

CHAPTER 2:

People and the Climate in which they operate:
'The People Dimension'

From a research and consultancy perspective, my work started in the early 1980s in the manufacturing sector. At this time, the economics of the manufacturing environment were extremely challenging. It was clear that sustainable competitive advantage could be gained through the innovative exploitation (note, this is not using the word in its more pejorative tenor to infer mistreatment or abuse) of human capital as well as focusing on strategic planning, technology, brand management, and just-in-time production practices, etc. This is not an 'either/or' choice but one of sizeable increment.

I developed a practical approach for the management of the people side of the organisation, called the 'The People Dimension'. The key focus for organisational leaders concerns how they create an environment in their organisation in which innovation and creativity are fostered so that people feel a genuine sense of ownership and pride in what they do. They also recognise that their contribution helps their organisation out-perform its competitors.

As the eighties morphed into the nineties, other business sectors began to experience similar challenges to those just witnessed in manufacturing. How competitive advantage was gained and sustained no longer remained restricted to managing technology and brand. For example, in 1992 Barclays Bank plc (see that year's accounts) failed to make a profit for the first time and this represented a significant motivation for the bank to change how it managed its people. Indeed, financial services as a whole began to consider this process very actively, with the insurance sector particularly coming on board towards the end of decade.

The critical question revolves around demonstrating a clear alignment and correlation between investing in improving the entire process of managing an organisation's human capital and bottom line performance, be that in the commercial sector or the public sector. In either circumstance, it is essential that organisations optimise their financial efficiencies.

The idea of a performance *Climate*

As organisations and the individuals within them strive to achieve their desired performance objectives, their activities are affected by a range of business circumstances such as competitors, global economic cycles etc.

While such obvious factors are important, our work has shown that there is a critical leadership dynamic that drives a business almost irrespective of prevailing market conditions. Our research shows that all things being equal, the idea of 'Climate' in an organisation or workgroup is a significant driver of business performance.

By Climate we mean the nature of how people feel about working in a particular enterprise in terms of their focus, commitment and pride to be part of it. This sense of feeling is fundamentally affected by the nature of how individual managers or management teams behave. This is illustrated in Figure 2.1.

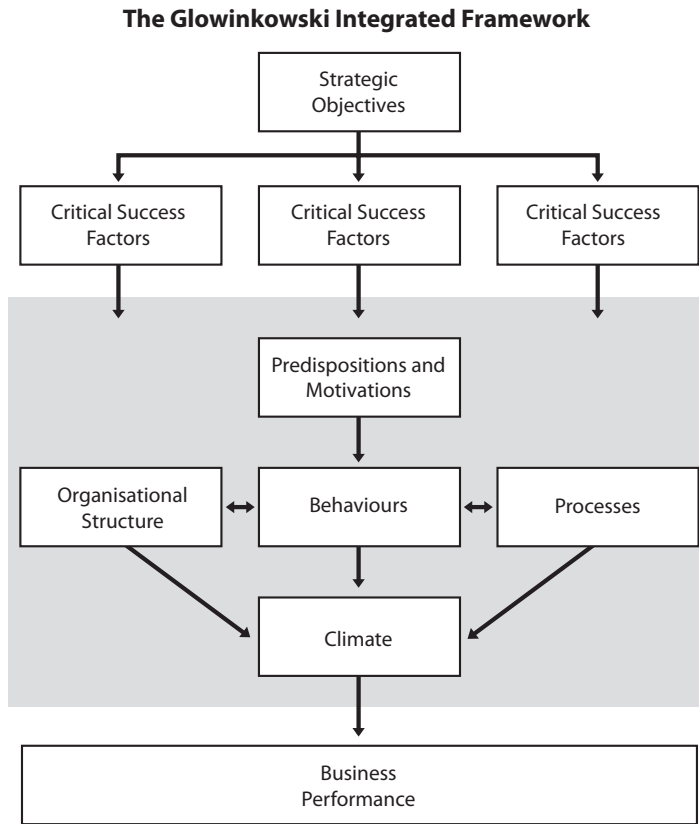


Figure 2.1

The Integrated Framework positions the idea of Climate as being the principal driver for the achievement of outstanding business performance.

In the context of this framework, Climate is defined as:

‘What it feels like to work here’

It is different from, but interdependent with the concept of Culture, which we recognise as relating to:

'How things are done here'.

Definition and measurement

In talking about the idea of Climate it is critical to have a clear and consistent understanding of the concept in order to facilitate measurement. As stated in the Introduction, the old adage that “unless you can measure something, you can’t change it” is entirely apposite.

A quantitative questionnaire is used to measure an organisation’s Climate, from which a small sample of questions is shown in Figure 2.2.

People feel:

- That there is a clear long-term direction for the business
- That they are encouraged to try out new ways of solving problems
- They can take action before being directed
- They are able to take decisions without always having to check with their boss
- There is a sense of a link between reward and effort
- That long- and short-term goals are communicated and discussed
- The long-term business direction is well understood
- They are confident in taking calculated risks
- They are ready to change the way they do things
- They are responsible for the accuracy of their work.

Figure 2.2

In the context of the Integrated Framework, Climate is represented by these types of feelings, which are a result of the overall *leadership dynamic*. From our measurement work with clients, two very clear connections are made:

1. All things being equal, Climate differentiates an average from an outstandingly performing organisation, i.e. two apparently similar organisations by, say, size and activity, may be delivering markedly different levels of performance where the higher performing organisation is underpinned by a measurably higher level of Climate.
2. Whatever the level of performance currently being achieved by an organisation, an improvement in its Climate will improve its performance measured across a range of bottom-line outcomes such as sales, customer service, productivity/efficiency etc. To be more specific, a measurable, positive shift in leadership behaviours will drive a quantifiable improvement in the Climate. In a commercial enterprise, an inviolate result of this Climate improvement is that the bottom-line numbers get better (and, from our consultancy experience, this occurs in times of economic growth and contraction).

A sense of what's possible

In one case study within a Call Centre environment, a measurable and positive shift in leadership behaviours caused a measureable uplift in the Climate. In turn, this caused an improvement in the behaviours of the staff talking to the customers on the telephone. Over a relatively short period of time, a doubling of the call/sales ratio was witnessed. Whereas before it took 24 calls to generate a sale, after our intervention only 12 calls were required to achieve a sale. This was in a heavily-regulated environment, so it was not possible to impose a 'hard sell'. Enhanced service performance arising from better behaviours drove the sales growth. Through external assessment, customer service quality improved, moving from 55% of customers being very satisfied to 89% being very satisfied.

This enhanced behaviour and Climate was sustained over several years until the business was sold.

A model of Climate

Climate was initially coined as a concept in the late 1950s and 1960s. More recent comments have been made by the likes of Burke and Litwin²⁷, and Ekvall²⁸. In a more generalist style, Daniel Goleman²⁹ makes reference, too.

The Integrated Framework has been conceived from research and consultancy work during a quarter of a century working in partnership with a wide range of international and global organisations. The key focus was always to establish a framework that is grounded in the common sense reality of practical organisational life, which can be used to help managers to improve performance. In turn, this provides an accurate and valid source of benchmark measurement; managers can know how well they are doing compared to other organisations.

Climate represents 'what it feels like to work in a particular team or organisation'. It represents the *mood* or *atmosphere* that prevails within a given work environment. Climate manifests the output that occurs from three critical inputs or 'change levers', which include:

- the behaviour of the manager/management team
- the effectiveness of the organisation's structure and job design
- the effectiveness of the processes.

Improved performance is the outcome of enhanced Climate.

Let us get one thing straight: I am not suggesting that Climate equates to some ethereal, nebulous 'happy, clappy' mood. In words of very few syllables, an effective Climate is 'the key state that lets an organisation perform well'.

Our experience demonstrates:

- *Strong Climate equates to high performance*, whereas
- *Weak Climate equates to low performance*

Climate comprises six core dimensions, which are summarised in Table 2.1.

I am now going to spend some time discussing these different elements of Climate. I encourage you to work through the following pages and to consider how strong each dimension of Climate is in your own organisation. This should provide a rich learning experience for you and help you build a deep understanding of this material.

Table 2.1: A DEFINITION OF THE FACTORS OF CLIMATE

FACTORS	MEANING
CLARITY	People <i>feel</i> a sense of clear understanding about what their organisation is trying to achieve and how they contribute to this purpose and the associated goals and objectives.
CHALLENGE	People <i>feel</i> a sense of working towards challenging yet realistic goals. There is a view that they are appropriately 'stretched' in terms of the contribution they are expected to make.
CHANGE ORIENTATION	People <i>regard</i> change in a positive manner and that, as a result, they can invoke action and change how things are done with ease.
AUTONOMY	People <i>feel</i> a sense of ownership and responsibility for the outcomes of their work and that they do not always have to get the permission of their boss before they make a decision or take action.
RECOGNITION	People <i>experience</i> a link between effort, outcome and reward and, through effective feedback, feel that they are valued and appreciated. They feel empowered to do a good job.
INVOLVEMENT	People <i>experience</i> a sense of real commitment to their organisation's purpose and objectives; they feel proud to be working for the organisation.

Clarity

The Clarity that exists within any organisation or component business unit, function or team provides a sense of purpose and direction for the people working there. Essentially, people acquire a clear appreciation for how their own work relates to that of their colleagues and the overall aims of the organisation. They gain a deep understanding between 'what I do' and what the organisation is striving to achieve. In other words, it provides them with due reason and explanation for why they are being asked to do what they are doing.

The most famous allegory concerning an organisation possessing Clarity involves US President J.F. Kennedy visiting NASA in Florida after making his famous speech incepting the Apollo missions to the moon*. During the visit, he encountered a man sweeping the floor and the conversation is alleged to have gone something like, "What are you doing?" "I'm helping send a man to the moon, Mr President." "But you're sweeping the floor, sir." "Yes, I know, Mr President, but I have to keep this place spotless so the rocket isn't contaminated with dirt."

Keeping it clean:

Slightly more down to earth (sic), a colleague describes a cleaner in Liverpool who was in her fifties and had had a hip replacement operation. She asked her manager if she could return to work because she thought it the best means of convalescing from her operation. In terms of Clarity, however, her decision was influenced by her understanding of the business' determination to deliver superb service to its customers. In her mind, delivering good service to external customers meant that the quality of service within the business had to be top-notch, too. She considered this included keeping the toilets and washrooms spic-and-span, which was a key part of her cleaning responsibility. She considered herself to be 'the best loo cleaner in the business' so she had to get back to work to prevent standards falling and staff becoming unhappy. In her mind, if this happened external customers would be served less well because staff would think the organisation didn't care about them and the facilities in which they worked.

To build Clarity means succeeding in helping everyone in the organisation to

* In an address to Congress on May 25, 1961, President Kennedy said, "I believe that this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the Moon and returning him safely to the Earth. No single space project in this period will be more impressive to mankind, or more important for the long-range exploration of space; and none will be so difficult or expensive to accomplish."

possess a crystal clear understanding about why the organisation exists and what it is trying to achieve. This can be couched as purpose, vision or mission statements supported by goals, aims and objectives.

Whatever lexicon is used, Clarity measures the extent to which such statements of intent are understood. Most critically, however, Clarity embraces the degree to which individuals relate to how their own role contributes to the fulfilment of such organisational aims.

Through Clarity, people in the organisation gain a sense of its '*long-term direction*' and see that everyone's activities are both '*integrated*' and '*co-ordinated*' towards achieving the over-arching goals. In a recovery or turn-round situation, it may well be that the '*long-term direction*' is relatively short-term in that some immediate actions have to be taken to stabilise the enterprise. It is only when this is starting to be achieved that a longer-term perspective can begin to be set. Where strong Clarity exists, people are far better placed to make decisions because they are keenly aware about what they need to do in order to make the fullest possible contribution to their organisation being successful.

True north

Horst Schultze, former CEO of Ritz-Carlton Hotels, talked of people and activities as being 'pointed true north' (told to a colleague during a customer service benchmarking visit to a Ritz-Carlton hotel). A simple metaphorical exercise he conducted spells this out. Get, say, 20 people to stand up, ask them to close their eyes and turn three times to the left, then three times to the right, then ask them to point to the north. The likely outcome is that each will point in a different direction.

In organisational Climate terms, this analogously represents lousy Co-ordination.

The performance implications of Clarity

- When people experience a strong level of Clarity within their organisation it provides a powerful foundation for high performance and the opportunity for people to deliver to their fullest potential.
- Without Clarity in place, people are unclear about what they need to

concentrate upon. They do not appreciate the priorities.

- People may feel that they are working in a vacuum and so possess a real sense of 'what's the point, it doesn't really matter'. By their own volition, because they do not know otherwise, they could head off down an entirely inappropriate route.
- We often observe sales teams operating with low Clarity focusing their actions on selling the products that are easier to sell rather than the ones that are more profitable.
- The overall performance outcome for an organisation with low Clarity is lack of competitive edge and prioritisation about use of resource.

The Clarity dimension represents the single most important element of the Climate model. Without Clarity, there is little that one can expect in terms of building up the strength of the other five dimensions.

Challenge

The second factor in the framework of Climate is Challenge. This relates to the extent to which people feel energised and challenged within their organisation or team. A high score indicates that people believe that doing excellent, quality work is encouraged, and that delivering outstanding performance is genuinely valued.

Organisations scoring highly in this area of Climate will demonstrate significant '*innovation*' through its people trying new ways of solving problems and overcoming challenges. People are prepared to challenge the *status quo* in terms of how things are done, without fearing they will be criticised for 'rocking the boat'. As new things are tried but which don't work out, lessons are learnt rather than people blamed. Such an ethos of challenge perhaps flies in the face of 'Quality' (note our deliberate use of the capital Q) because its underlying mantra of 'do it right, first time, every time' can, in our experience, stanch innovation. Yes, things have to be done right, but there is always likely to be some further improvement opportunity.

Research from the world of education* and ³⁰ has for many years shown that memory and physical (or doing) learning is often more effective when you get it right first time, i.e. it is often difficult to learn a new golf swing or learn a new telephone

* Sylvia Downs conceived the 'MUD' acronym representing different approaches to learning, where M = memory learning, i.e. better to get right first time, U = understanding learning, which is better to get wrong and realise it, and D = doing learning which, like memory, is better to get right first time – think about trying to correct a golf swing!

number. However, conceptual (or understanding) learning has been shown to be more successful when the individual gets it wrong first time. This reinforces the need to destroy the blame culture that prevails in so many organisations. People need to be able to make mistakes in order to learn.

If at first you don't succeed:

A nice piece of understanding learning is seen in some of the 'champion/challenger' techniques applied to debt collection, where samples of customers are selected for different styles of approach to be made. By limiting the size of these samples, mistakes can be made without incurring significant losses. Those approaches which do work can then be more confidently applied to a wider cross-section of customers.

People will also feel that they are stimulated by their work and, accordingly, are prepared to work hard in order to 'achieve' fantastic results. They are 'up for the challenge' and will want to put in extra effort in order to achieve their stretching goals and objectives, which they have agreed with their manager as opposed to their being imposed.

The human need for challenge

It has long been recognised that human beings need to have personal objectives and purpose, i.e. a sense of '*what's the point?*' or a '*raison d'être*'. It is a natural human condition for individuals to strive for objectives that are challenging but at the same time realistic. Research in objective setting shows a natural tendency for individuals of all ages to set goals for themselves that have an 80% chance of success and a 20% chance of failure. This, indeed, is the healthy option.

It is perhaps not surprising to see the many anecdotal illustrations of children of very successful and wealthy parents who find life difficult; living up to the expectations of their mother or father is damned near impossible yet their wealth provides no reason to.

We have encountered many thousands of individuals in organisations and it is clear that folk enjoy being appropriately energised. This is the focus of the Challenge dimension of Climate. Indeed, it sounds trite but the vast majority of people like to feel they are doing a good job.

This desire for a challenge, which has a good chance of success, neatly tallies with the 'R' in the acronym 'SMART'*, which is often referred to in the field of goal and target setting.

- **S** relates to the goal being Specific
- **M** relates to the goal being Measurable
- **A** relates to the goal being Attainable
- **R** relates to the goal being Realistic, i.e. 80% chance of success and 20% chance of failure.
- **T** relates to the goal being Timely, i.e. it has to be achieved by a certain point rather than 'whenever'.

The performance implications of Challenge

- When people experience a strong level of Challenge, they have the opportunity to use their skills fully, particularly in the context of trying new, innovative and creative approaches to resolving problems.
- Innovation is stimulated and encouraged by staff being given space and time to think of new ideas and approaches. As a result, new product development can be done more quickly; the causes of mistakes are identified, understood and eliminated rapidly.
- When an organisation is characterised by a poor level of Challenge, individuals find themselves massively under-utilised. Consequently, they are liable to become bored and frustrated in their roles and are more likely to make mistakes, which could have catastrophic consequences.
- Additionally, low 'scoring' organisations do not get their 'full money's worth of contribution' from their human capital by virtue of it not being optimally employed. As a direct result, overall economic performance is not as good as it could be.

*The derivation of this well known acronym does not appear to be specifically attributed.

- Furthermore, we observe talent 'making for the door' in pursuit of career opportunities that will make best use of their hard-won qualifications and skills. This drives up staff turnover, producing a further economic drain and likely diminution in customer service quality because replacement staff have to be trained.

The key point to make about a Climate of low Challenge is that the behavioural capabilities of the employees are never fully realised, so that part of the fundamental human condition of wanting to be part of something successful is never going to be attained.

Change orientation

It would be easy to interpret the preceding two dimensions of Climate as inferring that organisations need to be absolutely steadfast in driving towards set aims. This is so to a degree but, given the pace at which markets now move (and this applies to the public sector where the array of performance targets shifts frequently due to political manipulation), it is equally important that organisations are adaptable and flexible in their approach.

This momentum is neatly encapsulated in remarks the author has heard attending numerous conference and symposiums. For instance, "Mankind has accumulated more knowledge since 1960 than in all preceding time"; "The half-life of today's knowledge is four years" (remarks heard by a colleague at a Tom Peters conference in the 1990s). Perhaps, that half-life has shrunk still further, which is a daunting thought! The greatest impetus has arisen from the domain of technology; for instance, on a tour of NASA's Cape Canaveral facility, a colleague recalls the tour guide saying, "The 'fuzzy logic' of a top-range washing machine relies on more computer processing power than Neil Armstrong had in the capsule of Apollo 11." That more computing power is now applied to the washing of laundry than to conveying three men 500,000 miles across the void of space is a massively palpable demonstration of technological advancement and its effect upon the dynamics of every business and market sector.

For organisations, standing still is not a viable option; Darwin's theory of survival applies!³¹

The concept of Change Orientation as part of the Climate framework is, therefore, clearly very critical. First and foremost, people in the organisation need to be willing

or '*motivated*' to take action and change how things are done. They possess initiative and when this prevails at the ground-floor level of an organisation, '*magic*' can occur because the organisation becomes a hive of activity in terms of delivering '*business as usual*' as well as initiating change. Employees are truly interested and compelled to improve the work that they do.

Ball bearings should be perfectly round!

Some years ago, one manager we worked with in a retail environment recalls visiting a factory that made ball bearings. Far too many bearings were rejected at the end of the production process. The machine operatives had suggested to managers that a check could be made during the process, which would help reduce the rate of failure. Their suggestions were rejected. However, motivated to improve their factory's performance, the engineers took it upon themselves to establish their own checking facility alongside the production line, using old benches and some rudimentary callipers. After a few days, managers noticed that rejection rates were falling markedly and went to the factory shop-floor to try to ascertain what was happening. They quickly found out.

While this anecdote conveys a number of idioms, the one being stressed is the motivation of the machine operatives to improve performance.

High scoring Change Orientation organisations succeed in keeping unnecessary systems and procedures to a minimum; they are '*adaptable*' and '*flexible*'. Decisions to change are not delayed. Procedures are used as guidelines for action rather than tight control. This does not mean taking things into one's own hands and potentially breaking laws and compliance rules. Instead, the people across the organisation manifestly emit a willingness and enthusiasm not to allow the grass to grow under their feet. They are keen to have the opportunity to be involved in new activities, and do not suffocate new ideas at birth by imposing stifling bureaucracy and draconian rules.

Never satisfied

One manager we worked with at a major UK bank, who had previously worked in an FMCG environment for the organisation holding second largest market share regarded with envy the Change Orientation of the market leader. She remarked, “They’re number one, but they always think like the number two wanting to catch up and overtake themselves. Their energy is staggering. The initiative that their most junior employees apply is impressive.”

The performance implication of Change Orientation

- When people experience a strong level of Change Orientation there is a clear sense of people being able to make improvements. Often this results in the organisation demonstrating a powerful adaptability and deft touch in its customer engagement.
- Because change is regarded as exciting and motivating by the significant majority of people, they are keen to consider new ways of doing things; they want the organisational *culture* to change. (Remember, we distinguish culture as being ‘how things are done’, i.e. it relates to the organisation’s systems, procedures, protocols, and practices.)

Why do so many culture change programmes fail?

Because the people dimension and, specifically, this factor of Climate has, at best, been overlooked; at worst, completely ignored. There are a few fundamentals that need to be remembered with any change programme; they are that people don't change unless:

- They see the point
- They see the benefit for themselves and the organisation
- The benefits of the change exceed the pain of effecting the change^{* and 32}.

These conditions underpin individuals' enthusiasm and willingness to change.

By the way, if as a leader you do not recognise this, then resign and do everyone a favour!

- Organisational resource is continually available to help facilitate change. This is not to suggest that there are people on stand-by doing nothing until a change request is initiated but, rather, that the organisation is able to assemble new teams or re-allocate resources to different activities with relative ease. Consequently, organisations possess dexterity and momentum to respond quickly to emerging market forces. In the very high scoring organisations, this faculty enables them to pre-empt emerging customer requirements and steal a march on the competition.
- In a Climate marked by low Change Orientation, individuals feel frustrated that any new ideas they generate are likely to get stuck in the 'organisational treacle'. Much vaunted ideas and schemes grind to a halt because employees consider them to be brakes rather than accelerators of change. The organisation can miss the boat in the face of a fast-changing business environment.

* See The Change Model or Change Formula by Richard Beckhard, Reuben T. Harris, attributed to David Gleicher. $D \times V \times F > R$ where D = dissatisfaction with current situation, V = vision of an alternative, F = first steps and R = resistance to change. Until the resistance to change is exceeded by the perceived benefits, resistance will win through.

Finally, having high Change Orientation does not mean being an organisation that flits *will-o'-the-wisp*-like between incepting initiatives and not delivering anything. Change needs to be purposeful and objective and, in the main, carried through to implementation. However, having high Change Orientation may enable organisations to recognise when 'enough is enough' and certain change activities have to be canned because they are progressing too slowly. Where this condition does not prevail, large unwieldy and lumbering change initiatives are allowed to continue despite the fact they will never deliver the initially anticipated benefits. Scarce resource remains locked in place rather than being released to more vital and viable activities. This stasis seems especially prevalent in the public sector.

Autonomy

This dimension of Climate relates to the idea of the difference that people feel they can make to the performance of the organisation or team of which they are a member. People who feel a sense of Autonomy feel capable and empowered to do things for themselves; taking responsibility for the outcomes of their work and not having to always check with another before taking action or making decisions. There is an absence of 'learned helplessness'³³.

Learned helplessness

The term was coined in the field of psychiatry following the treatment of holocaust victims during the Second World War. Essentially, the complete lack of freedom to act over a long period of time (this is, admittedly, a minimalist definition) causes people to give up the option of flight and enter a depressed state of resignation, which ultimately becomes a state of 'learned helplessness'. This psychological process has been well-documented in various fields and while its origin is somewhat exceptional, nevertheless we see less dramatic examples in the workplace. Individuals with little or no opportunity for empowerment simply resign themselves to turning the handle of mediocrity with a sense of little opportunity to make a difference.

A simple indicator of organisational Autonomy is provided when we all remove our organisational caps and replace them with that of being a customer. What experience do you encounter when you have a problem? Is it resolved readily and easily by the first person you encounter or is achieving resolution as difficult as pushing water up a hill? The former suggests organisational Autonomy, the latter suggests otherwise!

For Autonomy to exist, first of all individuals need to feel able to make decisions themselves and not refer everything 'up-the-line' to their boss. This sense of '*independence*' provides people with the confidence and appropriate authority to take responsibility for their work. This is important in the context of matrix structures where it can be all too easy to lose sight of such responsibilities. This is not to say everyone does their own thing. The independence concerns fulfilling one's responsibility to achieving the goals of the organisation. Where there is Autonomy and no Clarity, there can be anarchy. Where both prevail, people will feel comfortable and confident in accepting '*accountability*'. People will happily assume responsibility for the outcomes of their work; they will be the first to admit if they have fallen short of what is expected.

Where a strong level of Autonomy exists, a greater frequency of people doing more than expected is observed. They put in immense '*effort*' to do more than is expected. We are essentially making a distinction between what tends to be called the *expected* and the *discretionary* contribution.

The computer says "no"

Stealing a famous punch-line from the UK comedy series, 'Little Britain', highlights an incident in a contact centre we worked with in the late 1990s where the systems appeared to be declining profitable business. A group of staff took it upon themselves to look into matters more thoroughly and found a glitch in the system. They did this working through lunch breaks and into evenings without claiming overtime. Their solution was worth tens of millions of pounds. This combined Independence and Accountability was acknowledged and rewarded.

The performance implications of Autonomy

- A high score in Autonomy indicates that people feel they can individually make a real difference to the performance of their team or organisation. The prevailing mindset is a 'can do/will do' attitude as opposed to resignation or, indeed, the idea of learned helplessness.
- When people experience a strong level of Autonomy in their organisation, they feel they can make decisions without threat of censure for doing so. The pace at which decisions are made across the organisations is fast.

- People possess a sense of personal responsibility for the outcomes of their work, including the decisions they have made. They will hold up their hands and not try to lay off the blame on to colleagues (or customers) for anything that has gone wrong.
- People feel more than willing (note, not coerced) to work above and beyond the defined remit of their job, which is, of course, the *expected* contribution, and are prepared 'to go the extra mile' and make discretionary delivery.
- Organisations with low Autonomy create a type of learned helplessness where individuals need to check before they do anything and feel compelled to follow the rules to the letter. We have heard many times in Focus Groups the sentiment expressed by employees that they feel they are obliged to leave their brains in the cloakroom before coming on to the factory shop-floor.
- High Autonomy correlates with strong safety records in manufacturing and construction, innovation in school class-rooms and, as the following neat little case study demonstrates, excellent customer service. (In organisations scoring very highly in Autonomy, this service ethic extends throughout the organisation; because people appreciate how they serve each other, this affects the ultimate service received by the external client.)

Route 66, or at least the A66

An Advisor in a bank's contact centre personally delivered documentation to a customer on her way home and collected it the following morning on her way into work. Why? So that the customer could complete the purchase of his dream car, a mint-condition 1950's Cadillac. (It turned out that both the Advisor and the customer were fans of Elvis and she understood why the customer so wanted the car!)

Simply, this entire dimension is all about people delivering the discretionary as well as the expected contribution.

Recognition

Recognition is the fifth factor in the Climate framework. It represents the idea of whether the organisation is a true meritocracy. When people feel they work within a climate of recognition they have a clear sense of a differential relationship between performance and reward. Effort is appropriately rewarded and malingering is addressed and tackled. In this type of environment, effective performance is achieved because there is a strong, effective and constructive feedback process. As a result, individuals understand how they are doing. People feel that their efforts are valued and appreciated.

For a high score to emerge in this factor, people need to believe that there is a real, genuine and tangible link between what they contribute in terms of effort and result, and the '*reward*' they receive. Reward, development and promotion are all dependent on how well they do in their job. In this type of differential environment, people realise that extra effort will be recognised and, as a result, it is worth putting in the effort. In this context, the reward is likely to be financial but we find that it is not the absolute level of reward but rather its differential relationship with performance. An alternative reward we see frequently is organisations sponsoring development education. The key point for people, however, is that the effort they put in is reflected in what they get back.

In my experience, more often than not, people want to know how they are doing. Receiving timely, relevant, objective, constructive '*feedback*' is a vital ingredient in people feeling their organisation is a meritocracy. However, all too often we find organisations' feedback processes to be ineffectual because they are carried out half-heartedly. Managers simply go through the motions; they do not engage with appropriate impact or conviction because they regard giving feedback as a necessary evil. Their lacklustre approach adds no value to the recipient; if anything it is more harmful. In this type of environment, feedback may exist but there is no differential relationship relating to performance contribution.

Organisations that have created strong and effective feedback processes tend to be populated with individuals who welcome the opportunity to discuss meaningfully how to improve their performance through accentuating their strengths and addressing their weaknesses. In having such opportunities, people are able to look forward and acquire a sense of how they are regarded and thought of in terms of current performance and future potential.

In organisations scoring highly in this Climate factor, there is a palpable sense of people feeling they are '*valued and appreciated*'. The phrase 'our people are our greatest asset' has substance for them, rather than it being shallow rhetoric.

Gotcha!

One client took an idea from a US hospital they visited. Called the 'Gotcha-gram', it was a simple fold-over card in which a personal note of thanks could be conveyed by one team member to another - be that boss to team member, peer to peer - to express appreciation, gratitude or praise (and sometimes to apologise for a mistake made). This was hand-written and left on desks or dispatched via the internal mail. E-mail didn't detract from its use because it was considered much more personal.

The performance implications of Recognition

- When people experience strong Recognition in terms of Climate, they sense there is a clear link between high effort and high reward and that poor performance is tackled.
- There will be no sense of nepotism or favouritism being the cause of promotion; instead it is won on merit. The age-old debilitating habit of people being promoted because it 'shifts a problem' is diffused. Neither is promotion achieved simply by length of tenure, i.e. the 'it's her turn now' syndrome is removed.
- Where there is weak Recognition, organisations develop a malaise with the result that excellence, e.g. in service quality, fades away.
- Staff turnover increases in organisations having low Recognition scores; indeed it is one of the primary causal factors of high turnover. As a result, the organisation is unlikely to be viewed as an 'employer of choice' and it becomes more difficult to recruit the requisite talent.

Halving staff turnover

A financial services organisation had in excess of 60% staff turnover in its Contact Centre. Upon seeing that Recognition was poorly regarded by their people (it was in the bottom quartile of our international database when we measured it) the leadership team was galvanised to take action. We tracked the progress of this intervention over the next six months and were able to show that a clear upward trend in this particular Climate score was married to a marked downward trend in staff turnover.

Fascinatingly, this situation had not been spotted in the organisation's own Staff Survey conducted in each of the preceding three years, which says much about the poverty of information provided by most staff surveys!*

Involvement

The final member of this 'big six' set of Climate factors is the Idea of Involvement. This relates to the extent to which people feel a sense of buy-in and '*commitment*' to the aims, objectives and long-term direction of the organisation. Team members implicitly and explicitly '*trust*' and so they know they can depend on each other to work collaboratively and in a manner that no one wants to let down anyone else. People have pride and enjoy being part of the organisation, together with a sense of real collectivism in terms of there being a true team. People believe that the combination of talents in the team works as a complete entity, which is immensely greater than the sum of the parts, i.e. there is '*synergy*'.

* Measuring Climate is a much more effective means of gathering the view of staff across an organisation. The responses are all related to the six dimensions of Climate that have a direct bearing upon organisational performance. The data is actionable and improvements in Climate feed directly through to performance. This is not the case with the majority of staff surveys we have seen, which appear to be little more than a sop to canvassing staff opinion. If members of staff are asked their views, they do not want to be patronised by not seeing any response taken. Our measure of Climate does not run such a risk.

Ashes to ashes

In 2005, the English cricket team beat the Australians in the five-day Test series and took back the Ashes after many years' absence from these shores. Even the most disinterested cricket observer will have been aware of this series and how the English cricket team was truly characterised by a high level of Involvement. They behaved in a way that demonstrated a commitment and motivation to the purpose, i.e. winning back the Ashes, and achieving a first step in retaining them, together with a real sense of *teamness* where individuals played to their strengths, where the sum of cricketing parts was truly greater as a whole. They were, incidentally, also inspired by an excellent leadership team in the form of team captain and coach. In short, they experienced the Climate dimension of Involvement which resulted in the achievement of winning the Ashes against the opposition of what many considered a superior Australian team.

Eighteen months later, in the heat of the Australian sun, that powerful leadership dynamic had clearly dipped (some would say predictably, but that is too sensitive, sorry Lancashire fans!) The result was a collapse in the Climate of Involvement and certainly a lack of a clear sense of team members buying into a common vision such as prevailed in 2005.

The performance implications of Involvement

- When people experience a strong level of Involvement, the degree of passion for the organisation is palpable. People feel personally slighted if there is bad press. The drive to resolve complaints and avoid losing a valuable customer is very strong. Where complaints arise, people work together collectively to sort out the matter, to understand why the problem arose and to introduce measures to prevent recurrence.
- A high score also indicates that teams across the organisation believe they contribute value; they consider they are doing something worthwhile that will demonstrably feed into the organisation achieving its aims.
- A low score suggests that individuals think they have been grouped together for some obscure organisational convenience. Equally, a low score may represent that the team considers it has come to the end of its useful life and should be adjourned or stood down. This is especially severe if coupled with low Change Orientation. We observe too many

organisations keeping teams together for too long and members becoming disillusioned in having no real purpose.

- A low score in Involvement is clearly correlated with an organisation possessing a 'silo mentality'. People guard their patch and are reluctant to support each other and share knowledge. Internal service can be poor, not just between a function and the main business area but also between different sections of the main production process. Quite often one area can be trying to improve a particular practice that has already been tried elsewhere. In really severe cases, we see an ironic glee emerge in the area that first tried to make the improvement and failed, see another fall at the same hurdle. Organisational learning³⁴ is conspicuous by its absence.
- Low Involvement can be catastrophic. People are apathetic, complacent and, potentially, disruptive. Within and across teams, there is a sense of dysfunctionality. Such lack of involvement can all too easily spill over into the customer base by virtue of their feeling the organisation's staff don't especially care about them.
- People regard the senior management population to have lost the plot about what the overall aims and objectives need to be. In terms of the earlier example about Ritz-Carlton, people are pointing to all points of the compass rather than 'true north'!

Summary of the Climate framework and performance consequences

Clarity	Lack of priority
Challenge	Poor innovation
Change Orientation	Poor responsiveness to change
Autonomy	Inefficiencies and mistakes abound
Recognition	Talent walks; recruitment is difficult
Involvement	Poor internal support and service

Figure 2.3

Figure 2.3 shows a simple summary of the Climate framework, which I have just described. There are five conclusions to re-emphasise:

1. Climate dimensions represent what it feels like to work in an organisation.
2. Each Climate dimension drives bottom line performance outcomes.
3. If you can show measurable improvement in any Climate dimension you will get measurable improvement in bottom line performance.
4. The role of a manager in delivering leadership is ultimately to create a good Climate; in other words, a performance-orientated Climate.
5. The management of Climate is, therefore, our *'leadership dynamic'*.

In the next chapter, I will consider our *'leadership dynamic'* in detail.

CHAPTER 3:

The Leadership Dynamic

The previous chapter provided an account of the Climate framework. The key point is that Climate represents what it is like to be in an organisation and, from a measurement and definitional point of view, we have shown a clear correlation between each of these Climate dimensions and a raft of bottom line outcomes. The critical issue that I now wish to explore is the question of what creates and drives the Climate dimensions themselves.

Figure 3.1 shows again the Integrated Framework.

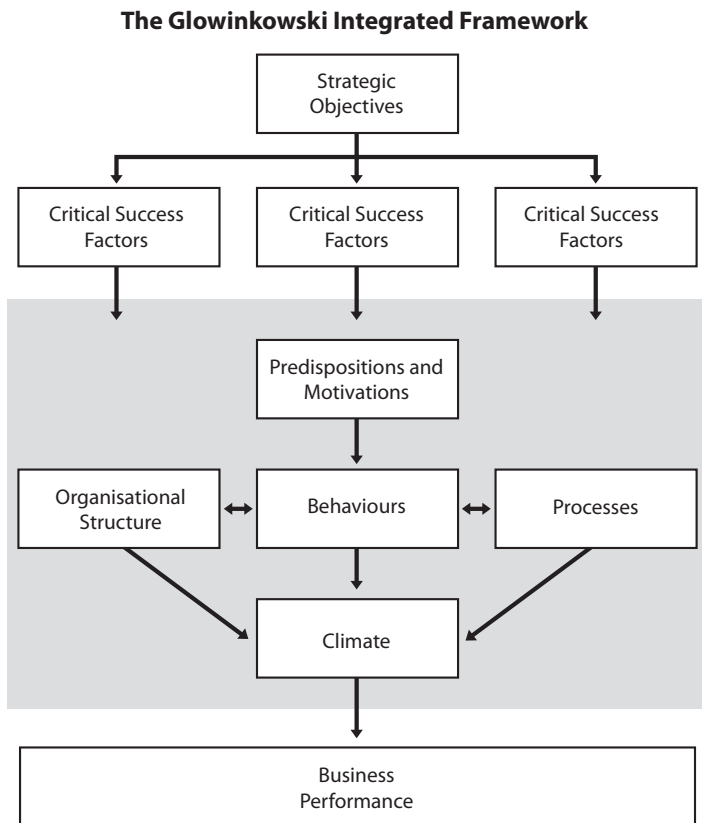


Figure 3.1

The model depicts Climate as being driven by three factors. These factors are:

1. Organisational structure
2. Behaviours (of managers and management teams)
3. Processes

I have mentioned already a number of times the diagnostic measurement and consultancy work that my colleagues and I have conducted with many organisations over the last 25 years. It is through these engagements that we have experienced the consistent relationship between the three factors of Organisation, Behaviour and Process in the creation of Climate. These three factors can be described as 'change levers'; they represent what happens within an organisation and thus drive Climate. Whether Climate is 'good' and the resultant organisational performance is strong is determined by how well each change lever is managed. Without wanting to be repetitive, let me repeat the critical points (!):

- Good Organisation creates good Climate creates good bottom line
- Good Behaviour by leaders and managers creates good Climate creates good bottom line
- Good Process creates good Climate creates good bottom line.

The idea of a *leadership dynamic* relates to exactly how these three change levers influence the Climate. Let me now explore this relationship in more detail.

Left hand/right hand

As an example of how Process and Behaviour should work hand-in-hand, leaders in one organisation were behaviourally addressing performance and identifying development needs. However, the organisation's process of documenting these needs and fulfilling them moved at the pace of treacle on a cold day. As a result, the employees considered Recognition was poor because development was not being provided.

Let me consider at further length each change lever in turn.

Organisational Structure/Job Design and its link to Climate

Design is becoming regarded as important in many areas of business and private life. How well designed are objects - e.g. cars, telephones, food containers, buildings - in terms of usability, aesthetics, efficiency and effectiveness? How does design contribute to the sustained success organisations have in their markets? The same rationale applies to how we design organisational structures and jobs. How well assembled is the organisation? How well defined are individual jobs in terms of their purpose and the skills, attributes and behaviours people need to be effective in them? How well do the jobs themselves challenge and motivate and so provide intrinsic job satisfaction to the jobholder? A favoured design in organisational structure these days is the matrix; does it work?

This element of the Integrated Framework focuses on all these aspects. These factors determine the nature of people's activities and represent behaviour from a structural perspective. The nature of these behaviours and practices will strongly impact both the Climate of the team and its performance.

The key issue is to recognise how these dimensions operate and the impact that they have. A summary of the framework of Organisational Structure and Job Design is presented in Table 3.1 while in Appendix 1 a more detailed specification is provided.

Table 3.1: A SUMMARY OF THE FACTORS OF ORGANISATIONAL STRUCTURE/JOB DESIGN

FACTORS	MEANING
STRUCTURE/ORGANISATION	The organisation is designed in such a way that the activities and responsibilities of individuals, teams, departments and functions do not overlap nor are they overlooked. The structure, while strong, possesses flexibility and an innate responsiveness to market dynamics, particularly involving customer needs and expectations. Spans of control are appropriate, ensuring sufficient distance between levels to help establish clear accountabilities. Standards of excellence are defined.
JOB CHARACTERISTICS	Jobs are not 'fractionalised' down to the lowest possible scale; in other words jobs are complete entities that possess significance when set against the organisation's intent. Jobs are defined in such a way that they permit the jobholder discretion and minimise the potential for conflict over confused accountabilities. Jobs make use of people's skills and abilities and, within themselves, provide feedback in terms of indicating whether the job has been done well.
MOTIVATION AND FEELINGS	Jobs provide the appropriate degree of challenge and volume of work. They provide fulfilment.

Within these three principal factors there is a range of specific measures that assess the effectiveness of Organisational Structure. The statistical correlation of each measure and each of the six factors of Climate has been established. This statistical

relationship provides the foundation of what we call the 'Climate Dimension Matrix'.^{*} A summary of this statistical analysis is provided in Appendix 2.

From the perspective of managing this component of the leadership dynamic, the point is quite simple: it is that each measure of Organisational Structure will have an impact on each factor of Climate. If an organisation's leadership is committed to improving performance, by measuring the efficacy of its structural design it can direct its focus to those areas scoring lowest and make improvements. These will have a direct impact upon Climate and, as I concluded the last chapter by saying, an increase in Climate causes performance to improve.

To bring this to life, let us consider some key relationships between this 'change lever' of our Leadership Dynamic and Climate.

Organisational Overlap

- This results when duplication of responsibility occurs. In an industrial paints organisation, I observed in one location that customer service was the responsibility, i.e. as defined in a job description, of the Marketing and the Finance functions. There was overlap and, indeed, each function recognised this as an issue and it was duly reflected as a negative score in the quantitative survey.

As a result of this overlap, there was a very low score in terms of Autonomy because people did not feel they had the wherewithal to decide and implement action without checking. The fact was it was a very real problem. The dysfunctional organisational structure reduced people's feelings of Autonomy (in Climate) which, in this instance, created an issue in terms of poor customer service.

Organisational gaps

- This occurs when it is difficult to ascribe responsibility for a particular activity to a given individual or function. With a services business client, responsibility for certain aspects of customer service appeared to lurch between Sales and Customer Relations. Where an existing customer

^{*}The Climate Dimension Matrix: Our statistical analysis of many years and many thousands of statistical collections shows that the significant majority all of these change lever factors demonstrate a positive correlation with the Climate dimensions. See Appendix 2 for a summary of the primary correlations.

called back to 'buy more', Sales wanted to provide the 'service'. However, where the customer was coming back with a problem, Sales wanted Customer Relations to handle the situation. Everyone in the business was cognisant of this position but was reluctant to do anything about it.

The problem was only properly surfaced and tackled as a result of measurement that we undertook. This elicited a poor sense of Clarity, i.e. who was there to provide a good service experience to the customer, which was clearly stated as a strategic intent of the business. Involvement was also weak because in designing the service delivery process, neither Sales nor Customer Relations had been appropriately consulted by the externally managed project team (which is another entirely different structural issue we often encounter that has serious implications for the strength of an organisation's Climate).

Headroom

- Another problem relates to poor quality headroom, which can be either due to there being too little headroom or too much between roles in an organisation. Too little headroom, i.e. a sense of being cramped is often seen in nascent matrix structures until they shake themselves out. Too much headroom is seen in situations where organisations have 'de-layered' and stretched spans of control to an excessive extent.
- In one client organisation, there was limited headroom between roles due to a poorly-designed matrix structure. Individual senior managers were 'cramped' in their style of decision making. As a result, the organisation's score for Change Orientation was very low.

In practical terms, this meant people perceived the organisation was strangled by its own bureaucracy, which inhibited quick decision-making. As a direct result, organisational projects were delivered late and with significant cost overruns.

- In one large B2B sales organisation, the Sales Director had a large number of direct reports. While proficient in many aspects of his leadership behaviours, the quantitative survey clearly indicated poor scores in Clarity, Recognition and Involvement.

Simply, the Sales Director's reports felt there was insufficient time in which they could engage to learn about the organisation's intent and their contributory role, i.e. Clarity; there was insufficient time to talk about performance and gain a sense of discretionary review, i.e. Recognition; and they felt they were not a homogeneous Sales team, i.e. Involvement.

Job Completeness

- When a job is designed such that people experience job completeness, it means they have the opportunity to be involved in a range of activities rather than a 'fractionalised' experience, e.g. making Adam Smith's³⁵ pinheads.

The following anecdote is apposite.

"Waiter, there's bits in my omelette!"

Consider the production of omelettes and the process being sub-divided in to egg-cracker, egg whisker, omelette fryer, and omelette server. If the egg cracker doesn't crack the eggs carefully, the latter serves omelettes full of egg-shell to the customer. If there is no feedback loop, it is a recipe for disaster! (Sorry!)

A lack of Job Completeness often undermines the extent to which people experience Clarity in their organisation. The extent to which they are involved in only part of a process inhibits the development of their appreciation of how their contribution fits into the broader task deliverable, i.e. "I didn't realise egg-shell messes up the omelette". This is amply illustrated in many clerical and shop-floor roles.

We often observe poor Job Completeness scores in functional positions, e.g. Finance and HR management roles. These professionals complain they do not understand how their work is being utilised to best effect within their organisation.

We also see it in Sales organisations. While they interface with customers, they may have relatively little interaction with operational or marketing colleagues; indeed technology can exacerbate this by virtue of their submitting orders on-line, displacing previous telephone conversations. Many times we have observed weak scores in Job Completeness to render poor Clarity scores which, in performance outcome terms, causes effort to be misdirected to selling the least profitable products, rather than those products that fit most strategically with the overall direction of the business.

Put simply, a low Job Completeness score drags back Climate, which will have serious knock-on effects on bottom line. We have seen this so frequently, it is a no-brainer.

At the end of this Chapter, we provide a detailed Case Study considering how measurement across the elements of the Integrated Framework has a real and material impact upon it improving its performance. In this we see the effect that poor Job Clarity and Job Accountability scores had upon its Climate.

Processes and their link to Climate

Each group of individuals has its own way of working as a team. The different approaches reflect the balance between the way individuals might prefer to behave and the behaviours necessary for effective team working. This framework defines the processes that represent categories of group behaviour that are critical for success. For example:

- What processes prevail in terms of decision-making?
- Is decision-making an effective process within that particular group of people?
- Does decision-making receive the correct data at the right time?
- Is enough time spent in the analysis of problems?
- Does business planning holistically link the corporate plan to individuals' performance plans or is there no sense of association?

In terms of the framework, we identify thirteen critical processes that drive Climate. This framework is shown in Table 3.2. (a more detailed description is provided in Appendix 1). Put simply, if the process is delivered effectively in the organisation, it will drive the creation of a positive Climate. The reverse is true, too.

Table 3.2: THE FACTORS OF TEAM PROCESSES

FACTOR	MEANING
PLANNING	Well-established and effective planning processes are utilised, which clearly drive what is done through setting clear goals and objectives.
RELATIONSHIPS	There is sound, effective communication within teams and between teams. People consider there is mutual trust, which enables folk to be open with others and extend bi-lateral support. Overall, the team comes before the individual.
TEAM EFFECTIVENESS	The team comprises the appropriate mix of skills, knowledge and experience to effectively carry out its responsibilities. There is an effective performance management process in place, which is actively used so allowing the team and its members to know how it and they are performing. People have the opportunity to develop themselves.
PERFORMANCE	People know how decisions are made across the organisation and recognise the system to be effective rather than bureaucratic. Resources are applied to tasks in a manner that efficiently matches skill with task demand, which produces a high level of co-ordination and co-operation between team activities.

A summary of the correlations between these Processes and Climate is provided in Appendix 2.

Planning

- The more effective the planning process is in involving and engaging individuals, the clearer will be their sense of understanding of what is being set as corporate intent. Furthermore, they will appreciate how what they actually do is linked to this sense of direction.

Fundamentally, planning in managerial 'ivory towers' does not help build Clarity, Autonomy nor, of course, Involvement. Where managers observe a low Clarity score, they need to put extra effort into planning in order to drive up this score.

We can do better than that!

In one client situation, the leadership team had started its planning process and outlined some performance goals. They decided to pull together a virtual team comprising a 'diagonal slice' across the business, representing all levels and functions. This team came up with a more ambitious plan than the leaders had produced, they had it accepted by their colleagues, and then went on to exceed the goals. This was in a quite heavily unionised environment, too. (The reference to Ricardo Semler made earlier is apposite here, too, in considering the very considerable degree to which an organisation's staff can be involved in the planning process.)

Communication

- The more effectively an executive team engages with itself and that of a range of colleague teams around the organisation, the greater will be the level of communication that prevails. We find that effective communication processes or systems build both Clarity and Autonomy.

The greater the level of appreciation for what others are doing and why, the greater scope leaders have to make their own decisions and to implement ideas without reference because they will know intuitively how things will 'fit' into the overall scheme of things. If a team scores low in Autonomy (and resultant performance outcomes are poor), the remedy or fix is to tackle Communication.

Leadership Behaviours (of managers and managerial teams) and its link to Climate

Here are considered how managers or management teams use different behavioural approaches to pursue the various activities and objectives that are an integral part of their role. This can include establishing a sense of direction and purpose for the work that people do and the process of influencing an individual or group to capture their interest and buy-in to that, if you wish, 'vision'. It can also involve providing inspiration and enthusiasm for others through their behaviours in terms of sharing information and making available development.

These behaviours apply to the full range of interactions that managers have with their employees, colleagues, bosses, i.e. the most junior member of staff with their manager through to the Chief Executive with their Chairman, as well as investors, owners, customers and suppliers. This includes leadership from the perspective of a formal line management role, as well as more informal relationships.

In the context of the Integrated Framework, the leadership dynamic has a clearly critical effect on the Climate of any group or collection of individuals with whom the leader engages. Behaviours are a very significant part of this dynamic and, when delivered effectively, they can help create a performance-orientated Climate. Managers failing to create such a Climate cannot expect to see their people deliver comparable performance to organisations in which a more favourable Climate has been created.

Table 3.3 shows a summary of the Leadership Behaviour framework (a more detailed version is provided in Appendix 1), which is represented by six broad behavioural approaches, each of which comprises a number of subordinate measures. Again, we have assessed the correlations between these behaviours and the creation or formation of Climate within the organisation; a summary of these is provided in Appendix 2.

Table 3.3: THE FACTORS OF LEADERSHIP BEHAVIOUR

FACTORS	MEANING
DIRECTIONAL	Leaders consider what options the organisation has in the future and create a clear, unambiguous long-term direction for their enterprise. They then ensure all activities are co-ordinated and aligned to bringing about achievement of the selected direction.
ENGAGING	Leaders are able to win the commitment of others to contribute effort to achieving the long-term direction that has been set for the organisation. They build credibility and have presence when communicating; they are construed as being inspirational.
POSITIONAL	Leaders do their work and not that of their team members. They delegate effectively.
CONSTRUCTIVE	Leaders build long-term, open, constructive, mutually beneficial relationships. They do not avoid raising difficult issues with other people and will confront matters rather than allowing them to fester and, potentially, become corrosive. They manage performance, both good and bad.
DEMOCRATIC	Leaders share appropriate information with others, recognising that certain matters have to be kept confidential. They consult and seek the view and opinions of others, involving them in shaping their ideas and actively listen, respond and take action upon those suggestions.
DEVELOPMENTAL	Leaders provide timely, relevant and objective feedback to others so they know how they are performing. They consider that the development of others' potential and talent is a key responsibility of their job.

Here are some examples.

Directional behaviour

- The manager delivering Directional behaviour will spend time with his people establishing with them an understanding of the long-term direction of the business. He will encourage his team(s) to consider a range of options in terms of how they best add value to the overall business goals. Through his approach, the manager will ensure that the team's activities are well co-ordinated and linked in an effective way with each other and with other teams. This style of behaviour is also likely to be highly involving and engaging in order to get the best out of people.

Our analysis shows a clear statistical correlation with the formation of a number of Climate dimensions. However, the real critical connect is with Clarity. In simple terms, if we measure Clarity as a low score we know that the manager needs to raise his game relating to the extent to which he is delivering effective Directional behaviour.

Positional behaviour

- Another interesting example is the dimension listed as Positional. A manager scoring highly in this dimension will be operating at the right strategic level, i.e. not doing the job below the level at which he is paid. He will also be highly successful in his delegation and will avoid the classic trap of a senior manager acting as a middle manager overly involved in the detail and working 18 hours per day.

Positional leadership behaviour again drives and causes a wide range of Climate outcomes. Possibly the most interesting connection we observe with a low Positional score is low Challenge and Autonomy. In this context, the connection is entirely predictable when you work for a manager who essentially does your job for you; it is extremely difficult to feel energised or challenged, or to make decisions without reference to that person.

These low Climate scores can be reversed when managers change their Positional game and can be further enhanced with the delivery of the Developmental behaviour, too. When the manager begins to deliver this

particular behaviour, we tend to see an increase in Challenge, Clarity and Involvement.

Developmental behaviour

- Another dimension which has a strong effect upon Climate is that listed as Developmental. A manager scoring highly in this dimension will be spending time with his people, expending effort in giving them clear and timely feedback about their performance and providing them with tactical coaching input. He will also be engaging them in honest dialogue about their longer-term career aspirations and providing appropriate support and counsel.

Developmental leadership, not surprisingly, has the most significant impact with Recognition where it contributes to building a meritocracy in which there is a clear distinction made between effort, outcome and reward. In other words, there is a sensible division of time between recognising and rewarding the best performers and addressing the short-comings of the poorer performers and dealing with the unwilling, i.e. differentiating between the 'can do', 'can't do' and 'won't do'. All too often in organisations that score poorly in Development and Recognition, the root cause lies in managers spending too much time with their least effective people. In our experience, this is especially the case in education and is a fundamental reason why schools do not enjoy positive Climates.

By addressing their own behaviours, leaders can have an immediate and positive impact upon Climate in their particular area of the organisation. To impact the other change levers probably necessitates leaders working collaboratively with their peers and colleagues.

It is important to recognise that this is NOT about motivating people; this is about building an environmental context, or Climate, in which people will motivate themselves.

An illustrative case study:

Measuring Climate and the change levers of the Leadership Dynamic

The previous section together with Chapter 2 have provided an overview of the Integrated Framework, which illustrates how Climate correlates with and drives organisations' bottom-line performance whatever sector they happen to operate in. The Framework clearly identifies how the *leadership dynamic* of Structure, Behaviour and Process links intricately with Climate. This framework, together with a survey methodology and benchmarking database, can be utilised in a highly practical way. The following case study provides an example of this type of intervention.

The case study involves an industrial manufacturing business and covers the period between the mid-to-late 1990s and mid-2000s. The background was that the business had changed its structure from a relatively independent set of geographical businesses into one global enterprise with a common brand and matrix structure. This was driven by the needs of the market-place. The incumbent CEO recognised the need to change how the organisation operated in this new business environment. Amongst other things it was deemed critical that the senior management population raised its level of capability in terms of Strategic Thinking and Relationship Building, together with lifting its capacity to provide leadership that unleashed the latent potential of its workforce.

The start of the process was a development programme involving the top 60 managers. The questionnaire suite referred to in Chapter 2, which underpins the Integrated Framework and provides a quantitative, benchmarked measure for each of the 60 individuals concerned, was employed. The survey required each of these managers' immediate reports to assess the following:

1. The leadership behaviour of the respective manager.
2. The team's evaluation of the Climate of the workgroup of which they were a part, and the overall organisation.
3. The effectiveness of the organisational structure and design seen from their own perspective.
4. The effectiveness of the Processes within their workgroup.

This set of 'mini-surveys' represented the opportunity for each manager to

benchmark the effectiveness of the team he managed in the context of the Integrated Framework.

The next stage of the intervention was to run a series of four workshops, which were branded as 'Leadership for Organisational Improvement' (LOI™). In a practical sense, the LOI™ workshop provided a forum for each of the 60 managers to have the opportunity to review in a detailed manner all of the data relating to the components of the Integrated Framework arising out of the survey questionnaires completed by his team members. This gave all individuals the chance to identify the critical Climate issues, the business implications of those issues, and time to consider which to address and how. By having data relating to all aspects of their *leadership dynamic*, they could identify the causal reasons - be that their behaviour, structural weaknesses or process inefficiencies.

The basic question addressed was "What things do you as a manager need to turn on, turn off, change, modify etc. in order to drive an empowering organisational Climate?"

The workshop process as a whole was designed to represent a powerful and motivating learning experience for each participant, while concomitantly providing a clear focus to develop a change agenda that the senior management population would buy in to and pursue subsequent to participating in the diagnostic LOI™ workshop.

The management population defined for itself four levels of change agenda, which included:

1. Me as an individual.
2. Me as a leader of the team I manage.
3. We as a senior management team.
4. We as a business.

The survey process generated a wide range of different profiles across the 60 managers. However, it is fascinating to observe the aggregated results that were taken at the beginning of the intervention and to compare those with the aggregates lifted from the exact same survey process that was conducted four years later.

Figure 3.2 shows some of the results from the first measurement of Climate, Behaviour and Structure. The 0-100 scale represents a 'normative' comparison. If an individual's score is below 50, it means that more than half the database has a better score. An individual scoring over 50 has done better than half the database population. The database is an external, international benchmark comprising over 14,000 individual managers who have completed our surveys. Comparison is not restricted to the organisation being measured.

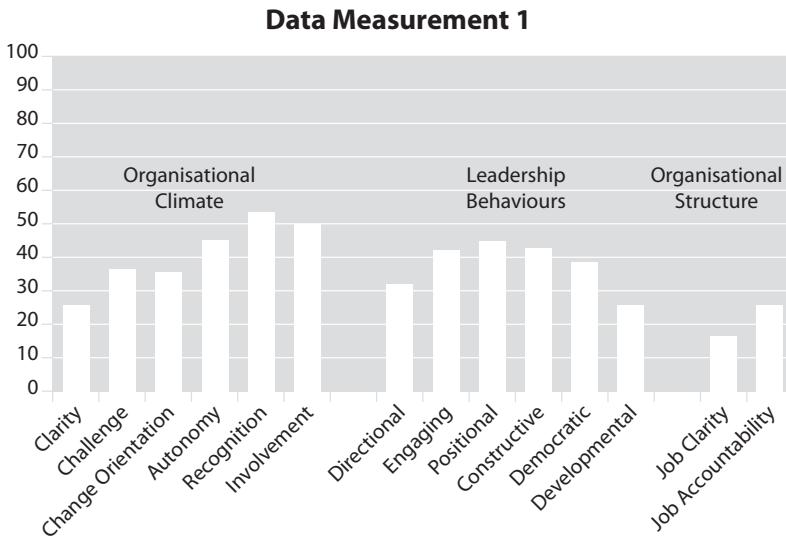


Figure 3.2

The data shows that, when first measured, the aggregated profile revealed a fairly moderate level of Climate but with a particularly poor picture revealed for Clarity and Change Orientation, i.e. each in the third quartile. The behaviour data highlights a particularly significant issue in terms of Directional, Democratic and Developmental behaviour scores (each around the 3rd/4th quartile). Particularly noticeable within the Structure profile are the dimensions of Job Clarity and Job Accountability, which were positioned at the 15th and 25th percentile respectively (notably, the first is markedly deep within the fourth quartile).

The top 60 participative population identified these as key issues that seemed to characterise most individuals' feedback and, when aggregated, showed particularly

poor scores. The basic thinking was that these poor leadership scores, together with an absence of Job Clarity and Job Accountability were, (as it were) the main culprits underpinning the low scores in Climate of both Clarity and Change Orientation.

It was interesting to observe that underpinning the lack of Job Clarity and Job Accountability was a newly-formed matrix organisation that wasn't working effectively. At a simple and immediate level, this feedback provided powerful learning about how this management population needed to change the way it operated and functioned. It was quite revealing when, in one of the sessions, a senior director remarked, "I can't quite understand why Change Orientation is so low, because we are repeatedly *telling* [our italics] our people what needs to happen." 'Telling', of course, says it all. At a more profound level, as a result of identifying, assimilating, assessing and interpreting these statistical measurements, the senior management set out a series of specifically tailored interventions to address them.

This management population needed:

- To be more effective establishing direction with its staff.
- To deliver a greater level of Developing Others' behaviour together with a reduction of what was clearly perceived as a highly coercive style of behaviour.
- To achieve a more fluid and clear perspective in the business in relation to their matrix structure. The bottom line was that folk didn't quite appreciate where the buck stopped and started in terms of who was accountable for what.

Following a period of four years, the leadership population decided to run the LOI™ programme for a second time in order to measure the extent to which they had achieved improvement in the leadership dynamic and the resulting Climate outcome. These results are shown in Figure 3.3.

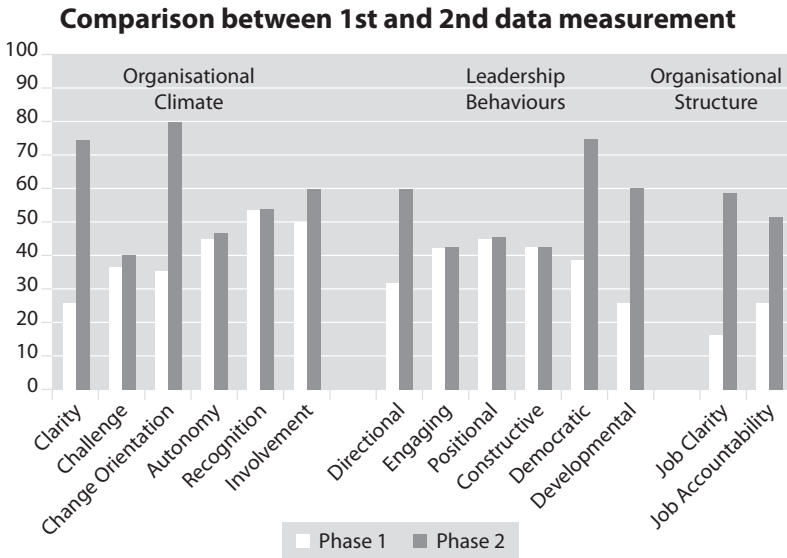


Figure 3.3

The data clearly indicate a substantial increase in both the Clarity and Change Orientation aspects of Climate, where these data have moved towards the top end of quartile 2 and into the upper quartile respectively.

A significant improvement in the Leadership Behavioural profile is shown, together with significantly improved perceptions of Job Clarity and Job Accountability.

In this study involving 60 managers, fully three-quarters of the population showed a measurable improvement in their leadership behaviour with no examples of behavioural deterioration.

As ever, we tried to establish the impact that this changing behaviour and enhanced Climate had in terms of bottom-line performance outcomes. We identified substantial improvements in terms of sales, speed and success of product development and customer satisfaction. It is, of course, impossible to prove in a real, scientific sense that these behavioural shifts absolutely underpinned these bottom-line gains. However, the evidence was very compelling and, more to the point, this senior management population did believe there were such clear and direct consequential relationships.

Through this intervention (and many others like it), I contend that the change in behaviour achieved by the management population, together with improvements in

the workings of the matrix structure, caused people throughout the business to develop a far greater sense of what they were supposed to do and why, which was coupled with a greater sense of empowerment in terms of their preparedness to change. This shift in the Climate provided the firm foundation on which were built the improvements in sales performance, product development and customer satisfaction.

Conclusion

The Integrated Framework is underpinned by factual, statistical evidence derived from years of research and allied measurement coupled with practical consultancy that has occurred at all stages of the economic cycle more than one time around. The extensive database of individual managers' measurement reflects numerous organisational situations, ranging from multi-national conglomerates at one extreme to members of religious orders at the other (who also happen to be heads of schools, so are very much leaders in their own right), and from a multitude of international backgrounds. It is this wealth of information that provides the confidence to promulgate Climate to be the key driver of performance. Climate itself can be enhanced by addressing the components of each of the input change levers.

This work has proven the clear causal link that Climate is created by leaders and/or managers - individually and, ideally, as a collective Executive, concentrating upon delivering effective behaviours and delivering these within a well-designed organisational structure augmented by efficient and effective processes. As a direct consequence, they will create a truly high-performance oriented Climate that can be sustained over a long period of time.

I started this chapter by posing the question about the conditions that need to be put in place in order to achieve sustainable high performance. Our Integrated Framework provides a critical solution to this problem by identifying the three change levers that drive Climate, which in turn drives performance.

- Climate drives bottom line performance.
- The three change levers of behaviour, structure and process drive Climate. Together they represent a powerful leadership dynamic.
- It is this dynamic that any successful leader needs to embrace and deliver.
- All of these factors can be measured in a benchmarked context and together represent a powerful balance sheet to drive a performance improvement agenda.

