

WHAT YOUR EMPLOYEES REALLY THINK

THE ULTIMATE EYE TEST

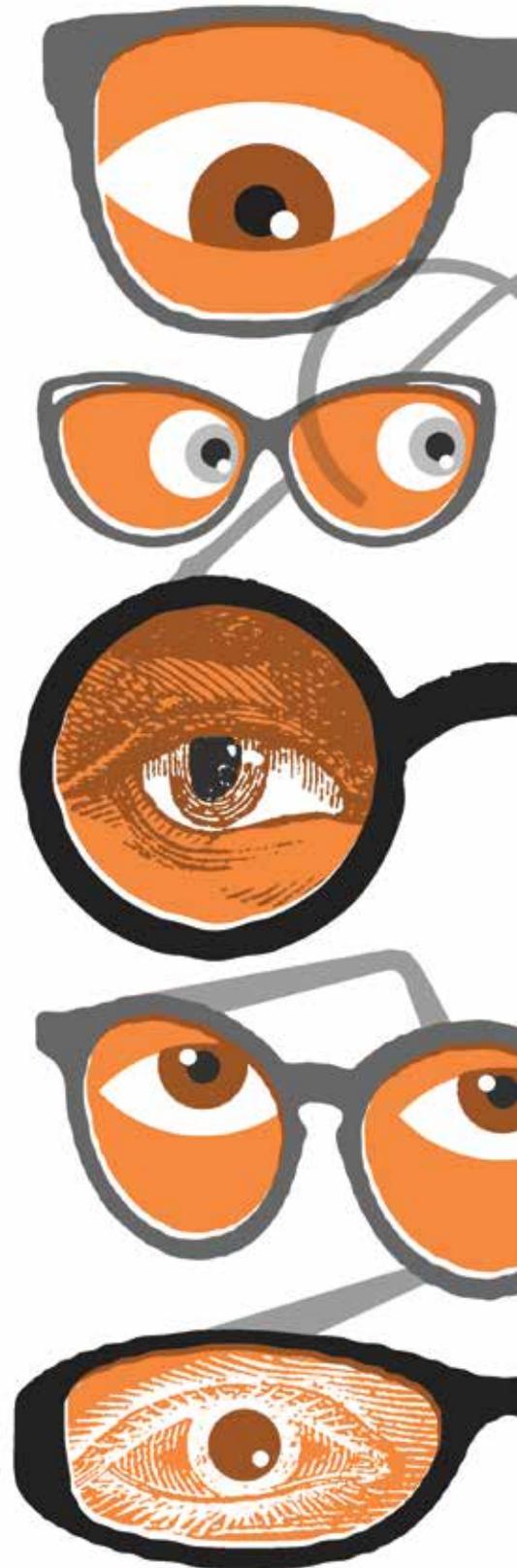
Julian Birkinshaw examines innovative approaches to seeing the world through the eyes of your employees.

We have all had bad bosses, and we know how much damage they can cause in an otherwise healthy working environment. But did you know they can also damage your health? One study in Sweden showed that the worse an employee's boss, the greater was their level of emotional exhaustion and likelihood of heart disease. A study by Gallup showed that disengaged employees were reporting greater levels of ill-health and higher levels of absenteeism.

Why is there so much bad management out there? Over the last five years I have asked many executives for their views on this question. A common answer is that the system is to blame — dealing with corporate bureaucracy pulls us away from our role as a manager of others, and it doesn't reward us for

being good at that job either. The few that succeed do so despite, not because of, the rules and procedures within which they work. A second view is that there is a form of knowing-doing gap — managers know they should be delegating more and giving credit to others, but they struggle to do so because their default behavioural setting is one of control and self-promotion.

Of course there is some truth in both these answers. But I believe there is also a third reason for the paucity of high-quality management in many large organisations, namely that most managers have a remarkably narrow or ill-thought-out understanding of how their employees actually look at the world. In the movie *What Women Want*, Mel Gibson played a chauvinistic advertising executive who suddenly found he could hear what women were actually thinking. Imagine what would happen if managers could get inside their employees' minds, and relate to their genuine motivations, needs, and





fears. My guess is they would do a dramatically better job. Not only would they know which buttons to press with each individual employee, they would also become less self-centred. Ultimately, your role as a manager is to enable your employees to do their best work. It is hard to do that if you believe the world revolves around you.

Inverting the lens

The TV show, *Undercover Boss*, attracts 18 million regular viewers, and it provides important insights into the employee's-eye view of management. In the show, a chief executive goes "undercover" for two weeks in his own company, he sees problems that he had not been aware of, and he is typically astounded by the dedication and skills of his workforce.

The first ever undercover boss, broadcast in the UK in 2009, featured Stephen Martin, CEO of Clugston, a construction and logistics company based in Yorkshire. When initially asked to appear in the show he said no, as he didn't fancy himself as a reality TV star. But eventually he came round, as he saw it as an opportunity to push through some changes in how the company was working.

I discussed Martin's undercover experience with him. "When I did *Undercover Boss*, I wanted to experience the company from the viewpoint of the workforce. I just found it fascinating to see how everything I thought was working wasn't really working, or if it was, it wasn't working the way I thought it would be. And I also saw the damage I could do, accidentally, by putting in place a new procedure or idea". On one large construction site, for example, it took ten minutes to walk its length, so workers were spending most of the half-hour tea break travelling to and from the dining area. Martin endorsed a plan to "decentralise" the tea-break, so workers could take a break wherever they happened to be working. But somehow this plan got interpreted as the tea break had been cancelled.

Immediately after his undercover stint, Martin made some changes that are still in place three years later. "Seeing things from the front line, I realised how poor we were at communicating. So now we have daily briefings for the direct labour force, weekly meetings with team reps, site notice boards, regular visits

from senior managers, and a monthly newsletter, the 'Clugston Insider'. I also introduced skip-level meetings where you discuss things with your boss' boss, and brown-bag lunches where I sit down informally with the direct labour force to discuss what is going on. We also brought in a mentoring scheme so that our most experienced workers heading for retirement could pass on their knowledge to the next generation."

Here is the key point from *Undercover Boss*. Many bosses spend a lot of time on the front line, getting to know their people and exposing themselves to the day-to-day issues they are facing. But in these situations, the hierarchical nature of this relationship between boss and subordinate creates an invisible barrier that makes it difficult for employees to be themselves. As Stephen Martin recalls, "When I did site visits as the CEO, I felt people were just telling me what I wanted to hear. When I was working undercover, even with

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a camera crew following me round, people were incredibly open. It was just a completely different conversation to anything I had heard before."

This is the human equivalent of Heisenberg's Uncertainty Principle (by trying to measure a particle, we disturb it). It is said that the Queen of England thinks the world smells of fresh paint, as she spends so much time going to grand openings of buildings and sites that have all been spruced up prior to her arrival. Most executives have experienced this phenomenon in some form. You show up on the shop-floor, or in the bar after work. You want to know what is going on, but your mere presence changes the dynamics of the conversation. Sometimes the workers may be overly polite and positive; at other times they may pluck up the courage to be critical, but in both



cases the message is a “noisy” one that may or may not be representative of what is really happening.

So what can you do to gain the benefits of going “undercover” without subjecting yourself to a reality TV show? My research over the last five years has attempted to provide an answer to this question. Conceptually, it is as simple as inverting the lens. Practically, it means taking a systematic approach to understanding your employees — building insight into what motivates them and how they experience their job, so that you can make their work more effective and fulfilling. I call this the Employee Value Proposition (see Figure 1).

Build insight

We know from many years of market research that what customers say and what they do are not the same thing. The same is true of employees, and perhaps even more so as they potentially have a lot to lose if they speak out. So just as marketers often use “ethnographic” methods to divine the true motivations of their prospective customers, bosses sometimes have to use fairly creative tactics to cut through the hierarchy and understand what makes their employees tick. My research uncovered a spectrum of approaches to building employee insight:

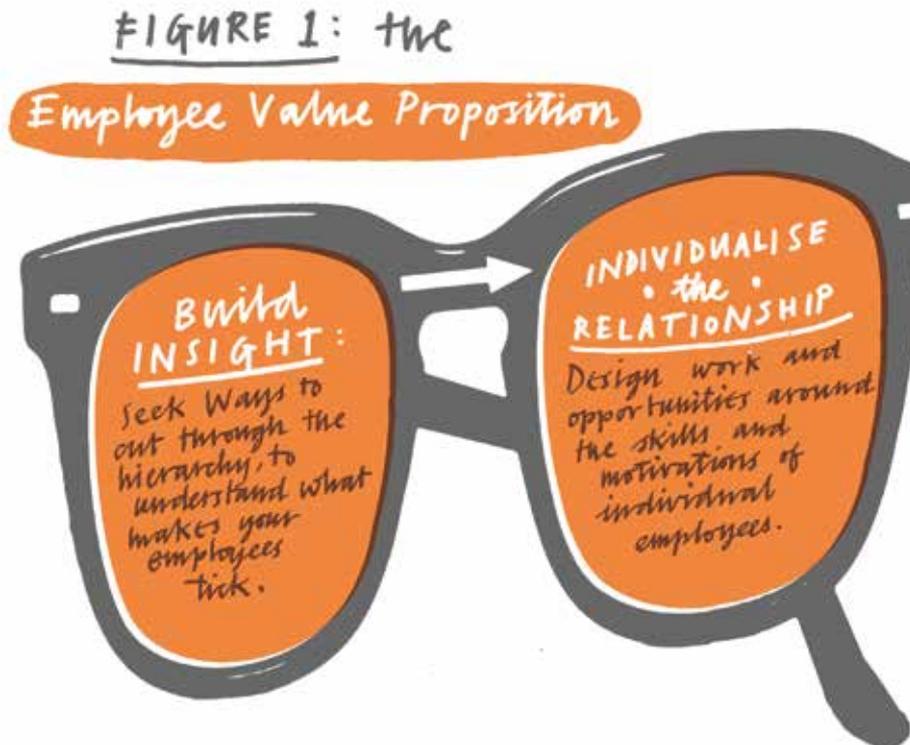
- **Institutionalised “skip-level” meetings**, where the boss meets one-on-one with employees two levels below them in the hierarchy. Some companies have a strong informal norm that you don’t break the chain of command. This norm helps to build accountability, but at the same time it restricts the flow of information. Stephen Martin realised this was happening at Clugston, so he introduced skip-level meetings as a way of getting senior executives more involved in the day-to-day realities of the business. By scheduling them regularly — every two months — they simply became a standard part of the managers’ job.
- **Web-enabled chat and discussion forums**. In large companies, it is simply impossible for all employees to meet their top executives. But technology provides a mechanism to give people at least a virtual connection to the top. For example, the Indian IT Services company,

HCL Technologies, has a tool on its intranet called You & I, where Vice Chairman Vineet Nayar gives direct answers to questions posed by employees. A voting system is used to prioritise the questions, and then, once a week, Nayar sits down for a couple of hours and writes answers to the questions at the top of the list.

- **Executives doing front line work**. This is the simplest and best-known way of cutting through the hierarchy. For example, executives at Tesco, the biggest UK supermarket chain, spend one week every year working in the stores — on the check-out desk, behind the fish counter, stacking the shelves. While this isn’t undercover work — everyone knows the grey-haired guy behind the counter is the CEO — it still serves to remind executives of the day-to-day issues their employees have to deal with, and it makes them look a lot more human as well.
- **Smokers’ corner**. These days, smokers find themselves driven out into the parking lot, or onto the

streets outside their office building, to indulge their craving for nicotine. But the one silver lining for these marginalised individuals is that they often find themselves chatting to people they wouldn’t otherwise bump into, while having their cigarette. This is the sort of forum where gossip is shared, and perhaps because the relationship is smoker-to-smoker, rather than employee-to-boss, the usual hierarchical barriers seem to be suspended. The same is true of other pursuits, such as the squash and running clubs that many companies have. I have often heard senior executives comment that they pick up on the “pulse” of the company more in these cross-hierarchical activities than they do in any number of formal meetings.

- **Reverse mentoring**. Unlike a traditional mentoring relationship, reverse mentoring is where a young, tech-savvy employee helps an older manager to get up-to-speed in the latest developments in technology. For example, Ross Smith, a late-



forties executive at Microsoft is mentored by a 28-year old, to keep him up-to-date on new social media applications, and to get him into the mindset of so-called “Gen Y” employees. Unlike traditional mentoring, this ends up as a two-way relationship, and they end up discussing a wide range of issues, on a much more informal basis than would be possible usually.

Of course there are many other approaches, from town hall meetings to “Management by Walking Around”, that help you cut through the hierarchy to various degrees. The trick is to choose something that fits your own style of working, so that your employees recognise it as an authentic attempt to understand their point of view.

Individualise the relationship

Peter Drucker once wrote, “The goal (of management) is to make productive the specific strengths and knowledge of each individual”. But

the truth is this rarely happens. In most organisations, senior executives design structures and roles then they allocate people to those roles. It is an efficient process, but by shoe-horning individuals into predefined roles, these organisations don’t make full use of their employees’ skills, and they run the risk of demotivating and losing them.

There is an alternative logic: first, hire a bunch of really good people, then build an organisation that makes full use of their skills. Consider the case of Microsoft Lync, the instant messaging service formerly known as Microsoft Office Communicator. Software testing is intense and tricky work. It needs smart people, but the work isn’t always that intrinsically interesting. So for Ross Smith, the director of Lync testing, the biggest challenge is to keep his 85-person team focused and motivated.

When Microsoft Lync 2010 was released, Smith was asked to reorganise his team so that the testing of the next generation product could

begin. Reorganisations can be highly disruptive, and often result in good people leaving. So Smith thought he would try an experiment: rather than decide everything himself, he would let the team lead the reorganisation. “I have always believed some people want to follow their manager, others want to follow their technology, but for this to work you need to let them choose. So I decided to let them. The team were surprised: “We can go wherever we want?” The process became known as a “we-org”.

Rather than ask his four direct reports to pick their teams, Smith explained that individual contributors would select which teams they would like to be in. As explained by Dan Bean, one of Smith’s management team, these individuals “became free-agents, looking for an optimal position, much like a sports star”. The four managers were not in a position to offer more money to these free-agents, but they could offer them opportunities for growth, new technologies to work on, and new colleagues to work with.

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The individual contributors quickly warmed up to this new process. “The initial feeling was, oh, it’s a reorg again, nobody was excited that it was happening. But after the meeting with Ross, it became clear they were really serious about accommodating everyone’s choices. The next couple of days we saw marked changes. Now it was about, what have you decided? rather than, what did you get?” The we-org took longer than anticipated, but the bottom line was that 95 per cent of the team liked or somewhat liked the new method, and only two individuals out of 85 felt that they did not end up with a satisfactory placement in the new structure.



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As well as being highly motivational for the team, the we-org also gave Smith important feedback on which technologies people were more excited about, which products were the most promising, and who the team saw as the best managers.

During my research, I came across several executives, like Ross Smith, who were trying to build the structure around their employees, rather than the other way round. For example, HCL Technologies has developed a tool called “Employee Passion Indicative Count” (EPIC). This is a survey employees fill in to indicate how excited they are about various aspects of their work — who they are as individuals, what work they like to do and where, and who they like to work with. At an aggregate level, this survey provides the company with important insights into what motivates their workers. But EPIC also works as a management tool. “Each line manager reviews his employees’ EPIC scores,” explains Anand Pillai, former head of talent management at HCL, “and this opens up a conversation about what sort of work he should be doing. We discovered some employees wanted to do customer-facing work, while others showed a preference for back-office activities like testing software and doing documentation. In many cases, we are able to move people to jobs they are more excited about. In cases where we cannot make the match immediately, we help them build the competencies they need to move”.

These two examples build on the principle that structuring work around the individual skills of employees (rather than the other way round) is the foundation for a high-performance organisation. This approach is certainly more costly in the short term — it involves much more upfront investment in

understanding your employees, and in letting them have their say about what they do — but when used it typically leads to a higher level of engagement and higher quality outputs.

Manage the experience

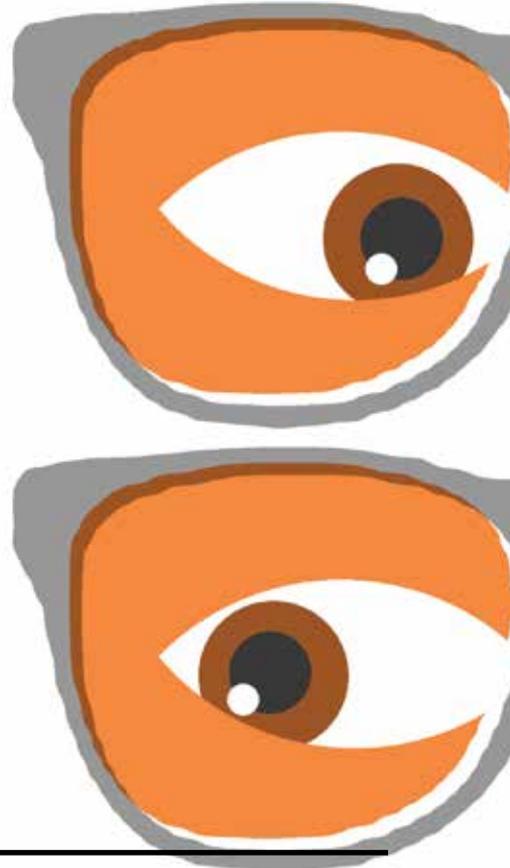
Our day-to-day life at work is a set of experiences, some which make us feel excited and involved, while others drain us of our energy and make us question our choice of employer. So just as airlines and hotels know how the “moments of truth” between their staff and customers define what the customer thinks of them, the best employers are conscious of shaping how their employees experience everyday life in the company.

Of course the quality of the employees’ day-to-day experience is defined largely by their direct boss, as they are the person who defines what the employees works on, as well as setting the tone for how people interact with one another. So for large organisations, managing the employee’s experience is a decentralised responsibility — it is up to each individual manager to do as they see fit. But in addition, some companies have sought to create mechanisms that institutionalise a commitment to a high-quality experience.

Consider the case of (24)7 Customer, headquartered in Campbell, California, and a provider of innovative customer service solutions to its clients. Most of its 10,000 employees work in service centres in India, the Philippines and Guatemala, and annual employee turnover rates in these locations are often as high as 100 per cent. The company’s co-founder and Chief People Officer, Shanmugam Nagarajan (Nags), explained how he keeps turnover rates down to about half the industry average. “I spend about a quarter of my time on the road, meeting with around 500 front line employees every quarter, listening to their concerns and following up with fixes. Transparency and accessibility are key values in the company. We have also put in place what we call ‘90 day surveys’. Our analysis showed that if new employees make it through the first 90 days, they are likely to stick around. So we focus a lot on those first touch points when a new employee starts, and we survey them: are you satisfied with the

office? The food? The transportation to work? Do you have the support you need? Often we can make small changes as a result of these surveys, and that creates a positive experience that encourages employees to stay. For people who have been with us a while we also have a training programme, ‘Wings Within’ for helping employees to make internal transfers into different functional areas.”

Another example is HCL Technologies, which has created what it calls a “Smart Service Desk” (SSD) for its employees. This concept was borrowed directly from the world of marketing. Many companies use service tickets as a way of monitoring and following up on customer complaints. Vineet Nayar had the bright idea of applying this approach inside the company. As he explains, “value is created by employees in their relationship with customers. So management’s job is to serve the employees. The Smart Service Desk is one of several tools we have created to help management serve the employees better.” As an employee at HCL, if you are unhappy about some aspect of your





work, or need a problem resolving, you open a Service Ticket with the relevant manager, perhaps the head of human resources or the facilities manager in your office. It is up to that person to resolve the problem, and the ticket is only closed when the employee is satisfied. This IT-enabled system keeps track of the number of tickets being opened and how quickly they are closed. Unresolved tickets are then escalated to higher levels in the company. The SSD concept puts the onus on managers to become more service-oriented, so that employees feel they are getting a good experience.

These examples are based on low-end jobs in the high turnover IT sector, largely because the challenges are so acute here. But clearly the concept of improving the employee experience applies much more broadly as well. There is room for considerable creativity here, in dreaming up novel ways of enriching your employees' experiences in the workplace.

Through their eyes

There are many ways to improve our understanding of the people who work

for us, all of which to some degree involve trying to see the world through their eyes. There are three reasons why this sort of mental transposition is so powerful in the workplace.

First, it allows you to understand properly what motivates and concerns the other person.

Second, by playing up the view of the other person, you automatically downplay your own perspective. This approach helps you take your own ego and interests out of the equation — an important trait in a good manager.

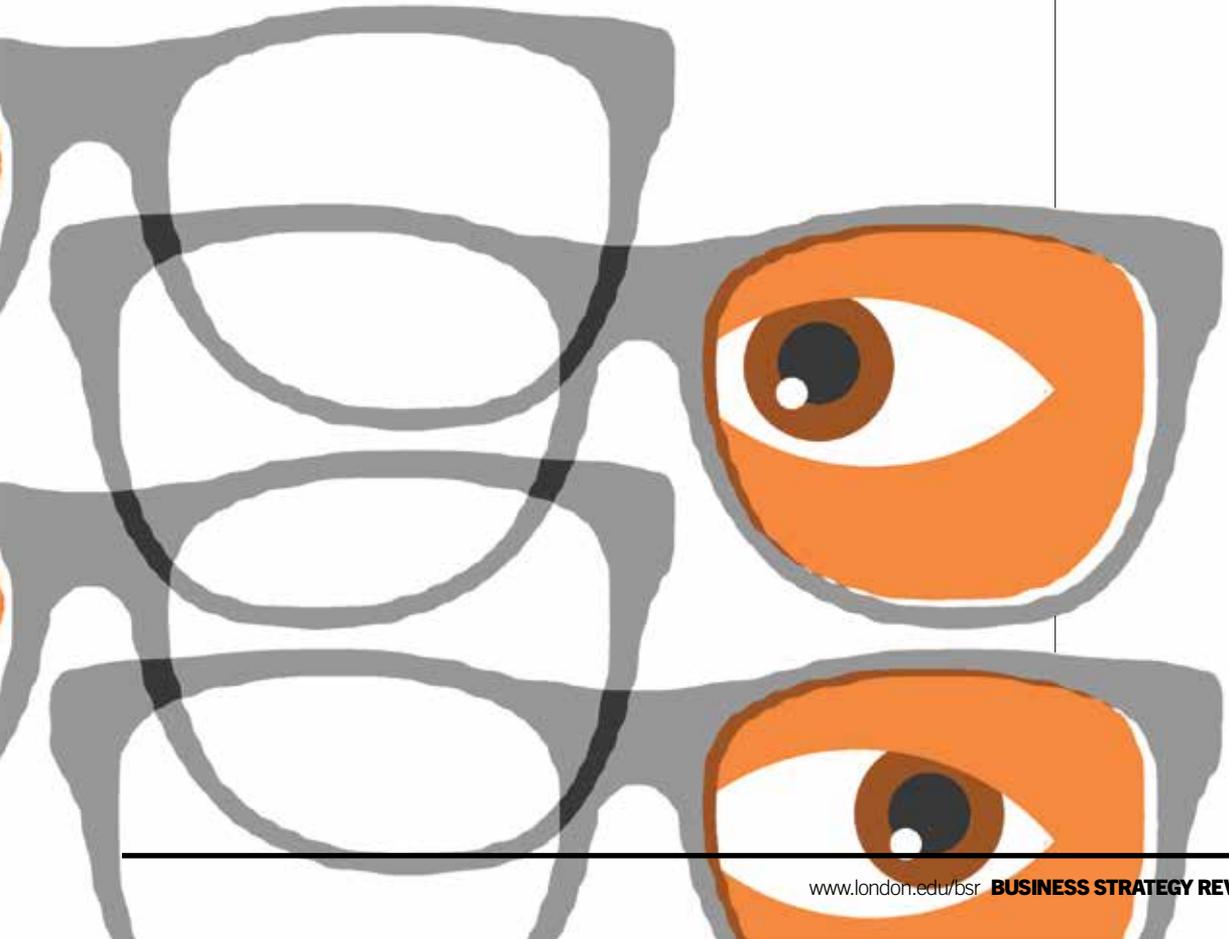
Third, putting yourself in the position of the other person makes you more human in their eyes. By changing how you relate to your employees, you are likely to see a reciprocal change in behaviour on their part as well.

The idea of looking at the world through our employees' eyes isn't a new one. But by thinking through this approach in a systematic way, that is, by identifying the three steps of the employee value proposition and the things that can be done in each step, we are able to turn this old idea into a practical tool for improving the quality of management in our organisations. ■

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