

A. C. Macris Consultants

UPDATE

Autumn 99

Highlights

"GETTING IT"

IT'S WHAT SUCCESSFUL PEOPLE DO

Over the past decade, corporations spent significant funds to improve processes and organizational performance. The actual outcomes yielded some improvements, but for many companies, the results fell short of promises made by the gurus of the 90's. So what went wrong? The reality is that the initiatives of the 90's were sound in their design and, for the most part, their implementation. We are suggesting that the missing piece to this puzzle is the fact that those responsible for sustaining the improvement initiatives just did not get it. The success stories we read about reflect those leaders and managers who not only initiated improvements but also GOT IT! This issue provides three short stories of how managers and leaders can find themselves not "Getting It."

UPDATE is published quarterly by A.C. Macris Consultants. UPDATE's charter is to provide interesting articles, on timely topics, authored by people in industry, academia, or business.

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"GETTING IT"

IT'S WHAT SUCCESSFUL PEOPLE DO

A. C. Macris and Anthony J. Ameo

We've all now gotten past the buzzwords such as re-engineering, walking the talk, out of the box, etc., etc. Many companies have now gone through the costly activities of restructuring, downsizing, rightsizing or reorganizing. But why are some companies moving forward at a rapid pace and others struggling? What's the difference? How is it that some people and companies just seem to "get it" while others don't? These are all very profound questions. Let's look back at one of our most popular issues, Spring 1999's "Colin Powell on Leadership". In that issue Colin Powell presents eighteen Leadership Lessons. These lessons focus on fundamental principles and experience as related to leadership. The next issue delineated twenty Leadership Characteristics. Many of our readers commented on how much they enjoyed reading these articles and I thank you for taking the time to contact us. While these articles are thought-provoking and do provide some guidance on what actions are necessary to be an effective leader, particularly in the context of such a dynamic business environment, it seems it should be rather straight forward to apply these principles and begin internalizing the characteristics. Yet all around us we see people changing jobs in seemingly very short periods of time, rotating Vice Presidents, recycling of people within an industry, symptoms of a general malaise that is difficult to pinpoint. Perhaps the easiest way to characterize this malaise is to say some people and companies "GET IT" and others just don't. So what is getting it?

One of our goals at UPDATE is to push the envelope in a somewhat rational manner. We do not intend to be so contrarian to the point that we are not credible, but we also recognize that conventional or methodical approaches, most of the time, don't work. After considerable thought and discussion we felt the best way to convey what it means to "get it" is to use a few short stories. While these are hypothetical they are not altogether fictitious. The stories are based on real world observations and experiences. Our scenarios will illustrate what "not getting it" means, and then how the same scenario might unfold in the context of "getting it."

Story #1: The Vice President and the form

Mr. Jones was a well-respected leader and always made time to send birthday cards to his employees. He was known for remembering names and thanking people for a job well done. Like most corporate officers he was rushing one day when he got on an elevator with one of the recently hired secretaries in the finance department. After some small talk he asked her how her job was going, and she said "great, I love working here, but I am really frustrated with this new form from purchasing. I know I am new here but it seems to me we are making

it easier for our customers and ourselves to make some errors in billing, because the form is complicated.” The elevator door opened and the VP turned to the woman while leaving and said thank you. With genuine concern in his voice, he asked her to follow up with Mr. X who created the form. He continued, “If he agrees with your points tell him that you spoke to me and I would like it changed.” Clearly this leader respected the input he received and showed respect and appreciation to the secretary; he regarded her input and took action. He got off the elevator and made a mental note to remember her name so as to follow up in the future.

Whether or not he admitted it to himself, he did not get it.

Some months later in finance update meeting it was reported that there was a rise in the number of billing errors. The VP sat quietly as he heard his Managers try to explain and understand what went wrong and why. He only vaguely remembered dealing with this issue but somehow did not make a connection until he asked his Manager to walk him through the process. When the Manager put up the first overhead of the lead document/ form to introduce the process he hit himself on the forehead and shouted out. He knew right then that he had let an opportunity go by that would have prevented this problem. Whether or not he admitted it to himself, he did not get it.

What did he not get?

- 1.) He did not get that he put the secretary in the uncomfortable position of asking her to confront Mr. X, which she decided not to do.
- 2.) He did not understand that Mr. X might be reluctant to be given direction by the new person to change something into which he had put some much effort, even if she had asked him.
- 3.) He did not get the fact that the new employee's concerns provide the most opportunity for improvement because they see things much differently than those that are part of the process.
- 4.) He did not get the fact that he was so busy that a mental note to get back to that issue was likely to be forgotten.

Story #2: We installed new hardware, software, trained our people - so why are we not seeing improvements?

This scenario involves an insurance company. The company has been in business for a long time, and their success over the years can be characterized by a high degree of personalized service and attention to their clients' needs. Their growth can also be attributed to responsive personal service. The company's agents pride themselves in knowing their products and even though there is a lot of

paperwork, they are able to support each other and move the process along quickly. Customer complaints are at a historic low. Agents, while working long hours to meet the demands of a growing client base, are relatively happy and employee turnover was low. Unlike many companies today, this insurance company is still controlled primarily by one family. Recently, the second generation retired and turned the reins over to the best-qualified generation to take the company to new levels. While their fathers were developing the business, these young leaders-to-be were in school studying business and getting their MBAs.

Now it is their turn. After a turnover period where they learned about their company's products and services, the new leaders assumed responsibilities consistent with their respective expertise. Optimism was high as the new leaders introduced themselves. Finally, their day came, the shifting of the guard. A bit of final advice was offered to the new regime - “don't lose sight of what made this company what it is.” With that wisdom, the old guard departed.

After a brief period, the new leadership started to see opportunities for improvement. They saw their people working long hours, they saw tons of paper being routed and processed, and while the business side of things looked good, they knew the inherent ineffectiveness would soon catch up and their growth and future financial stability would be jeopardized. They began an ambitious analysis of how their agents were performing their tasks. They soon realized that if they shifted to an integrated database, paperless system, they would be able to eliminate much of what was bogging down their work. They respected the company's successes, but realized that technology had to be incorporated in their new vision. This vision was to provide consistent and standardized information to each agent. The need for agents to ask questions of each other would be minimized because each agent will have the same information. Standardization would further help with customer needs because virtually any agent could service any client, and prospective clients would be better served because the data would be consistent and comprehensive. Traditional agent training could be eliminated. While slightly skeptical people were willing to go along, of course they always help each other anyway.

As the new system was being installed, business was as usual with the exception of agents' training. The implementation was phased in and finally the day for complete turnover

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to the new system arrived. Despite great expectations things didn't develop as hoped. The agents were accustomed to using paper. They kept personalized notes that helped them with their client interactions. While consistent information was available, the level of client interaction required more from the software. Agent complaints began to mount. So the new management sent them to more training. Improvements were not showing up as promised by the software and hardware vendors. Agents were actually spending more time performing their work, rather than less.

Instead of the forms they used, now sticky notes were everywhere. The level of interaction between agents changed from cooperation to frustration. In just a little time, customer complaints increased dramatically. What could be wrong? We did everything right, from a needs assessment, to system design to implementation.

Where did the new leadership not "Get it?" It is really simple - the last thing the old guard said as they left, "don't lose sight of what made this company what it is." The new guys never got that! Their systems were functional and perhaps not terribly efficient, but because of the people, their interactions, and the family-like culture, a high degree of customer satisfaction was achieved. The new regime made the fatal assumption that systems improve efficiency and productivity. All the numbers made sense. Their mistake was they assumed the people would adjust with "systems" training. The logic was fundamentally flawed. People interaction made the company successful and the new leadership didn't get it!

Joyce Martin who has published several articles for *Training and Development* magazine, states that, "the new millenium will be the age of HUMANITY rediscovered....understanding each other and ourselves."

...the last thing said as the old guard left was, "don't lose sight of what made this company what it is." The new guys never got that!

Story #3: The most important goal is to fix our equipment and get the plant back on line

This situation is a rather common scenario in the power generation industry. The traditional goals over the past 20 years have focused on plant availability. A particular nuclear power plant set a world operating record. The issue is that goals were ambitious and as with any thing, when equipment is relatively new and long-term effect not known, ambitious goals are pushed. Couple this with increasing regulatory pressure that challenges the ambitious goals, and those responsible to stockholders push the envelope. Let's jump about 10 years. Long term equipment

degradation and a distancing between operators and regulators created an environment where closer inspections begin revealing a lack of attention to detail and a broader illness that had spread throughout the organization. Now that a crisis situation exists, it's time to take bold action, so management responds in the ways it knows best. Commit large amounts of money, institute tight and aggressive project management methods, and fix what's wrong so the plant can start up. By throwing money and pushing people to extreme levels of performance the plants finally restarted. Now we are back on the road that we know best, making electric power.

So what's wrong with this? We are back on line, we have fixed the equipment, we are demonstrating to stockholders that we can perform as we have in the past. For most this appears to be a successful recovery effort. Those who benefit are usually the very senior executives who made all this happen. They typically become wealthy and move on to other challenges.

So what's not to get here? There is a lot. Getting it means that equipment problems are not because of the equipment, but because people don't do or aren't doing what they should be doing, for any number of reasons. Fixing equipment and focusing on the engineering and technical issues is fixing the symptom but not the cause. But fixing the symptom is easy compared to fixing the cause. Engineers and managers are great at fixing "things." Unfortunately, the broader malady is a function of intangibles like behavior and interactions between people. An adversarial relationship between operators and regulators creates behaviors that are incongruous. On one side, operating the plant and return to stockholders creates behaviors that focus on getting it done no matter what. On the other side, the

Recommended Reading

The following book is worth including in your professional library: *The Corporate Culture Survival Guide*, by Edgar H. Schein, published by Jossey-Bass, ISBN # 0-7879-4699-0.

regulator pushes for tighter control and accountability. The regulator's constituency is the government and the public in general. Profitability and availability are not their consideration. So over the years, a culture of "beating" the regulator becomes ingrained in the organization.

When the crisis hit, the operators begrudgingly fulfill only the letter of the law. This culture doesn't go away once the letter of the law is fulfilled. Behaviors for the most part will remain the same, and as soon as the regulator turns his back, the behaviors that caused the malady prevail. This is where senior executives just don't get. Therefore, what does it take to "get it?" Although this is not a simple answer, it can be a relatively short answer: Assess behavioral and cultural problems much the same way equipment problems are assessed. Integrate equipment,

technical, behavioral, and cultural improvements toward the goal of lasting change that minimizes the potential for repeating the same crisis five to ten years in the future. To do this requires extensive energy and commitment, as well as the know-how to achieve results.

Summary

As we read through these brief stories, let's not lose sight of the fact that hundreds more exist. We believe you, too can, recall stories when others "just did not get it." Not getting it is not uncommon, nor is it something to snicker at. Simply put, if things are not going well, unless you are willing to consider the fact that you may not be getting it. You are probably ignoring what may be reality. The message of this article is to come to grips with the fact that as thoughtful and experienced as we think we are, that does not guarantee we always get it. It is a powerful self-assessment question. Ask it!

Introducing our

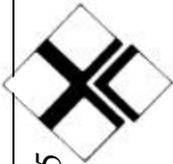
Institute for Leadership & Management

A. C. Macris Consultants' Institute for Leadership and Management focuses on targeted seminars and workshops designed to address the critical leadership issues facing corporations and other organizations. For the year 2000 we designed a series of leadership, management and teamwork seminars focusing on the people side of organizations.

We tailored the programs based on the perspective of attendees. The three perspectives are people who are at :

- ❖ Tree top and climbing
- ❖ 20,000 feet
- ❖ 30,000 feet and higher

Call or e-mail us for a complete program listing



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