MANAGING FOR EXCELLENCE

The Guide to Developing High Performance in Contemporary Organizations

David L. Bradford

Allan R. Cohen

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THE GUIDE TO DEVELOPING HIGH PERFORMANCE IN CONTEMPORARY ORGANIZATIONS

DAVID L. BRADFORD
Stanford University

ALLAN R. COHEN
Babson College

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For our children, Jeffrey and Kendra Bradford, and Megan and Sydney Cohen, who daily test our ability to use the leadership notions we so blithely promulgate, and who have taught us that neither the boss nor the subordinate is always right.

PREFACE

Despite the millions of words on leadership that have assaulted managers, little has been written that truely reflects the world of work. Many theories are too simple for the complexity of dealing in real time with resistant subordinates, changing needs, and conflicting demands. Some are so abstract and narrow that only an armchair academic could love them. And none really fit the conditions we have observed in our work with practicing managers.

As consultants and teachers of managers, we noticed certain patterns common to high-performing departments. These observations led to some strong hunches about the kind of leadership necessary for contemporary conditions. Where excellence prevailed, we saw:

- Tremendous energy and commitment among subordinates. This seemed more significant than a leader doing everything textbook-right.
- A cohesive team. Beyond competent individuals doing remarkable solo work, there was synergistic collective action in the department.
- Rapid-paced, problem-solving meetings. This was different from those too-frequent occasions when we had watched ineffectual groups "keeping minutes but wasting hours."
- A spirited, healthy competition. This was not jockeying for position or nasty undercutting, but competition against a widely shared standard of excellence.

- A belief in the abilities and intentions of subordinates. The leader believed in the subordinates, and they wanted to deliver. Mistakes and failure to come through were not viewed with cynicism about "inadequate subordinates" or seen as attempts to sabotage the boss.

What was the secret? How did some managers create the kind of involvement and cooperation that seemed to make performance soar? How did these outstanding leaders build energy without being overwhelmed? How did they avoid being naive Pollyannas while believing in subordinates and obtaining their commitment?

Our observations plus some key elements of the management literature* served as a base for our theorizing toward a new model of leadership. Long discussion between us (some would describe these as endless arguments!) linked what we had observed of managers in practice with what had been written, and led us to a rough outline of a different approach. This approach was not a radical departure, but a synthesis of what had been developing in management circles. We were starting to put together ideas in a different way.

At this point we had a *normative*, not a *descriptive*, model. We were starting to describe what managers "should be doing," even though we had only seen bits and pieces in different organizations. Since we had not seen many managers using all of what we were advocating, and no one else had conceptualized it the way we did, we needed to see if ordinary mortals could make it work.

Our solution was to set up a leadership training program for middle and upper-middle managers through NTL Institute.

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*Berlew's theorizing on the need for challenging tasks and charismatic leadership resonated with our own observations about high-performing departments. Miles and Ritchie's distinction between "human relations" and "human resource" approaches to subordinate involvement reflected the problems we had seen when managers used "pseudo-participation" to get others to buy into the leader's predetermined solution (rather than involvement to make full use of employees' abilities and knowledge). Vroom and Yetton's work on decision-making styles provided clues on how best to use a team. Vaill's work on high-performing systems suggested interesting patterns. McClelland's and Kanter's works on power showed vividly that managers could increase the influence of subordinates without having to give up their own power.

We began to try our ideas out with these critical managers from many companies, who wanted education that they could make work for them. The workshop utilized a variety of activities where the managers applied our emerging model to solving critical managerial problems. There were also discussions in which participants raised questions and shared dilemmas from their work experiences. Each time, we further refined our model and tested a new draft of this book on the next attendees.

In order to track the results of the plans for implementation that were made on the last day of each training program, we subsequently mailed a questionnaire to participants asking them what they had tried when they returned—what worked and what didn't. This provided a rich source of examples and illustrated exactly how managers could move their department from where it was to a state of excellence. It demonstrated to us that the model we eventually refined into this book was learnable despite its sophistication, practical despite its newness, and useful to managers facing the toughest complexities of today's organizations.

We are thus indebted to the more than 200 managers who attended this program and let us know when we got too complex or too facile, and to those among them who have taken the model to heart and shown us its potency. We also want to thank the students in our courses who raised critical questions and helped us refine our thinking. There are many professional colleagues and practicing managers who were useful in the numerous informal discussions, but we particularly want to thank David Arella, David Berg, Steve Fink, Frank Friedlander, Fran Hall, Esther Hamilton, Susan Hoffer, Rosabeth Kanter, J. B. Kassarjian, Susan Kominsky, Dwight Ladd, Roy Lewicki, Nancy Roberts, Julien Phillips, Barry Stein, and Rita Weathersby for their helpful comments on earlier drafts of this book.

The nature of this enterprise and the complexities of exchanging drafts across the country meant even more typing and retyping than for the usual book. For typing help far beyond the call of duty, we thank the institutions of Stanford

University, University of New Hampshire, Babson College, and Goodmeasure, Inc., and the tireless individual efforts of Vicky Del Bono, Beri Ellis, Jane Gaskell, Mona Koch, Betty MacNeur, Carol Poirier, Mildred Prussing, Connie Stumpf, and Fritz Winegarden. Jeanne Muller did rapid, accurate indexing.

We are indebted to Allan Kennedy, Tom Peters, Julien Phillips, and Bob Waterman of the McKinsey and Company organization effectiveness task force, with whom David Bradford consulted. Their ideas on superordinate goals served as a stimulus to our thinking.

We are also grateful to the Carter family of Nashua Corp., which funded the James R. Carter Chair of Management at the University of New Hampshire's Whittemore School of Business and Economics. That award helped support Allan Cohen's work on the book, as did a sabbatical year from U.N.H. spent as a visiting scholar at the Harvard Business School.

Although we would like to be consistent with our leadership model and share the responsibility for this book with all those who helped shape it, we unfortunately will have to accept all the blame for its shortcomings. Some responsibilities just can't be passed along, no matter how tempting it is to do so!

Finally, we wish to express our gratitude to our wives, Eva and Joyce, and our children, for their tolerance of our obsessive meetings and extended wrestling with the ideas and drafts. Their support was invaluable.

DAVID L. BRADFORD
ALLAN R. COHEN

Stanford, California
Wellesley, Massachusetts
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CHAPTER 1
THE NEED FOR A NEW MODEL OF LEADERSHIP

INTRODUCTION: THE CRISIS IN MANAGEMENT

It is no secret that many contemporary American organizations are in trouble. The problem is not so much obsolete factories, backward technologies, or lazy workers as it is outdated leadership practices. Our once-vaunted management methods are being increasingly criticized. Several recent best-selling books have dealt with different aspects of this criticism: Ouchi (1981) described the deficient web of human concerns compared to practices of (at least some) Japanese companies in *Theory Z*; Pascale and Athos (1981) showed how the "soft" management skills have been overlooked in *The Art of Japanese Management*; Deal and Kennedy (1982) argued for the potency of positive *Corporate Cultures*; Kanter (1983) showed in *The Change Masters* how segmented organizations stifle needed innovations; and Peters and Waterman (1982) identified the broad organizational arrangements that appear to produce corporate excellence.

As valuable as these books might be, they focus almost exclusively on the total organization and speak to the chief executive officer, president, and board chairman, who make large-scale decisions, even though the implementation of these plans falls to managers in the next levels down. Thus there lies a great gap between what is known about what organizations ought to be like and what individual managers need to do to achieve excellence. There is little written guidance for individual upper-middle managers in running their departments.

The head of data processing cannot alter his or her organization's total culture, or create lifetime employment practices, or invent a new corporate strategy. Although it is desirable to link the department's activities with the organization's directions and to build on any possible aspects of the existing culture, it is more crucial to find ways to get the best from all subordinates. How can subordinates be led to tie their own interests to the needs of the department and to make the extra effort necessary to perform at an excellent level? Even the visions of supremely enlightened presidents must be translated into action by strong middle managers who can pull their subordinates together to achieve the increasingly difficult tasks necessary for organizational survival.

Where might such a manager turn for help? Contemporary leadership theory offers help in a fragmented, barely usable way. It is probably true that appropriate leadership style depends on the complexity of the task, maturity of the group, relationship of the leader to the group, expertise of the leader, and so forth (Fiedler, 1962; House, 1976; Hersey and Blanchard, 1972). But these generalities don't help much when subordinate A is dragging his feet on finishing a major project, subordinate B is sniping at subordinate C, D is running down a blind alley that is unrelated to what E needs, and none of these subordinates will address the important issues at staff meetings.

It was managers in these kinds of difficulties, working hard but uphill, which led us into the explorations that have resulted in this book. We were trying to help them develop useful ideas for running their departments—ideas that were neither so complicated that managers would be paralyzed into minute analysis of every contingency before they could speak, nor so oversimplified that we would be led into the absurdity of promising one-minute solutions to those who are well aware of the complexities. Getting a department to outstanding performance is sufficient challenge for managers, without the burden of cumbersome theory or insulting oversimplification.

Yet it is the middle and upper-middle managers of contemporary organizations who hold the key to high performance, since they represent the greatest underutilization of human resources. Because of the winnowing of the selection process, managers at this level are typically knowledgeable and competent. They carry great responsibility; having moved past most of the routine and mundane tasks, they translate the lofty long-range plans of top management into successful operation. If they can produce, they have an important impact on much of the organization. Since they often manage managers or skilled professionals, their leadership has a cascading effect on several levels of important subordinates.

Nevertheless, upper-middle managers often feel highly constrained and squeezed from all sides. Buffeted by new demands from outside, high standards from the top, legions of staff specialists from the side, and ambitious, demanding subordinates from below, the manager's responsibility is increased even while independent authority to act is decreased. Government regulations, unions, central personnel, financial and legal departments, all set limits. Top management is also pressured, but frequently has more authority to deal with these demands and is allowed longer time horizons. This imbalance between what is expected and the freedom to act is particularly stressful for this middle group.

Thus, despite the pressing need for excellent work and great potential for moving organizations, the promise is too seldom achieved. In numerous organizations, more problems exist in the middle than at the top or at the bottom.

THE WOES OF MIDDLE MANAGERS

In our work as consultants and teachers to managers in major organizations in the private and public sectors, we have too often seen variations of the situations listed below.

- The middle manager's unit does adequate and sometimes above-average work, but seldom achieves bone-satisfying excellence.
- The manager works hard—50 to 60 hours a week or more—but always with a sense of pushing uphill. Nothing comes easy: Frequently the energy comes more from the manager than from the subordinates.
- The subordinates are usually competent—most are college graduates and many hold advanced degrees—and by and large they are doing good work, yet seldom are they working near their potential.
- The manager complains that subordinates don't initiate enough, don't take on tasks before having to be asked, and

don't anticipate problems, just react to them. When subordinates do take initiative, it is regarding things they are personally interested in—not necessarily what the department needs. Then they resist direction when the leader tries to integrate their efforts with the work of others.

- Furthermore, the subordinates don't seem to have the commitment to the overall unit that the manager has. They focus too much on their narrow domains and seldom share the larger, total department perspective.
- This lesser commitment of subordinates is also manifested in work that lacks quality or promptness. Managers report that they spend excessive time prodding subordinates, usually but not always gently, to be sure that deadlines are met and performance is up to standard.
- Meetings are too often a waste of time. Managers feel that subordinates rarely bring up all the issues; when they do raise problems, they seem more concerned about defending their own turf (and impressing the boss that they are right and the other is at fault) than in striving for a quality solution. They may call themselves a team, but they show very little teamwork.
- Managers often feel that, despite the organization's fancy management information system and their own attempts to gather many sources of information, they are often the last to know. Subordinates do know when problems are proliferating, performance is falling, and costs are creeping up, but they wait for the managers to discover these trouble signs for themselves and refuse to put pressure on each other for improved performance.
- At times subordinates may complain that they want more exciting and challenging work, but the manager is hesitant to delegate such tasks. Since regular work isn't being done to high standards, what guarantee is there that more difficult assignments would be done well?
- When the manager does give feedback on performance, it is often met with defensiveness and denial. Subordinates may say they want to develop, but they ignore the comments

and hints their superior gives on substandard aspects of their performance.

These comments are of course not universal, but we have heard variations on these themes with distressing regularity from many of the managers we observe and talk with. Although work does get accomplished (usually at a high enough level of performance so that customers and clients don't consistently complain), there is still a significant gap between what each department produces and its ultimate capacities.

The managers who lead such adequate but not excellent departments often experience a high degree of personal frustration. They feel that if they want something done well, they have to do it themselves. Furthermore, they constantly feel overworked, going from crisis to crisis with too few hours in the day to get everything done. The best moments are described as those when everybody else goes away and the manager is free to "get some real work done." The good old days, when it was possible to solve problems using one's own technical expertise without having to manage anybody else, seem like a golden age, remembered fondly.

THE EXCELLENT DEPARTMENT

If you are a battle-scarred veteran of the middle-management wars, you are probably grimacing with recognition. Hard work is demoralizing when it feels so much like wheel-spinning. Yet is there an option? Isn't life in the trenches just like that, involving plenty of hard work and aggravation, with occasional bright spots?

Let us suggest an alternative. Suppose that a department works close to its potential; instead of the inertia and resistance described above, what characteristics does such a truly excellent unit have? Basically, its members share a commitment to making the unit extraordinarily successful in accomplishing agreed-on organizational objectives. The focus is on quality, on genuinely collaborative team effort, on confronting differences about work without petty infighting, and on continual attention to the development of members as integral to achieving the task.

The concern for excellence in such an operation is not the exclusive property of the leader. Instead, all members share this concern and are prepared to do what is necessary in order to help the unit exceed expectations. Members do not wait for the boss to notice a problem with methods, service, coordination, supplies, and the like, but themselves feel responsible for the unit's success and take initiative when they see a problem. Like the unusually successful paper mill described in a classic Harvard case study (Marshall Co., 1948), when there is a break in the continuous flow and paper starts piling up at a rapid rate, the first person to spot the break leaps in and restarts the process, regardless of rank or job description. Although in most organizations the result of letting precious seconds go by while waiting for the boss to notice a problem would not be so dramatically disastrous, the image of passively working along while up to one's ears in runaway paper has a symbolic truth for many organizational units. In an excellent department, everyone worries about the whole and takes initiative to see that problems are dealt with and objectives met. This does not supersede clear individual responsibilities and accountability, but avoids the passive acceptance of things going wrong because "it's not my job."

The concern for task accomplishment includes a strong emphasis on quality—of products, services, and members themselves. The unit strives to be at the forefront of its field. As a result, doing the work well is the central focus, rather than personal or political issues. Deliberations aim for problem solving instead of personal dominance, winning, or individual point-scoring at others' expense. In order for such a clear focus on work to exist, there must be clarity about the department's and organization's goals. These goals are accepted by all and used as a basis for making decisions and guiding action; they serve as important guideposts that influence individual behavior and department operations, rather than empty statements filed away in the drawer to be pulled out and dusted off on ceremonial occasions.

This dedication to quality work means that careful attention is paid to the quality of people in the unit and therefore to personnel decisions. Members are recruited for their qualifications, not for similarity of social class, race, sex or religion. Unit managers make tough decisions about promotion (with seniority and loyalty given lower priority than competence). People are directly told about poor performance and helped to improve, not treated ambiguously. Continued mediocre work leads to the search for a better job fit, demotion or dismissal, not to a sideways shunt to a safe but useless position. An excellent department has a minimum of deadwood.

It would be easy for this emphasis on quality work and on performance to lead to exploitation of the members, to their being kept as long as they performed well and discarded the moment they started to slip. But that orientation actually prevents excellence from developing; members will not give the requisite effort if they feel they are being used or if they are managed by threats of dismissal at the first sign of mediocre performance. There must be the commitment to help people reach their potential and to support their efforts to improve, although an employment contract cannot be automatically permanent. Over time it might become clear that an individual no longer could or would deliver.

In this type of organization, information is freely transmitted among members as well as between members and the boss. It's true that such sharing increases the probability of open conflict, but about work-related issues, not in defense of turf or toward a goal of empire building and conquest. Genuine disagreements can be acknowledged upward as well, since the manager encourages members to speak their minds and does not kill the messengers for bringing bad news. Similarly, the manager encourages members to be open with each other, not with the goal of pitting subordinate against subordinate, but in order to reveal task disagreements so that they may be resolved. Furthermore, the manager supports members working as a team, without fearing that they will coalesce in opposi-