

Would You Rather Be Managed OR LED?

Conversations with CEOs and Senior Executives often go something like this:

“Are you achieving the business success that you and your board would wish for?”

After some pensive moments, the careful reply is often: –“Well, not really”...

“Well, if you don’t mind me asking, what have you tried?”....

–“Well, we restructured and changed the whole organization from top to bottom!”

“Did that help?” ...

–“Well not really, productivity went down for a few months but gradually built back up to normal”.

“What did you try next?”

–“We re-engineered all our processes to speed up our responsiveness and to cut costs”

“Did that work?” ...

–“Well, not really It burned so much energy internally, that customers complained about a reduction in our response to their issues”... “but we did cut costs a bit”.

“What did you try next?” ...

–“We implemented a new Integrated Finance and Cost Control system”

“Did this improve your business results?”

–“Well no, but now we know why we are not doing so well”.

This conversation typically goes on for several more rounds covering marketing strategies, product changes, service plans, etc. – all with limited impact on the business success...

The final question is: “Well, what do you plan to do next?”

–“Um... we thought that we might re-structure again!!!

OH DEAR—

We have all been a part of such initiatives to improve and grow our business and, to be fair, some of these have achieved limited results, but the big idea which will make the analysts or the Board of Directors take notice escapes us. We bump along making single figure returns, when we are lucky, and things never seem to take off. Another question posed relates to productivity ... “if you had a manufacturing plant and your machines were only operating at 60% effectiveness – what would you do?” No prizes for providing the correct answer – of course you would find a way to upgrade, repair or replace such machines... 60% is not acceptable!

What would you say if I were to explain to you that a recent study of almost 800 senior professionals and managers across the Luxembourg

Grand Region showed that, by their own admission, the average contribution or commitment to their employer was 59%. I wonder what the figure would be for all employees?

The Study... full details of the study can be found at: <http://www.amcham.lu/medium/events/225/Amcham%20Employee%20%20Engagement.pdf>

Almost 800 senior professional and managers were asked to complete a simple questionnaire after two days of training covering Leadership, Change Management or Project Management and they were asked several questions – one of which was

Under the right circumstances, how much more could you contribute?

It was assumed that someone working for themselves would have a 100% contribution/commitment. Respondents were asked to estimate their current contribution as an employee.

- 14% of respondents felt that they could offer 50% more
- 11% of respondents felt that they could offer 40% more
- 33% of respondents felt that they could offer 30% more
- 28% of respondents felt that they could offer 20% more
- 1% of respondents felt that they could offer 0% more

The average potential additional contribution per head was 41%. If you could achieve a 41% improved contribution from your employees, what would this mean to your organization?

Now, other than making all your employees owners, (some very successful organizations do this!) we believe that ALL organizations can tap into some of this discretionary contribution, which would translate straight to the bottom line, as your people costs are already budgeted and paid for.

People

We discussed poorly performing machines earlier and the solution was clear but how do we translate this solution to people?

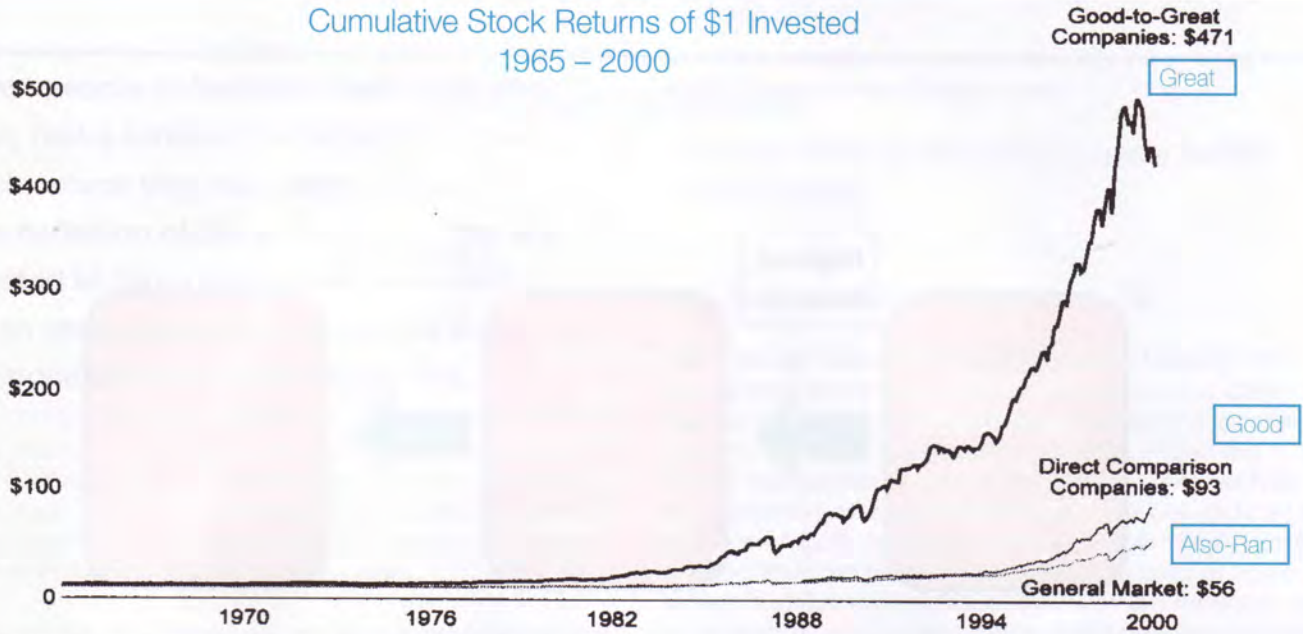
People are not machines – they are unpredictable and difficult to control– but at their best, they perform miracles that no machine can emulate.

Studies in the U.S. have shown that in a typical organization, 1/3 of people are motivated, 1/3 are coasting (doing what they have to do, to keep their job) and 1/3 are demotivated. If we algebraically add these together, it appears that the forward momentum of typical organizations is down to the 1/3 who are coasting (the motivated cancels out the demotivated)... small wonder we don’t achieve outstanding results.

So – what are the right circumstances that we keep talking about?

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Cumulative Stock Returns of \$1 Invested 1965 – 2000



Good to Great – Jim Collins 2001:

This extensive study of the Fortune 500 proved conclusively that companies with a true Leadership style (the Great) delivered results far better than those who did not (the Good and the Also-Ran).

The Collins figure above right shows the difference in stock market returns for the Great, the Good and for those companies who did not even make the study – the Also-Ran.

Since WWII, many Managers instinctively felt that Leadership was the preferred style to use to get the best results but, before Jim Collins, no one had proved it. Many companies and organizations pay 'lip service' to the concept of Leadership but when their operational style is examined, it is really Command and Control Management, sometimes with a light touch.

Leadership is sometimes criticized as being a type of 'Country Club' management, but real Leaders often have to make tough decisions in the best interests of ALL their stakeholders – not simply stock holders.

Do we still need management?

Management is an extremely effective way of dealing with assets, processes, systems, products, finances, marketing, etc, but where the best results are desired from people, Management does not deliver anywhere near as good results as Leadership.

Management is also sometimes appropriate for simple issues e.g. what color should our new conference room furniture be? A Leader would simply delegate this choice to one or two people directly involved – maybe HR and Facilities.

Maybe the answer is to invert the current 80/20 management/ leadership ratio?

When do you do your best work? When closely supervised? Told what to do, when and how? Rewarded for good work but punished for not performing (who decides?)

Most people deliver their best work when they feel a sense of ownership for their task, where they have been involved in the definition of the work, where they are trusted to do a good job as a member of an open team and take part of the recognition when results are good. This we call Leadership and the feeling that this engenders in the individual we call Motivation.

Motivation

Motivation cannot be forced; it has to be cultivated by providing a work environment in which the individual wants to contribute and feels fulfilled by doing so.

We can increase the productivity of egg-laying hens by keeping them warm, playing music and by feeding them nutritious food. This approach is followed by some organizations but this does not recognize the ability of people to process all the facts and to reach the conclusion that they are probably being manipulated and this often has negative consequences.

True motivation is only achieved when individuals choose to become motivated because they identify that their leaders are behaving authentically and really want and value the enthusiastic contribution of all.

Frederick Herzberg identified what he called 'motivators' and 'hygiene factors' and concluded that

Leaders should strive to provide employees with the maximum opportunity to achieve the 'motivators' whilst ensuring that the 'hygiene factors' are satisfactory. He noted that working on 'hygiene factors' had little value in motivating employees but the absence of these had a strong demotivating effect.

Some people have difficulty to understand his use of the term 'hygiene factor' ... Here is a simple illustration

Having completed a visit to the toilet at work, you find that there is no toilet paper! This is very demotivating.

Having complained vehemently, the next time you visit the toilet there are 50 rolls of toilet paper – shouldn't this be highly motivating?

Conclusion – hygiene factors do not motivate but their absence demotivates.

How to build the Motivating Factors?

Use a Leadership style at all levels...

- Inspire
- Be a role model of what you want to encourage

Herzberg's 2 Factor Theory



- Facilitate the team to build the vision and strategy
- Talk to people and build relationships – treat as adults and equals
- Communicate openly – face to face whenever possible
- Involve people in deciding issues that affect them
- Let the team decide with guidance
- Recognize individual and team success
- Delegate to the maximum extent possible – allow people to achieve
- Try to get people to volunteer for tasks – assign only where this does not work and balance unpopular work across the team
- Coach everyone – aim to replicate and improve on your own capabilities
- Simplify as much as possible
- Provide instant positive and negative feedback

How will people react to my efforts?

One thing is very sure – everyone will react differently!

Research into individual behavior shows that most people consider...

1. Themselves – What is in this for me?
-in the order of 80%
2. How will this affect those close to me – Family/Team
-in the order of 15%
3. How will this affect my Society/Company
-in the order of 5%

The conclusion is very clear, when you want someone to be motivated towards something you need to have done, you should consider 'What is in it for them?'

Don't generalize... people weigh up their net gain against their net effort – and if it doesn't quite balance, they will take remedial action.

If you can align what you need with what they need, then success is highly probable for both.

What happens when people do not respond to my efforts?

A good leader will try to identify what the issues are, by talking these through with the individual, explaining what is expected and give them a reasonable time period to change their behavior (I recommend no more than 3 months). If this is not successful, then they should be removed. There may be deep-seated reasons for the poor behavior but this is not the responsibility of the Leader, who is charged to deliver results using the resources provided. If one of these resources is inadequate, then it is the Leader's job to identify this, try to fix it but, if unsuccessful, replace it.

Team success is dependent on the collaboration and behavior of all team members and, for the good of all, 'bad apples' should be removed.

Jim Collins talks about 'The Bus': he advises that we should ...

- Get the right people on the bus
- Get the wrong people off the bus
- Let the team decide where to take the bus

Most people deliver their best work when they feel a sense of ownership for their task, where they have been involved in the definition of the work, where they are trusted to do a good job as a member of an open team and take part of the recognition when results are good.

Hiring studies have indicated that one third of all people hired are unsuitable for the purpose intended but when trial period statistics are examined, only 1 or 2% are identified and removed. Another third are not suitable but can be trained and coached to the required level. One third fit the bill without further adjustment.

This means that within the general population of organizations there are many employees who are unsuitable for their role and incapable of growing into it. The Leader's job is to identify these people and remove or move them. The Performance Appraisal tool can help with this but Leaders should actively identify issues without waiting for annual appraisals.

If the shortcoming is knowledge or skill, it may be appropriate to try to find them a role in which they can perform but I recommend never to re-assign people with behavior issues.

What about me?

Well yes – you are the primary consideration (80%) within your world and must do the best you can for yourself. But remember the other (15%/5%)... If you think only about yourself, your team will quickly realize this and react to your non-authentic behavior.

You have been asked to add value to your organization by delivering a product or service, for which customers are willing to pay, using a team of people assigned to you for that purpose. I hope that your boss is a Leader but it is more likely that he is a Manager who believes in reward and punishment.

You will be judged against the objectives set and your success is directly dependent on the team assigned to you.

You do not have to copy the boss's style but can opt for the Leadership option.

Individuals can always choose their style, but it is much more effective when entire organizations move towards Leadership.

How do you get the best results from the team? Collins and others have proved that Leadership is the best style for maximizing results and surely this is the answer.

Leadership takes more effort than Management but delivers better and more consistent results and is more fun in the process.

Finally!

Back to the original question... would you rather be Led or Managed?

I have asked this question from audiences of workers, professionals, managers and senior managers and the answer is always "Led!"

So if this is true, why do so many people still insist on trying to Manage people instead of Leading them?

If you would like to discuss this article further, please contact:

Chris Garratt – Leadership Solutions Europe Sarl

After a 40-year career in the high-tech sector of industry, Chris took early retirement from a General Manager position. Chris has now turned energies to facilitation, consultancy and training, where he specializes in Leadership Facilitation, Project and Change Management. A committed European, Chris has lived and worked in Germany, Sweden, Belgium, the U.S. and the UK and is now happily settled in Luxembourg. Professionally qualified in telecommunications, Chris is increasingly focused on how to achieve business success through teamwork and leadership. He is the chairman of a London based software company and is the Group Scout Leader of the Telstar Scout Group in Luxembourg. He was awarded the Order of the British Empire by Queen Elizabeth II in 1996, for services to the British Community in Brussels and has recently been awarded the "Ordre Grand-Ducal de la Couronne de Chêne" for his work with young people in Luxembourg.

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Chris Garratt – Leadership Solutions Europe Sarl

