Maverick

By

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To find a cure for time sickness, you first had to identify the causes:

1. The belief that effort and result are directly proportional

      Hard work by itself is NOT enough. You cannot make a successful business by arriving early and staying late. The prevailing conviction that sweat is obligatory and with each new drop an executive moves a little closer to financial heaven. It isn't healthy and it is not true.

2. The gospel that the quantity of work is more important than the quality of work

      By this reasoning, having a heart attack because of work leads to true glory and keeling over at the office is even better. The executive who judges his contribution in hours will find himself muttering things like: "Well, we all know how unfair it was that they didn't promote me. Everyone knows I'm here at 8am and stay until 8pm.

3. Things are a little uncertain at the office right now. I'll just have to work a little longer until they straighten out. Few excuses are as convincing as the "we're just going to go through a _____." You fill in the blank: a switch at the top, re-structuring, layoff, expansion, etc. Almost any change can be an excuse for poor time management.

4. Fear of delegation and its cousin, fear of replaceability. The beliefs that no one is as competent as you are to solve a problem. It struck me that time should be measured in years and decades, not minutes and hours. It is impossible to understand life in all its hugeness and complexity if one is constantly consulting a minute counter.

Budgets & Spending Plans

We would eventually develop two budgets: a five year plan and a six month report. But when we look five years forward, we can ask ourselves whether we want to be in a particular market, or whether we should drop a product, or whether we will need a new factory, among other such questions. So a five year plan is essential. We take an operational view of six months, because we found that in a conventional one-year plan people will invariably believe that conditions will improve just enough to compensate for the problems they know they'll have in the first half of the year. Or vice versa.

We try to think in zero based terms. budgets should always be based on rethinking the company; most of the time, though, they're not much more than last years numbers projected forward and are as good as warmed-up coffee at 2am.

Trust

Companies tell their employees they are all part of one big, happy family. How can they rationalize such sanctimonious sentiments when they frisk their workers on the way home? Or deduct vacation time when someone arrives 10 minutes late. OR audit petty cash account of someone who has been with the company for two decades. Or put padlocks on the storerooms to prevent the entry of "unauthorized personnel." What family searches its members for silverware as they leave the dinner table?

On an average, maybe 2-3% of any work force will take advantage of an employer's trust. But is this a valid reason to subject 97% to a daily ritual of humiliation? It's a cost of doing business. I would rather have a few thefts once in a while than condemn everyone to a system based on mistrust.

Have thefts and time cards cheating increased or decreased? I don't care and I don't know. It is not worth it to me to have a company at which you don't trust the people with whom you work.

But every responsible adult knows how to dress correctly for these occasions. We hoped eliminating the dress code would help create a company in which office doors would seldom be closed and it would be common for people to walk in, sit on a colleague's desk, and eavesdrop on a meeting that had nothing to do with him. You cannot break down the walls until you actually break down the walls.

What if, before painting the walls, you actually took a survey of the workers to see what color they preferred?

Job security is always a concern. Committee members did not feel they could sit across the table from their bosses and speak freely if they could be fired for what they said. That seemed reasonable, so we guaranteed that they would not be sacked while they served on a committee and for one year forward.

The dismissal of any employee who had been with the company for more than 3 years or was over fifty had to be specifically approved by a long list of people.

Everyone on the committee gets ONE vote, including the president.

BOSSES

There is often too much policy and not enough thought, judgment and common sense. To be the BOSS is what counts to most bosses. They confuse authority with authoritarianism. They don't trust their subordinates.

In their quest for law, order, stability, and predictability, corporations make rules for every conceivable contingency. Policy manuals are created with the idea that, if a company puts everything in writing, it will be more rational and objective. Standardizing methods and conduct will guide new employees and insure that the entire company has a single, cohesive image. And so it became accepted that large organizations could not function without hundreds or 1000's or tens of thousands of rules.

With strategic alignment, you don't need all the rules.

All those rules cause employees to forget that a company needs to be creative and adaptive to survive. Rules slow it down.

The point is, if we cannot trust a manager to use good judgment about such things we sure as hell shouldn't be sending him off to do business in our name.

With few exceptions, rules and regulations only serve to:

1. Divert attention from a company's objectives
2. Provide a false sense of security for executives
3. Create work for bean counters
4. Teach men to stone dinosaurs and start fires with sticks.

The desire for rules and the need for innovation are incompatible. Let companies be ruled by wisdom that varies from factory to factory and worker to worker.

From the behind of a baby and the head of a judge, no one knows what's coming.

Human nature demands recognition. Without it, people lose their sense of purpose and become dissatisfied, restless, and unproductive.

What is a functional system, the hierarchical pyramid reporting system, is a feudal system, isolating engineering from sales and sales from finance and generating solutions and strategies that serve one department at the expense of another. Tower building.

European companies seem to prefer an organization based matrix system. It provides a manager with two sources of information, two types of expertise, two perspectives on a particular problem or goal.

There is no way to treat employees as responsible and honest adults unless you let them know and influence what is going on around them. And there is no way to let them become involved in the decisions that affect them if the plant they work in has too many people. The only way to change is to make each business unit small enough so that people can understand what is going on and contribute accordingly. *You get this with strategic alignment.*
HOW BIG IS TOO BIG?

The British author Antony Jay, in his book, "The Corporation Man", reminds us that we have been hunters for five million years, farmers for nearly 300 generations, and industrialists for a relative blink of an eye. Through virtually all of human existence we have been part of small groups, usually five to fifteen people. How can a corporation ignore so much experience and expect its employees to adapt to groups of 1000 much less 10,000. Usually, though, people will perform at their potential only when they know almost everyone around them, which is generally when there are no more than 150 people.

WHY DO BIG COMPANIES FAIL

Huge Eastern Airlines was sold to tiny Texas Air. For years Eastern dominated many of the best routes on the East Coast. It grew steadily, but as it did, Eastern's pilots, flight attendants, and ground service personnel began to insist on detailed job descriptions. With the support of their unions, the airline's employees strictly limited themselves only to what was in these descriptions, refusing to do anything else. The idle time of a baggage handler did nothing to alleviate the temporary lack of a ticket agent or maintenance worker during a crunch. Eastern found itself having to hire more employees, while workers already on the payroll were not always busy. Precise job

descriptions limit worker's potential and constrain the possibility of job enrichment, which dampers their motivation. Just think how much better job descriptions would be if they included not only what employees do, but what they want to do. The driving force of productivity is motivation and genuine interest, not predetermined routines and hulking foremen. We want workers to understand that they are part of the whole. And want them to figure out the best way to do their jobs.

No one can expect the spirit of involvement and partnership to flourish without an abundance of information available even to the most humble employee. I know all the arguments against a policy of full disclosure. Employees will use the numbers to argue for raises in good times, or be frightened by the numbers in bad times. Even worse, trade secrets will be leaked to the competition. Maybe. But the advantages of openness and truthfulness far outweigh the disadvantages. <u>And a company that doesn't share information when times are good loses the right to request solidarity and concessions when they are not.</u>

<u>*The origins of corporate secrecy can be traced to the insecurity of executives who possessed the technical skills to scale the corporate pyramid but were not mature enough to handle the height.*</u>

If our executives were ashamed of their salaries, it might be because they felt they weren't really earning them. If you earn your pay, you can prove it. Executives should be proud of what they earn, and their salaries ought to provide everyone with an incentive to rise.

PROFIT SHARING does not create employee involvement: it requires it. It works only when it crowns a broad and comprehensive program of participation. By splitting up the money equally in dollars and not in percentages, it means everyone gets the exact same amount.

THROW IT OUT

Toss out and purge every non-essential piece of paper. As Alfred Sloan of GM used to ask, "What is the worst thing that can happen if I throw this out?"

Read it, understand it, Act on it, and Throw it away: Motto

If any of our people are asked what Sonic does and what they do at Sonic, what would they answer? Do they know?

ArrowHead Meeting Ideas

Provide a list:
> School bus
> Mayor
> Broken Glass
> Children
> Strike

Divide into small groups and write a news story based on these facts, including a headline. There were no restrictions on style or length. Give them a half hour.

> School Children Hurt on Visit to Mayor

Traffic Jam Holds Up Mayor Speech
Mayor Throws Child out of School Bus
Mayor Christens School Bus with Champagne Bottle

The point is facts can be almost irrelevant. What matters is how they are presented. Suppose the marketing department is asked to assess whether a new product will make a profit. It would issue a hundred page report.

Trouble is it could still be read in as many ways as there are readers, as the story of the mayor and the school bus proves. If you really want someone to evaluate a project's chances, give them but a single page to do it - and make them write a headline that gets to the point, as in a newspaper. There is no mistaking the conclusion of a memo that begins. New toaster will sell 20,000 units for $2 Million Profit. There are NO second pages. All memos, minutes, letters, even market surveys are restricted to one page. Concision is worth the investment. The longer the message, the greater the chance of misinterpretation.

JOB ROTATION

The benefits are for both employee and employer. It obliges people to learn new skills, which makes life interesting for them and makes them more valuable. It discourages empire building, because people cannot very well sustain an empire if they pack up and move every few years. It give people a much broader view of a company; a financial comptroller who constantly nags a salesperson about payment terms will regret it when he switches jobs and discovers how difficult it is to deal with a real, live customer.

Rotation forces a company to prepare more than one person for a job, which is an excellent organizational discipline and generates additional opportunities for those who might otherwise be trapped in the middle of the pyramid. It encourages the spread of diverse personalities, outlooks, backgrounds, and techniques, injecting new blood and fresh vision throughout the company. It also depersonalizes the organization; customers and suppliers have relationships with the company, not Mr. Frankenstein. Similarly, it reduces the usual traumas when someone leaves the company, especially if he had tendencies toward irreplaceability - the conscious effort, through the inability to delegate and other related shortcomings, to insure that he is in absolute control.

Employee Evaluations of Their Managers

The Subject reacts to criticism:
       a. Poorly, ignoring it
       b. Poorly, rejecting it
       c. Reasonably well
       d. Well, accepting it

When the subject's department achieves a high level of productivity, he usually:
       a. Takes credit for others' success
       b. Gives credit to those who did the work
       c. Gives credit to the team as a whole

The subject conveys to his team a feeling of:
       a. Fear and insecurity
       b. Indifference
       c. Security and tranquility

The subject:
    a. Constantly reminds everyone he is the boss
    b. Occasionally reminds everyone he is the boss
    c. Rarely makes a point of being the boss

Weight the questions and answers according to their importance and calculate a grade, which is posted, so everyone knows where everyone stands. Seventy percent is passing, but most managers get between 80-85%.

Semco allows the employees to hire their own bosses. Time and again they have proven that their self interests are the very same as those of the company's. A congenial boss might make their lives easier in the short run, but they know that only the success of their department would insure that they continued to receive profit sharing payments, or even a paycheck.

The Organizational Pyramid

The heart of the problem is the pyramid, the basic organizing principle of the modern corporation. IT gets narrower as it rises, rewarding the few at the top who have kept climbing, but demoralizing a far greater number who reach a plateau or fall by the way side. The lower levels employees are NOT stupid. They know that the decisions that will affect them the most, the decisions that matter, are made on high. Is it reasonable to ask, year after year, for a special effort from these people, and then reward them with a few public thank yous and perhaps an extra month's salary, while the lucky few at the top enjoy fancy offices and shiny new cars, not to mention bonuses that can exceed the combined salaries of a hundred or even a thousand ordinary workers?

We must get our people to react in a new way, to make more decisions, to take control of their work lives, to work faster and think faster. But we were still wedded to an archaic structure. We persisted in cramming our managers into that flexible pyramid. Up, down or out.

Replace the pyramid with a circle. A pyramid is rigid and constraining. A circle is filled with possibilities. Why not a round pyramid?

The small inner most circle would enclose a team of half a dozen people (EMT), who would coordinate our general policies and strategies and be called Counselors.

The second circle would enclose the seven to ten leaders of our business units and be called Partners.

The last immense circle would hold virtually everyone else at the company - who would be called Associates.

Inside the biggest circle would be several triangles, each enclosing a single person called Coordinator. These people would comprise the first, crucial level of management - marketing, sales, and production supervisors, the engineering and assembly foreman, anyone who had a basic leadership role in our old system.

There would be six to 12 triangles for each business unit, and they would float all around the large circle, indicating that the people in them were moveable.

The Smallest (EMT) circle would serve as a corporate catalyst, stimulating decisions and actions by those in the second circle, the people who actually would run the company.

Then would come the Coordinators, who would be the leaders of departments or specific activities, guiding teams of five to twenty Associates in their areas.

The circles free our people from hierarchical tyranny; they could act as leaders when they wanted and command whatever respect their efforts and competence earned them. They could cease being leaders when they wanted, or when the organization decided they no longer merited it.

On the shop floor, each Associate would make all the decisions he felt confident to make himself. If he was uncertain about a problem, he would consult with a Coordinator. Similarly, each Coordinator would make all the decisions he felt confident to make. He would bring other issues up at a weekly team meeting presided over by the Partner of his business unit. This session would be held on Monday morning, after which the Coordinators would brief the Associates they worked with on the results.

Just three circles, four job categories and two meetings. That's it.

In Determining Salary

1. What do you think you can make elsewhere
2. What others with similar responsibilities and skills made at our company
3. What friends with similar backgrounds made
4. How much money they needed to live.

Top Salaries should not exceed 10 X an entry level positions salary.

A Cemetery is a place filled with people who thought they were indispensable to their companies.

It is so much easier to throw the stone, than to be the window.

A Small Hole Can Sink a Big Ship

Centralized Power is a High Risk Proposition. It is not desirable for one person to have the last word.

If all of us are on the same page and thinking a like, why not ROTATE the CEO/President position every six months among the VPs? Instead of being run by one person, let us be run by an inner circle.

Make a list of 18 goals and set out to attain them before you die. Learn a new language, get a pilots license, climb Mt. McKinley, run and complete a marathon, sky dive, bungee jump, get a BA, BS, Masters or PhD., travel down the Nile, see Bora Bora, tour Europe, touch a glacier, go to Mardi Gras, etc., etc..

How Far Have We Come

It is possible to instantly teleconference with China and call home from an airplane in flight, yet most businesses today are still organized much the same way they were in 1633. Top down management, close and distrustful supervision, and little room for creativity. The conflict between advanced technology and armchair mentality is a major reason why the modern workplace is characterized by dissatisfaction, frustration, inflexibility and stress.

It is easier to get a new generation of microchips than to get a bunch of middle managers to drive home by a different route. Technology changes overnight, mentality takes generations. The true difference between a good company and a great company is innovation. Don't just think improve, think revolutionize.

At The NEXT Meeting: When something important item comes up, say that it is better not to discuss it now because a related issue was decided that same morning that will change things considerably. Then, after a few moments of apprehensive silence, say that you just can't discuss it now.
You have just become the most powerful person in the room because you KNOW something the others don't - at least that is what they think! There is POWER in information.

Man has always lived in tribes and always will. People derive identity from their companies too. And within companies they belong to sub-tribes, each with its own norms or dress and conduct. Finance people will never be mistaken for production people. Let these sub-tribes be. Let them co-exist peacefully. Different tribes will never fully integrate which is why you will never get "One Family" in the workplace.

A company should trust its destiny to its employees.

Concentrate on building an organization that accomplishes the most difficult of all challenges: to make people look forward to coming to work in the morning.

MEETINGS

Man is a social animal. We feel more comfortable in the presence of others. Meetings give rise to the sense of being part of a group, of solidarity even with the ever present first of jealousies of business. Of course corporate communication systems are usually slow and often inadequate, so meetings let us catch up. To eliminate meetings is to go against human nature and diminish corporate efficiency. But making meetings more effective is not all that difficult. Through trial and error, Semco has come up with this:

1. BEGIN ON TIME Just start with whoever is there.
2. DON'T START A MEETING WITHOUT FIRST SETTING A TIME TO STOP
3. GO OVER THE AGENDA IN FRONT OF EVERYONE. List subjects in order of importance. Don't give in to the temptation of clearing up old items, or getting rid of uncomplicated new items, first.
4. DELEGATE ANY ITEM THAT IS GOING TO DRAG ON OR EXTEND THE MEETING
5. DON'T HAVE MEETINGS THAT LAST LONGER THAN TWO HOURS.
6. KEEP REPORTS SHORT AND DISCOURAGE THE USE OF CHARTS AND TABLES. AVOID OVERHEAD TRANSPARENCIES AND DON'T EVER TURN THE LIGHTS OFF.
7. BE A BEAR ABOUT INTERRUPTIONS. The only excuse for breaking into a meeting is a customer with a problem.
8. TRANSFORM AS MANY MEETINGS AS POSSIBLE INTO TELEPHONE CALLS OR QUICK CONVERSATIONS IN THE HALL.

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