Chapter 14 Management Expectations

14.0 Putting It All Together

In this final chapter, I would like to present an example of communicating the expectations of management to all levels to achieve the desired balance within the woven fabric of integrity. This set of expectations sums up the thrust of this book, the principles of integral management and the building of trust. As such, it seemed a fitting conclusion to the book.

14.1 Setting and Communicating Expectations for Management

Motivation to manage in the way desired requires communication of expectations. In the Enterprise that I managed, as our environment went through some dramatic changes we found that we needed to update and state our expectations of each other, and our subordinates. While a framework based on our past experience existed, two significant things had happened. Not only had the business environment changed, but even the senior levels of management were three generations away from the leaders that had developed the standards of the Enterprise.

In general, after three generations, the experiences that are reasons for doing things a certain way have faded, and the importance of those "rules" is not accepted or viewed as relevant.

I commissioned members of my management and administrative team to help develop a new statement of expectations. This was to be used as a handbook to be given to all new members of supervision, and as reminders for all existing members of supervision and management from top to bottom. There was no illusion that we had reached this level of performance in all parts of our enterprise. In fact the evidence of lapses led to the conclusion that a new statement was needed. Non-the-less, most agreed that what follows was where we wished to be.

14.2 An Example of Integral Management Expectations

I think this document captures well the general expectations of all levels of management in the kind of environment I believe in. Since I commissioned and was a primary contributor to this document, I feel free to include it in its entirety, edited only to replace the organization specific references with general ones and to select some minor word changes that seem better in retrospect. So here it is.

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<center>**LEADERSHIP EXPECTATIONS**</center>

1.0 Preface:

The purpose of this document is to describe what is expected of a leader in our enterprise. It applies to any job that requires the exercise of leadership --coded supervisor, group engineer, manager, director, project leader, assistant program manager, project engineer, executive, and product development team leader.

What follows is more a "guide" supporting a philosophy than a "how-to manual". However, there *are* actions described herein that every leader *must* take. Most importantly, this document describes what we expect of each other as leaders in this enterprise and will be the basis against which we will evaluate all levels of leadership.

2.0 Management Philosophy

This organization's management philosophy has been forged by almost 40 years of success and the experiences accumulated during six generations of management, programs, mistakes, and triumphs. We state it here to remind ourselves that these tenets describe what we expect of each other in the conduct of our work.

2.1 People -- Our Important Asset

An enterprise is only as good as its people make it. How well they apply their talents and energy to our programs and business objectives determines whether we succeed or not. They either make success happen or prevent it from happening. Leadership must create a framework of trust and an environment that offers the opportunity for all our employees to contribute to the full extent of their abilities, with growth limited only by their initiative, and be rewarded and promoted on the basis of their performance and value to the organization. Our leaders must set high expectations for performance, communicate those expectations, empower their people, coach them to help them succeed, and evaluate their performance and achievements fairly.

2.2 Program Success Is Our Success

We believe that our decisions should be driven by the long-term benefits to the programs we are working on, not the immediate benefits to our enterprise. The long-term satisfaction of our customers and our contracts is the key to our success. We will *not* make choices based on short term gains at the expense of that long-term outcome. Simply put, what is right for the program will be right for our enterprise in the long run.

2.3 Performance Measured by Results and How They are Achieved

Results are the primary measure of performance, but the means by which those results are achieved are also important.

2.4 Integrity is the Most Important of This Organization's Expectations

Our relationships with our customers, with our suppliers, and with each other cannot be successful without trust, and trust requires integrity at all levels at all times. Seven key ingredients of integrity apply to every one of us in our work. They are: **initiative, planning, commitment, ownership, communication, honesty,** and **teamwork.** We expect these of everyone in a position of leadership! And not just when things are going well, but most importantly when things are going badly.

Initiative:

integrity includes the willingness to take the initiative when you see a problem or the need for action. People who take pride in their work don't wait to be told what to do; when they see a problem that needs fixing, they act accordingly.

Planning:

To do a credible job of any kind, one must plan. This means thinking about whom your customers are -- who depends on you to do your part of the job by a time and at a cost consistent with the need. In order to make a commitment and meet it, a credible plan that considers the "what ifs" of the task must exist. A serious commitment to a job requires willingness to do the planning, to determine what to measure against, and to provide the follow-up and decisions that lead to the fulfillment of that commitment.

Ownership:

Having taken the initiative and done the planning to allow an achievable commitment to be made, integrity requires the leader, the group, and each individual to take ownership of that job and that commitment to see that it happens.

Communication:

Communication is a key element in motivation. When people know what is expected of them, and if they are listened to when they contribute ideas, they are more apt to make a personal commitment and take ownership. We need to communicate our goals, strategies, objectives, and expectations. Countless studies show that productivity suffers where communication is poor. The more complex the work and the greater the number of organizational interfaces, the greater the need for effective flow of information, both formal and informal, upward and downward as well as laterally. Honest communications engender mutual trust and respect.

Honesty:

Actions speak many times louder than words. Communication must be honest to be effective, and the actions that follow the communication must be congruent with it. If there is to be trust between leaders and employees,

team members, and customers, then honesty is required in all parts of the endeavor. That means, for example, being willing to admit mistakes, not hiding bad news, and examining and resolving conflicts in objectives and an open and productive way.

This requires creating an environment that encourages all of the foregoing and leads to and rewards teamwork.

Teamwork:

"We versus they" is not the language of a team. When people build bridges rather than walls around what they do, teamwork will be improved, and conflicts in objectives between functions will be minimized. If more of us would ask each other, "what are you trying to achieve? And how can I help you achieve your objectives while I achieve mine?" we could find more win win solutions with productive results.

3.0 The Role of Leadership

3.1 Our Relationship to our Programs

Earlier we said that our success as an organization is; measured by the success of the programs we work on. This level of commitment is one of our great strengths, and we expect to apply it to all of our future programs. However, the days when we were exclusively dedicated to one customer are over and one program are over. Our enterprise has come to take on a completely new character over the past few years. We are influenced by new, added business objectives and changes in defense funding. For the first time in our history, we find ourselves with many smaller programs competing for resources. We cannot expect our prior experience to provide all of the answers in this new environment. What we must do is find ways to apply the principles that served us so well in the single program environment -- particularly our sense of commitment -- to the situation we face today. As leaders, we will be the ones that make this happen.

The requirements of smaller programs coupled with the need for more efficient use of resources has decreased the need for organization management and placed more focus on project oriented leadership. The Integrated Product Development Team (PDT) is a new name but not a new concept in our experience; what is new is that there are many more projects. PDT's do not replace our organizational structure; they coexist with that structure. We can all expect to have some contact with PDT's. We may not work with them directly, but we may be committing our organization and our people to them. Leaders are expected to support program needs as negotiated with the program, to provide employees assigned to PDT's with the authority to speak for the organization on that PDT, and to provide the commitment necessary to achieve program success.

3.2 Our Relationship to our Employees

As members of this enterprise's leadership, we are *the* link in communication with our employees. Employees need and deserve to understand clearly the impact and consequences of their involvement. It is essential that we understand our strategy, objectives, and policies -- and the reasons for them -- and are able to communicate them to our employees. Our employees can only commit to our objectives when they fully understand their own relationship to those objectives.

We are also expected to listen to our employees and provide a forum for upward communication, a "bottom-up" motivator. A synergistic relationship with our employees can be developed when we listen and invite them to participate in the decision making process. Management by Walking Around, staff meetings, brown bag lunches, skip level meetings, etc. are some effective techniques for communicating. We are all expected to use them.

As leaders, there are four skills we must persistently use and improve:

- Listening

- Soliciting and encouraging participation

- Providing feedback

- Empowering and coaching those who report to us.

Some might protest that "I don't have the time". *We cannot afford not to have the time!* Listening to the people

we lead is an ability each of us is expected to have, and to continuously improve. Equally important, our everyday actions will be important in determining the willingness of those around us to communicate. Make an effort to know each employee; effective and frank communication begins with mutual trust and respect. There will be occasions when you don't agree with what you hear. Don' t hide your point of view, but honestly present the facts and all points of view to the employees.

3.3 Empowerment and Coaching

Empowering our employees means providing them the latitude and authority to perform the *whole job.* But the really difficult and crucial part is clearly defining the job and providing guidance, expectations, goals, feedback and encouragement.

A key to the concept of empowerment can be found in the way we have tried to describe program requirements in the past. In this parallel, we specify the "targets" we wish to achieve. We also specify a higher goal toward which we are encouraged to strive. Finally, we specify what we consider to be the minimum acceptable performance. We often have reward systems (called incentives) that tie the minimums, targets, and goals to our business success. Within that framework we have the ability (the freedom) to do our job over the several years of design, trades, test, and production in order to deliver within those parameters.

We need to apply that way of thinking to the empowerment of our work force. To do this takes some really hard work and thought about what we want our employees to accomplish in any project, task or assignment. It requires that those of us in positions of leadership think in the following terms:

- Determine and articulate the end goals: what is important and what is not. Also communicate the targets and what is the minimum acceptable outcome (e.g., technical performance, cost, schedule).

- Assure that rewards (and Performance Appraisals) are tied to goals and requirements.

- Clearly describe the extent of the decision-making authority. Which decisions can be made independently? Which can be independently, but with prompt notification? Which cannot be made without higher approval or consultation? Remember, the old adage "Everyone has a boss" still applies.

- Describe how you, as the leader, expect to be kept informed.

- Be available and make clear that an important, positive characteristic of a good performer and an effective team is knowing when to ask for help.

- Don't take the job out of the hands of the employees with overbearing, detailed direction. Let the employees do the work; encourage, show confidence and provide support.

- *Always* achieve a common understanding of the commitments being made!

Our role in the empowerment of our employees should lead us to develop and emphasize the *coaching dimension* of managing. The fundamental concepts of coaching are perfectly suited to the team settings we must foster.

- Working together as a team to meet the organization's goals.

- Making sure everyone is contributing; conversely, doing something about those who are not contributing.

- Training the employees in the skills needed to accomplish the goals.

- Understanding every member of the team: what motivates each of them? What are their needs?

- Putting the team "on the playing field" and letting *them* perform.

- Being there! Being available, open, and a contributor when things aren't going well or according to plan.

A coach believes in and supports the people on the team, knowing that all members want to do their job, do their best, and contribute to the success of the team. If they don't, the coach has missed something very important and must take corrective action. The coach plays a huge role in the mental attitude of the team

members.

3.4 Upward Evaluation

Upward evaluation *is* communication. Every member of our leadership is expected to participate in the upward evaluation process. The employees' perception of those in leadership positions affects morale and performance, and is a source of feedback and guidance to the leader being evaluated.

We have an established process available to everyone for upward evaluation. It is called "Upward Performance Feedback." That process protects the anonymity of the employees and provides help and guidance from the professionals in Human Resources. Our policy neither requires nor prohibits the sharing of results with the leader's manager. However, sharing the feedback you receive with your manager in a frank and constructive atmosphere will provide a basis for your own personal growth, a development plan, and additional feedback on performance.

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The upward evaluation process will be a waste of time if its results are not objectively evaluated and translated into a plan of action for the leader's personal growth.

4.0 Performance: Expectations and Evaluation

4.1 Setting Expectations and Opportunities

Our goal for our employees is that each:

- Knows what performance is expected.

- Is given challenging assignments

- Is assigned duties consistent with abilities, training, and aspirations

- Has access to personal development planning and opportunities.

Leaders should assess their organizations against these goals and establish corrective steps where deficiencies exist. Every employee must be able to address these goals with a person in leadership.

The remainder of this chapter deals with important details in how we evaluate and reward. They will be of no use to the reader unless the goals just stated are understood and taken on as *personal* goals.

4.2 Performance Evaluation

Our pay policy stresses two fundamental principles regarding employee compensation:

- *Fairness:* To reward employees fairly for their relative contribution.

- *Competitiveness:* To establish salaries that are competitive with pay rates at companies with whom we compete for business and personnel

To meet these objectives, Salaried Performance Appraisal (SPA), Ranking, and Pay for Performance must be considered together in a process that is one of our most important leader-ship functions.

4.3 The Salaried Performance Appraisal (SPA)

Performed properly, the SPA provides meaningful feed-back to the employees, establishes ranking, and also serves as a vehicle for personal development. The SPA must be *job relevant* and *credible* to the employee who will be rated. To be relevant, it should state what is necessary and only measure behavior and activities which are directly related to job performance. Unless the employee regards the factors being measured as valid and fair, the SPA will fail the test of credibility. The employee should understand the relative weighting of each of the factors, the rationale for each of the weights, and which are considered to be the most significant. The two essential elements to relevance and credibility are the joint development of projected task descriptions and

measurable performance standards. These standards must be pre-determined, objective, and clearly stated. The individual must be evaluated only on performance and not on factors beyond his or her control. Without careful attention to these factors, the SPA loses its meaning for both the good performers and those whose performance needs improvement.

Regularly scheduled and informal feedback sessions should be conducted once per quarter at a minimum. These reviews should be treated as confidential discussions between the employee and the reviewer. This frequent feedback will preclude surprises and allow for updates in cases where a task description has changed.

The SPA and the periodic reviews of task descriptions and accomplishments are among the most effective means of communication through which mutual trust and understanding are promoted. It is always more pleasurable to evaluate a good performer; however, as leaders, it is even more important to use the SPA and frequent reviews as an opportunity to counsel and improve the lesser performer. Given the new program and leadership relationships, and frequent use of product development teams, it is more important than ever that we do *joint appraisals* for employees who are located with the program to which they are assigned (and not their "home" organization). A fair evaluation of their performance must be influenced by the people supported with their work. Joint appraisals are **mandatory** for these employees, and their "home supervisor" is expected to obtain and include the cognizant program leader's evaluation for each person. The contributors to the appraisal should participate in the interview(s) with the employee, jointly or separately. Joint evaluation shall be verified by both the supervisor's and program leader's signature on the evaluation.

In summary, SPA and periodic reviews should be *relevant* and *credible*. As leaders we need to:

- Identify projected annual tasks/ descriptions

- Develop measurable performance standards

- Conduct periodic reviews

- Perform an objective and reliable annual SPA

- Reach joint agreement/ obligation on means to enhance performance

4.4 Employee Ranking

In compliance with our personnel policy, every salaried employee is ranked. This is an indispensable administrative function since it is the basis for merit as well as layoff considerations.

The following will only happen properly with hard work on the part of managers and supervisors, and that is exactly what is expected!

To rank an employee equitably, especially when the resulting ranking will be merged with others in different groups within the organization, there needs to be a standardized weighting factor for all the employees within the ranked group. In addition, the definitions of "effectiveness" in the ranking must also be consistent among the groups. The resulting total performance score in the employee ranking should be normalized among the various groups within the organization with a consistent statistical variance. Versatility (the degree of ability to perform a broad range of jobs) and Critical Skills (the replacement of which necessitates extensive training) should also be considered in the ranking process. Supervisors and managers are expected to review the performance stack of all the groups within the organization and arrive at a consensus of the final ranking. The final ranking preserves the order of the performance stack which takes into consideration the performance score, versatility, and critical skills. It should reflect each individual's total contribution to the organization.

4.5 Pay for Performance

Our effectiveness in how we pay our people is a huge factor in our competitiveness. *How much* we pay sets our cost competitiveness; *who* we pay affects the ability to reward and retain the people most important to our success; *how fairly* we determine pay affects the morale of the entire organization.

Every organization is expected to have an *objective* process for determining the proper pay level of each of its employees. That process will consider the relative value of each employee to the organization, the employee's

compensation in comparison to ranking and the difficulty of the task assigned to the employee.

Key elements of the pay for performance process are:

- Open, complete communication: a mutual understanding of the methodology

- Traceability to the Salaried Performance Appraisal (SPA)

- Logic, fairness and personal responsibility still prevail; computers are only a tool.

- Consistent, understandable and easily explained standards of performance

- Performance improvement steps that are clear and available to employees

- Objective evidence of significant and defensible differences in rewards

5.0 Ethics

We depend on the actions of our people, and not on a set of policies and procedures or "the system," to assure the integrity and ethics of our company. The *individual* is accountable for actions taken.

It is unrealistic to expect a statement about ethical behavior in our business and company that will cover all circumstances. But there are a few basics we *must* understand, and if we live by these basics, an ethical outcome will be almost assured.

- We are open and honest in *all* our actions:

with each other, our customers, and our suppliers

- We meet our commitments.

this means we are honest and realistic in the commitments we make. We don't sacrifice the future by avoiding a hard choice or unpleasant confrontation today.

> **- The rewards and opportunities offered to our employees are based on performance alone.**

It is crucial that no characteristic other than performance affects our evaluation and treatment of our employees. Every action and decision should be examined for its fairness: job assignments, employee development, performance appraisals, ranking, and pay for performance evaluations.

> **- We treat every employee with respect and value the contribution each makes to the organization.** The training we all received in the "*Managing Diversity/ Valuing Differences"* sessions provided a start in our thinking and awareness of diversity issues. As leaders, we are expected to continue that process by examining all our actions and the actions of the people around us.

> ° **We comply with the law and with all of the company's business practice and ethics policies**