

## **First Break all the Rules**

Notes

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To develop profitable business, you must attract, focus, and keep talented employees. What is important in the workplace are the employees, building relationships, and customer and *employee* satisfaction. To measure the strength of the workplace, ask the following questions. If you can create an environment where employees answer positively to all twelve questions, then you will have built a great place to work.

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 every day?
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 opportunities at work to learn and grow?

Gallup asked these questions to over 105,000 employees across 2500 business units and 24 companies. Those employees who responded more positively to the twelve questions also worked in business units with higher levels of productivity, profit, retention, and customer satisfaction.

Employees rated questions differently based upon the unit they worked for rather than the company. This shows that the opinions of the employees are formed by the immediate manager and not the policies or procedures of the overall company. The manager, not the pay, benefits, perks or a charismatic corporate leader—was the critical player in building a strong workplace.

The five questions linked to employee retention are 1, 2, 3, 5, & 7. People leave managers, not companies. If you have a problem with turnover, first look to your manager.

The most powerful questions are those with a combination of the strongest links to the most business outcomes. These questions are: 1, 2, 3, 4, 5, 6.

Stores scoring in the top 25% on the employee opinion survey were on average, 4.56% over their sales budget for the year, while those scoring in the bottom 25% were .84% below budget. This translates to a difference of \$104 million of sales per year between the two groups.

*Profit* loss comparisons showed that the top 25% of stores on the survey *ended the* year almost 14% over their profit budget. Those stores in the bottom group missed their profit goals by a full 30%.

In terms of turnover, each store in the top group retained on average, twelve more employees per year than stores in the bottom group. This means that the top 25% scoring stores retained one

thousand more employees per year than the bottom group. The estimated wage of employee was \$18000, and the cost of finding hiring and training each new employee is 1.5 times his salary, then the total cost to the company for the different levels of retention between the two groups is \$27,000,000.

The questions address the needs of the employee and build in an order that makes sense given these needs. The first two questions address the basic needs of “what do I get? The next four questions (3—6) address the next needs which are “what do I give?” Questions seven through ten address the needs of belonging and address the question, “do I belong here?” Then the final stage are questions 11 & 12, addressing How can we all grow?” It is very important to make sure the first questions are addressed before moving on to the next questions.

The core of a strong workplace exists in the first six questions. Attempt to get 5’s (on a scale of 1—5) on all of these questions. You have to be able to set consistent expectations yet treat each person differently. You have to be able to make each person feel as though he is in a role that uses his or her talents while still challenging him or her to grow. You have to care about each person and praise each person, and if necessary terminate a person you have cared for.

Gallup interviewed over eighty thousand managers to find out what great managers have in common. They didn’t find much, but what they did have in common was that they attempt to help the employees become more and more of who s/he already is. In turbulent times, managers are more important than ever. This is because the role of the manager is to help the employee transfer their unique talents into performance. In order to do this, managers play a “catalyst” role. The first six questions provide the detail for the catalyst role. In order to achieve high scores on these questions, the manager must be able to do 4 things very well: select a person, set expectations, motivate the person, and develop the person. These are the four core activities of a “catalyst.”

The manager must have a say in the hiring of the employees to develop strong bonds so they are invested in their current success and future growth. Great managers look inward. They look inside the company, into each individual, into the differences in style, goals, needs, and motivation of each person. All of these things guide the manager in helping the employee to release his or her unique talents into performance.

Great leaders, by contrast, look outward. They look at the competition, the future, alternative routes forward. They focus on broad patterns, finding connections, cracks, and press their advantage where the resistance is weakest. They must be visionaries, strategic thinkers, activators. This doesn’t have a lot to do with turning one individual’s talents into performance. The core activities of a manager are different than those of a leader. Every manager will and should manage differently. The company should keep managers focused on the four core activities of the catalyst role.

Applying the insight that people don’t change that much to the core activities, we arrive at the following:

- When selecting someone, select for talent (not simply experience, intelligence or determination).

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- When setting expectations, they define the right outcomes not the right steps.
- When motivating people, they focus on strengths not on weaknesses
- When developing someone, they help him find the right fit not simply the next rung on the ladder.

Talent is “a recurring pattern of thought, feeling or behavior that can be productively applied.” Talents are behaviors you do often. The key to excellent performance is finding the match between your talents and your role. Experience, intelligence and determination are important, but talent is most important. Skills and knowledge can be taught whereas talent cannot. For example, a love of precision (necessary for accounting) is a talent, not a skill.

There are three kinds of talent. Striving, thinking and relating. Striving explains the *why* of a person—why they are motivated to do what they do (e.g., the desire to stand out, competitiveness, altruistic, the desire to be liked). Thinking talent explains the *how* of a person—how they think, how they weigh alternatives, how they arrive at decisions (e.g., focused, leave options open, disciplined, structured, love surprises, linear, practical, strategic, playing “what *if/II* games). Relating talents explain the *who* of a person—whom s/he trusts, whom s/he confronts, whom s/he builds relationships with, & whom s/he ignores (e.g., will s/he win over strangers, or is s/he only at ease with close friends; s/he believes trust must be earned or s/he initially trusts everyone; confrontation is easy or avoided).

You have to pay attention to the subtle but significant differences between roles. Good managers believe that some people are wired to excel at a particular role and derive enduring satisfaction from doing it well. It is important to make every role be publicly revered and a genuine career choice.

As a manager you need to know exactly which talents you want. Go beyond the job description and think of the company values and the way it works; think about yourself as a manager and how you manage; think about the people and the others with whom this person will work. Think of one critical talent in each category (striving, thinking, and relating). Study your best in the role.

Once you have the right talent, you need to focus people toward performance. Define the right outcomes. Let the person find his or her own way to accomplish these outcomes, and help them to do this. Defining outcomes creates the tension to accomplish those outcomes. This nurtures self-awareness and self-reliance. Any attempt to impose one best way is doomed to fail. Because each person is different and does things in different ways it is inefficient and demeaning. When you make a rule you take away a chance for choice and choice is the fuel for learning (particularly if you hire for talent).

Guidelines managers use (which can help to figure out outcomes): What is right for the customers? What is right for the company? What is right for the individual? Focus on strengths and manage weaknesses of employees; carve out a unique set of expectations that will stretch and focus each individual; highlight and perfect each person’s unique style; figure out how you the manager can run interference for each employee so they can use talents even more freely. Remember you are center stage; pay attention to the productive behaviors of superstars

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(reinforce them). Create heroes in every role (when excellence is performed). Find ways to reward and promote, even if the system doesn't call for it.

Confront problems in performance quickly and honestly, and find a support system for change (complementary partner or alternative role). Great managers excel at giving performance feedback (review performance, examine how the person can use her talents to be productive, do this in private, and regularly).