newEraHR

Keeping Costs Down and Productivity Up

SUMMER 2012

AT ISSUE

The old school of thought says if you want results, use fear and intimidation. But, despite what you may think, fearful employees are less productive, their work less reliable, which makes your company less profitable.

The Fear Gambit: Why It Doesn't Work

HR Fact:

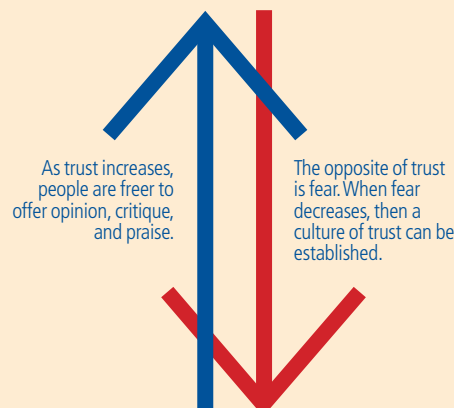The 2000 "**Attitudes in the American Workplace VI**" Gallup poll by the Marlin Company found that:

▪ 80% of workers feel stress on the job, nearly half say they need help managing stress, and 42% say their co-workers need such help ▪ 14% said they had felt like striking a co-worker, but didn't ▪ and 18% had experienced some sort of threat or verbal intimidation in the past year.

Management needs data to make informed decisions; we strive hard to "get the data" and to avoid gut reactions. We demand graphs, spreadsheets, and PowerPoint presentations to justify important decisions or to support certain conclusions. All of this is fine and makes good business sense, but there is just one small problem: the data we are getting from the front line are not accurate. What?

In organizations where trust between management and the employees is low, there will be a distortion of the data from the front line. Employees will either distort the numbers or distort the system to get the results that management wants. That means that things within the organization are actually much worse than what management thinks. That is why there is a gap between efficiency numbers and the bottom line. And when this gap cannot be intelligently explained, management will likely make things worse by making threats or by devising some incentive scheme to motivate employees to "get it right." This cycle further decreases trust. The problem is not the employees; the problem is within management. Management has sole responsibility for creating a culture of trust.

Jack Gibb's Theory of Group Development

As trust increases, defensive and unproductive behavior decreases.

As trust increases, people are freer to offer opinion, critique, and praise.

The opposite of trust is fear. When fear decreases, then a culture of trust can be established.

Group Development

Jack Gibb's Theory of Group Development offers a sound paradigm for examining how groups work together. His premise is quite simple: as trust increases, defensive and unproductive behavior decreases. The greater the degree of trust, the easier it is for people to shed roles and give up postures that inhibit the flow of vital information. As trust increases, people are freer to offer opinion, critique, and praise. Ironically, few work groups ever address the issue of trust in any direct way and are condemned to hours of frustrating and nonproductive meetings. Think about it: among your closest of friends you tell each other everything, even those things that you may not want to hear. When there is fear of retaliation or negative consequences, however, there will be a distortion of reality. What is the cause of fear within the organization? Here is a list

of possible causes (slightly modified by us from the work of W. Edwards Deming):

- Leading by the use of power, authority, and control; "bully behavior."
- Internal competition schemes—pitting shifts, departments, business units against one another.
- Performance appraisals and forced ranking of employees for pay raises.
- Incentive programs that abdicate management's responsibilities and make employees the culprit.
- Blaming people for process problems.
- Using slogans, banners, memos chiding employees to improve safety and quality.
- Arbitrary quotas or targets for sales, thru-put, scrap, expenses, without under-standing process capabilities.
- Overreacting to data that is based on limited experience—not understanding "common cause" variation.
- Underreacting to data—not understanding "special cause" variation.

The very thing that management needs to make things better slips through their fingertips when these ordinary "business tools" (tricks really) are deployed. So how can we create a climate where employees are comfortable to "speak truth to power"? It is not that hard, but rather counterin-tuitive for the many managers hooked on "being in charge."

Here Is Our Prescription for Building a Climate of Trust

1: Adopt this fundamental belief: People will outperform even their own expecta-tions when given praise, room, time, etc.…

2: Adopt this fundamental belief: All people are good and mean well.

If you cannot get your head wrapped around the first two points, then we suggest getting out of a leadership role. The first two tenets provide permission to play; without them, don't bother with the remaining prescriptions.

Are your managers viewed as giants that terrorize and intimidate the employees? If so, change is needed. Your employees should be viewed as good and well-meaning people who should be shown trust and respect to do their job right.

3. Get rid of those management tricks listed previously. Not only will you start to build trust, but you will also save a ton of money and time; time that can be spent doing the rest of the Rx.

4. Train management how to use "team leadership" behaviors, which emphasize the use of influence through coaching and mentoring employees.

5. Train your management group to act as a team. Use the Myers-Briggs Type In-dicator (or another tool that works) to open their eyes about the gifts different team members bring to the game.

6. Structure the organization into a value stream or work-flow teams. Make supervisors "team leaders."

7. Train team leaders in the stages of team development and how to adjust their leadership style to build high-performance teams.

8. Train everyone in the organization on statistical process control and use control charts to understand process capability. This will help to remove distor-tion due to tampering.

9. Install "leading lean" initiatives including tiered team meetings, visual con-trols, demand flow, process auditing, 5S, kaizen, six sigma, and employee engage-ment strategies.

10. Put everyone in the organization on "learning contracts" to promote and encourage continuous self-improvement, cross training, and a deeper understanding of your company, your customers, and your industry.

11. Redesign the rewards, recognition, and compensation systems to support a climate of innovation, teamwork, and process improvements.

12. Teach everyone the problem-solving basics—data collection, data analysis tools, and root cause analysis.

Our final prescription, which is really more of a concept, is the fastest way to build trust.

13. The way to build trust is by increas-ing the risk-taking behavior in the organization. But the risk-taking behav-ior among employees must be met by an equal (if not greater) amount of error-tolerance behavior by management. Employees won't try new things if there is a chance that they will get "in trouble" or "called out" for making a mistake. When employees take a risk by offering an idea or trying something new in an environment of tolerance and understanding, they will begin to trust that it is okay to try and fail.

The opposite of trust is fear. And when there is fear in an organization, you don't have accurate data to make decisions. When there is fear, employees will either distort the numbers or distort the system to get the results management demands. Managers that lead by the old "command and control" methods are not only ruining trust in the organization, but they are likely ruining the organization by making deci-sions from corrupted data. Effective leader-ship must replace old-school thinking, and new behaviors and structures must prevail to build trust and increase the accuracy of data for effective problem solving. **ne**