

## CASE STUDY

The following case study describes the leadership of a very successful high school swimming coach. The questions at the end of the case will help you analyze the case using ideas from the different conceptual perspectives provided in the chapter.

### King of the Hill

Denny Hill's career as a high school swimming coach didn't start out well. The seniors on his team quit in the first season because he required them to come to all the workouts. The team only won three meets the whole season. That was 40 years ago. Since that time, the high school chemistry teacher's success as a swimming coach has been extraordinary; his winnings include more than 900 boys' and girls' dual meets and a phenomenal 31 state titles.

Denny is noted for creating a team effort out of what is usually considered an individual sport. He begins every season with a team sleepover, followed by "Hell Week," a two-week grueling regimen in which team members swim at least 5 miles a workout and 10 miles a day. Denny sees "Hell Week" as pivotal: "When the kids are in the same boat—kind of like boot camp—there is a certain bonding of them all doing it together" (McCabe, 2003, p. 8D).

Denny sees his team as an aquatic family. "Kids want boundaries at this age," he says, "so I make the rules very clear to them. They also want to feel safe."

And while Denny makes his swimmers train, train, train, he doesn't exclude anyone. Even if a swimmer doesn't show state title-winning potential, Denny still treats him or her as a full-fledged member of the team.

Denny passes the mantle of leadership onto his team members, as well. Seniors are expected to be the mature leaders who inform the freshmen of the team goals and expectations. Juniors are to be role models, while sophomores serve as quiet leaders who are still learning but have a foundation in the team culture. Even the freshmen members have a job: They are required to pay attention to the coaches and other team members as they learn the team's culture and what's expected.

Denny, described as adept at “reading kids,” is known for his ability to relate to his swimmers. A good listener, he holds a 20-minute team meeting each Monday where every member has the opportunity to present a rose or a complaint to anyone on the team including the coaches. He is tough on swimmers and makes them work, but when they need support he is always there to put an arm around them. His assistant and wife Liz says, “He knows if you yell all the time, they tune you out, and he knows if you're nice all the time, you're not going to get everything out of them” (McCabe, 2003, p. 8D).

One of his former swimmers says Denny's ability to use humor made him a great coach: “He instantly got the team on his side. He'd make a comment or joke that would take the edge off those long distance workouts . . . But he knew his stuff. We worked very, very hard for him” (McCabe, 2003, p. 8D).

Denny's philosophy is similar to that of the famous University of Michigan football coach, Bo Schembechler. “The winning thing isn't everything. Preparing to win is the key. By preparing to win, everything takes care of itself. When you do win, you've done it the right way,” Denny says (“Hill Earns 500th Win as Pioneer Boys Swim Coach,” 2009).

## Questions

1. What leadership *traits* account for Denny Hill's success?
2. How would you describe Denny Hill's leadership *abilities*?
3. Leadership includes administrative skills, interpersonal skills, and conceptual skills. How does Denny Hill stack up on these *skills*?
4. How does Denny Hill integrate task and relationship *behaviors* in his leadership?
5. From a relational perspective, how would you describe Denny Hill's leadership?
6. In what way does Denny Hill's coaching exemplify leadership as an influence process?

## 1.1 Conceptualizing Leadership Questionnaire



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### Purpose

1. To identify how you view leadership
2. To explore your perceptions of different aspects of leadership

### Directions

1. Consider for a moment your own impressions of the word *leadership*. Based on your experiences with leaders in your lifetime, what is leadership?
2. Using the scale below, indicate the extent to which you agree or disagree with the following statements about leadership.

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1. When I think of leadership, I think of a person with special personality traits.	1	2	3	4	5
2. Much like playing the piano or tennis, leadership is a learned ability.	1	2	3	4	5
3. Leadership requires knowledge and know-how.	1	2	3	4	5
4. Leadership is about what people do rather than who they are.	1	2	3	4	5
5. Followers can influence the leadership process as much as leaders.	1	2	3	4	5
6. Leadership is about the process of influencing others.	1	2	3	4	5
7. Some people are born to be leaders.	1	2	3	4	5
8. Some people have the natural ability to be leaders.	1	2	3	4	5
9. The key to successful leadership is having the right skills.	1	2	3	4	5
10. Leadership is best described by what leaders do.	1	2	3	4	5
11. Leaders and followers share in the leadership process.	1	2	3	4	5
12. Leadership is a series of actions directed toward positive ends.	1	2	3	4	5
13. A person needs to have certain traits to be an effective leader.	1	2	3	4	5
14. Everyone has the capacity to be a leader.	1	2	3	4	5
15. Effective leaders are competent in their roles.	1	2	3	4	5
16. The essence of leadership is performing tasks and dealing with people.	1	2	3	4	5

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
17. Leadership is about the common purposes of leaders and followers.	1	2	3	4	5
18. Leadership does not rely on the leader alone but is a process involving the leader, followers, and the situation.	1	2	3	4	5
19. People become great leaders because of their traits.	1	2	3	4	5
20. People can develop the ability to lead.	1	2	3	4	5
21. Effective leaders have competence and knowledge.	1	2	3	4	5
22. Leadership is about how leaders work with people to accomplish goals.	1	2	3	4	5
23. Effective leadership is best explained by the leader-follower relationship.	1	2	3	4	5
24. Leaders influence and are influenced by followers.	1	2	3	4	5

### Scoring

1. Sum scores on items 1, 7, 13, and 19 (trait emphasis)
2. Sum scores on items 2, 8, 14, and 20 (ability emphasis)
3. Sum scores on items 3, 9, 15, and 21 (skill emphasis)
4. Sum scores on items 4, 10, 16, and 22 (behavior emphasis)
5. Sum scores on items 5, 11, 17, and 23 (relationship emphasis)
6. Sum scores on items 6, 12, 18, and 24 (process emphasis)

### Total Scores

1. Trait emphasis: \_\_\_\_\_
2. Ability emphasis: \_\_\_\_\_
3. Skill emphasis: \_\_\_\_\_
4. Behavior emphasis: \_\_\_\_\_
5. Relationship emphasis: \_\_\_\_\_
6. Process emphasis: \_\_\_\_\_

### Scoring Interpretation

The scores you received on this questionnaire provide information about how you define and view leadership. The emphasis you give to the various dimensions of leadership has implications for how you approach the leadership process. For example, if your highest score is *trait emphasis*, it suggests that you emphasize the role of the leader and the leader's special gifts in the leadership process. However, if your highest score is *relationship emphasis*, it indicates that you think leadership is centered on the communication between leaders and followers, rather than on the unique qualities of the leader. By comparing your scores, you can gain an understanding of the aspects of leadership that you find most important and least important. The way you think about leadership will influence how you practice leadership.

## BILL GATES (1954--)



For many years, William (Bill) H. Gates III, cofounder and chair of Microsoft Corporation, the world's largest developer of software for personal computers, was the wealthiest person in the world with assets estimated at more than \$70 billion. A self-made man, Gates's interest in computers began at the age of 13 when he and a friend developed their first computer software program. He later attended Harvard University but left without graduating, to focus on software

development. He cofounded Microsoft in 1975. Under Gates's leadership, Microsoft developed the well-known Microsoft Disk Operating System (MS-DOS), Windows operating system, and Internet Explorer browser. Microsoft is one of the fastest growing and most profitable companies ever established. From the success of Microsoft, Gates and his wife established the Bill & Melinda Gates Foundation in 2000 to reduce inequities and improve lives around the world. This foundation promotes education, addresses global health issues (such as malaria, HIV/AIDS, and tuberculosis), sponsors libraries, and supports housing and community initiatives in the Pacific Northwest. Beginning in 2006, Gates transitioned away from his day-to-day operating role at Microsoft to spend more time working with his foundation, but he remains as the corporation's chair.

### *Traits and Characteristics*

Bill Gates is both intelligent and visionary. When he cofounded Microsoft, he had a vision about how to meet the technological needs of people in the future, and he hired friends to help him accomplish that vision. Gates is also task oriented and diligent, often working 12 or more hours a day to promote his interest in software product development. Furthermore, Gates is focused and aggressive. When Microsoft was accused by the U.S. government of antitrust violations, Gates appeared before congressional hearings and strongly defended his company. When asked about whether he has a "win at all cost mentality," he answered that you bring people together to work on products and make products better, but there is never a finish line—there are always challenges ahead (Jager & Ortiz, 1997, pp. 151–152). In his personal style, Gates is simple, straightforward, unpretentious, and altruistic. He has demonstrated a strong concern for the poor and underserved.

## Skills Inventory (Northouse, 2007, p. 65)

Rate each question using the following scale:

1= not true, 2=seldom true, 3=occasionally true, 4=somewhat true, 5=very true

- |                                                                                  |   |   |   |   |   |
|----------------------------------------------------------------------------------|---|---|---|---|---|
| 1. I enjoy getting into the details of how things work.....                      | 1 | 2 | 3 | 4 | 5 |
| 2. As a rule, adapting ideas to people's needs is easy for me. ....              | 1 | 2 | 3 | 4 | 5 |
| 3. I enjoy working with abstract ideas .....                                     | 1 | 2 | 3 | 4 | 5 |
| 4. Technical things fascinate me. ....                                           | 1 | 2 | 3 | 4 | 5 |
| 5. Being able to understand others is the most important part of my work .....   | 1 | 2 | 3 | 4 | 5 |
| 6. Seeing the big picture is easy for me .....                                   | 1 | 2 | 3 | 4 | 5 |
| 7. One of my skills is being good at making things work.....                     | 1 | 2 | 3 | 4 | 5 |
| 8. My main concern is to have a supportive communication climate.....            | 1 | 2 | 3 | 4 | 5 |
| 9. I am intrigued by complex organizational problems.....                        | 1 | 2 | 3 | 4 | 5 |
| 10. Following directions and filling out forms comes easily for me .....         | 1 | 2 | 3 | 4 | 5 |
| 11. Understanding the social fabric of the organization is important to me ..... | 1 | 2 | 3 | 4 | 5 |
| 12. I would enjoy working out strategies for my organization's growth .....      | 1 | 2 | 3 | 4 | 5 |
| 13. I am good at completing the things I've been assigned to do .....            | 1 | 2 | 3 | 4 | 5 |
| 14. Getting all parties to work together is a challenge I enjoy.....             | 1 | 2 | 3 | 4 | 5 |
| 15. Creating a mission statement is rewarding work .....                         | 1 | 2 | 3 | 4 | 5 |
| 16. I understand how to do the basic things required of me .....                 | 1 | 2 | 3 | 4 | 5 |
| 17. I am concerned with how my decisions affect the lives of others .....        | 1 | 2 | 3 | 4 | 5 |
| 18. Thinking about organizational values and philosophy appeals to me.....       | 1 | 2 | 3 | 4 | 5 |


## Scoring

Technical Skill (sum questions 1, 4, 7, 10, 13, 16) \_\_\_\_\_

Human Skill (sum questions 2, 5, 8, 11, 14, 17) \_\_\_\_\_

Conceptual Skill (sum questions 3, 6, 9, 12, 15, 18) \_\_\_\_\_

## 2.1 Leadership Traits Questionnaire

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### Purpose

1. To gain an understanding of how traits are used in leadership assessment
2. To obtain an assessment of your own leadership traits

### Directions

1. Make five copies of this questionnaire. This questionnaire should be completed by you and *five people* you know (e.g., roommates, coworkers, relatives, friends).
2. Using the following scale, have each individual indicate the degree to which he or she agrees or disagrees with each of the 14 statements below regarding your leadership traits. Do not forget to complete this exercise for yourself.

\_\_\_\_\_ (name) is

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1. Articulate: Communicates effectively with others	1	2	3	4	5
2. Perceptive: Discerning and insightful	1	2	3	4	5
3. Self-confident: Believes in oneself and one's ability	1	2	3	4	5
4. Self-assured: Secure with self, free of doubts	1	2	3	4	5
5. Persistent: Stays fixed on the goals, despite interference	1	2	3	4	5
6. Determined: Takes a firm stand, acts with certainty	1	2	3	4	5
7. Trustworthy: Is authentic, inspires confidence	1	2	3	4	5
8. Dependable: Is consistent and reliable	1	2	3	4	5
9. Friendly: Shows kindness and warmth	1	2	3	4	5
10. Outgoing: Talks freely, gets along well with others	1	2	3	4	5
11. Conscientious: Is thorough, organized, and careful	1	2	3	4	5
12. Diligent: Is industrious, hardworking	1	2	3	4	5
13. Sensitive: Shows tolerance, is tactful and sympathetic	1	2	3	4	5
14. Empathic: Understands others, identifies with others	1	2	3	4	5

### Choosing a New Director of Research

Sandra Coke is vice president for research and development at Great Lakes Foods (GLF), a large snack food company that has approximately 1,000 employees. As a result of a recent reorganization, Sandra must choose the new director of research. The director will report directly to Sandra and will be responsible for developing and testing new products. The research division of GLF employs about 200 people. The choice of directors is important because Sandra is receiving pressure from the president and board of GLF to improve the company's overall growth and productivity.

Sandra has identified three candidates for the position. Each candidate is at the same managerial level. She is having difficulty choosing one of them because each has very strong credentials. Alexa Smith is a long-time employee of GLF who started part-time in the mailroom while in high school. After finishing school, Alexa worked in as many as 10 different positions throughout the company to become manager of new product marketing. Performance reviews of Alexa's work have repeatedly



described her as being very creative and insightful. In her tenure at GLF, Alexa has developed and brought to market four new product lines. Alexa is also known throughout GLF as being very persistent about her work: When she starts a project she stays with it until it is finished. It is probably this quality that accounts for the success of each of the four new products with which she has been involved.

A second candidate for the new position is Kelsey Metts, who has been with GLF for 5 years and is manager of quality control for established products. Kelsey has a reputation of being very bright. Before joining GLF, she received her MBA at Harvard, graduating at the top of her class. People talk about Kelsey as the kind of person who will be president of her own company someday. Kelsey is also very personable. On all her performance reviews, she received extra-high scores on sociability and human relations. There isn't a supervisor in the company who doesn't have positive things to say about how comfortable it is to work with Kelsey. Since joining GLF, Kelsey has been instrumental in bringing two new product lines to market.

Thomas Santiago, the third candidate, has been with GLF for 10 years and is often consulted by upper management regarding strategic planning and corporate direction setting. Thomas has been very involved in establishing the vision for GLF and is a company person all the way. He believes in the values of GLF, and actively promotes its mission. The two qualities that stand out above the rest in Thomas's performance reviews are his honesty and integrity. Employees who have worked under his supervision consistently report that they feel they can trust Thomas to be fair and consistent. Thomas is highly respected at GLF. In his tenure at the company, Thomas has been involved in some capacity with the development of three new product lines.

The challenge confronting Sandra is to choose the best person for the newly established director's position. Because of the pressure she feels from upper management, Sandra knows she must select the best leader for the new position.

## Questions

1. Based on the information provided about the trait approach in Tables 2.1 and 2.2, which candidate should Sandra Coke select?
2. In what ways is the trait approach helpful in this type of selection?
3. In what ways are the weaknesses of the trait approach highlighted in this case?

## CASE 2.2

**A Remarkable Turnaround**

Carol Baines was married for 20 years to the owner of the Baines Company until he died in a car accident. After his death, Carol decided not to sell the business but to try to run it herself. Before the accident, her only involvement in the business was in informal discussions with her husband over dinner, although she has a college degree in business, with a major in management.

Baines Company was one of three office supply stores in a city with a population of 200,000 people. The other two stores were owned by national chains. Baines was not a large company, and employed only five people. Baines had stable sales of about \$200,000 a year, serving mostly the smaller companies in the city. The firm had not grown in a number of years and was beginning to feel the pressure of the advertising and lower prices of the national chains.

For the first 6 months, Carol spent her time familiarizing herself with the employees and the operations of the company. Next, she did a city-wide analysis of companies that had reason to purchase office supplies. Based on her understanding of the company's capabilities and her assessment of the potential market for their products and services, Carol developed a specific set of short-term and long-term goals for the company. Behind all of her planning, Carol had a vision that Baines could be a viable, healthy, and competitive company. She wanted to carry on the business that her husband had started, but more than that she wanted it to grow.

Over the first 5 years, Carol invested significant amounts of money in advertising, sales, and services. These efforts were well spent because the company began to show rapid growth immediately. Because of the growth, the company hired another 20 people.

The expansion at Baines was particularly remarkable because of another major hardship Carol had to confront. Carol was diagnosed with breast cancer a year after her husband died. The treatment for her cancer included 2 months of radiation therapy and 6 months of strong chemotherapy. Although the side effects included hair loss and fatigue, Carol continued to manage the company throughout the ordeal. Despite her difficulties, Carol was successful. Under the strength of her leadership, the growth at Baines continued for 10 consecutive years.

Interviews with new and old employees at Baines revealed much about Carol's leadership. Employees said that Carol was a very solid person. She cared deeply about others and was fair and considerate. They

said she created a family-like atmosphere at Baines. Few employees had quit Baines since Carol took over. Carol was devoted to all the employees, and she supported their interests. For example, the company sponsored a softball team in the summer and a basketball team in the winter. Others described Carol as a strong person. Even though she had cancer, she continued to be positive and interested in them. She did not get depressed about the cancer and its side effects, even though coping with cancer was difficult. Employees said she was a model of strength, goodness, and quality.

At age 55, Carol turned the business over to her two sons. She continues to act as the president but does not supervise the day-to-day operations. The company is doing more than \$3.1 million in sales, and it outpaces the other two chain stores in the city.

## Questions

1. How would you describe Carol's leadership traits?
2. How big a part did Carol's traits play in the expansion of the company?
3. Would Carol be a leader in other business contexts?

### A Strained Research Team

Dr. Adam Wood is the principal investigator on a 3-year, \$1 million federally funded research grant to study health education programs for older populations, called the Elder Care Project. Unlike previous projects, in which Dr. Wood worked alone or with one or two other investigators, on this project Dr. Wood has 11 colleagues. His project team is made up of two co-investigators (with PhDs), four intervention staff (with MAs), and five general staff members (with BAs). One year into the project, it has become apparent to Dr. Wood and the team that the project is underbudgeted and has too few resources. Team members are spending 20%–30% more time on the project than has been budgeted to pay them. Regardless of the resource strain, all team members are committed to the project; they believe in its goals and the importance of its outcomes. Dr. Wood is known throughout the country as the foremost scholar in this area of health education research. He is often asked to serve on national review and advisory boards. His publication record is second to none. In addition, his colleagues in the university know Dr. Wood as a very competent researcher. People come to Dr. Wood for advice on research design and methodology questions. They also come to him for questions about theoretical formulations. He has a reputation as someone who can see the big picture on research projects.

Despite his research competence, there are problems on Dr. Wood's research team. Dr. Wood worries there is a great deal of work to be

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done but that the members of the team are not devoting sufficient time to the Elder Care Project. He is frustrated because many of the day-to-day research tasks of the project are falling into his lap. He enters a research meeting, throws his notebook down on the table, and says, “I wish I’d never taken this project on. It’s taking way too much of my time. The rest of you aren’t pulling your fair share.” Team members feel exasperated at Dr. Wood’s comments. Although they respect his competence, they find his leadership style frustrating. His negative comments at staff meetings are having a demoralizing effect on the research team. Despite their hard work and devotion to the project, Dr. Wood seldom compliments or praises their efforts. Team members believe that they have spent more time than anticipated on the project and have received less pay or credit than expected. The project is sucking away a lot of staff energy, yet Dr. Wood does not seem to understand the pressures confronting his staff.

The research staff is starting to feel burned out, but members realize they need to keep trying because they are under time constraints from the federal government to do the work promised. The team needs to develop a pamphlet for the participants in the Elder Care Project, but the pamphlet costs are significantly more than budgeted in the grant. Dr. Wood has been very adept at finding out where they might find small pockets of money to help cover those costs.

Although team members are pleased that he is able to obtain the money, they are sure he will use this as just another example of how he was the one doing most of the work on the project.

## Questions

1. Based on the skills approach, how would you assess Dr. Wood’s leadership and his relationship to the members of the Elder Care Project team? Will the project be successful?
2. Does Dr. Wood have the skills necessary to be an effective leader of this research team?
3. The skills model describes three important competencies for leaders: problem-solving skills, social judgment skills, and knowledge. If you were to coach Dr. Wood using this model, what competencies would you address with him? What changes would you suggest that he make in his leadership?

## CASE 3.3

### Andy's Recipe

Andy Garafallo owns an Italian restaurant that sits in the middle of a cornfield near a large Midwestern city. On the restaurant's far wall is an elaborate mural of the canals of Venice. A gondola hangs on the opposite wall, up by the ceiling. Along another wall is a row of real potted lemon

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(Continued)

trees. “My ancestors are from Sicily,” says Andy. “In fact, I can remember seeing my grandfather take a bite out of a lemon, just like the ones hanging on those trees.”

Andy is very confident about his approach to this restaurant, and he should be, because the restaurant is celebrating its 25th anniversary. “I’m darned sure of what I want to do. I’m not trying different fads to get people to come here. People come here because they know they will get great food. They also want to support someone with whom they can connect. This is my approach. Nothing more, nothing less.” Although other restaurants have folded, Andy seems to have found a recipe for success.

Since opening his restaurant, Andy has had a number of managers. Currently, he has three: Kelly, Danielle, and Patrick. Kelly is a kitchen (food prep) manager who is known as very honest and dependable. She loves her work, and is efficient, good with ordering, and good with preparation. Andy really likes Kelly but is frustrated with her because she has such difficulty getting along with the salespeople, delivery people, and waitstaff.

Danielle, who works out front in the restaurant, has been with Andy the longest, 6 years. Danielle likes working at Garafallo’s—she lives and breathes the place. She fully buys into Andy’s approach of putting customers first. In fact, Andy says she has a knack for knowing what customers need even before they ask. Although she is very hospitable, Andy says she is lousy with numbers. She just doesn’t seem to catch on to that side of the business.

Patrick, who has been with Andy for 4 years, usually works out front but can work in the kitchen as well. Although Patrick has a strong work ethic and is great with numbers, he is weak on the people side. For some reason, Patrick treats customers as if they are faceless, coming across as very unemotional. In addition, Patrick tends to approach problems with an either–or perspective. This has gotten him into trouble on more than one occasion. Andy wishes that Patrick would learn to lighten up. “He’s a good manager, but he needs to recognize that some things just aren’t that important,” says Andy.

Andy’s approach to his managers is that of a teacher and coach. He is always trying to help them improve. He sees part of his responsibility as teaching them every aspect of the restaurant business. Andy’s stated goal is that he wants his managers to be “A” players when they leave his business to take on jobs elsewhere. Helping people to become the best they can be is Andy’s goal for his restaurant employees.

Although Andy works 12 hours a day, he spends little time analyzing the numbers. He does not think about ways to improve his profit margin by cutting corners, raising an item price here, or cutting quality there. Andy says, “It’s like this: The other night I got a call from someone who said they wanted to come in with a group and wondered if they could bring along a cake. I said ‘yes’ with one stipulation....I get a piece! Well the people came and spent a lot of money. Then they told me that they had actually wanted to go to another restaurant but the other place would not allow them to bring in their own cake.” Andy believes very strongly in his approach. “You get business by being what you should be.” Compared with other restaurants, his restaurant is doing quite well. Although many places are happy to net 5%–7% profit, Andy’s Italian restaurant nets 30% profit, year in and year out.

## Questions

1. What accounts for Andy’s success in the restaurant business?
2. From a skills perspective, how would you describe the three managers, Kelly, Danielle, and Patrick? What does each of them need to do to improve his or her skills?
3. How would you describe Andy’s competencies? Does Andy’s leadership suggest that one does not need all three skills in order to be effective?



# Style Questionnaire

Instructions: Read each item carefully and think about how often you (or the person you are evaluating) engage in the described behavior. Indicate your response to each item by circling one of the five numbers to the right of each item.

Key: 1 = Never    2 = Seldom    3 = Occasionally    4 = Often    5 = Always

- |                                                           |   |   |   |   |   |
|-----------------------------------------------------------|---|---|---|---|---|
| 1. Tells group members what they are supposed to do.      | 1 | 2 | 3 | 4 | 5 |
| 2. Acts friendly with members of the group.               | 1 | 2 | 3 | 4 | 5 |
| 3. Sets Standards of performance for group members.       | 1 | 2 | 3 | 4 | 5 |
| 4. Helps others feel comfortable in the group.            | 1 | 2 | 3 | 4 | 5 |
| 5. Makes suggestions about how to solve problems.         | 1 | 2 | 3 | 4 | 5 |
| 6. Responds favorably to suggestions made by others.      | 1 | 2 | 3 | 4 | 5 |
| 7. Makes his or her perspective clear to others.          | 1 | 2 | 3 | 4 | 5 |
| 8. Treats others fairly.                                  | 1 | 2 | 3 | 4 | 5 |
| 9. Develops a plan of action for the group.               | 1 | 2 | 3 | 4 | 5 |
| 10. Behaves in a predictable manner toward group members. | 1 | 2 | 3 | 4 | 5 |
| 11. Defines role responsibilities for each group member.  | 1 | 2 | 3 | 4 | 5 |
| 12. Communicates actively with group members.             | 1 | 2 | 3 | 4 | 5 |
| 13. Clarifies his or her own role within the group.       | 1 | 2 | 3 | 4 | 5 |
| 14. Shows concern for the personal well-being of others.  | 1 | 2 | 3 | 4 | 5 |
| 15. Provides a plan for how the work is to be done.       | 1 | 2 | 3 | 4 | 5 |
| 16. Shows flexibility in making decisions.                | 1 | 2 | 3 | 4 | 5 |
| 17. Provides criteria for what is expected of the group.  | 1 | 2 | 3 | 4 | 5 |
| 18. Discloses thoughts and feelings to group members.     | 1 | 2 | 3 | 4 | 5 |
| 19. Encourages group members to do quality work.          | 1 | 2 | 3 | 4 | 5 |
| 20. Helps group members get along.                        | 1 | 2 | 3 | 4 | 5 |

## Situational Leadership

**Instructions:** Look at the following four leadership situations and indicate what the development level is in each situation, which leadership style each response represents, and which leadership style is needed in the situation (i.e., action A, B, C, or D).

### Situation 1

Because of budget restrictions imposed on your department, it is necessary to consolidate. You are thinking of asking a highly capable and experienced member of your department to take charge of the consolidation. This person has worked in all areas of your department and has the trust and respect of most of the staff. She is very willing to help with the consolidation.

- A. Assign the project to her and let her determine how to accomplish it.
- B. Assign the task to her, indicate to her precisely what must be done, and supervise her work closely.
- C. Assign the task to her and provide support and encouragement as needed.
- D. Assign the task to her and indicate to her precisely what needs to be done but make sure you incorporate her suggestions.

Development level \_\_\_\_\_ Action \_\_\_\_\_

### Situation 2

You have recently been made a department head of the new regional office. In getting to know your departmental staff, you have noticed that one of your inexperienced employees is not following through on assigned tasks. She is enthusiastic about her new job and wants to get ahead in the organization.

- A. Discuss the lack of follow-through with her and explore the alternative ways this problem can be solved.
- B. Specify what she must do to complete the tasks but incorporate any suggestions she may have.
- C. Define the steps necessary for her to complete the assigned tasks and monitor her performance frequently.
- D. Let her know about the lack of follow-through and give her more time to improve her performance.

Development level \_\_\_\_\_ Action \_\_\_\_\_

**Situation 3**

Because of a new and very important unit project, for the past 3 months you have made sure that your staff members understood their responsibilities and expected level of performance, and you have supervised them closely. Due to some recent project setbacks, your staff members have become somewhat discouraged. Their morale has dropped, and so has their performance.

- A. Continue to direct and closely supervise their performance.
- B. Give the group members more time to overcome the setbacks but occasionally check their progress.
- C. Continue to define group activities but involve the group members more in decision making and incorporate their ideas.
- D. Participate in their problem-solving activities and encourage and support their efforts to overcome the project setbacks.

Development level \_\_\_\_\_ Action \_\_\_\_\_

**Situation 4**

As a director of the sales department, you have asked a member of your staff to take charge of a new sales campaign. You have worked with this person on other sales campaigns, and you know he has the job knowledge and experience to be successful at new assignments. However, he seems a little unsure about his ability to do the job.

- A. Assign the new sales campaign to him and let him function on his own.
- B. Set goals and objectives for this new assignment but consider his suggestions and involve him in decision making.
- C. Listen to his concerns but assure him he can do the job and support his efforts.
- D. Tell him exactly what the new campaign involves and what you expect of him, and supervise his performance closely.

Development level \_\_\_\_\_ Action \_\_\_\_\_

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SOURCE: Adapted from *Game Plan for Leadership and the One Minute Manager* (Figure 5.20, Learning Activity, p. 5), by K. Blanchard, P. Zigarmi, and D. Zigarmi, 1992, Escondido, CA: Blanchard Training and Development (phone 760-489-5005). Used with permission.

## CASE 4.1

### A Drill Sergeant at First

Mark Young is the head of the painting department in a large hospital; 20 union employees report to him. Before coming on board at the hospital, he had worked as an independent contractor. At the hospital, he took a position that was newly created because the hospital believed change was needed in how painting services were provided.

Upon beginning his job, Mark did a 4-month analysis of the direct and indirect costs of painting services. His findings supported the perceptions of his administrators that painting services were inefficient and costly. As a result, Mark completely reorganized the department, designed a new scheduling procedure, and redefined the expected standards of performance.

Mark says that when he started out in his new job he was “all task,” like a drill sergeant who didn’t seek any input from his subordinates. From Mark’s point of view, the hospital environment did not leave much room for errors, so he needed to be strict about getting painters to do a good job within the constraints of the hospital environment.

As time went along, Mark relaxed his style and was less demanding. He delegated some responsibilities to two crew leaders who reported to him, but he always stayed in close touch with each of the employees. On a weekly basis, Mark was known to take small groups of workers to the local sports bar for burgers on the house. He loved to banter with the employees and could take it as well as dish it out.

*(Continued)*

(Continued)

Mark is very proud of his department. He says he always wanted to be a coach, and that's how he feels about running his department. He enjoys working with people; in particular, he says he likes to see the glint in their eyes when they realize that they've done a good job and they have done it on their own.

Because of Mark's leadership, the painting department has improved substantially and is now seen by workers in other departments as the most productive department in hospital maintenance. Painting services received a customer rating of 92%, which is the highest of any service in the hospital.

## Questions

1. From the style perspective, how would you describe Mark's leadership?
2. How did his style change over time?
3. In general, do you think he is more task oriented or more relationship oriented?
4. What score do you think he would get on Blake and Mouton's grid?

## CASE 4.2

### Eating Lunch Standing Up

Susan Parks is the part-owner and manager of Marathon Sports, an athletic equipment store that specializes in running shoes and accessories. The store employs about 10 people, most of whom are college students who work part-time during the week and full-time on weekends. Marathon Sports is the only store of its kind in a college town with a population of 125,000. The annual sales figures for the store have shown 15% growth each year.

Susan has a lot invested in the store, and she works very hard to make sure the store continues to maintain its reputation and pattern of growth. She works 50 hours a week at the store, where she wears many hats, including those of buyer, scheduler, trainer, planner, and salesperson. There

is never a moment when Susan is not doing something. Rumor has it that she eats her lunch standing up.

Employees' reactions to Susan are strong and varied. Some people like her style, and others do not. Those who like her style talk about how organized and efficient the store is when she is in charge. Susan makes the tasks and goals for everyone very clear. She keeps everyone busy; when they go home at night, they feel as if they have accomplished something. They like to work for Susan because she knows what she is doing. Those who do not like her style complain that she is too driven. It seems that her sole purpose for being at the store is to get the job done. She seldom, if ever, takes a break or just hangs out with the staff. These people say Susan is pretty hard to relate to, and as a result it is not much fun working at Marathon Sports.

Susan is beginning to sense that employees have a mixed reaction to her leadership style. This bothers her, but she does not know what to do about it. In addition to her work at the store, Susan struggles hard to be a good spouse and mother of three children.

## Questions

1. According to the style approach, how would you describe Susan's leadership?
2. Why does her leadership style create such a pronounced reaction from her subordinates?
3. Do you think she should change her style?
4. Would she be effective if she changed?

### What Style Do I Use?

Bruce Cannon is the owner of a 5-year-old small plastics company that employs about 20 people. The company consists of three areas: engineering, sales, and production. For each of these areas, there is a single manager.

Rick Nakano heads the engineering crew. He is a seasoned engineer and is the oldest employee in the company (he is 55 years old). Rick was hired because of his engineering ability and experience.

Before joining the company, Rick worked for 20 years as an engineer for Ford Motor Company. His coworkers perceive him as very competent, even-tempered, and interested in the company.

Rick has been spending most of his time in recent weeks on developing a long-range plan for the company. His goal is to develop a creative model for making decisions about future expenditures for materials, equipment, plant development, and personnel. Rick feels good about the way upper management has reacted to the first drafts of his plans.

Beth Edwards heads the sales force, which is the smallest unit in the company. Beth is the most recent hire in the company and has 15 years of sales experience in a different product area. Beth's peers see her as highly motivated but not too knowledgeable about the company's products. Beth's goal is to increase the company's annual sales by 30%. However, the first quarter sales figures indicate the rate of growth to be only 2%.

Although Beth has been upbeat since the day she arrived, in recent weeks there have been problems in her department. Her sales staff talks about how little she knows about the plastics industry. In discussions about new products, Beth often is confused. In addition, she has difficulty describing the company's capabilities to customers because she does not understand fully how a plastics company of this type functions.



Steve Lynch is the manager of production and has been with the company since its inception. Steve started out with the company just out of high school, working on the line, and moved up in the company as a result of his hard work. His goal is to streamline production and decrease costs by 10%. He knows production backward and forward but is a bit apprehensive about his new role as production manager. In fact, Steve is afraid he might fail as manager. He does not know whether he is ready to have others depend on him when he has always been the one depending on others. The owner, Bruce, has great faith in Steve and has had several meetings with him to clarify his role and reassure him that he can do the work. He is certain that Steve will be an outstanding production manager.

Bruce meets weekly with each of his managers to talk about how their groups are fitting in with the overall company goals. In his upcoming weekly conference, he wants to discuss with them what new procedures they could implement within their departments to improve their long-term performance. Bruce is wondering how he should approach each of his managers.

### Questions

1. According to the basic assumptions of situational leadership, where would you place the three managers in regard to levels of development in the SLII model (see Figure 5.1)?
2. If you were Bruce, would you act the same toward each of the three managers?
3. Which conference would be the hardest for you, and which would be the easiest? Why?

## CASE 5.2

### Why Aren't They Listening?

Jim Anderson is a training specialist in the human resource department of a large pharmaceutical company. In response to a recent companywide survey, Jim specifically designed a 6-week training program on listening and communication skills to encourage effective management in the company.

*(Continued)*

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Jim's goals for the seminar are twofold: for participants to learn new communication behaviors and for participants to enjoy the seminar so they will want to attend future seminars.

The first group to be offered the program was middle-level managers in research and development. This group consisted of about 25 people, nearly all of whom had advanced degrees. Most of this group had attended several in-house training programs in the past, so they had a sense of how the seminar would be designed and run. Because the previous seminars had not always been very productive, many of the managers felt a little disillusioned about coming to the seminar. As one of the managers said, "Here we go again: a fancy in-house training program from which we will gain nothing."

Because Jim recognized that the managers were very experienced, he did not put many restrictions on attendance and participation. He used a variety of presentation methods and actively solicited involvement from the managers in the seminar. Throughout the first two sessions, he went out of his way to be friendly with the group. He gave them frequent coffee breaks during the sessions; during these breaks, he promoted socializing and networking.

During the third session, Jim became aware of some difficulties with the seminar. Rather than the full complement of 25 managers, attendance had dropped to about only 15 managers. Although the starting time was established at 8:30, attendees had been arriving as late as 10:00. During the afternoon sessions, some of the managers were leaving the sessions to return to their offices at the company.

As he approached the fourth session, Jim was apprehensive about why things had been going poorly. He had become quite uncertain about how he should approach the group. Many questions were running through his mind: Had he treated the managers in the wrong way? Had he been too easy regarding attendance at the sessions? Should he have said something about the managers skipping out in the afternoon? Were the participants taking the seminar seriously? Jim was certain that the content of the seminars was innovative and substantive, but he could not figure out what he could change to make the program more successful. He sensed that his style was not working for this group, but he didn't have a clue as to how he should change what he was doing to make the sessions better.

## Questions

1. According to the SLII model (see Figure 5.1), what style of leadership is Jim using to run the seminars?
2. At what level are the managers?
3. From a leadership perspective, what is Jim doing wrong?
4. What specific changes could Jim implement to improve the seminars?

### What's the Best Leader Match?

Universal Drugs is a family-owned pharmaceutical company that manufactures generic drugs such as aspirin and vitamin pills. The owners of the company have expressed a strong interest in making the management of the company, which traditionally has been very authoritarian, more team-work oriented.

To design and implement the new management structure, the owners have decided to create a new position. The person in this position would report directly to the owners and have complete freedom to conduct performance reviews of all managers directly involved in the new system. Two employees from within the company have applied for the new position.

Martha Lee has been with Universal for 15 years and has been voted by her peers “most outstanding manager” on three different occasions. She is friendly, honest, and extremely conscientious about reaching short-term and long-term goals. When given the LPC scale by the personnel department, Martha received a score of 52.

Bill Washington came to Universal 5 years ago with an advanced degree in organizational development. He is director of training, where all of his subordinates say he is the most caring manager they have ever had. While at Universal, Bill has built a reputation for being a real people person. Reflecting his reputation is his score on the LPC scale, an 89.

## Questions

1. According to contingency theory, which of the two applicants should the new owner choose to head the new management structure? Why?
2. Could the owner define the new position according to contingency theory in such a way that it would qualify one of the applicants more than the other?
3. Will Universal Drugs benefit by using contingency theory in its decision making regarding its new management structure?

**CASE 9.1****The Vision Failed**

High Tech Engineering (HTE) is a 50-year-old family-owned manufacturing company with 250 employees that produces small parts for the aircraft industry. The president of HTE is Harold Barelli, who came to the company from a smaller business with strong credentials as a leader in advanced aircraft technology. Before Harold, the only other president of HTE was the founder and owner of the company. The organizational structure at HTE was very traditional, and it was supported by a very rich organizational culture.

As the new president, Harold sincerely wanted to transform HTE. He wanted to prove that new technologies and advanced management techniques could make HTE one of the best manufacturing companies in the country. To that end, Harold created a vision statement that was displayed throughout the company. The two-page statement, which had a strong democratic tone, described the overall purposes, directions, and values of the company.

During the first 3 years of Harold's tenure as president, several major reorganizations took place at the company. These were designed by Harold and a select few of his senior managers. The intention of each reorganization was to implement advanced organizational structures to bolster the declared HTE vision.

Yet the major outcome of each of the changes was to dilute the leadership and create a feeling of instability among the employees. Most of the changes were made from the top down, with little input from lower or middle management. Some of the changes gave employees more control in circumstances where they needed less, whereas other changes limited employee input in contexts where employees should have been given more input. There were some situations in which individual workers reported to three different bosses, and other situations in which one manager had far too many workers to oversee. Rather than feeling comfortable in their various roles at HTE, employees began to feel uncertain about their responsibilities and how they contributed to stated goals of the company. The overall effect of the reorganizations was a precipitous drop in worker morale and production.

In the midst of all the changes, the vision that Harold had for the company was lost. The instability that employees felt made it difficult for them to support the company's vision. People at HTE complained that although mission statements were displayed throughout the company, no one understood in which direction they were going.

To the employees at HTE, Harold was an enigma. HTE was an American company that produced U.S. products, but Harold drove a foreign car. Harold claimed to be democratic in his style of leadership, but he was arbitrary in how he treated people. He acted in a nondirective style toward some people, and he showed arbitrary control toward others. He wanted to be seen as a hands-on manager, but he delegated operational control of the company to others while he focused on external customer relations and matters of the board of directors.

At times Harold appeared to be insensitive to employees' concerns. He wanted HTE to be an environment in which everyone could feel empowered, but he often failed to listen closely to what employees were saying.

He seldom engaged in open, two-way communication. HTE had a long, rich history with many unique stories, but the employees felt that Harold either misunderstood or did not care about that history.

Four years after arriving at HTE, Harold stepped down as president after his operations officer ran the company into a large debt and cash-flow crisis. His dream of building HTE into a world-class manufacturing company was never realized.

## Questions

1. If you were consulting with the HTE board of directors soon after Harold started making changes, what would you advise them regarding Harold's leadership from a transformational perspective?
2. Did Harold have a clear vision for HTE? Was he able to implement it?
3. How effective was Harold as a change agent and social architect for HTE?
4. What would you advise Harold to do differently if he had the chance to return as president of HTE?



# *The Best-Laid* Incentive Plans

by Steve Kerr

*Rainbarrel Products knew what it needed from its workforce and created a performance management system to get it. Now, it's living with the consequences—most of them unintended.*

**H**IRAM PHILLIPS finished tying his bow tie and glanced in the mirror. Frowning, he tugged on the left side, then caught sight of his watch in the mirror. Time to get going. Moments later, he was down the stairs, whistling cheerfully and heading toward the coffeemaker.

"You're in a good mood," his wife said, looking up from the newspaper and smiling. "What's that tune? 'Accentuate the Positive'?"

"Well done!" Hiram called out. "You know, I do believe you're picking up some pop culture in spite of yourself." It was a running joke with them. She was a classically trained cellist and on the board of the local symphony. He was the one with the Sinatra and Bing Crosby albums and the taste for standards. "You're getting better at naming that tune."

"Or else you're getting better at whistling." She looked over her reading glasses and met his eye. They let a beat pass before they said in unison:

"Naaah." Then, with a wink, Hiram shrugged on his trench coat, grabbed his travel mug, and went out the door.

## Fat and Happy

It was true. Hiram Phillips, CFO and chief administrative officer of Rainbarrel Products, a diversified consumer-durables manufacturer, was in a particularly good mood. He was heading into a breakfast meeting that would bring nothing but good news. Sally Hamilton and Frank Ormondy from Felding & Company would no doubt already be at the office when he arrived and would have with them the all-important numbers—the statistics that would demonstrate the positive results of the performance management system he'd put in place a year ago. Hiram had already seen many of the figures in bits and pieces. He'd retained the consultants to establish baselines on the metrics he wanted to watch and had seen various interim reports

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*HBR's cases, which are fictional, present common managerial dilemmas and offer concrete solutions from experts.*



from them since. But today's meeting would be the impressive summation capping off a year's worth of effort. Merging into the congestion of Route 45, he thought about the upbeat presentation he would spend the rest of the morning preparing for tomorrow's meeting of the corporate executive council.

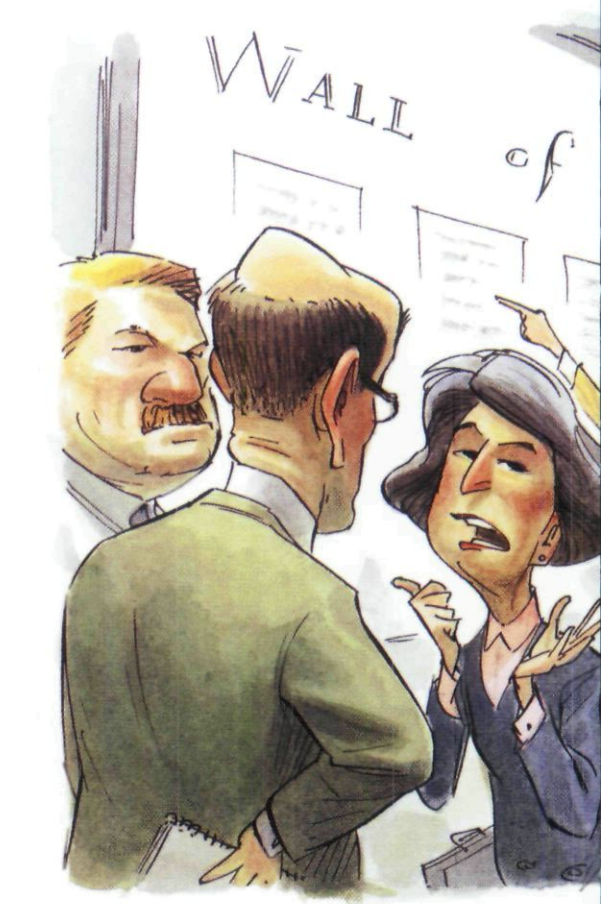
It was obvious enough what his introduction should be. He would start at the beginning—or, anyway, his own beginning at Rainbarrel Products a year ago. At the time, the company had just come off a couple of awful quarters. It wasn't alone. The sudden slowdown in consumer spending, after a decade-long boom, had taken the whole industry by surprise. But what had quickly become clear was that Rainbarrel was adjusting to the new reality far less rapidly than its biggest competitors.

Keith Randall, CEO of Rainbarrel, was known for being an inspiring leader who focused on innovation. Even outside the industry, he had a name as a marketing visionary. But over the course of the ten-year economic boom, he had allowed his organization to become a little lax.

Take corporate budgeting. Hiram still smiled when he recalled his first day of interviews with Rainbarrel's executives. It immediately became obvious that the place had no budget integrity whatsoever. One unit head had said outright, "Look, none of us fights very hard at budget time, because after three or four months, nobody looks at the budget anyway." Barely concealing his shock, Hiram asked how that could be; what did they look at, then? The answer was that they operated according to one simple rule: "If it's a good idea, we say yes to it. If it's a bad idea, we say no."

"And what happens," Hiram had pressed, "when you run out of money halfway through the year?" The fellow rubbed his chin and took a moment to think before answering. "I guess we've always run out of good ideas before we've run out of money." Unbelievable!

"Fat and happy" was how Hiram characterized Rainbarrel in a conversation with the headhunter who had recruited him. Of course, he wouldn't use those words in the CEC meeting. That would sound too disparaging. In fact, he'd quickly fallen in love with Rainbarrel and the



opportunities it presented. Here was a company that had the potential for greatness but that was held back by a lack of discipline. It was like a racehorse that had the potential to be a Secretariat but lacked a structured training regimen. Or a Ferrari engine that needed the touch of an expert mechanic to get it back in trim. In other words, the only thing Rainbarrel was missing was what someone like Hiram Phillips could bring to the table. The allure was irresistible; this was the assignment that would define his career. And now, a year later, he was ready to declare a turnaround.

## Lean and Mean

Sure enough, as Hiram steered toward the entrance to the parking garage, he saw Sally and Frank in a visitor parking space, pulling their bulky file bags out of the trunk of Sally's sedan. He caught up to them at the security checkpoint

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in the lobby and took a heavy satchel from Sally's hand.

Moments later, they were at a conference table, each of them poring over a copy of the consultants' spiral-bound report. "This is great," Hiram said. "I can hand this out just as it is. But what I want to do while you're here is to really nail down what the highlights are. I have the floor for 40 minutes, but I guess I'd better leave ten for questions. There's no way I can plow through all of this."

"If I were you," Sally advised, "I would lead off with the best numbers. I mean, none of them are bad. You hit practically every target. But some of these, where you even exceeded the stretch goal..."

Hiram glanced at the line Sally was underscoring with her fingernail. It was an impressive achievement: a reduction in labor costs. This had been one of the first moves he'd made, and he'd tried to do it gently. He came up with the idea of identifying the bottom quartile of performers throughout the company and offering them fairly generous buyout packages. But

when that hadn't attracted enough takers, he'd gone the surer route. He imposed an across-the-board headcount reduction of 10% on all the units. In that round, the affected people were given no financial assistance beyond the normal severance.

"It made a big difference," he nodded. "But it wasn't exactly the world's most popular move." Hiram was well aware that a certain segment of the Rainbarrel workforce currently referred to him as "Fire 'em." He pointed to another number on the spreadsheet. "Now, that one tells a happier story: lower costs as a result of higher productivity."

"And better customer service to boot," Frank chimed in. They were talking about the transformation of Rainbarrel's call center — where phone representatives took orders and handled questions and complaints from both trade and retail customers. The spreadsheet indicated a dramatic uptick in productivity: The number of calls each service rep was handling per day had gone up 50%. A year earlier, reps were spending up to six minutes per call, whereas now the



average was less than four minutes. "I guess you decided to go for that new automated switching system?" Frank asked.

"No!" Hiram answered. "That's the beauty of it. We got that improvement without any capital investment. You know what we did? We just announced the new targets, let everyone know we were going to monitor them, and put the

As much as Rainbarrel liked to emphasize customer service in its values and mission statement, no reliable metric had been in place to track it.

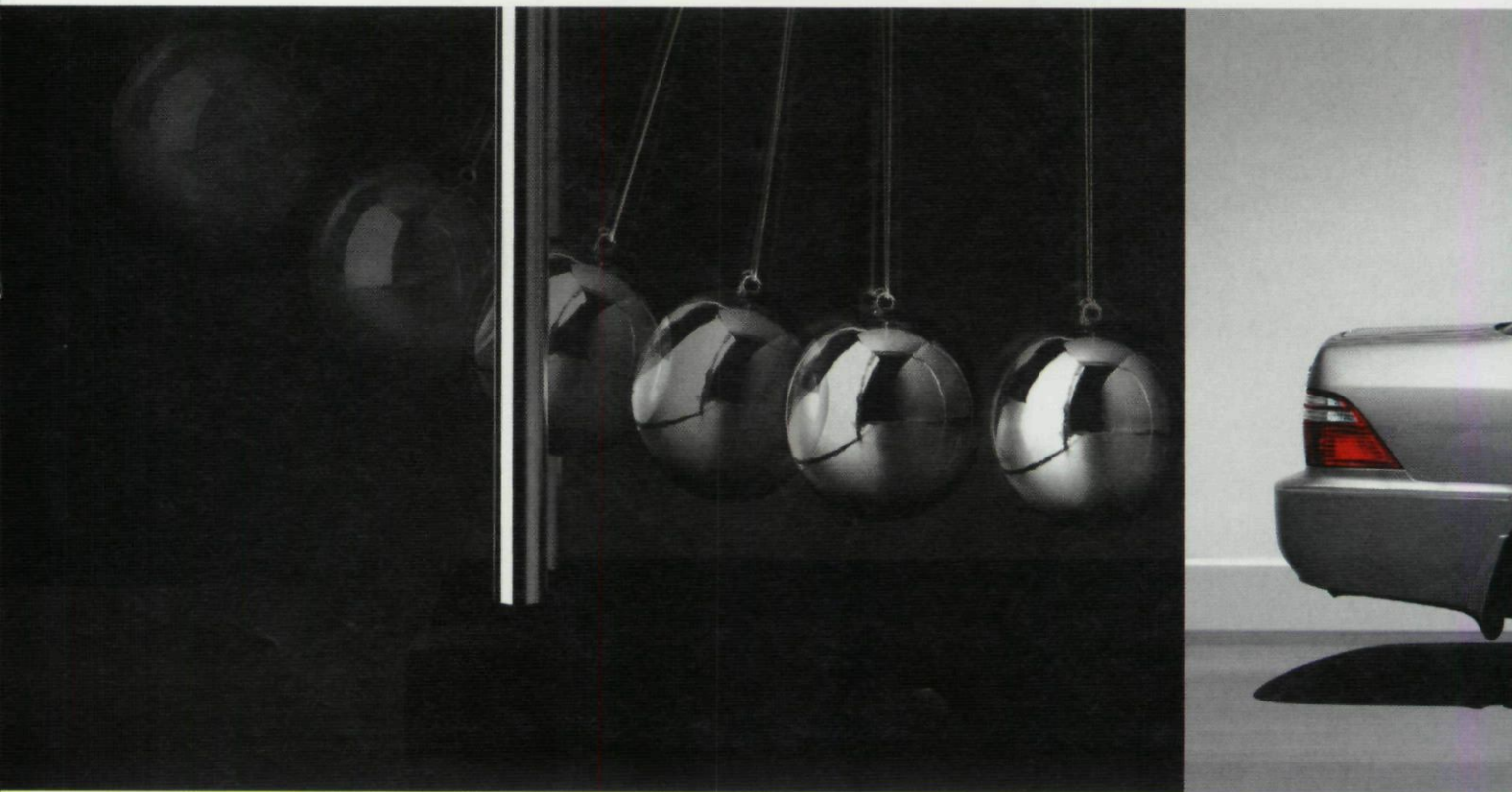
names of the worst offenders on a great big 'wall of shame' right outside the cafeteria. Never underestimate the power of peer pressure!"

Sally, meanwhile, was already circling another banner achievement: an increase in on-time shipments. "You should talk about this, given that it's something that wasn't even being watched before you came."

It was true. As much as Rainbarrel liked to emphasize customer service in its values and mission statement, no reliable metric had been in place to track it. And getting a metric in place hadn't been as straightforward as it might seem — people haggled about what constituted "on time" and even what constituted "shipped." Finally, Hiram had put his foot down and insisted on the most objective of measures. On time meant when the goods were promised to ship. And nothing was counted as shipped till it left company property. Period. "And once again," Hiram announced, "not a dollar of capital expenditure. I simply let people know that, from now on, if they made commitments and didn't keep them, we'd have their number."

"Seems to have done the trick," Sally observed. "The percentage of goods shipped by promise date has gone up steadily for the last six months. It's now at 92%."

Scanning the report, Hiram noticed another huge percentage gain, but he couldn't recall what the acronym stood for. "What's this? Looks like a good one: a 50% cost reduction?"



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Sally studied the item. "Oh, that. It's pretty small change, actually. Remember we separated out the commissions on sales to employees?" It came back to Hiram immediately. Rainbarrel had a policy that allowed current and retired employees to buy products at a substantial discount. But the salespeople who served them earned commissions based on the full retail value, not the actual price paid. So, in effect, employee purchases were jacking up the commission expenses. Hiram had created a new policy in which the commission reflected the actual purchase price. On its own, the change didn't amount to a lot, but it reminded Hiram of a larger point he wanted to make in his presentation: the importance of straightforward rules—and rewards—in driving superior performance.

"I know you guys don't have impact data for me, but I'm definitely going to talk about the changes to commission structure and sales incentives. There's no question they must be making a difference."

"Right," Sally nodded. "A classic case of 'keep it simple,' isn't it?" She turned to Frank to ex-

plain. "The old way they calculated commissions was by using this really complicated formula that factored in, I can't remember, at least five different things."

"Including sales, I hope?" Frank smirked.

"I'm still not sure!" Hiram answered. "No, seriously, sales were the most important single variable, but they also mixed in all kinds of targets around mentoring, prospecting new clients, even keeping the account information current. It was all way too subjective, and salespeople were getting very mixed signals. I just clarified the message so they don't have to wonder what they're getting paid for. Same with the sales contests. It's simple now: If you sell the most product in a given quarter, you win."

With Sally and Frank nodding enthusiastically, Hiram again looked down at the report. Row after row of numbers attested to Rainbarrel's improved performance. It wouldn't be easy to choose the rest of the highlights, but what a problem to have! He invited the consultants to weigh in again and leaned back to bask in the superlatives. And his smile grew wider.

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## Cause for Concern

The next morning, a well-rested Hiram Phillips strode into the building, flashed his ID badge at Charlie, the guard, and joined the throng in the lobby. In the crowd waiting for the elevator, he recognized two young women from Rainbarrel, lattes in hand and headphones around their necks. One was grimacing melodramatically as she turned to her friend. "I'm so dreading getting to my desk," she said. "Right when I was leaving last night, an e-mail showed up from the buyer at Sullivan. I just know it's going to be

"I can't figure out how you fellas define 'shipped.' We were told last Tuesday an order had been shipped, and come to find out, the stuff was sitting on a railroad siding across the street from your plant."

some big, hairy problem to sort out. I couldn't bring myself to open it, with the day I'd had. But I'm going to be sweating it today trying to respond by five o'clock. I can't rack up any more late responses, or my bonus is seriously history."

Her friend had slung her backpack onto the floor and was rooting through it, barely listening. But she glanced up to set her friend straight in the most casual way. "No, see, all they check is whether you responded to an e-mail within 24 hours of opening it. So that's the key. Just don't open it. You know, till you've got time to deal with it."

Then a belltone announced the arrival of the elevator, and they were gone.

## More Cause for Concern

An hour later, Keith Randall was calling to order the quarterly meeting of the corporate executive council. First, he said, the group would hear the results of the annual employee survey, courtesy of human resources VP Lew Hart. Next would come a demonstration by the chief marketing officer of a practice the CEO hoped to incorporate into all future meetings. It was a "quick market intelligence," or QMI, scan, engaging a few of Rainbarrel's valued customers in a prearranged—but not predigested—conference call, to collect raw data on customer service concerns and ideas. "And finally," Keith concluded, "Hiram's going to give us some very good news about cost reductions and operating

efficiencies, all due to the changes he's designed and implemented this past year."

Hiram nodded to acknowledge the compliment. He heard little of the next ten minutes' proceedings, thinking instead about how he should phrase certain points for maximum effect. Lew Hart had lost him in the first moments of his presentation on the "people survey" by beginning with an overview of "purpose, methodology, and historical trends." Deadly.

It was the phrase "mindlessly counting patents" that finally turned Hiram's attention back to his colleague. Lew, it seemed, was now into the "findings" section of his remarks. Hiram pieced together that he was reporting on an unprecedented level of negativity in the responses from Rainbarrel's R&D department and was quoting the complaints people had scribbled on their surveys. "Another one put it this way," Lew said. "We're now highly focused on who's getting the most patents, who's getting the most copyrights, who's submitting the most grant proposals, etc. But are we more creative? It's not that simple."

"You know," Rainbarrel's chief counsel noted, "I have thought lately that we're filing for a lot of patents for products that will never be commercially viable."

"But the thing that's really got these guys frustrated seems to be their 'Innovation X' project," Lew continued. "They're all saying it's the best thing since sliced bread, a generational leap on the product line, but they're getting no uptake."

Eyes in the room turned to the products division president, who promptly threw up his hands. "What can I say, gang? We never expected that breakthrough to happen in this fiscal year. It's not in the budget to bring it to market."

Lew Hart silenced the rising voices, reminding the group he had more findings to share. Unfortunately, it didn't get much better. Both current and retired employees were complaining about being treated poorly by sales personnel when they sought to place orders or obtain information about company products. There was a lot of residual unhappiness about the layoffs, and not simply because those who remained had more work to do. Some people had noted that, because the reduction was based on headcount, not costs, managers had tended to fire low-level people, crippling the company without saving much money. And because the



reduction was across the board, the highest performing departments had been forced to lay off some of the company's best employees. Others had heard about inequities in the severance deals: "As far as I can tell, we gave our lowest performers a better package than our good ones," he quoted one employee as saying.

And then there was a chorus of complaints from the sales organization. "No role models." "No mentoring." "No chance to pick the veterans' brains." "No knowledge sharing about accounts." More than ever, salespeople were dissatisfied with their territories and clamoring for the more affluent, high-volume districts. "It didn't help that all the sales-contest winners this year were from places like Scarsdale, Shaker Heights, and Beverly Hills," a salesperson was quoted as saying. Lew concluded with a promise to look further into the apparent decline in morale to determine whether it was an aberration.

## The Ugly Truth

But if the group thought the mood would improve in the meeting's next segment—the QMI chat with the folks at longtime customer Brenton Brothers—they soon found out otherwise. Booming out of the speakerphone in the middle of the table came the Southern-tinged voices of Billy Brenton and three of his employees representing various parts of his organization.

"What's up with your shipping department?" Billy called out. "My people are telling me it's taking forever to get the stock replenished."

Hiram sat up straight, then leaned toward the speakerphone. "Excuse me, Mr. Brenton. This is Hiram Phillips—I don't believe we've met. But are you saying we are not shipping by our promise date?"

A cough—or was it a guffaw?—came back across the wire. "Well, son. Let me tell you about that. First of all, what y'all promise is not always what we are saying we require—and what we believe we deserve. Annie, isn't that right?"

"Yes, Mr. Brenton," said the buyer. "In some cases, I've been told to take a late date or otherwise forgo the purchase. That becomes the promise date, I guess, but it's not the date I asked for."

"And second," Billy continued, "I can't figure out how you fellas define 'shipped.' We were told last Tuesday an order had been shipped, and come to find out, the stuff was sitting on a railroad siding across the street from your plant."

"That's an important order for us," another Brenton voice piped up. "I sent an e-mail to try to sort it out, but I haven't heard back about it." Hiram winced, recalling the conversation in the lobby that morning. The voice persisted: "I thought that might be the better way to contact your service people these days? They always seem in such an all-fired hurry to get off the phone when I call. Sometimes it takes two or three calls to get something squared away."

The call didn't end there—a few more shortcomings were discussed. Then Keith Randall, to his credit, pulled the conversation onto more positive ground by reaffirming the great regard Rainbarrel had for Brenton Brothers and the mutual value of that enduring relationship. Promises were made and hearty thanks extended for the frank feedback. Meanwhile, Hiram felt the eyes of his colleagues on him. Finally, the call ended and the CEO announced that he, for one, needed a break before the last agenda item.

## Dazed and Confused

Hiram considered following his boss out of the room and asking him to table the whole discussion of the new metrics and incentives. The climate was suddenly bad for the news he had looked forward to sharing. But he knew that delaying the discussion would be weak and wrong. After all, he had plenty of evidence to show he was on the right track. The problems the group had just been hearing about were side effects, but surely they didn't outweigh the cure.

He moved to the side table and poured a glass of ice water, then leaned against the wall to collect his thoughts. Perhaps he should reframe his opening comments in light of the employee and customer feedback. As he considered how he might do so, Keith Randall appeared at his side.

"Looks like we have our work cut out for us, eh Hiram?" he said quietly—and charitably enough. "Some of those metrics taking hold, um, a little too strongly?" Hiram started to object but saw the seriousness in his boss's eyes.

He lifted the stack of reports Felding & Company had prepared for him and turned to the conference table. "Well, I guess that's something for the group to talk about."

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## Should Rainbarrel revisit its approach to performance management?

Four commentators offer expert advice.