Breakthrough Thoughts
by Jan Dyer and Chuck Lucier

Forget Your Troubles, Come On, Get Fired

Personal performance lagging? Colleagues at each other's throats? It's time for a change — for your company's good and your own.

Polite conversation rarely ventures toward the truth about politics, religion, or sex. The truth about work is equally dangerous territory. Just try to stay dispassionate when you ask yourself: Do I get what I deserve from my job? Do my teammates do their fair share? My boss? Does she listen to feedback? Are my gifts fully employed? Does my company get the very best *me*?

If our questions got your heart rate up, that's no surprise. Today's economy demands more from individuals and organizations than the economy of any previous age. Ours is an era of exacting performance requirements and Darwinian competition. Businesses need to get more from workers than scientific management's efficiency in physical work or process reengineering's efficiency in paperwork can deliver. It's the management challenge for the new millennium: How can organizations motivate workers to use their talents most productively?

In the race for answers, popular management gurus have offered up a host of utopian ideals: learning organizations, communities of practice, connectivity, make-your-own job titles, geographically dispersed teams, etc. But there's a problem. Businesses compete in the real world. "Feel-good" frameworks that rely on people to "do the right thing" won't deliver the levels of performance demanded by the marketplace.

That's not a popular position. But, wait, there's good news. Today's highest performing organizations *are* exciting, upbeat places where individuals have rewarding work experiences. If that's what you're after, you'll succeed or fail according to your ability to live by four hard truths.

Truth #1. Your Job Is at Risk.
We're talking about a lifetime of job insecurity, not just a few months of recession adjustments.

To stimulate high and increasing productivity, a surprising variety of high-performance, people-driven organizations have hit upon a common formula: Fire the lowest-performing 15 percent of people each year. Why 15 percent? It's an empirical fact. It happens at top management consultancies, in professional sports, among CEOs of publicly trad-

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ed corporations in the U.S. and officers in the post-Vietnam U.S. military. Motivational job insecurity is even reaching the industrial world; in the General Electric Company's annual reports, Jack Welch stresses the importance of 10 percent turnover as a performance lever.

To occur so often, 15 percent must be a natural balance point. It must be high enough to cause many of those unable or unwilling to meet the performance standards to leave, low enough that most of us won't feel threatened. High enough to bring in new people with new talents and ideas, low enough to keep turnover costs such as lost knowledge, recruiting costs, and the disruption of teams affordable. High enough to eliminate the drag on morale caused by tolerating poor performance, low enough to permit an upbeat, high-performance culture.

Using job insecurity to motivate workers isn't new. But we're not recommending "Chainsaw" Al Dunlap–style fear-of-pink-slip motivation. In a full-employment economy, *it's good for individuals* to leave jobs in which they aren't successful. The real crime today occurs when people stick it out in jobs where they'll never excel. After a painful decision to let go of a long-time senior player, a top executive we know recently explained it this way: "It's amoral. Although we thought we were being nice to Fred, look at the result. It was clear years ago that he'd never really be successful here; we thought we were doing the right thing to keep letting him try. He made huge sacrifices for this place. Now he's wasted 15 years. It's a tragedy. He could have been so much more successful elsewhere."

Truth #2: Your Team's Performance Is More Important Than Your Own.

Business is a team sport: The *organization* wins or loses. However, in many large organizations, lots of folks don't have a clue about what team they're on or even what game they're in. They work deep inside the organization, insulated from the real marketplace, serving hypothetical internal "customers" and fighting colleagues who feel more like "competitors" than teammates. They don't understand how they can affect the organization's success (i.e., the bottom line). How many of your pals with big sales jobs have told you stories about the folks inside the company who are so removed from the customer that they seem to be working *against* him, not with him?

Team size matters. Today's best-performing companies organize themselves into 100- to 300-person business units in which everyone "faces" the market; there are no more places to hide. Everyone touches customers in one way or another; everyone worries about the competition. Large corporations like ABB Group, BP, and ITW have hundreds of these small business units. Marketplace reality is powerful: When facing the market, everyone knows the real customers and competitors. Everyone watches the numbers. Cost and quality matter because they attract the customers necessary for growth and survival, not because some corporate bean counter says so. If the business unit doesn't turn a profit, Game Over: The whole team loses. Everyone knows the game; everyone's performance matters; everyone demands the best from teammates. It's personal. Everyone plays to win.

In addition to financial objectives for profitability, asset utilization, and growth, small, passionate business units can — and often do — measure themselves against a series of nonfinancial objectives. Some of these mirror corporate stewardship obligations, such as environmental responsibility or worker safety. Other nonfinancial objectives ensure cooperation among business units: building a common brand; providing customers a single point of contact; or achieving economies of scale in research, selling, or marketing. The benefits of reinforcing the team's commitment to itself and to its role in the larger corporation more than pay for the costs of these additional measurements.

Where teams are accountable for bottom-line results, there's no place for self-promoting "masters of the universe." Tom Peters got it wrong: Winning companies need people who can "Mobilize Us," not employees obsessed with their own personal "Brand Called Me." An individual who focuses on his or her own performance is unpopular and ineffective in working with others. Every high-performance organization we know has discovered that it is better off when it fires people who are individually great performers but who have lousy values or who can't work well with others.

Today's greatest contributor is the person who, in the words of Nestlé Canada Inc.'s president for nutrition Marilyn Knox, "knits together" the contributions of others, leading the delivery of performance today, stimulating the changes necessary to ensure better performance tomorrow, and motivating everyone on the team. These "zealots" measure their own performance by how well the team does. Surprisingly self-effacing, such zealots say — and sincerely believe — that the performance is the team's. For example, Jim Keyes (CEO) and John Barth (president) at Johnson Controls Inc. refused to let us tell the story of their company's success, as we did in this year's first-quarter issue of *strategy+business*, until we reassured them that we were not writing about individual heroes, but rather about people whose success derived precisely from their ability to mobilize others to perform, causing them to become zealots.

James Collins, coauthor of *Built To Last: Successful Habits of Visionary Companies* (HarperBusiness, 1994), recently reported similar findings from a study of CEOs who transformed their companies from good to great. "Throughout our interviews, we were struck by the way they talked about themselves — or rather, didn't talk about themselves," Mr. Collins wrote recently in the *Harvard Business Review*. "They'd go on and on about the company and the contributions of other executives, but they would instinctively deflect discussion about their own role.... They'd say things like, 'I don't think I can take much credit for what happened. We were blessed with marvelous people.'"

Amen.

Truth #3. You're Graded on a Curve, and Your Grades Will Be Posted.

ABB Group and BP publish league tables comparing the performance of business units across all the dimensions of their Balanced Scorecard. The Bank of Montreal goes even further by adjusting the rankings of its branch banks to reflect their different demographic environments, providing a more apples-to-apples comparison of the efforts of each branch.

It may not sound like fun, but posted results provide a powerful spur to performance. Rankings make it clear to everyone where their team stands. Poorer performing teams try harder — and ask the best performers for help. At the Bank of Montreal, public posting of branch results spurred spontaneous best-practice sharing that would make learning-organization wannabes jealous. ("Hey, Joe, how did you guys get deposits up like that?") But take note:

What came first was performance rankings, not a bottom-up attempt to get folks to share because it's the right thing to do.

Like sports teams, some leading organizations also publish league tables of individuals' performance. Public comparisons stimulate individuals to try harder, to avoid public embarrassment for many and to gain for the few the bragging rights that go to the best. Person-by-person comparisons also help people focus themselves appropriately. Talent succumbs easily to temptation, applying creativity everywhere, often reinventing the wheel and wasting time on issues that don't matter to customers. Knowing how they're measured channels people's creativity to areas in which they can add the most value, encouraging them to use the expertise of others where it makes sense.

Rankings of individuals and business units are surprisingly consistent: The best business units typically have most of the best-performing individuals. The challenge of performing with the most capable and most demanding people brings out the best in individuals. Since individuals are compared with others in similar positions across the organization, individual comparisons don't undermine team morale. In fact, the consistency of individual and team performance powerfully reinforces the role of self-effacing, team-oriented zealots. In addition, top-performing business units drive up performance across the company as they export talent to other business units.

High-performance organizations that use rankings and turnover to motivate talent aren't Hobbesian wars of all against all. As long as the game is fair, with just and well-understood measurement systems, these organizations are fun, exciting places. Everyone knows the rules; everyone understands the importance of the bottom-line measures; everyone has a reasonable chance to succeed. The league tables provide those who aren't performing well the chance to preserve their dignity and leave before they are fired (and walk away with an enhanced pedigree, since companies that do this are typically at the top of their industries).

Equally important, such organizations allow successful individuals to retire on a high when they're no longer interested in working so hard. Fifteen percent turnover as an explicit benchmark is low enough that people who don't make the cut early in their careers can remain confident in their ability to succeed elsewhere, yet high enough to make the people who remain in the organization feel like winners.

Successful people and organizations don't hide from measurement. Who doesn't like to know where they stand when they believe they have the gifts to be among the best? These players and teams win. Winning generates the excitement and financial rewards that motivate today's people and attract tomorrow's. Measurement is the backbone of a powerful business that is motivating to the individual and good for the economy.

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Truth #4. Your Success Depends on Your Courage to Do What You Do Best.

People want to be part of successful, highly competitive talent-based organizations. It's seductive, promising excitement, financial rewards, and personal growth. It's also dangerous. A decade ago, a consultant at Booz-Allen & Hamilton who was consistently near the bottom of our performance rankings pleaded with us, "If there's even a 1 percent chance that I can be successful, please let me continue to try." Caught up in the excitement, he found his self-esteem dependent on proving that he could succeed at the firm. The consultant suffered through six more months of tremendous effort and personal sacrifice before he finally left. There's a happy ending: He found the right career, and now he's a top performer.

When our jobs are at stake, it's easy to get carried away by emotion. It takes courage to bring the same analytical rigor and objectivity to evaluating our own jobs — and our own gifts — that we use when making other business decisions. If you're a below-average performer, and if, even after you've made a sincere effort to improve, you're still a below-average performer, recognize that you're in the wrong job. Get out. The lack of fit doesn't mean that you're a worthless human being. Don't throw good time after bad.

If you're a top performer, you have a tougher analysis. How can you tell if you'd be even more successful in a different company? Talking to headhunters about job opportunities hasn't been a great answer for many of our friends: It's too difficult to evaluate a prospect and team from the outside, too easy to find the grass greener on the other side of the fence.

A better test, we think, is to compare your company's performance to the performance of others in its industry or other companies that value your skills. Is your company an above-average performer? If it's not, look at the leading companies. Most of us give our best when we're surrounded by people who are a little more capable than we are.

And if you're just plain frustrated? You have the right (and responsibility) to work where you can perform. A technical strategist we know at a global private bank has finally decided to quit. Her performance isn't the issue, nor is her commitment. It's the company: no meaningful measures, no accountability; no team spirit, passion, or fun; lots of talent; lots of arrogant supervisors. Mediocre performance. She wants to win — with a winning team.

Acting on our convictions takes real courage. The courage to persevere during inevitable career disappointments. The courage to accept it when we've made a bad decision and move on. The courage to join an organization when we know it will demand our best.

The Good News

The dynamic we're describing — organizations selecting people who are most successful and individuals looking for the organizations where they can do best — has the potential to help each of us find the job where we can be most productive and happy. Successful companies will do their part, selecting people who are likely to be successful, measuring performance and stimulating the least successful people to leave, retaining the top performers, and trying to make the work rewarding and exciting. It's up to you to do your part, with objectivity and courage, to find and keep the right job. That's just business.

To say it's "just business," though, doesn't mean your job has to be *just* a job. Never before have economic forces so conspired to create such opportunity for us, individually and collectively. The market can finally come inside — not with hypothetical customers and suppliers emulating a market, but with the realities of what's going on outside driving what happens inside. Darwinian competition among companies can produce a result that's good not only for organizations and the economy, but also for each individual.

The fact is, a job isn't just a job. Not only *can* you love it, you *should* love it. That means you can't let the job market's invisible hand slap you around. If you have the courage, you can let it guide your path — inside your company, and occasionally out of it. ✚

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