Somewhere Between Complacency and Fear

By Loren Rodgers

Cecil Ursprung, the former CEO of Reflexite Corporation, once described his ideal organizational culture as being a permanent "state of mild dissatisfaction." You may not agree with the word "dissatisfaction," but I expect you would agree that innovation flourishes when employee owners are constantly seeking ways to improve the company and that happens when employees are not satisfied with the status quo. Creative energy flows when people refuse to walk away from situations that are "good enough."

A calm sense of satisfaction can come from ignoring potential threats and opportunities. It can also come from entitlement, and employees who only want a reasonable work environment and a paycheck may be easy to satisfy, at least when business is reasonably strong. These employees are not, however, easy to engage in making their companies the best they can be. That's why the subtitle of the book *Ownership Thinking* is *How to End Entitlement and Create a Culture of Accountability, Purpose, and Profit*.[1]

Of course, too much dissatisfaction is destructive: it causes turnover, resentment, and, if it persists, a sense of learned helplessness. The sweet spot is somewhere between complacency and fear, but how do you know if your company has found the right level of dissatisfaction? You cannot ask the question point blank.

Instead, find out how much time they spend solving different types of problems. Do they mostly figure out how to effectively provide products or services, or do they spend more time thinking about how to manage your company's decision-making channels? Are most of their challenges oriented externally, such as finding good solutions to customers' problems or exploring new ways to work with vendors? Or are their day-to-day challenges more likely to be something internal, such as getting permission from their supervisors or answers from their colleagues?

The answers to these questions will tell you whether your company has a productive variety of dissatisfaction. You will need to find the right person to ask these questions, and it could well be an outsider, like a board member or a consultant. Other leaders find the answers coming to them. Other companies use employee surveys. Employee comments like "management keeps us in the dark" and "changes in our job requirements come out of the blue" show that people's energy is pointed the wrong direction. When people write, "this company gives me the tools to solve problems for our customers," I know that things are going well there.

Almost any company can move toward the sweet spot by sharing more information. When people understand how the business makes money, they can always see ways that it could make more. Even when times are bad, open-book management is less scary than the alternative: people already know when the numbers are not good but their fears and imagination are often more dire than reality. Tishia Gibson-Tsiptsis, a member of the ESOP committee at Phelps County Bank, says, "When the news is good, I want to hear about it. When the news is bad, I want to fix it."

And information can play a role in a different way too. Information is easy to get these days but some managers instinctively know that sometimes it is better just to say "no thanks."

Imagine yourself as a new salesperson about to make your first solo visit to a client. You likely feel it is momentous, a public test where your success or failure will be unambiguous. You will be nervous, and you will put your heart and mind into making sure you are prepared. Now imagine how you would feel if you had to fill out a checklist to document what you did to get ready: Did you check the client's order history? Do you print directions to the client's office? Do you have all the product sheets? In some ways, it would be a relief to have the checklist but each box you check off is one more thing you did not have to take responsibility to think of yourself. The more information you provide, the more the responsibility for the success of the visit slips away from you.

To be clear, that checklist is a good idea and can prevent all sorts of rookie mistakes. Leaving decisions to the sole discretion of a single employee can be incredibly risky, as JPMorgan Chase learned when three traders including Bruno Iksil, the so-called London Whale, engaged in trades that lost the bank an estimated $5.8 billion. In this case, not knowing what the three traders were doing was disastrous.

But the reality is that managers are more likely to err on the side of asking for too much information. In a 2010 study, Richard Freeman, Joseph Blasi, and Douglas Kruse[2] found that micromanagement was one of four factors that differentiated the successful employee ownership companies from the rest.

Micromanagement can come from making too many decisions, but it can also come from knowing too much. It takes an act of will for managers to resist information, especially when it is offered but sometimes that is the right thing to do.

Some companies understand how to strike appropriate balances: providing the appropriate training and guidance while allowing employees to have responsibility for their successes achieve great results; knowing enough but not too much. They make sure that there is an appropriate amount of discretion so their employees are both supported and entrepreneurial. The desire to foster responsibility led PC Construction, an extremely effective and well-run ESOP company in Vermont, to treat its project managers in an intentionally hands-off way. “A project manager may go a month or more without being in touch with headquarters," says Mike Sessions, a senior vice president.

Imagine our hypothetical young salesperson coming to his supervisor. He wants to know what unit price the boss would propose to the customer. In some cases, the right approach for the supervisor is to answer. In some cases, the right choice is to have a discussion. But often, the answer is to tell the salesperson that he already has the right tools and experience and that it's time to make the call on his own.

That decision is counterintuitive and can feel uncomfortable to both supervisor and employee, and it likely generates nervous energy—maybe even dissatisfaction—on the part of the employee and the supervisor. But business is not comfortable. It should be rewarding but not relaxing. People should be on the edges of their seats but not terrified, and if the supervisor is doing his own job right, that is just where he put the new salesperson. By refusing to make the decision, the supervisor's unstated message is clear: "I trust your judgment and you should too."

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[1] Hams, Brad, *Ownership Thinking: How to End Entitlement and Create a Culture of Accountability, Purpose, and Profit,* McGraw-Hill, 2012.

[2] Kruse, Douglas, Richard Freeman, Joseph Blasi, Eds., *Shared Capitalism at Work: Employee Ownership, Profit and Gain Sharing, and Broad-Based Stock Options*, Cambridge: National Bureau of Economic Research, 2010.