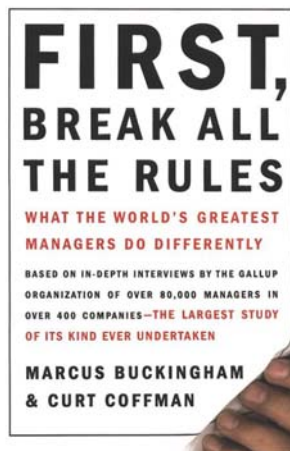


# First, Break All The Rules

What The World's Greatest Managers Do Differently



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The Big Idea

*THE BEST MANAGERS REJECT CONVENTIONAL WISDOM. THIS BOOK DESCRIBES THEIR PERSPECTIVE AND HOW THEY KEEP TALENTED EMPLOYEES.*

## Background

In 25 years, the Gallup Organization interviewed over 80,000 managers from different companies. This mammoth research project grew from two basic questions:

- What do the most talented, productive employees need from the workplace?
- How do you attract, find, focus, and keep talented employees?

## Key Ideas

- Good managers recognize employees as they are – as individuals. They do not treat everyone the same. They also don't try to "fix" people and their weaknesses. Our focus is on managers who excel at turning talent into performance.

## Michael's Words of Wisdom

From Michael, a restaurant manager, in an excerpt from an interview with Gallup:

- "Make very few promises to your people, and keep all of them."
- "A manager has to remember he is on stage everyday. His people are watching him. Everything he does or says affects their performance."

## Chapter 1

### The Measuring Stick

#### A Disaster Off the Scilly Isles

*What do we know to be important but are unable to measure?*

In 1707, British admiral Cloudisley Shovell made a miscalculation of his flagship's position in the Atlantic, leading his whole fleet towards the rocks of Scilly Isles. Four warships and 2,000 lives were lost due to this mistake. Similarly, many companies have no accurate means of measuring their position when it comes to finding and keeping talented employees. Such companies may find themselves heading blindly for the rocks.

#### Key Ideas

- No matter what your business, the only way to generate enduring profits, is to build a workplace that attracts, focuses on and keeps talented employees.
- From stock options, to concierge services, and in-chair massages –companies have added perks and benefits to their employee packages, but no company has yet devised an accurate yardstick to measure a manager's ability to find and keep talented employees.
- Throughout this book we focus on keeping talented, productive employees, not Road warriors – the army term for people who prefer to "retire on active duty" or those who sleep on the job.
- Who demands this measuring stick? Institutional Investors. These investors are moving trillions of dollars in and out of companies, and they want to know if management can do its job, mainly keeping the employees and customers happy.
- A great deal of a company's value now lies "in between the ears of its employees".
- When someone leaves a company, he takes his value with him. Sometimes, he takes it straight to the competition.
- We need a way to measure the intangibles, like R&D, customer satisfaction, and employee satisfaction.

***How can you measure human capital?***

What does a great workplace look like? Take a look at Lankford-Sysco, a food preparation and distribution giant. The company boasts single digit turnover, low absenteeism, and virtually no shrinkage. Plus, it tops the charts when it comes to customer satisfaction. According to Fred Lankford, one of its general managers, he measures and compensates every effort. Delivery staff have their photos on the walls with the number of miles they've driven. Forklift operators brag over low breakage records. There is no secret formula, but Fred must be doing something right.

Because we found every company story to be unique, Gallup took on the challenge of looking for a needle, or more likely a common thread, in our mountain of data. Eventually the search yielded the following discovery.

**The Twelve Questions to Measure the Strength of a Workplace**

1. Do I know what is expected of me at work?
2. Do I have the materials and equipment I need to do my work right?
3. At work, do I have the opportunity to do what I do best everyday?
4. In the last seven days, have I received recognition or praise for doing good work?
5. Does my supervisor or someone at work seem to care about me as a person?
6. Is there someone at work who encourages my development?
7. At work, do my opinions seem to count?
8. Does the mission/purpose of my company make me feel my job is important?
9. Are my co-workers committed to doing quality work?
10. Do I have a best friend at work?
11. In the last six months, has someone at work talked to me about my progress?
12. This last year, have I had the opportunity at work to learn and grow?

*IF YOU AS A MANAGER CAN CREATE THE KIND OF WORK ENVIRONMENT WHERE EMPLOYEES ANSWER POSITIVELY TO ALL 12 QUESTIONS, THEN YOU WILL HAVE BUILT A GREAT PLACE TO WORK.*

**Putting the Twelve to the Test**

*Does the measuring stick link to business outcomes?*

Gallup takes on the challenge

In 1998, for the first time in research history, an organization set out to prove the link between employee satisfaction and business performance across many different companies. Business units were defined by branch or outlet. Companies provided scores of each business unit measuring business outcomes namely:

1. Productivity
2. Profitability
3. Employee retention
4. Customer satisfaction

Gallup ran a Meta-analysis of data using 2,500 business units' performance data and 105,000 employees' opinion surveys (The 12 questions). The Meta-analysis was designed to cut through the various industries' performance measures (as every industry has its own standards) and allows us to zero in on the real links between employee opinion and business unit performance.

Here are the results:

1. Employees who responded positively to the 12 questions worked in business units with higher levels of productivity, profit, employee retention, and customer satisfaction.
2. It is the employees' immediate manager (not the pay, benefits, perks, or charismatic corporate leader) who plays the critical role in building a strong workplace.
3. Ten of the 12 questions showed a direct link to productivity, while 8 of the 12 linked to profitability. A single employee affects profit, from turning off more lights, to negotiating harder on price.

4. People leave managers, not companies. This means if your relationship with your immediate manager is fractured, no amount of company-sponsored dog walking or daycare will persuade you to stay and perform.
5. Of the 12, the most powerful questions with the strongest links to the most business outcomes were:
  1. Do I know what is expected of me at work?
  2. Do I have the materials and equipment I need to do my work right?
  3. Do I have the opportunity to do what I do best everyday?
  4. In the last 7 days, have I received recognition or praise for good work?
  5. Does my supervisor or someone at work, seem to care about me as a person?
  6. Is there someone at work who encourages my development?

#### **Managers trump companies.**

1. A bad manager can scare away talented employees, draining the giant company of its power and value. The top executives are often unaware of what is happening down at the frontlines.
2. An individual achiever may not necessarily be good as a manager, companies should take care not to over-promote.
3. Companies should hold managers accountable for what employees say to these 12 questions.
4. Let each manager know what actions to take to deserve positive responses from his employees.

#### **A Case in Point**

##### ***What do these discoveries mean for one particular company?***

In 1997 Gallup was requested by an extremely successful retailer to measure the strength of their work environments. The numbers: 37,000 people, 300 stores across the US, with 28,000 employees willing to participate in the survey. Employees were asked to respond to the 12 questions using a scale of 1-5, 1 being Strongly Disagree, and 5 being Strongly Agree. Two stores A and B were compared in terms of strength. Store A had a significantly higher percentage with "5" responses from employees than Store B.

#### The research findings:

1. Even an employee's perception of the physical environment is colored by his relationship with his manager. Both stores have exactly the same materials and equipment, yet the responses to question 'Do I have the materials and equipment I need to do my work right?' were different. Store A had a higher percentage of employees who responded with a 5 than that of Store B.
2. The company could find out what their better store managers were doing right and build company culture around this blueprint. Recommendations were:
  - Hire more managers like their best.
  - Take the ideas of their best and multiply them across the company.
  - Redesign training programs based on the practices of their best managers.
  - Learn from their own best managers and not look to other company formulas.
3. Stores that ranked in the top 25% on the employee opinion survey were 4.56% over their sales target for the year. Stores in the bottom 25% were 0.84% below their sales target. A difference of \$104 million in sales per year or a 2.6% increase in the total sales of the company.
4. Profits of the top 25% stores on the employee opinion survey were 14% over their target. The bottom 25% group on the employee opinion survey fell 30% below their profit goals.
5. Employee retention in the top 25% group was 12 more per year on average than the bottom 25% group. That's 1,000 more employees retained per year. Just think of the costs of hiring and training new employees every year.
6. The drain of employees with valuable relationships with customers and colleagues is another great and immeasurable loss to the company.

**Mountain Climbing*****Why is there an order to the twelve questions?***

How does a manager help more individuals reach the summit? It's a psychological mountain, but you have to climb it in stages, just like a real mountain.

**Base Camp: What do I get?**

Employee's basic needs have to be identified and met.

1. I want to know what is expected of me.
2. How much will I earn?
3. How long is the commute?
4. Will I have my own office, phone, etc.?

Of the twelve questions, "What is expected of me?" and "Do I have the materials and equipment I need to do my work right?" are the main focus of the manager.

**Camp One: What do I give?**

This stage focuses on the employee's self-esteem and self-worth.

The questions that pertain to this stage are:

"At work, do I have the opportunity to do what I do best everyday?"

"In the last 7 days, have I received recognition or praise for good work?"

"Does my supervisor or someone at work care about me as a person?"

"Is there someone at work who encourages my development?"

**Camp Two: Do I belong here?**

"Do my opinions count?"

"Does the mission/purpose of my company make me feel my job is important?"

"Are my co-workers committed to doing quality work?"

"Do I have a best friend at work?"

**Camp Three: How can we all grow?**

"In the last 6 months, has someone talked to me about my progress?"

"This last year, have I had the opportunity at work to learn and grow?"

**The Summit.** If an employee answers positive to all 12 questions, he has reached the summit. The longer his lower-level needs aren't met, it is more likely he will burn out, become unproductive and leave. Just like mountain or altitude sickness, he needs to go down to the lower camps and spend more time acclimatizing. The more time he spends at the lower camps, the more stamina he will have for the thin air near the summit.

**An Epidemic of Mountain Sickness**

Caused by higher-level company mission statements, 'diversity' trainings, and other high-level management ideas that do not answer an employee's basic needs. Managers focused way too high. Great managers focus on getting positive responses to the first 6 questions.

**Chapter 2****The Wisdom of Great Managers****Words from the Wise*****Whom did Gallup interview?***

Eighty thousand managers, from hotel supervisors, to sales managers, general agents, senior account executives, manufacturing team leaders, professional sports coaches, pub managers, public school superintendents, majors, colonels, and even deacons, priests and pastors. Great managers share less in common than you might think. They are as different in management styles as they differ in gender, race, age, religion, and other aspects.

**What Great Managers Know*****What is the revolutionary insight shared by all great managers?***

*The Great Manager Mantra is this: People don't change that much. Don't waste time trying to put in what was left out. Try to draw out what was left in. That is hard enough.*

This explains why great managers don't believe everyone has unlimited potential. They don't try to fix weaknesses. It's why they play favorites and why they break all the rules of conventional wisdom.

**What Great Managers Do*****What are the basic roles of a great manager?***

As Catalyst, the manager speeds up the reaction between employee's talents and the company's goals, and between employee's talents and the customer's needs. Questions 1 to 6 of the 12 provide the detail for the Catalyst role. To warrant positive responses from his employees, a manager must:

1. Select a person.
2. Set expectations.
3. Motivate the person.
4. Develop the person.

Select a person. Know the differences between talent, skill, and knowledge. Know what can be taught and what can be hired in. Set accurate performance expectations. Invest time to motivate, it really matters how you spend it and on whom you spend it. Use your ability to develop people. There is no substitute for one-to-one interaction between employee and manager. Self-directing teams with no managers only create role confusion.

Managers are not just leaders-in-waiting. Great managers look inward. They look inside the company, at individual's goals, needs, and motivations. Great leaders look outward. They are visionaries. They look at the competition, the future, and alternatives. There is a world of difference between the two, and only a few people can wear both hats.

Keep it Simple. Each manager should employ his own style, and just focus on being a catalyst.

**The Four Keys*****How do great managers play these roles?*****Conventional Wisdom**

1. Select a person according to experience, intelligence and determination.
2. Set expectations by defining the right steps.
3. Motivate by identifying weaknesses and see how to overcome them.
4. Develop the person to help him learn and get promotes

**Great Managers' Wisdom**

1. Select for talent.
2. Set expectations by defining the right outcomes.
3. Motivate by focusing on strengths.
4. Help him find the right fit, not just the next rung on the ladder.

## Chapter 3

### The First Key: Select for Talent

#### Talent: How Great Managers Define It.

##### ***Why does every role, performed at excellence, require talent?***

Great managers define talent as “a recurring pattern of thought, feeling, or behavior that can be productively applied”, or behavior one finds oneself doing *often*. The key to excellent performance is matching the right talent with the role to be played.

***EXCELLENCE IS IMPOSSIBLE TO ACHIEVE WITHOUT NATURAL TALENT.***

#### The Right Stuff

**You cannot teach talent.** How the employee builds relationships, how she thinks, what drives him, is *more* important. Talent is the driving force behind an individual’s job performance. Case in point: The Mercury Space Program. General Don Flickinger selected 7 men to be part of NASA’s space program, to set the foundation for all missions to the moon. The men all had the same qualifications, training, even physiques. Despite this ‘uniformity’, the success of each of the six missions corresponded to the each individual’s own talent. John Glenn and Gordon Cooper possessed the talent to remain calm under extreme pressure and claustrophobic conditions. Their missions were the most successful. Every man reacted differently to the same stimuli. Each person’s mental filter is different. How they handle the same situation will be different. Great managers respect that.

#### The Decade of the Brain

##### ***How much of a person can the manager change?***

Neuroscience tells us that by the time a person is in her mid-teens, there is a limit to how much of her character can be changed. Neuroscience confirms what great managers know instinctively. Every individual is unique, and people don’t change that much.

#### Skills, Knowledge, and Talents

##### ***What is the difference among the three?***

- Help employees discover their hidden talents.
- Teach your employees new skills and knowledge.
- Understand the difference between what can be taught, (factual knowledge) and what is better learned through experience. (experiential knowledge)

#### Three Kinds of Talent

From the competition-driven NFL player to the altruistic, caring nurse -everybody has different, unique, and special talents.

1. Striving talents – Explain why someone does what he does everyday
2. Thinking talents –Explains how he decides, linear thinker, or strategic mind game player?
3. Relating talents – Explains who he builds relationships with, whom he confronts or ignores, trusts

***Without talent, no amount of new skills or knowledge can help an employee in unanticipated situations.***

#### Simple language, smart thinking.

1. Competencies. Behaviors expected from managers and leaders which are part skill, part knowledge and part talent.
2. Habits. They are not second nature, they are our *first* nature.
3. Attitudes. Identify what type of attitude this person has: optimistic or cynical, experimental or conservative, etc. Then place that person in a role best suited to her.

4. Drive. From the need to be on stage, to the need to be of service, to the love of a balanced equation, each person's drive is unique and enduring. A manager can never breathe motivational life into someone else. All she can do is identify what drives the employee and then cultivate his talent based on where he gets his drive.

### **The World According to Talent**

#### ***Which myths can we now dispel?***

**Myth no.1: Talents are rare and special.** The best nurses studied by Gallup had an edge over average nurses because of their relating talent, empathy. Risk is a striving talent which the best surgeons possess. As a manager, your job is to cast the right people in the right role based on their talents.

#### **Myth no.2: Some roles are so easy, they don't require talent.**

"A truth ceases to be a truth as soon as two people perceive it." -Oscar Wilde

This means the only truth is your own. Great managers know some people derive satisfaction from performing certain roles that other managers may deem as "entry-level" or "lower level". Gallup interviewed a hotel's best housekeepers, all from different races, ages, and both genders. The one talent they shared was the ability to look at a hotel room through their guest's eyes.

*In the minds of great managers, every role performed at excellence deserves respect. Every role has its own nobility.*

### **Talent: How Great Managers Find It.**

#### ***Why are great managers so good at selecting for talent?***

- Many people don't know their true talents.
- Job applicants are out to impress, so they cloud your view of what their actual talents are.
- Know what you are looking for. Don't put the independent-minded broker in a regimented, structured company role. The broker who prefers frequent supervision may be a better match. See who will mesh with your style. Do you want those who are stronger on thinking talent than striving talent? Do you need someone with strong relating talents to bring up the sensitive issues within the team?
- Identify one critical talent and focus on it during your interview. No matter how alluring the candidate's resume may seem.
- Study your best. Don't investigate failures. Look at your successes and see how that worked out. By studying their best, great managers are able to overturn misconceptions.

*As a manager you should excel in the art of the interview.*

A word from legendary UCLA Bruins coach John Wooden, on the importance of talent:  
"No coach can win consistently without talent."

## **Chapter 4**

### **The Second Key: Define the Right Outcomes**

#### **Managing by Remote Control**

##### ***Why is it so hard to manage people well?***

As a manager you have less control than the people who report to you. You need to motivate, influence, berate, or cajole – but that is remote control management, not being in control. Great managers know there is a limit to how much each employee's different style, needs, and



motivation can be ground down. The solution: Define the right outcomes and let each person find his own route towards those outcomes.

- Standardizing the end prevents the manager from standardizing the means.
- The most efficient way to turn someone's talent into performance is to help him find his own path of least resistance toward the desired outcome.
- The solution encourages employees to take responsibility and make them feel the thrill of pressure. This excites the talented employees and scares away the Road warriors. It encourages learning. The solution nurtures self-reliance and self-awareness in your people.

### **Temptations**

#### ***Why do so many managers try to control their people?***

##### **Temptation: Perfect people.**

- Any attempt to impose "the one best way" is doomed to fail. This thinking fights against the unique talents of each individual.
- It is demeaning, preventing individuals from taking responsibility for their own style of working.
- It kills learning. Every rule takes away a choice. Choice is the fuel for learning.
- Never try to perfect people.

"The road to hell is paved with good intentions."

George Bernard Shaw

##### **Temptation: My people don't have enough talent.**

Respect the role enough to select for talent in the first place. Don't just hire anyone who applies. Know what talents are required of the role and select accordingly.

##### **Temptation: Trust is precious. It must be earned.**

The mistrustful manager imposes regulation upon regulation to protect himself from people's inevitable misdeeds. He creates a culture of compliance that strangles the organization of flexibility, responsiveness, and most importantly, goodwill.

Great managers reject the idea trust must be earned. They believe if you expect the best from people, then more often than not, the best is what you get.

##### **Temptation: Some outcomes defy definition.**

Some outcomes are *difficult* to define, like the intangibles called customer satisfaction or employee morale. Sales and profits are easier to define. Instead of resorting to using 'the right steps', managers should define the right emotional outcomes. The manager must be held accountable for the employee response to our first 6 questions. They should elicit positive responses to show the kind of emotional outcomes we are defining. This beats legislating away each step as to how a manager should interact with his people.

### **Rules of Thumb**

#### ***When and how do great managers rely on steps?***

The best managers avoid the temptations mentioned above and adhere to the guidelines below:

##### **Rule of thumb no.1: Don't break the bank.**

Employees must follow the required steps for all aspects of their role that deal with accuracy and safety. Remember the infamous Nicholas Leeson of Baring's Bank. The 200 year-old British institution collapsed in 1995 due to Leeson's reckless trading and huge incurred losses that went way beyond the bank's cash reserves. Employees need to know what are the standard steps for accuracy, safety, and security. Unrestrained empowerment, giving an employee too much room to maneuver, can destroy a company's value.

**Rule of thumb no.2: Standards Rule.**

Employees must follow required steps when those steps are part of a company or industry standard.

Standards enable communication. Try opening a Macintosh file on a Windows based PC, for instance. You need to speak the same language. Standards fuel creativity. The chromatic scale in music limits composers to 12 tones per octave, yet the greatest symphonies are made with this limited scale. The company that defines the industry standards will have the advantage. That is how VHS beat Betamax, or why Netscape gives away its browser.

**Rule of thumb no.3: Don't let the creed overshadow the message.**

Required steps are useful only if they do not obscure the desired outcome. Some managers adhere too much to scripts, or following the rules so much that they hinder customer satisfaction. Listen to the words of one director from an award-winning airline, "At Southwest, I think everyone is expected to color outside the lines." The company encourages fun, first and foremost, and allows flight attendants enough creative leeway to make customers happy.

**Rule of thumb no.4: There are no steps leading to customer satisfaction.**

Required steps only prevent dissatisfaction. They cannot drive customer satisfaction.

To transform customers into loyal advocates, here are the 4 levels of Customer Expectations to fulfill:

1. Accuracy. (Serve what was ordered. Give the exact change. Deliver on time.)
2. Availability. (ATMs, 24-hour convenience stores, extra staff during peak hours)
3. Partnership. (Loyalty clubs, Frequent Fliers, and other devices that listen to customer needs and are responsive)
4. Advice. ('Consultancy' style, Amazon.com's recommended reading list)

**What do you get paid to do?*****How do you know if the outcomes are right?***

1. What is right for your customers? Use a customer survey. Formulate questions which show a link to the four levels of customer expectations. What is the likelihood they will recommend your product/service? How likely are they to return/repurchase?
2. What is right for your company? Managers need to mediate between changing company strategies and the employees. Find roles within the new strategy that play to their talents. If no such role exists, then the employee simply has to move on.
3. What is right for the individual? Identify a person's strengths. Define outcomes that play to those strengths. Find a way to count, rate, or rank those outcomes, then let the person run. An example: Dennis Rodman of the Chicago Bulls was offered a uniquely tailored incentive contract, one which offered thousands of dollars if he stayed out of trouble, kept his Best Rebounder title, and if he achieved a high assist-to-turnover ratio.

**Chapter 5****The Third Key: Focus on Strengths****Let them become more of who they already are.*****How do great managers release each person's potential?***

Focus on strengths and what you like about a person. It's that particular person's strengths as an individual, and not as a white female or a young Hispanic male. Don't generalize. Not all accountants are shy, for instance. See what is that special gift the person has to offer and help him discover it.

**Tales of Transformation*****Why is it so tempting to try to fix people?***

Why force someone to be something he's not? Persistence focused on the wrong path is more likely to lead to frustration than success. How can a manager bring out the best in her employees

if all she does is focus on fixing their weaknesses? It's the same dynamic that often proves the undoing of other failed relationships. If you've ever been in a bad relationship where all your partner did was try to fix your shortcomings, pointing out what you didn't do rather than what you did, and it sapped you of energy everyday – this is the kind of feeling some managers unwittingly create in their employees. It's awful.

### **Casting is everything.**

#### ***How do great managers cultivate excellent performance so consistently?***

In sports and the performing arts, roles are more clear cut and easier to cast. In the working world, casting is more challenging. Casting for talent demands a subtle eye. On one team, there are the losers, the keepers, and the movers. The losers don't make the cut, the keepers are doing alright, and the movers are employees who need something in particular in order to perform. Maybe John thrives on building relationships with clients rather than creating design concepts, for example. Through careful recasting a manager can refocus an employee's strengths and turn talent into performance. Everyone has the talent to be exceptional at something. The trick is to find that something.

### **Manage by exception.**

#### ***Why do great managers break the golden rule?***

Don't suppose everyone wants to be treated the way you want to be treated. Not everyone is competitive, or needs to be praised in public. Ask the employee what she wants. What are her goals? Her preferences? File the information about each employee so you have a record to help you focus on that particular person's needs.

### **Spend the most time with your best people.**

#### ***Why do great managers play favorites?***

1. Carve out a unique set of expectations to focus on for each individual.
2. Highlight and perfect each person's unique style.
3. Plot how the you can grease the administrative wheels so nothing gets in the way of your star performer. The more attention and time you invest in talent, the greater the yields.
4. The "No news is good news" mentality kills behavior. Time away from your best can only be destructive. Like Michael said in the beginning, you are always on stage.
  - Investing in your best is the fairest thing to do. Treat people the way they deserve to be treated, bearing in mind what they have accomplished. Human beings crave attention. Spend time with your best and "rehire" them. Go back and tell them why they are so special.
  - You cannot learn very much about excellence if you study failure. Observe your best performers. Run a tape recorder in your head and replay it, dissect it, and understand why what they do *works*.
  - Break through the ceiling. Don't use averages and quotas. This limits excellence. Once someone meets a quota, he slows down.

### **How to manage around a weakness.**

#### ***How do great managers turn a harmful weakness into an irrelevant nontalent?***

Find the cause of poor performance. Is it mechanical, a skills deficit, or is it personal? Is it trainable?

Find the right trigger for that person and trip it. What's his motivation? His children? Money? Travel?

*Consider the possibility you are to blame for the employee's poor performance.*

If it's not an issue of skill, knowledge, or a trigger, perhaps the cause of nonperformance is a talent issue. Great managers know that there are only 3 possible routes to helping a person succeed:

1. Devise a support system. From a simple Rolodex for the person who can't remember names, to a second phone line for the salesman whose wife is complaining.
2. Find a complementary partner. Bill Gates and Paul Allen. William Hewlett and David Packard. Where one is sharp another may be blunt. Let them balance off each others' talents. How do companies prevent partnership: Long job descriptions. Teams are built around individual excellence. A productive team is one where each person knows what role he plays best.
3. Find an alternative role for the person. If you find yourself managing around weaknesses most of the time, then you know you have made a casting error. Fix the casting error, not the person.

*You succeed by capitalizing on who you are, not trying to fix who you aren't.*

## Chapter 6

### The Fourth Key: Find the Right Fit

#### The Blind, Breathless climb

*What's wrong with the old career path?*

Sooner or later every manager is faced with the employee asking, "Where do I go from here?" Your job is to help him find the right fit. Steer him to where he has greater chance of success, even if it means going back a step, or even termination. The conventional wisdom tells us all to go up the ladder. Sooner or later he steps into the wrong role.

#### A Rung Too Far.

Laurence Peter, author of The Peter Principle, states that most employees are promoted to their level of incompetence. It is inevitable. The best managers know that one rung on the ladder doesn't necessarily lead to another. Great managers seek a new career for the employee, not merely going up a rung.

#### One rung doesn't necessarily lead to another.

*Why do we keep promoting people to their level of incompetence?*

We are confused mostly by what is trainable and what is not. Before you promote someone, look closely at the talents needed to excel in the new role and see if that person's talents are a match.

#### Create heroes in every role.

*How to solve the shortage of respect.*

Make every role a respected profession. Anywhere individual excellence is revered, you will find graded levels of achievement. If there are none, then the company does not value excellence in that role. In most cases, no matter what it is, if you measure it and reward it, people will try to excel at it.

#### Broadbanding

For each role, you define pay in ranges or broadbands. The top end of the lower-level role overlaps with the bottom end of the role above. For example, an excellent server receives \$60,000 a year, which is the same as the starting salary of a manager. You must be willing to suffer a pay cut until you prove you can fit into the new role, if you don't you simply slide back into your old role. No shame, no failure. *It all means you don't need a promotion to get higher pay.* In professional sports, the superstars in one position earn far greater than the average players of the same position. This also applies to actors, artists, musicians, and writers. Broadbanding is a vital weapon in the arsenal of great managers. It ensures every role, when performed at excellence, will be valued.

During Gallup interviews with great managers, we found a consistent willingness to hire employees who, the managers knew, would soon be earning more than they were.

- Creative acts of revolt  
If companies do not allow broadbanded pay plans or graded levels of achievement, then quietly and creatively revolt. Provide alternative routes to growth and prestige. Convince HR that a new position be created. Make an ad hoc special projects team and reward the people within that team. Be innovative without necessarily promoting employees out of their present roles.
- Three stories and a new career  
What is the force driving the new career? Self-discovery is the driving, guiding force for a healthy career. Discover the talents that are already there. Stop telling them to accumulate marketable experiences on their resumes.
- Ask the employee to look in the mirror and ask herself, "Do I learn this role quickly? Does it bring me satisfaction?"
- Take the Sunday Night Blues Test. If he is always looking forward to the week ahead on Sunday night, what drives him? What is it about the role he loves? If on the other hand, he gets that twinge of depression every Sunday night, then he should ask himself what is it that this role isn't doing for him?

The best managers are the ones who hold up the mirror for the employee and create a safety net. They can level the playing field. Employees can then choose a career path true to their innate talents, no longer focused on money or prestige.

1. Give constant feedback. If you can't spend 4 hours a year, or an hour per quarter with each of your people then maybe you've got too many people, or you shouldn't be a manager.
2. Each session starts with a brief review of past performance. Focus on strengths, not weaknesses.
3. Shift to the future and how the employee could use her style to be more productive.
4. Great managers give feedback in private, one on one.

### Getting to know you

Yes, build relationships with your people.  
No, familiarity does not breed contempt.

If an employee consistently shows up late for work, how many managers actually think to ask *Why?*

Once they understand the employee's personal situation, they may take appropriate action like changing his work hours or asking him to take a day off to sort out the problem quickly.

### Listen without judgment.

- Trial Period  
Great managers build safety nets. The conventional career path lacks forgiveness. Employees are supposed to go up the rungs of the ladder while burning the rungs beneath. A trial period allows time to weigh whether this new role is the right one. Frequent performance reviews will determine this. Make it clear the employee may go back to his old role after the trial period if the new role is not a good fit.

### The Art of Tough Love

#### ***How do great managers terminate someone and still keep the relationship intact?***

Confront poor performance early. In the understanding of talent, it frees the manager from blaming the employee. Casting errors are inevitable. Be prepared to hold up that mirror. To care actually means to set the person up for success.

**Manager-assisted career suicide**

Keeping a performer who seems to be tempting you to fire him is management-assisted career suicide. The employee may not realize it now, but later some may thank you for letting them go and allowing them to go find new roles better suited to their talents.

**Chapter 7****Turning the Keys: A practical guide**

1. Select for talent
2. Define the right outcomes
3. Focus on strengths
4. Find the right fit

**The Art of Interviewing for Talent**

*Which are the right questions to ask?*

1. Make sure the talent interview stands alone. The purpose is to see if the candidate's recurring patterns of thought, feeling, and behavior match the job.
2. Ask a few open-ended questions and then keep quiet. Let him reveal himself by the choices he makes. What does he enjoy most about selling? How closely does he think people should be supervised?
3. Listen for specifics. Ask him to tell you about the time when he closed a major deal. If the behavior is recurring, he can answer specifically off the top of his head.
4. Clues to talent. There may be an inclination towards certain activities. Analytical? Competitive?
  - Rapid learning. Does she take to public speaking like a born leader?
  - Satisfaction. Does he get his kicks from balancing the balance sheet?
5. Know what to listen for. "I love it when..." Take note of what the employee says and after hiring, return to see if that person performed consistently with their original statements.

**Performance Management**

***How do great managers turn the last three keys every day with every employee?***

They follow a performance management routine. The common characteristics of this routine are:

1. The routine is simple. It comes in a simple format. No bureaucracy. No forms to fill out.
2. The routine forces frequent interaction between manager and employee. Ask how did a particular meeting make him feel? A manager can also make suggestions from time to time.
3. The routine is focused on the future. What do you want to accomplish in the next few months? How can I help?
4. The routine asks the employee to keep track of his own performance and learnings.

**The Basic Routine: The Strengths Interview**

1. What did you enjoy most about your previous work experience? What brought you here? What keeps you here?
2. What do you think your strengths are?
3. What about your weaknesses?
4. What are your goals for your current role? (Ask for scores and timelines)
5. How often do you like to meet with me to discuss your progress? Are you the kind of person who will tell me how you are feeling or do I have to ask?
6. Do you have any personal goals or commitment you would like to tell me about?
7. What is the best praise you have ever received?
8. Have you had any really productive partnerships or mentors?
9. What are your future growth goals and career goals?
10. Are there any particular skills you want to learn?
11. Is there anything else you want to talk about that might help us work well together?

**Performance Planning Meetings**

Ask him to write down the answers to the ff. and share it with you, if he feels comfortable with it.

1. What actions have you taken?
2. What discoveries have you made?
3. What partnerships have you built?
4. What is your main focus?
5. What new discoveries are you planning?
6. What new partnerships are you hoping to build?

Every 3 months, ask him to answer these questions again and repeat it until you have completed a year's cycle. By year's end you will see he may have changed his opinion on something. By meeting frequently, paying attention, advising, and planning in detail, you will have developed a shared and realistic interest in his success. Most importantly, you have it all on record.

**Career Discovery Questions**

1. How would you describe success in your current role? Can you measure it? (Add your own comments)
2. What do you actually do that makes you good as you are? (Add your own comments)
3. Which part of your current role do you enjoy the most? Why?
4. Which part of your current role are you struggling with? What can we do to manage around this? Training? Positioning? Support system? Partnering?
5. What would be the perfect role for you? Imagine you are in that role. It's 3 p.m. on a Thursday, what are you doing? Why would you like it so much? (Add your own comments)

**Can an employee turn these keys? Try this set of guidelines:**

1. Look in the mirror often.
2. Muse.
3. Discover yourself.
4. Build your constituency/relationships
5. Keep track of your own progress
6. Catch your peers doing something right.

If you work for a disciple of conventional wisdom, and the ff. apply:

- If your manager is just too busy to talk to you about your performance and goals. (Schedule an appointment)
- If your manager forces you to do things her way. (Make polite suggestions)
- If she doesn't give praise, or praises then puts you down. (Ask what she thought about your recent work)
- If she asks constantly about how you're doing without going into specifics. QUIT. MOVE ON. YOU DESERVE BETTER.

**Master Keys****What can the company do to create a friendly climate for great managers?**

1. Focus on the outcomes. The role of the company is to identify the desired end. The role of the individual is to find the best means possible to achieve that end.
  - Define every role using outcome terms.
  - Rate, rank, or measure outcomes.
  - Explain how employees should create customer emotional outcomes- accuracy, availability, partnership, advice.
  - Hold managers accountable for employee responses to the 12 questions in Chapter 1.
2. Value world-class performance in every role.
  - Use graded levels of achievement.

- Broadbanded compensations plans
- Celebrate 'personal bests'
- 3. Study your best managers.
  - Revise all training to incorporate what you learn about each role
  - Create an internal 'university' to teach other managers
  - Build a talent profile for each role.
- 4. Teach the 4 keys of great managers.
  - Change recruiting practices, job descriptions, and resume qualifications
  - Revise training to reflect differences in talent, skill, and knowledge
  - Send talented people to learn new skills/knowledge. Stop sending nonperformers to training to be 'fixed'.
  - Give every employee feedback.
  - Start the great manager's performance routine.

In this climate, great managers will thrive. Employees excel, the company grows, and conventional wisdom is uprooted once and for all.

### **Gathering Force**

We never said it was going to be easy. Take it one day at a time, one employee at a time. The power of human nature is that it is not uniform.

### **The Intersection of Two Forces**

The company's search for value, and the individual's search for identity will change the corporate landscape forever. It will lead us to new systems, new models, new careers, new titles, compensation plans, all designed around the mantra "Don't try to put in what was left out. Try to draw out what was left in."