seriousness of the intent signaled by a change in the calendar is who gets promoted—attention getter #2.

For example: The firm must shift from an inward-looking to an outward-looking focus. The process started a year ago. The calendar of the unit chief, or the top executives, says, "This is for real." Now a general management job pops open in the second most important unit in the company. Who gets it?

The three most obvious candidates are all longtime toilers in the trenches, several times promoted, talented beyond doubt. But all three have been lukewarm about the new thrust. Their backgrounds are all oriented heavily toward finance (rather than sales or marketing).

Does one of the three get the job, or does the person at the top dip down and anoint a somewhat younger line marketer who has been out front, at no small personal risk, on the new strategy? Everyone in the firm, from junior distribution supervisor to the crusty old director of MIS and the corporate sales VP, is focused on this bellwether appointment. It is the acid test.

The picture need not be so stark. It need not be "marketers" versus "finance persons." Suppose one of the three finance people, by chance the most junior, had taken to the new program like a duck takes to water, long before even the chief had demonstrated he would stay the course. Or suppose it's an old tiger, the oldest of the three, with only eighteen months to go to retirement—but he got out in front while the relative youngsters lay back, testing the chief's mettle.

The latter two examples are taken from personal observation. A big firm undertook a shift to a quality-before-cost-and-volume orientation. The "old boys" were certain that when push came to shove the chairman would return to penny-pinching, "cost is what really counts around here" ways. Then, two years into the program, the chairman confounded the reluctant dragons by appointing someone fifteen years their junior as chief operating officer—and heir apparent. He came from a relatively small division—but he had been the most energetic by far in implementing the quality thrust. In the second case, a

63-year-old was named vice-chairman of a big firm for precisely the same reason. He, at age 61, had far surpassed those fifteen years his junior in his zeal for a new, customer-oriented strategy in an operation that had been primarily numbers-oriented—and he had previously been a card-carrying member of the inward-looking finance fraternity.

In both instances, those on the scene, from top to bottom, describe the surprising promotion as decisive proof that the new strategy was no flash in the pan.

I am not suggesting that you mindlessly scour the woods for some boot-licking youngster who has taken to the new approach for the purpose of self-aggrandizement. But zeal for the new will always vary among candidates for a key job. Make sure that you pick a convert; at least don't pick someone, regardless of past loyalty, whom everyone judges to have been dragging his or her heels.

Go one step further. Though I am an avowed fan of decentralized organizations and delegating authority, I strongly urge that any boss get personally involved in every promotion in his organization, even those three or four layers down. There aren't all that many promotions per year in firms of ordinary size, particularly in a division or in an operations center. Each one is a precious item, a signal of matchless amplitude. Autonomy be damned—you can't let those gems slip through your fingers. Scream about "quality over volume" as a division general manager, but then permit three of the next six first-line supervisor promotions to go to "ship the product" fanatics, and you can effectively kiss your strategically crucial program goodbye. Down on the line, where it counts, you are a dead duck—and a hypocrite.

And, as usual, quantify. Keep a running scorecard on promotions. What's your overall batting average? E.g.: "Six first-line promotions—four filled with converts or zealots; none filled with heel draggers."

MANAGING (LEADING) AS SYMBOLIC ACTION

Len Bias was not just another drug-overdose victim. Rock Hudson was not just another AIDS victim. The arrival of the planet's five-billionth human citizen is not just another birth.

On the other hand, we don't even know who that five-billionth person was, or, in fact, whether he or she was born in 1986 or 1987. And the deaths of Bias and Hudson rate only routine entries in the dusty record books of Maryland's Prince Georges County and Los Angeles County. Nonetheless, each of these occasions has a significance far beyond the simple statistical one, affecting the broader and graver issues of drug abuse, AIDS, and overpopulation.

Storytelling

People, including managers, do not live by pie charts alone—or by bar graphs or three-inch statistical appendices to 300-page reports. People live, reason, and are moved by symbols and stories.

We read ceaselessly about President Reagan's talent as a storyteller. Even his most stalwart fans regularly blush at the gap between statistical reality and his chosen story. But no one, friend or foe, snickers at the skill and power with which he has created compelling images that have moved the nation and defined controversial policies.

Researchers, somewhat ruefully to be sure, attest to the power of stories. One study involving MBAs—those persons more likely than almost any others to profess devotion to pie charts—is illuminating. Stanford researcher Joanne Martin attempted to convince a number of Stanford MBA students of the sincerity of a firm's policy of avoiding layoffs. Dividing them into separate groups, she presented one group with an illustrative story; another group received a wealth of statistical evidence indicating the firm had far less involuntary turnover than normal for the industry; a third group got both story and stats; a fourth group was given an executive's statement about the firm's policy. The most convinced group? The "story only" one—even more than the group that got both the story and the statistics.

Managing at any time, but more than ever today, is a symbolic activity. It involves energizing people, often large numbers of people, to do new things they previously had not thought important. Building a compelling case—to really deliver a quality product, to double investment in research and development, to step out and take risks each day (e.g., make suggestions about cost-cutting when you are already afraid of losing your job)—is an emotional process at least as much as it is a rational one.

It requires us, as managers, to persuade people quickly to share our sense of urgency about new priorities (see L-10); to develop a personal, soul-deep animus toward things as they are; to get up the nerve and energy to take on the forces of inertia that work against any significant program for change. The best leaders, especially in chaotic conditions (effective generals, leaders of revolutions), almost without exception and at every level, are master users of stories and symbols.

Furthermore, they are not ashamed of it. Martin Luther King talked openly about creating "a sense of drama" at crucial moments. Douglas MacArthur's first actions upon arriving in Japan at the end of World War II (such as landing unarmed) were masterpieces of the use of symbols. So was the carefully orchestrated arrival in France following the Allied landings on D-Day of the officially powerless Brigadier General Charles de Gaulle: within days he established dominance amid total chaos through the skillful use of symbols representing the glory of France. And to jolt a quality program into gear, numerous managers I know have saved up defective products for a week and piled them on the

factory floor in plain view of all involved; or even carried them by the bucketful into a board-of-directors meeting.

I am not suggesting that you quit collecting statistics. Numbers are important. Moreover, you should make sure that your "story of the week" bears a strong relation to overall developments, that it is a valid outcropping of an emerging trend.

Fortunately, or unfortunately, the average day or week serves up a set of good-news and bad-news stories that are plausible and that conform to systematically collected data. Resolve to collect three good-news and two bad-news stories concerning your top strategic priority within the next week. Talk about them, write about them. Ask others to collect—and use—good-news/bad-news stories in a similar fashion.

Everything Is Symbolic: Some Questions to Ask Yourself

A hundred forms of symbolic action add up to the clearest of pictures of the firm's (and leader's) true, rather than espoused, concerns:

1. **What questions are asked first?** You talk quality, but you always have the volume/cost report come first. Priorities are clear to one and all.

2. **Where do you visit?** You say partnerships with suppliers are the key to quality. Yet your calendar shows that of your sixty-five formal visits outside the firm this year (to attend outside board meetings, for example), only one has been to a supplier; moreover, three visits to suppliers were canceled at the last moment because of "pressing priorities."

3. **Is there a pattern to the notes you pen on memos?** Many reply to memos by penning notes in the margins. Are yours always merely topical, or do they have an overall theme? For instance, no matter what the topic, do you use your notes as reminders about innovation opportunities (if that's your theme)?

4. **What does the "look" of the business reveal?** You talk austerity and openness, yet hide behind your secretary and continue to allow officers to fly first-class "because of their burdensome schedules." What's on the menu in the executive dining room or corporate cafeteria? What's on the menu in the plant cafeteria?

The Manager as Pattern, Like It or Not

In the end, the manager's minute-to-minute actions provide a living model of his or her strategic vision. "Modeling," the behavioral scientists tell us with rare accord, is the chief way people learn. This is true in general, but now more than ever, when the search for themes by people beset with uncertainty and fear is at an unprecedented level.

Studies show that each day, like it or not, is marked by thousands of symbolic acts. Your personal note on a memo will be copied by hundreds and deciphered by thousands before nightfall. Your seemingly minor personnel decision will be

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debated in every outpost of the company, within minutes of your "secretly" making it. Your candid conversation with a salesperson during a customer call you made together flashes through the grapevine. Your inadvertent decision to [illegible] in a different slot this morning is causing reverberations of 5.9 on the Richter scale. "What's it mean?" You are spewing forth signals by the thousand, thousands, each day. This is a plain fact. Whether or not you approach this [illegible]able set of signals opportunistically is up to you. But never doubt that you will send them—or that others will make a pattern from them, no matter what you do. What this pattern will suggest to those others, however, can be influenced dramatically. Grab hold of these opportunities. You *are* a rich, daily pattern to others. You *must* manage it in today's environment, when the conventional systems (such as policy proclamations and strategic planning) are overwhelmed by the pace of change and proving to be wholly inadequate. Only proactive management of the torrent of signaling activities can create the pace of implementation necessary for business survival.

There are those who object that a manager such as I describe is paying too much attention to style, not enough to substance. This is nonsense. Because the fact is, there is no perceived substance without symbols. Trust and credibility come through everyone's observation of the manager's symbolic integrity, not his or her "policy documents."

FIRST STEPS

1. Change this calendar—this afternoon. Change just one hour this week (surely you can do that). Change six days in the next six weeks to unmistakably reflect your top strategic priority.
2. Watch your symbols! Perhaps with the help of a friend, assess the degree to which your minute-to-minute behaviors closely reflect (or contradict) your strategic aims. Make this assessment daily, or at least weekly, starting right now.
3. Can you, without hesitation, point to one symbolic activity *each day* which not only showed you foursquare in support of your top priority, but also showed you making a tough choice that demonstrably placed yesterday's top priority in second place?
4. Stop, right now, a mindless decision about a promotion, about to go to someone everyone assumes is the "best person for the job." Make sure the next promotion decision sends an unequivocal message throughout the unit or firm as a whole about your commitment to your top priority.

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