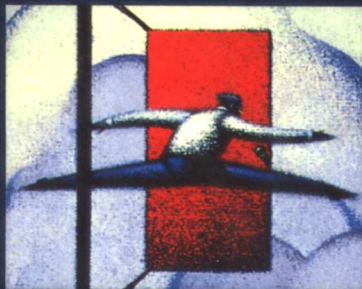


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The HUMAN TOUCH

TODAY'S MOST
UNUSUAL PROGRAM
FOR PRODUCTIVITY
AND PROFIT



WILLIAM W. ARNOLD
JEANNE M. PLAS

THE HUMAN TOUCH

Today's Most Unusual Program
for Productivity and Profit

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A c k n o w l e d g m e n t s

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so many special individuals whom each of us will remember for certainly the rest of our lives. This is not a book about ideas alone; it is fundamentally a book about people. It's a book about bringing out the best in the human spirit, and hundreds of people with great spirits work within this corporation. We know them and cherish those moments when they wave at each of us in friendly greeting, and we are privileged to wave back in kind.

Finally, we thank one another. No collaboration is a cake walk—whether it's related to an authorship, work, marriage, parenting, or friendship. The important relationships take time, and they take commitment to the development of a process most all of us need to learn how to do better as we march into the next century: how to talk with one another with honesty, with commitment, and without fear. Each of us has helped the other to get a bit better at all that. As the lead in an old movie once said, "It sure ain't been easy, but it sure as heck ain't been boring."

"Thank you, Jeanne."

"Back at ya, Bill."

W.W.A.
J.M.P.

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Introduction

This book is about a simple philosophy, person-centered leadership, that will reinvent the way you think about and practice management. More important, it is not just another unproved theory of yet one more leadership style. Person-centered leadership has dramatically improved business results in companies where it has been implemented. We guarantee it can do the same for you.

Leadership is never easy, but you don't need to be a rocket scientist to be a successful leader. You don't have to learn another new, sophisticated management formula. It's just a matter of letting go of some counterproductive ideas.

Person-centered leadership would have excited Grandma. It's a way of managing and working that brings you back to the basics, to those lessons that Grandma and Grandpa hammered home—the lessons that had to do with common sense, respect,

good listening, and helping people to learn to work together rather than just for themselves.

Person-centered leadership connects an individual's self-esteem and goals to the self-esteem and goals of the organization. That critical connection brings it all in at the bottom line. This new kind of old-fashioned leadership can answer the questions:

- How do you get your people to want to produce the kind of quality you need in order to be competitive in your market?
- How do you create an atmosphere where management trusts its people and they in turn trust management?
- How can the average manager get above-average performance and production?
- How do you get the good people to stick with you once you've trained and invested in them?
- How can you get small business values and communications into a big-time corporation?

What needs to be changed in today's organizations is simple, but sometimes it's the simple things that are the hardest to do. Not one of the principles that have made person-centered leadership catch fire is complicated, yet these simple ideas and the actions that flow from them have transformed a very large and complicated organization.

The facts behind person-centered leadership spring from Centennial Medical Center, the flagship operation of Hospital Corporation of America. HCA is the largest for-profit health care organization in the United States. Person-centered leadership has resulted in dramatic improvements in employee well-being, as well as in the quantitative measures that Centennial

uses to assess how its doing. Over a four-year period, these include:

- Cash flow (before debt service) increased from about \$11 million to about \$30 million.
- Bad debt decreased to less than one-half percent (0.4%).
- Accounts-receivable days decreased from seventy-eight to forty-four.
- Staff turnover decreased by more than 50%.
- Supply expense as percentage of revenue decreased from 15% to 12.5%.

Whatever measures you use to assess and manage your business, person-centered leadership is going to make a significant difference in your results.

Business management has started to look too fancy and complicated. The romance and adrenalin connected with all the new technologies and the latest esoteric theories have lured us away from a simple truth: Every business is a people business. In today's competitive environment, every person—from the janitor to the CEO—needs to be willingly caught up in the effort to improve productivity and profitability dramatically. Person-centered leadership shows how you can make this happen by getting back to the fundamentals: people, communication, quality, creativity, and credibility.

ABOUT OUR COLLABORATION

The collaboration that produced this book is in many ways that of an “odd couple,” a corporate president and an academic

psychologist—the doer with the scholar. Despite our differences, our interest, values, and commitments may always have been on a collision course. The genesis of person-centered leadership occurred about seven or eight years ago. The corporate half of our collaboration, Bill Arnold, was spending a great deal of time on ten-and twenty-mile runs up and down the hills that surround Stanford University Medical Center where he worked as executive vice president and chief operating officer. He mostly overdid it on those runs, often ending up nauseated rather than exhilarated. But that didn't stop him from heading back out again the next day. Those runs provided the kick start for a vision. They allowed the private time that was necessary to birth new thoughts about how organizational leadership in this country could be transformed. Some of the ideas Bill conceived on those runs were incorporated into Stanford Medical Center's management system. Many others, in various stages of refinement, were tucked into his mental filing cabinet for future use.

At about the same time, twelve hundred miles to the East, the psychologist half of the collaboration was producing a series of studies focused on a work phenomenon that had typically only been whispered about and certainly never investigated: adult emotions in the workplace. While the corporate half was running, the academic half was spending hours and hours listening. As a Vanderbilt University psychologist, Jeanne M. Plas asked hundreds of men and women all over the country to tell her about their experiences with tears at work. Who sheds them? How often and on what occasions? What are the emotions that generate tears in the workplace? What kinds of corporate organizations work with human feelings rather than against them? With a colleague, Jeanne wrote the first major book about the positive and negative aspects of adult emotions at work, *Working Up a Storm: Anger, Anxiety, Joy and Tears on the Job*.

The two of us got together some fourteen months after Bill had moved to Nashville, Tennessee, where both Centennial Medical Center and Vanderbilt University are located. By the time we met, Bill's door had come off its hinges (see Chapter One for the details). Many people all over the medical center were already talking enthusiastically about this upside-down management thing. People on the front lines were beginning to get the necessary power and incentive to transform their work lives and their work in the direction of true quality.

From our first meeting, an early spring lunch at an outdoor café, it was obvious that we had common values and similar points of view, but the academic half was a bit skeptical about the organizational successes the corporate half was reporting. Valet parkers and housekeepers were beginning to believe that management worked for them? Employees trusted that management wanted them to use their own creativity to redesign their work methods? In hard-headed corporate fashion, the doer met that skepticism head on. He challenged the scholar to go ask anyone over at the medical center she cared to choose at random. He was convinced she would get to see that not only is it possible to run a corporation with values of trust, openness, quality, and creativity, but at Centennial Medical Center it was already happening, and happening big time.

The results of Jeanne's early data gathering visits revealed that this wasn't just a lot of hot air. There was an excitement and vitality in the organization that felt rare and special. Most people believed that something very different was going on at Centennial. Many people—those who parked cars, cleaned the restrooms, and dealt with the paperwork—freely used terms like *quality*, *self-esteem*, and *personal initiative*. These people knew who their president was. Many felt comfortable being on a first-name basis with him. But it was obvious that the further people were from direct contact with their leader, the more

suspicious and aloof they were in relation to this leadership project.

It was also obvious that the doer was so busy doing that some of the principles that guided the transformation at the center were operating at the level of intuition rather than articulation. Bill knew how important his vision was and what leadership strategies still needed to be developed, but some important ideas hadn't yet emerged and others hadn't been shared with the organization because they hadn't yet been captured in everyday language.

Over the course of a couple of years, we met each week to compare notes. The scholar observed the organization from every angle, collecting data and perspective from people in every corner of the operation. Everything was fair game—the negative comments and outcomes as well as the successes. The doer settled into a pattern of ask-listen-redesign-implement, somewhat more secure than another change agent might be because he knew the scholar was out there in his organization dogging his tracks, trying to expose the weaknesses and the whitewash.

The set of principles that guided this person-centered leadership transformation didn't show up overnight. They emerged from hours and hours of discussion followed by systematic, thoughtful, and persistent implementation. Those stages were followed by cycles of systematic data gathering that revealed what was working and what needed to go back to the drawing board. Slowly and relentlessly, the glimpses of the vision that the doer had fashioned during those punishing marathon runs began to come to life, to come to the reality of action and words.

The corporate half of this collaboration is a natural optimist. The psychologist half can be a worry-mongering pessimist if she has to be. As a result, some possible errors of direction in

the project got corrected before they could cause much mischief or damage. The story of the transformation in this corporate organization is told with almost as much attention to the moments of discouragement and error as to the upside of things.

Most of the chapters that follow contain associate interviews, the real words that Jeanne heard as she collected data about successes and failures all over the organization. The way this book is written and presented reflects our collaboration. Throughout this story of Centennial's transformation, we take turns telling the tale. Beginning with Bill's introduction of today's most important leadership issues in Chapter 1, we continually shift back and forth from the doer's perspective to the psychologist's point of view. In order to smooth each transition for you, the speaking author's initials appear at the bottom of the first page of the chapter (WWA for William W. Arnold; JMP for Jeanne M. Plas). For additional spice, chapters 4 through 10 then have concluding comments from the non-speaking author. They are called "Comments from the Office Without a Door" (by Bill Arnold) and "Comments from an Outsider on the Inside" (by Jeanne M. Plas).

REINVENTING LEADERSHIP

Many people in today's organizations—from the executive suites to the assembly lines and management offices—are pretty miserable. Unhappy people don't produce quality services and products. At some level, each one of us knows that. Yet, many leaders and managers have given up. They've accepted the idea that employees work forty hours a week only so they can do what they want to do on the weekend.

That must be changed, and it can be changed. The realities

Introduction

of the deteriorating social fabric—poverty, drug use, you name it—demand that we return self-esteem to workers. The realities of national and global competition demand that leaders start making a difference in their corporations—a difference that truly makes a difference.

Most of the thousands of people who work at Centennial Medical Center are much happier while they're at work than they used to be. That's a simple statement and a simple concept. But helping everyone in your organization feel good about themselves and what they do for a living is a simple idea that is probably the most effective leadership idea you'll ever implement.

There are better ways to run corporations than the old, autocratic, dehumanizing ways. Not only must we implement these better ways; we have to sustain them. The story of person-centered leadership at Centennial will show you that it can be done, and it tells you how you can do it within your own organization. Fortunately, once leaders get the balls rolling, they're never alone again. Everybody in the organization is assisting the drive toward success. This is not necessarily easy leadership. You can't do it with your eyes or your head closed or your heart. But it's very simple stuff, and it's very, very powerful.

Chapter 1

An Office Without a Door: Person-Centered Leadership

One early Tuesday evening in late spring a few years ago, I* was sitting in the stands at one of my boy's baseball games. I suddenly got one of those guilty-father feelings. My son and I had been looking forward to this game for days. He was out there doing his part—the playing—but I really wasn't sitting there doing my part—the watching. I was too exasperated: with myself, with my associates over at Centennial Medical Center, and especially with the typical American corporate management systems that all of us were taught and all of us have participated in and even consciously endorsed to some extent.

In the several months I had been at the head of this organization, I had been making a big deal about how I wanted to

*WWA: The authors' voices alternate from chapter to chapter. These initials indicate the speaking author.