harvard management update

Dear Reader:

The message of this month's *Harvard Management Update* couldn't be more straightforward: **ask more**—of your organization, of your peers and direct reports, of yourself.

Our cover article, "Silo Busting from the Top," casts a gimlet eye on that bane of organizations everywhere: silos. Business writer Lauren Keller Johnson talked with Patrick Lencioni, author of the best-selling *Silos, Politics, and Turf Wars*, to get his advice on **how to knock down the barriers that turn colleagues into competitors and the customer into an afterthought.** Lencioni places the responsibility for busting silos squarely on the shoulders of those ultimately responsible for them—company leaders. It is their responsibility, he argues, to establish a context in which the company's priorities are absolutely clear. This article delivers pointed advice on doing just that.

This month's Essentials piece focuses on another organizational imperative: **making sure that decision meetings actually produce decisions—and good ones.** The authors, Glenn M. Parker and Robert Hoffman, put forth a 10-question framework that will help you surface critical viewpoints while keeping meetings on track and on time.

Asking more of your organization means asking more of your colleagues. And in that spirit, this month's Debriefing tackles one of the least comfortable of managerial tasks: calling others on poor performance. Talking about missed deadlines and mediocre results isn't easy, but avoiding it exacts a heavy toll on an organization. We'll walk you through **how to sit down with someone and have a "managerial moment of truth."**

Even as you focus on asking more from your organization and peers, don't neglect to look a little closer to home. What have you done to juice up your own performance lately? This issue's *Update* Classic asks you to assess **whether you're spending your time in the right places.**

We close with a thoughtful piece by Paul Michelman on **sparking your company's innovation engine.** And while we're on the subject of innovation, let me tell you about some developments on our end. Paul has passed the *Update* torch on to me so that he can focus on creating a new line of audio products. **I look forward to hearing from you how this publication can innovate to deliver more of what you and your organization need.** Please send your thoughts and suggestions to me at cduvernay@hbsp.harvard.edu.

Sincerely,

Christina Bielaszka-DuVernay
Editor

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harvard management update

Silo Busting from the Top

by Lauren Keller Johnson

CUSTOMER SATISFACTION SCORES are sagging. Key clients are threatening to bail. Revenue projections that once seemed easily attainable are quickly slipping out of reach. But you're not one to go down without a fight, so with your CEO's blessing, you put together an ambitious plan that should get the numbers heading north again—if everyone in your organization would get on board and pull in the same direction.

Trouble is, this crew seems to struggle to remember that they all have to row together. IT folks are loyal to IT first, to the company a distant second. The same goes for sales. Ditto for design. Department heads appear to spend more time jostling for resources and recognition than in looking forward to the challenges ahead. And few managers or employees seem able to get past their departmental allegiances to act for the company's greater good.

In other words, your company is seriously siloed. Silos are inward-focused, self-protecting business units whose thick walls hinder collaboration and slow execution. They arise, in large part, because corporate leaders fail to "provide themselves and their employees with a compelling context for working together," argues Patrick Lencioni in *Silos, Politics, and Turf Wars: A Leadership Fable About Destroying the Barriers That Turn Colleagues into Competitors* (Jossey-Bass, 2006).

Without context—that is, without a high-level understanding of company priorities—leaders and followers can get stuck in siloed thinking. Their focus becomes tactical and administrative instead of strategic. They pursue seemingly worthwhile agendas in their own areas that they think are in the company's best interest. Their colleagues do the same. But because the units are so cut off from one another, the agendas are at odds—or at least appear to be. Resentment and hostility result, and employees start fighting "bloody, unwinnable battles" with people who should be their teammates, writes Lencioni.

Most critically, silos sap companies of the agility, flexibility, and outward perspective they need to seize advantage of change and remain competitive. In this article, we'll look at what you and your colleagues can do to get beyond functional divisions and begin collaborating instead of competing.

Tear down those walls!

As founder and president of the San Francisco Bay Area–based consultancy The Table Group, Lencioni frequently was asked how to dismantle silos. His "aha!" moment came when he thought about groups and organizations that don't have silos. Despite the fact that an emergency room crew is composed of people who have very different specialties, Lencioni noted, they work together seamlessly. The presence of a crisis, he

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Inside

concluded, so firmly fixes everyone's attention on a common goal that differences and divisions are forgotten.

Discussions with several managers who had weathered company crises bore out his conclusions. They commented that they and their colleagues had turned in some of their finest work just when things seemed bleakest.

But waiting for a full-blown emergency to erupt is not the ideal way to knock down silos. What's needed, Lencioni realized, is a single common goal that rallies everyone's focus and energy—just as a crisis does. Identifying this *thematic goal*, as he calls it, is the first step toward tearing down silo walls and enabling the creative collaboration and cooperation that are so critical to achieving competitive advantage.

Identifying the thematic goal is the first step toward tearing down silo walls and enabling creative collaboration.

Identify the right thematic goal for your organization

A thematic goal must be clear, specific, and compelling: "Improve customer satisfaction," "Reduce order-processing errors," "Accelerate time to market." A thematic goal is *not* a company's mission or long-term vision; in fact, a thematic goal should have an expiration date, usually three to 12 months after its announcement, depending on a company's business cycle.

"A start-up might set a new thematic goal every month," says Lencioni, "while a mature company will specify a longer period."

Many leaders find identifying a thematic goal particularly difficult. How to proceed? Company leaders should ask one another these clarifying questions:

- What's the one thing that matters most in this period?
- What's the one thing that, if we don't do it, means we cannot deem this period successful?

Linking the thematic goal to a pressing organizational challenge can help. For instance, look at the thematic goal chosen by a global pharmaceutical company that bought out a smaller competitor to acquire several early-stage anticholesterol drugs. It defined its thematic goal as "Complete the merger of the two organizations within nine months." Another enterprise, a fast-food restaurant chain seeing a drop in sales as consumers began eating more low-carbohydrate foods, established the thematic goal "Reposition the company for more health-conscious consumers in 12 months."

Tantalizing opportunities also can generate ideas for thematic goals. For instance, a software start-up that saw sales increase faster than planned selected "Establish an infrastructure for continued growth within six months" as its thematic goal.

While discussing possible thematic goals, many executives fall into the trap of worrying about whether they're picking the "right" one. "If you obsess about the rightness of your goal," Lencioni says, "you risk making the 'perfect' the enemy of the 'good.'"

If your colleagues seem uncomfortable about committing to just one goal, remind them that the goal will apply for only the short term. Once the goal is achieved, the company will define a new one. And remember that the thematic goal is not meant to dictate every action of every employee at every moment of the day; rather, its purpose is to ensure that each person's work is ultimately helping to

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EXAMPLES OF THEMATIC GOALS AND DEFINING OBJECTIVES FOR THREE COMPANIES

	Pharmaceutical Firm	Fast-Food Chain	Software Start-Up
Thematic Goal	Complete the merger of the two organizations within nine months	Reposition the company for more health-conscious consumers in 12 months	Establish an infrastructure for continued growth within six months
Defining Objectives	• Establish comprehensive strategy for new entity • Create single marketing message • Eliminate underperforming products	• Revamp menu offerings • Rebrand company nationally • Teach employees to understand and promote new concept	• Install more scalable accounting system • Upgrade customer tracking system • Outsource IT support

drive the company toward a particular outcome.

Whatever thematic goal the executive team picks, it should prompt all team members to "remove their functional hats, the ones that say 'finance' or 'marketing' or 'sales,'" and feel free to ask questions and make suggestions about functional areas other than their own, "even if they know relatively little about those areas," says Lencioni. After all, where better to get a fresh perspective on a functional area and its specific challenges than from someone who hasn't lived within that silo?

Establish defining objectives

Once you have a thematic goal in hand, you should establish defining objectives—the actions that must be carried out to accomplish the goal. Like a thematic goal, the corresponding objectives are time bound: once the goal has been achieved, the objectives also no longer apply. And like the goal, the objectives are shared by all members of the executive team.

The table shows examples of defining objectives that the pharmaceutical firm, fast-food chain, and software start-up might select to support their respective thematic goals.

Keep those walls down

Silo busting doesn't stop once you've determined your thematic goal and defining objectives. You must continue to reinforce them until the goal has been achieved, Lencioni says, during regular (often weekly) meetings with the executive team. At each meeting:

- Discuss each defining objective and arrive at a shared understanding of how well the company is doing on that objective. Score performance using the traffic-light system: green indicates satisfactory progress on an objective; yellow, potential problems ahead; red, not going well.
- As a group, decide where to spend your time and energy during the coming week. Encourage participants to challenge one another if they believe someone is planning to invest time in an activity that's unrelated to the thematic goal or in a project that's already going well.

The meetings should focus on results. Suppose the rebranding and employee-development efforts at the fast-food chain aren't progressing as planned. At the meeting, everyone would make suggestions and offer resources from their groups to help jump-start the rebranding effort. For instance, the head of operations might suggest delaying progress on building out new restaurants in order to focus more resources on training existing restaurants' employees to communicate the new value proposition to customers.

Unit and department heads can engage in similar weekly discussions with their key reports to ensure the team's contribution to the thematic goal is on track. They also can take aim at silos that might exist among the departmental managers who report to them by working with those managers to define a thematic goal and defining objectives for each unit. They just need to be sure each unit's thematic goal aligns closely with the company's thematic goal.

Knocking down silos—and keeping them from being built up again—requires keeping everyone focused on attaining the one thing that matters most of all. With clear, consistent communication of the thematic goal, a company shouldn't have to wait for a crisis for its managers and employees to work with—and not against—each other. ◆

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Essentials

Better Questions, Better Meetings

by Glenn M. Parker and Robert Hoffman

The challenges of running an effective meeting—you're all too familiar with them. Your objective may be to make a decision, solve a problem, or develop a plan. But hurdles, both strategic and tactical, abound. How do you elicit the best decision or solution from your group? How do you surface all viewpoints so that participants feel a sense of ownership in the results? How do you do all this while staying on topic—and finishing on time?

To overcome these hurdles, master the strategic art of asking the right questions at the right time of the right people. Effective questioning will help you obtain the necessary viewpoints and data, maintain the flow of the discussion, and focus participants' attention on the meeting's ultimate goal.

In the following adaptation from their book Meeting Excellence: 33 Tools to Lead Meetings That Get Results *(Jossey-Bass, 2006), Glenn M. Parker and Robert Hoffman provide a 10-question framework to help drive the results you seek from important meetings. The key to success? Not only recognizing the types of questions at your disposal but also thinking carefully about when and how to employ each kind.*

1. Open-ended question

This is the staple of the successful facilitator and the best questioning technique for eliciting participation and uncovering points of view. Open-ended questions give people a great deal of latitude in their responses because they cannot be answered with either a yes or no. Most good open-ended questions begin with *what*, *how*, or *why*. For example:

- What is the impact of this change on the project plan?
- How will this cut in the budget affect our schedule?
- Why are we having problems recruiting people for this study?

2. Closed-ended question

Use this question type when you want a direct and specific answer. It is a question that requires a yes or no or other brief response. A closed-ended question can be coupled with a follow-up probe (see the section on "probe question") to obtain more information. Some examples:

- Has the application been filed with the health authority?
- How many patients do we have registered?
- When are we going to open a new site?

3. Overhead question

This is a question that is asked to the whole group. It allows anyone to respond. It can be either an open-ended or closed-ended question, although we recommend greater use of the open-ended variety.

- How do you feel about the new guidelines?
- What are some ways we can deal with this issue?
- What is your experience in working with this group?

4. Direct question

Used sparingly and carefully, putting someone on the spot with a specific question can be effective. The general guideline is that you may call on someone if you are asking a question that falls within that person's area of expertise and/or you see a nonverbal cue (e.g., facial expression, leaning forward) that indicates the person wants to participate. The key is to be on the lookout for the right cues.

- Karla, is this consistent with our marketing plan?
- Raja, how do you feel about this proposed change?
- Clarisse, you look like you have something to say about this issue.

KEYS TO ASKING A GOOD QUESTION

1. Be brief and to the point. Ask the question and then be quiet and wait for a response. Avoid long introductions and detailed explanatory statements.
2. Make it a "real" question and not a statement hidden in question form, especially if the "question" contains your recommended answer. For example, "Don't you think that we should ask the management committee to support this change?"
3. Do not ask questions like a lawyer examining a witness. Your job is to bring out information that will help the team reach the desired outcome, not prove someone wrong. Stop yourself when you even think about asking a question that is something like, "Hans, isn't it true that the research design was faulty from the very beginning of the study?"

5. Redirect question

As a facilitator, your goal is to optimize communication among participants and minimize direct question-and-answer dialogues between you and specific members. The technique of the redirect question is to take a question directed to you from a member and redirect it to another member. Here's how it works in practice:

- Kim, that's an interesting question. Mario, how do you feel about it?
- Pierre is asking an important question about the marketing strategy. Andrew, from the marketing department's perspective, how would that work out?
- Diane, can you shed any light on the issues raised in Mark's question?

6. Relay question

Similar in approach to the redirect question, the relay question takes a question that is directed to the leader and sends it back to the whole group as an overhead question. The goal is to minimize the focus on you and increase member participation, as in the following examples:

- Anne makes an interesting point. How do the rest of you feel about it?
- Rachel, that's an important question. Let's see what other people think we should do about it.
- Jacquin has asked me to make a decision on this issue, but many of you have much more experience in this area. What do you think we should do about the problem?

7. Probe question

A question that asks for more information is typically a follow-up to another question such as an open-ended question. With the probe question, you are looking for greater depth, more breadth, some examples, and a rationale. On an important issue, you might ask several follow-up questions. Here are some examples:

- Could you tell us more about the problems with this contractor?
- Can you give us examples of how this will work in our situation?
- You seem to indicate that the patients are very unhappy with the results. Can you give us some of their specific complaints?

8. Paraphrase question

One of the most powerful tools in the facilitator's toolkit is the ability to restate what a person has said in such a way as to capture the meaning and often the intent of the statement. A corollary skill is to use it judiciously. Paraphrasing should be used when a statement is critical to the outcome of the discussion, may be confusing to others, or expresses a feeling that may represent a widespread sentiment among the group members. Overuse of paraphrasing can be simply annoying and a drain on team progress. Here are some examples:

- What I hear you saying is that you want us to change the protocol on this study. Is that correct?
- Are you asking us to change the dosage to reflect these early results from the 10 sites?
- Before we move to the next item, let me be sure I understand you correctly. It sounds like you want us to allocate funds to begin a new study to test this hypothesis. Is that what I am hearing?

9. Summary-/consensus-seeking question

As you come to the end of a discussion or seem to near a decision, you may use a question to help the group get to the desired outcome or move the meeting along to the next topic. A summary-seeking question may be asked as an overhead question to the group or as a direct question to a specific person:

- Michele, am I hearing correctly that you want to see us adopt this new procedure on a trial basis?
- It appears that we have an agreement to enter into negotiations with Company XYZ. Is that correct?
- Given that everyone has addressed the issue and we don't seem to have any objections, am I correct in saying that we have reached a consensus?

HOW TO ELICIT EFFECTIVE PARTICIPATION

- When people do contribute ideas, be encouraging ("Tell us more") and supportive ("Thanks for your input").
- Sometimes your best facilitation strategy is just to be quiet. If there is good interaction among a variety of members, there is no need for you to say anything. Just let the conversation continue as long it is moving toward some positive action.
- Withhold your opinion as long as possible. The best approach is to encourage and allow team members to express their points of view before you share your expertise or data.
- Be aware of your participation. The facilitator should rarely be the dominant participant in a discussion. If you find yourself dominating the discussion, back off and try to get others involved.

10. Consequences question

Sometimes referred to as a "what if" scenario, this type of question asks participants to consider the consequences of their suggestion, solution, or decision. As a facilitator, you want meeting participants to look beyond the immediate situation and into the future. Ultimately, your questions push members to think about the costs and benefits of their actions, as in the following samples:

- What will be the impact of this decision on the long-term health of the patients?
- Gerald, what do you believe will be the impact on the team's overall budget and, specifically, the resource allocation?
- It looks like we are saying we need to seek out another contractor for this task. What are the political consequences of our decision? ◆

Glenn M. Parker, president of Glenn M. Parker Associates, has helped create high-performance teams at a diverse range of organizations, from pharmaceutical companies to industrial organizations to government agencies. Robert Hoffman is executive director for organizational development in the oncology business unit of Novartis Pharmaceuticals. They can be reached at MUOpinion@hbsp.harvard.edu.

An *Update* Classic

Are You Spending Your Time the Right Way?

Here's a three-step plan for allocating your time wisely—and strategically.

by Melissa Raffoni

ALTHOUGH MOST MANAGERS UNDERSTAND intellectually that time is their scarcest resource, few make the effort to gain a strategic perspective on how they spend their hours each week. Still fewer make a regular practice of keeping track of how the priorities they say are most important jibe with the way they actually spend their time.

"Those we label natural born leaders know how to leverage their time," writes Warren Blank in *The 108 Skills of Natural Born Leaders* (Amacom, 2001). For those in whom this talent is not innate, here's how to do it.

1. Break your responsibilities into categories

The categories will vary depending on your job function, but they must be both strategic and tactical—identify not more than six. Consider, for example, the following:

- **Growth and improvement.** This category focuses on opportunities, not on crises, and it's often the one in which the added value you bring to your company is the greatest. The challenge is to keep the time allotted to these high-leverage activities sacrosanct—don't let pressing but less important needs crowd them out.
- **Managing people.** You may want to break this category into managing up, managing across, and managing down. Managers are well aware that coaching and mentoring enable them to maximize their leverage, but especially in times of belt tightening, it helps to be reminded that you can't create efficiencies without upward and lateral alignment. Moreover, everyone agrees that communication is critical, but how many people actually plan time for it? In your haste to make your numbers, don't let your communication—in any of these three directions—falter.
- **Primary day-to-day responsibilities.** Depending on your role, this area could also be subdivided—say, into selling and delivering services.
- **Administration.** This includes necessary chores ranging from assessing resource needs to interviewing job candidates to responding to e-mail. Get ready for a shock when you add the numbers.

2. Ask yourself what percentage of your time you should be spending in each category

Before you assign percentages, Blank advises that you ask yourself this question: "Given what I truly want to accomplish today as a leader, what will be the best use of my time?" To answer, factor in the competing claims on your time: the activities that enable you to generate the most leverage, the company's strategic priorities, and the short-term needs of your supervisors, direct reports, and customers. Once you've assigned percentages, translate them into hourly figures for each category. Is the total number of hours realistic and sustainable for the time frame you're considering? To be useful, your time allocations may need to change quarterly, monthly, or even weekly.

3. Check for alignment with your superiors and colleagues

Run your time allocations by your manager and key colleagues; ask them to share theirs, if possible. Sharing time allocations with a team gives a group focus and cohesion.

SAMPLE WEEKLY TIME LOG FOR A MANAGEMENT CONSULTANT									
Category	Time allocation percentage / hours per week	Actual time spent in hours							Total percentage / hours per week
		M	Tu	W	Th	F	S	S	
Growth and improvement, project methodology, project management	10% / 4 hours						1		2.5% / 1
People (up and across)	5% / 2 hours	0.5		1		0.5			5% / 2
People (down)	5% / 2 hours	0.5	1			0.5			5% / 2
Sales support	15% / 6 hours	1	2	2		1			15% / 6
Consulting delivery and client management	60% / 24 hours	3	4	5	7	4			57.5% / 23
Administration	5% / 2 hours	3	1		1	1			15% / 6
Total	**100% / 40 hours**	**8**	**8**	**8**	**8**	**7**	**1**		**100% / 40**

Where does the time go? For this consultant, administrative tasks are cutting into the time available for growth and improvement.

Managing your time

Now that you have a plan for leveraging your time, all you need to do is be ruthless in your execution of it.

Audit your time.

Take out last week's calendar, and evaluate it using your newly established time allocations for each category. This will give you a sense of how much adjustment will be necessary going forward. Record how you spend your time in a time-management log—for many, this very discipline is half the battle. (See the sidebar "Sample Weekly Time Log for a Management Consultant.") "The last time I kept a time log, I was surprised to learn that, when I am in the office, I spend almost half of my time on the telephone, either taking calls or leaving messages for people who aren't available," writes Elaine Biech in *The Consultant's Quick Start Guide: An Action Plan for Your First Year in Business* (Jossey-Bass/Pfeiffer, 2001).

Time audits, says Blank, can also "reveal when and how you get distracted from things that matter." For instance, is multitasking really helping you? This skill is regularly held up as the sine qua non of modern-day managerial aptitudes, but a 2001 study by Joshua Rubinstein, David Meyer, and Jeffrey Evans indicates that people experience something akin to writer's block whenever they have to switch tasks. The more complicated the task you're switching from or to, the greater the time cost, that is, the longer it takes you to shift over to the new task, adopt its mindset, and then get warmed up again once you return to the original task. All told, the study estimates, these switching costs could reduce a company's efficiency by 20% to 40%.

Practice time-boxing.

To-do lists will be only marginally useful if you don't set parameters for how much time to devote to each task. When you make your list, carefully estimate the time each task will take, and box it into your calendar. This discipline not only will help you finish your list, but it also will improve your ability to estimate time and manage expectations of those around you. Particularly if you are in a new position or are confronting new tasks, ask for help estimating the time for each task—otherwise, you run the risk of missing deadlines and mismanaging expectations.

Pay attention to the areas where you're weakest.

If you always delegate the tasks you don't do well, your weak points will haunt you. Acknowledge your weaknesses, but use structure to shore them up.

For example, many managers have difficulty saying no to colleagues who make impromptu requests for their time. Let these people know your priorities for leveraging your time and encourage them to schedule meetings with you.

"Most people manage their lives by crises," writes Stephen Covey in *Principle-Centered Leadership* (Summit Books, 1991). "The only priority setting they do is between one problem and another." But effective managers focus on opportunities, he adds, and they structure their schedules accordingly. "Unless something more important—not something more urgent—comes along, we must discipline ourselves to do as we planned." ◆

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Debriefing Robert Fritz

Coauthor,* The Managerial Moment of Truth *(Free Press, 2006)

Telling the Hard Truth About Poor Performance

by Lauren Keller Johnson

An employee misses the deadline on an important project. An expensive marketing campaign delivers lukewarm results. A major division's revenues start slipping. No matter where you sit in your organization, you encounter performance that sharply differs from expectations. How you respond determines whether your organization learns from such moments and goes on to improve—or whether a pattern of repeated failure is established instead.

When confronted with subpar performance, many of us employ work-arounds rather than directly addressing the problem, write Bruce Bodaken and Robert Fritz in *The Managerial Moment of Truth: The Essential Step in Helping People Improve Performance* (Free Press, 2006). Our reasons for this avoidance are understandable—and all too familiar. We feel we don't have time to correct ineffective work habits. We dread conflict and fear that painful conversations about substandard performance will destroy morale and drive employees away. And some of us work in organizations that discourage honest acknowledgment of mistakes.

But avoidance and work-arounds carry a high price, says Fritz. For one thing, he says, "when you shift work to your best performers, you put them at risk for burnout, and you underuse your workforce overall." For another, avoidance creates a vicious communication circle: You say nothing until your annoyance with a performance problem reaches unmanageable levels. Then you overreact—with an intensity that's out of proportion to the problem. Afterward, you're embarrassed by your reaction, so when the problem resurfaces (and it will), you once again say nothing.

But the most significant consequence of not acknowledging poor performance is that you deny yourself and your colleagues vital opportunities to identify what went wrong, determine which thought processes and decisions led to the problem, and develop plans for generating better outcomes next time. In other words, you miss the chance to activate a cycle of continuous learning.

To counter managers' reluctance to address problems head on, Fritz developed what he calls the *managerial moment of truth* (MMOT) process, composed of these four sequential steps: (1) acknowledge the truth; (2) analyze how things got to be this way; (3) develop an action plan; (4) create a feedback system.

Fritz and coauthor Bodaken beta-tested MMOT at Blue Shield of California (BSC) as part of a larger leadership initiative led by Bodaken, BSC's CEO. Bodaken and Fritz credit MMOT with fostering the better information flow and smarter decision making that have helped make BSC one of the fastest-growing health-care providers in California. The process, they report, works as well between colleagues as it does between managers and direct reports.

At the heart of the MMOT process is a thoughtful, deliberate use of questions. To illustrate what it looks like in action, we've used the example of you, the manager, talking with an employee about a missed deadline.

1. Acknowledge the truth

The first step of the MMOT process is removing the distortions created by biases, defensiveness, and previous experience so that both persons involved in the dialogue can agree on the plain facts of the situation.

You start off the conversation by stating the facts: "The project was due May 23, and now it's May 29." Because many people find it painful to acknowledge a fact that suggests substandard performance, your employee may cite excuses ("I was swamped with other things") or blame others ("Sarah didn't get me the numbers on time").

Not acknowledging poor performance can lead to a pattern of repeated failure.

To keep this part of the conversation focused on the facts, free of subtext, you may repeat: "The project was due May 23, and now it's May 29. Is that right?" Comments such as "You let me down" or "Missing deadlines is unprofessional" would be counterproductive because they only increase your employee's defensiveness. The aim of the MMOT process is to refocus the person from the subjective realm of feelings to the objective realm of facts.

2. Analyze the situation

Once you and your employee have agreed on the situation, you can work together to track the thoughts and decisions that led up to it. In essence, you're asking: "What happened first, and then what happened? What decisions did you make? Why did you make those decisions? What was the outcome of those decisions?"

Here is a dialogue adapted from Bodaken and Fritz's book that illustrates this step:

You: "What happened that the due date was missed?"

Employee: "The work took longer than I expected, and I got too busy with other things."

You: "When you were planning your work on this project, did you add the other things into the equation?"

Employee: "No."

You: "What does that suggest?"

Employee: "My planning was off; I should have looked at the whole picture."

You: "So it sounds like for future projects you need to make a more comprehensive assessment of your workload before agreeing on a deadline?"

Employee: "Yeah, that's what I should do."

Additional questions that can help track the sequence of events leading to the problem include "When you got the assignment, who was going to do what, and when?" "When did you realize the project was falling behind?" and "What did you do about the delay?"

Notice how these questions focus on the *employee's* decisions, assumptions, and thought processes—not others' possible contributions to the missed deadline. The person will come to understand that the relationship between the design of a process and its execution is critical to manage.

3. Develop an action plan

This step builds on Step 2 to form a workable, practical plan to avoid similar problems in the future. The plan for improvement can be simple: "Take ongoing projects into account when calculating how much time a new project will take." Or it can be more complex with multiple components. But for the plan to catalyze improvement, it must be easily understandable and adaptable to the circumstances the employee is likely to face.

You should prompt your employee to suggest the action plan, providing ideas only if he has difficulty conceiving new approaches. Most important, ask the employee to document the agreed-upon plan—along with the truth you've identified and the events that led to the problem—in an e-mail or a memo. This demonstrates both sides' commitment to improvement and the document reveals how well the direct report understands these MMOT elements, enabling you to correct any misperceptions. The action plan should also include a statement about how its efficacy will be determined.

4. Create a feedback system

When your employee puts the action plan into practice, he may discover that the plan needs adjustment. For this reason, it's vital that the two of you establish a feedback system that will enable you to identify where changes may be required. For instance, the employee could show you the project schedule as he is drafting it and review progress and address any difficulties with you regularly.

Talking about poor performance will never be easy. But when both participants in the discussion are well versed in the MMOT discipline and understand the objective of each step, they will find these discussions more comfortable.

Organizations that adopt the MMOT approach, Fritz says, not only will establish a cycle of continual improvement, but also will see workplace relationships improve and employees enjoying their jobs more. "People feel clean when they use this process," he says. "They know that there are no tricks—just honesty." ◆

A NEW LEVEL OF HONESTY

Most organizations and the managers and employees within them value integrity and don't tolerate overt dishonesty. But when unspoken rules such as "Never argue with the boss" or "Don't admit mistakes" prevail, a subtle level of dishonesty becomes the norm. The managerial moment of truth (MMOT) approach upends this norm, say authors Bruce Bodaken and Robert Fritz in *The Managerial Moment of Truth* (Free Press, 2006), because it uncovers the unspoken rules and assumptions that stand in the way of an honest assessment of the scope of a problem and how it came to occur.

"If you're a strong leader, you want people around you to tell you the hard truth," write the authors, and you "want to be able to tell the people around you the hard truth as well." The authors argue that true candor is obtained only when people commit to uncovering the truth together. "Groups that really tell each other the truth are the ones that ask each other questions," they write, and "seriously seek to understand opinions that are different from their own."

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Conquering a Culture of Indecision

by Ram Charan

Harvard Business Review, *April 2001 • HBR OnPoint Reprint # 9373*

The Idea in Brief

Some companies just can't make up their minds. Plagued by **indecisiveness,** they never take action. Result? Chronic corporate underperformance.

For instance, a manager proposes a promising new idea during a meeting. Everyone withholds judgment until they discern the boss's opinion. When *she* shows interest, the rest support the proposal, too—*despite* their questions and concerns. Within months, the project dies.

Why? *During* the meeting, people never expressed their real views. Intimidated by power dynamics, constrained by formality and mistrust, they spoke their lines woodenly, without committing to the plan. The apparent consensus belied the group's *true* sentiment—unspoken reservations that strangled the idea *after* the meeting.

The meeting leader *should* have encouraged **decisive dialogue**—a powerful form of interaction characterized by incisiveness and creativity, diverse viewpoints, cohesiveness of seemingly unrelated ideas, and the search for truth. Decisive dialogue energizes and inspires people to action—giving organizations their most enduring competitive advantage.

The Idea in Practice

STEPS TO DECISIVENESS

Use these steps to infuse decisive dialogue and action throughout *your* firm:

1. It all begins with dialogue.
During each encounter with employees, model honest, open, and decisive dialogue.

▶ Example:
When a unit head of a U.S. multinational confidently proposed a strategy for trumping a formidable competitor, the CEO commended him for the inspiring presentation—then initiated decisive dialogue to test the strategy. He asked *realism-testing* questions ("Just how are you going to make these gains?") and *insight-generating* questions ("Where are the gaps in your competitor's product line?"). Then he asked the manager to submit a more realistic alternative in 90 days.

The manager left feeling energized and focused—despite his proposal's rejection—and adopted his boss's decisive style with his own employees, spreading energy and determination throughout his entire unit.

2. Turn dialogue into action.
Infuse honest dialogue into *every* meeting, and clarify accountability for reaching and executing decisions. Decisive meetings are:

- **open**—their outcomes *not* predetermined. Questions such as "What are we missing?" signal honest searching for alternative perspectives.
- **candid**—encouraging people to air the conflicts that undermine apparent consensus. When people express their *real* opinions, not what they're "supposed" to say, productivity rises.
- **informal**—unscripted, with honest questions and spontaneity.
- marked by **closure**—people leave knowing exactly what they're expected to do.

▶ Example:
By modeling decisive dialogue among its leading scientists, clinicians, and marketers, two division heads at biotech giant Pharmacia encouraged these radically different groups to share ideas, perspectives, *and* responsibility for new-product development, and to disagree respectfully. Result? The antibiotic Zyvox—a blockbuster that none of the three groups could have envisioned or executed on its own.

3. Use follow-through and feedback to sustain action and productivity.
Through honest feedback, leaders reward high achievers, coach struggling employees, and discourage progress-blocking behaviors.

▶ Example:
EDS CEO Dick Brown devised an evaluation process that ranks employees in quintiles and rewards them according to their performance relative to peers'. The process forces managers to give candid feedback to direct reports. Though painful, it encourages excellence and gives people the information they need to improve.

Who Has the "D"?

How Clear Decision Roles Enhance Organizational Performance

by Paul Rogers and Marcia Blenko
Harvard Business Review, *January 2006 • HBR OnPoint Reprint # 3021*

The Idea in Brief

Decisions are the coin of the realm in business. Every success, every mishap, every opportunity seized or missed stems from a decision someone made—or failed to make. Yet in many firms, decisions routinely stall inside the organization—hurting the entire company's performance.

The culprit? Ambiguity over who's accountable for which decisions. In one auto manufacturer that was missing milestones for rolling out new models, marketers *and* product developers each thought they were responsible for deciding new models' standard features and colors. Result? Conflict over who had final say, endless revisiting of decisions—and missed deadlines that led to lost sales.

How to clarify decision accountability? Assign clear roles for the decisions that most affect your firm's performance—such as which markets to enter, where to allocate capital, and how to drive product innovation. Think "RAPID": Who should **r**ecommend a course of action on a key decision? Who must **a**gree to a recommendation before it can move forward? Who will **p**erform the actions needed to implement the decision? Whose **i**nput is needed to determine the proposal's feasibility? Who **d**ecides—brings the decision to closure and commits the organization to implement it?

When you clarify decision roles, you make the *right* choices—swiftly and effectively.

The Idea in Practice

The RAPID Decision Model

For every strategic decision, assign the following roles and responsibilities:

PEOPLE WHO...	ARE RESPONSIBLE FOR...
Recommend	• Making a proposal on a key decision, gathering input, and providing data and analysis to make a sensible choice in a timely fashion • Consulting with input providers—hearing and incorporating their views, and winning their buy-in
Agree	• Negotiating a modified proposal with the recommender if they have concerns about the original proposal • Escalating unresolved issues to the decider if the "A" and "R" can't resolve differences • If necessary, exercising veto power over the recommendation
Perform	• Executing a decision once it's made • Seeing that the decision is implemented promptly and effectively
Input	• Providing relevant facts to the recommender that shed light on the proposal's feasibility and practical implications
Decide	• Serving as the single point of accountability • Bringing the decision to closure by resolving any impasse in the decision-making process • Committing the organization to implementing the decision

Decision-Role Pitfalls

In assigning decision roles:

- Ensure that only one person "has the D." If two or more people think they're in charge of a particular decision, a tug-of-war results.
- Watch for a proliferation of "A's." Too many people with veto power can paralyze recommenders. If many people must agree, you probably haven't pushed decisions down far enough in your organization.
- Avoid assigning too many "I's." When many people give input, at least some of them aren't making meaningful contributions.

The RAPID Model in Action

▶ Example:
At British department-store chain John Lewis, company buyers wanted to increase sales and reduce complexity by offering fewer salt and pepper mill models. The company launched the streamlined product set without involving the sales staff. And sales fell. Upon visiting the stores, buyers saw that salespeople (not understanding the strategy behind the recommendation) had halved shelf space to match the reduction in product range, rather than maintaining the same space but stocking more of the products.

To fix the problem, the company "gave buyers the D" on how much space product categories would have. Sales staff "had the A": If space allocations didn't make sense to them, they could force additional negotiations. They also "had the P," implementing product layouts in stores.

Once decision roles were clarified, sales of salt and pepper mills exceeded original levels.

Executive Toolkit

by Paul Michelman

Spark Up the Innovation Engine

For organizations not already in the habit of continually developing new products or services, cranking up the innovation engine is much easier said than done. But as the global playing field continues to level and the barriers to new markets continue to fall, the pressure on companies to stay ahead of the forces of commoditization is increasing.

So what should companies do? The answer: Persistently strive to serve your market better than anyone else. You may think you "own" the market or that you have carved out a reliable niche for yourself, but if you're not out there continually improving on what you do and developing new strategies to satisfy the needs of your customers, your business is at risk.

Thus, the question of the day: How does a stable, successful organization built on a tried-and-true line of products or services break out of the box, begin to take risks, and introduce new concepts into the marketplace? There is no one right answer, but here are a few ideas to get you thinking:

1. Consider your perception of risk

Begin by thinking how new product ideas might affect your existing product lines. Will a new service offering undercut an existing one? If the answer is yes, consider what alternatives you have: Would it be even riskier to not introduce a new product? What is your tolerance for putting the health of an existing product at risk in the name of overall growth?

Think long and hard about this one. While one doesn't want to rashly undercut a successful business by introducing your own competition, sometimes there is no viable alternative.

2. Identify sources for innovation

Where are your new ideas or where will they come from? Is there sufficient creativity within the existing organization? If the answer to the latter question is yes, how will you free up the right people from the existing business in order for them to think and act more creatively? It can be awfully hard to ask someone to tend to the needs of the existing business while also trying to create the future. If your plan is to innovate externally, what sources will you tap into? Do you plan to hire full-time product developers, forge new partnerships, call upon existing relationships?

3. Think about how you define successful performance

One of the most challenging facets of any innovation effort, particularly one housed in a successful, mature business, is fair measurement. New products and businesses should not be subject to the same metrics as the existing business. If you look at profitability and growth through one lens for both new and existing ventures, you won't get an accurate picture. On the financial side, don't be obsessed with profitability too early; top-line revenue may be more important early on. And nonfinancials such as reaching key milestones in product development, getting meaningful feedback from the market, and signing key distribution agreements may well be more significant for financial performance in the early stages of a new business.

How best to initiate innovation and assess its results are questions with a great deal of personal relevance to me these days. I've stepped out of the daily work of editing *Harvard Management Update* to develop podcasts and other multimedia products that aim to share management ideas in new ways with new audiences. I will remain involved in *Update* as executive editor, even as its former managing editor, Christina Bielaszka-DuVernay, steps into the role of editor.

As you move forward with your innovation efforts, we'd love to hear from you what has worked, what hasn't, and why. And please stay tuned for new features within these pages and on the Harvard Business School Publishing Web site, www.harvardbusinessonline.org. ◆

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