

# *The short-sighted rhinoceros*

Frightened, blundering, unco-ordinated and lacking vision, they stumble unaided through their organisations. Incapable of adapting to their role and of real direction, they leave things in stasis. A fair description of British directors? **Bob Garratt** believes it's not far off. Here he traces the reasons for bad directorship, and examines ways in which a 'learning organisation' can take shape ILLUSTRATION BY STUART FARQUHAR

**I**f I had known how little fun it would be as a director, I do not think that I would have accepted."

"After a few months I felt totally inadequate, became depressed, and dreamed only of getting out, or back to the security of my old job."

These two comments, the first from an international banker, the second from an engineering director of a major company, both of whom had "made it" to general management level in their large companies, are typical of the comments I come across each day in my professional life.

In my experience the majority of people called on to lead and direct their organisations are unhappy about it. They do not feel fulfilled because they know that they are not doing their job as well as they could. On the other hand, they say that it is often very difficult to know what the directing role entails, and there is usually little, if any, help to get into that role.

Why should this be? I suspect that it is because of the way we design our organisations, and the way we handle power within them. In the early eighties Professor Gordon Redding of Hong Kong University produced a short comparative study of US, UK, and Chinese owned and run companies in Hong Kong. The Chinese companies were entirely dependent on the leader, significantly referred to as

"the big men," who determined from day to day what they would do, how they would do it, and who would do it. They were responsive, flexible and fast moving but also seen as chaotic at any given point in time. The structure, values and direction were all held in the head of one person. The organisation was highly personal, even feudal in style, and its view of its mission and relationships were defined personally rather than in relation to the good of the impersonal whole.

The US-run companies were relatively impersonal and well-ordered in their style at the top and middle levels with good systems, clear lines of authority and tight performance measures. However, when these systems met the local workforce there was a great deal of conflict and misunderstanding which dented both their effectiveness and efficiency.

The British-run companies showed an organisation of apparent anarchy at both the top and bottom of the organisation held together, and apart, by a thin film of middle managers who had control by creating barriers through which messages could only pass from top to bottom, or vice versa, via them. They had a picture of the good of the whole which was never made explicit outside their immediate circle but which allowed them to operate effectively despite great odds.

This British example interested me for two reasons. First, because it was so true of many

companies that I knew where the top people did not act as a strategic team but rather as a bunch of individuals loosely bound together by the central heating system; and where the undirected workforce found their own salvation for the most part. The middle managers fought an heroic but ultimately doomed battle on two fronts and became embittered or demoralised because they could never see the top and bottom seeking a common cause.

The second reason for my interest flowed on from this. If British organisations lost this stabilising factor of middle managers and the top and bottom had to face each other, we would have a heady, if unstable, situation. Many argue that this is precisely what is happening in our organisations.

Some cynics say that such anarchy in our organisations is the norm. I think that our organisations are much too important to our society for them to be blundering about like short-sighted rhinoceroses. I have been very keen to find processes where the people charged with giving direction to their organisations could learn how to do so.

In the end a key clue came only on going back to fundamentals. I reviewed what was known of the basic process of people maturing in their jobs.

The first stage of the process is "induction." This is often handled well in organisations. It involves the introduction of newcomers to



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their workplace, their workmates, the work itself and the organisational culture.

"Inclusion" is the second stage needed to mature in a job. This is an altogether more subtle concept and is rarely managed well by either the individual or the boss. It is about being accepted by your workmates - and holds good at any level of the organisation, including directors. This is about your personality and behaviour and whether they will fit with those that already exist in the work group. Management of the inclusion process in the early stages is critical. Once done it is hard to undo. It is, therefore, better to invest time in coaching and counselling the individual and group into accepting each other quickly.

This is a problem as the third stage, "competence," can only be made manifest fully if one has been included. Some directors and managers find this hard to accept. They argue that if a person has been selected for a job then he or she must, by definition, be competent. I argue that they may be theoretically competent in their knowledge and skills but if they have not been included by the workgroups with whom they must co-operate then they are not "competent" in this organisation. Competence is situation specific and inclusion ultimately determines this.

The fourth stage of maturing in a job is that of "development." Once someone has been inducted, included, and has demonstrated over time that they are competent in this culture then the social processes of the organisation allow, and creative companies encourage, development. It seems that one has to earn one's competency spurs before one can go through the rite of passage into becoming a recognised personality in the organisation. Again, this seems especially true of directors. The problem is often to find the rite of passage. Sometimes it is to be seen as being included through being invited to stay for the weekend with the chairman, invited to join an exclusive club to which the others already belong or asked to join a racing or shooting syndicate.

Once that part is over then the developmental process can begin in earnest.

What I will stress here is that the developmental process operating at this fourth level of maturity helps a person move from just having a "job" in the organisation to having a "role." A job is specified through the job description. But a person can, through a process of self-development of, say, new skills and attitudes expand their abilities and the job. By so doing they set themselves new challenges and targets

which they strive to achieve. This is personally exciting but often organisationally difficult. They may well have taken over a part of someone else's job which was either not done well or not done at all. As time moves on the individual begins to develop a unique role in the organisation and to be valued for it.

The fifth stage is that of "plateau." This describes the position reached when there is no internal or external perception of development needed, competence is high, and the individual, their boss, and staff are happy with things as they are. In a turbulent society this idyllic stage rarely lasts long. Because of our demography, we have had a majority of directors and managers "plateaued" for the last 15 years but that is now ending and working people are likely to have a more interesting time from now on.

The sixth stage of job maturity is that of "transition." If the model represents a total career then this would be retirement, or in the case of 25 per cent of British managers, death in service. If this is seen as a career stage then we are looking at promotion, redundancy, sacking, job rotation, headhunting, etc.

The problem is that directors seem to assume that the basic development model holds good at all levels of an organisation except the top. In theory it is as applicable there as anywhere. In practice it is rarely applied there. In all my experience across the world I have only come across one company using the notion systematically from top to bottom, and then it was applied rather mechanically.

There is rarely an acknowledgement that once a person is promoted to the direction-giving level of an organisation, they will need any development at all. Time and money budgets dedicated to training and development tend to cut out before the direction-giving level is reached.

The irony is that these people have typically spent some 20 to 30 years of their career following their highly specialist route to the top of the organisation. They rise because of their specialisation and get a shock when they are expected to behave as generalists - looking across the organisation and outwards to the complexities of the external environment, then taking a wise view of the benefits for the organisation as a whole of different courses of action.

When I work with directors on their development I find that typically over 95 per cent say that they had no system, nor encouragement, to develop their key role. There were

rarely job specifications and few if any induction processes. The inclusion processes were non-existent. What looked from the outside like a "top team" guiding the business was often reported to be in reality a fragmented group of individuals pursuing specialist, often selfish, goals without a common vision, an agreed direction, or similar values.

So these new directors do what any anxious human being would do. They keep their head down, search for clues about what to do and how to do it, and begin to feel fairly wretched. It seems difficult to say to your boss, or colleagues, "look, I do not feel that I am becoming competent at directing - I feel I need some help and training."

The crucial blockages to direction occur in two ways. First, there are the nagging feelings and lack of knowledge as to what is "competence" at director level? I argue strongly that the majority of directors feel that they are not doing a competent job.

Second, and following on from the feeling of a lack of competence, directors do what any human being does after a period of constant tension and uncertainty - they return to their position of comfort. To be precise, they do their *old* specialist job again but this time they do it unofficially.

The snag is that while they feel great, others are now angry. The unofficial return to one's old job creates a blockage of development in the organisation. The person most affected, and most resentful, is the employee who was promoted to one's old job.

The good news is that much successful work has been achieved in turning blockages into flows of learning. This starts from the recognition that the leadership and governance of an organisation is the prime role of the directors as a group.

The success my colleagues and I have had in companies has occurred when we have managed to create five specific conditions:

- A clear and unique strategic and policy-formulating role for the top team. This is distinct from the usual run of board meetings about the governance of the organisation. It excludes the day-to-day aspects of operational management.
- Time and space for the top team to think and learn about its strategic role - linking the changing external environment to the dynamics of its internal organisational reality.
- The creation of a true "team" at the top, valuing and using the individually developed strengths of each member.
- Delegation of problem-solving, and puzzle-

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solving, authority to those who are on the operational side.

□ A willingness to accept that learning occurs continuously at all levels of an organisation so it is the responsibility of directors to create a climate in which it flows freely.

To an outsider such a list can sound naive. Surely, they argue, that is what directors must do anyway? They should, but they do not for the reasons outlined above. I went back to the books and reviewed what was being taught about this area. I found remarkably little and what there was seemed to be contradictory.

#### **Developing a clear policy and strategy role for the top team**

What struck me most was that what was offered had a core area which was small and almost exclusively analytical - concerned with the "what?" rather than the "who?", "why?", and the "how?" There was also little agreed language for the area. The texts seemed to be fighting about which was paramount - strategy or policy?

"Policy" concerns and describes the political, external, world of the organisation.

What policy is not, as it is in so many organisations, is such piffing aspects as the rules for car parking space, holidays, or payment for overnight stays. These may cause a great deal of organisational heat and little light but they are not "policy." I argue that true policy formulation is a key task of the direction-givers of an organisation. This is what differentiates them as directors from the world of the goal-orientated managers and workers.

"Strategy" is where the broad political wishes begin to be made reality. It is a blend of the process of creative decision-taking and leadership and rigorous analysis and reality-testing.

"Tactics," nowadays usually called "operations," deals with the day-to-day reality of reaching specific ends to ensure the achievement of the whole. It was the area of concern of the colonels. Goods are made, telephones answered, accounts written, and the customer satisfied or upset. The colonel (chief executive or managing director) deploys a series of officers (middle managers) to divide the work into manageable units and they, in turn, divide the units down into the workgroups overseen by a first-line manager. This is where the detailed learning of an organisation is done. It is here that the ultimate safety and survival of an organisation is determined.

My concern in unblocking directors is to ensure that they spend a significant amount of

their individual and collective time at the interface of policy and strategy.

#### **Creating time and space for the top team to think**

Directing in an uncertain environment is an uncomfortable activity. There are five aspects of directing which help differentiate direction-giving from the other managing and administering roles:

□ Thinking and reflecting. Managers are typically action-fixated after 20 or 30 years in the "hands on," day-to-day, operations cycle. To be expected to stop and focus on thinking as a priority can be quite unnerving. This needs time to develop in a person and is rarely available unless a time budget is consciously created.

□ Designing the future - the essence of direction-giving is about creating or taking future opportunities. Sadly, many people who become directors are firmly rooted in past prejudices about how to manage, or mimic, the actions of other successful managers.

Research shows that many managers are not that comfortable with dealing with present reality. They find reality-testing a problem and often have neither the systems nor inclination so to do. They tend, therefore, to move forward in a world of fuzzy co-ordinates and hope that nothing untoward will highlight the paucity of their information base.

The same research shows that top managers can develop, and subscribe to, a strategic vision of where they wish to be. They have the capacity but do not always use it. Director level managers seem short on ingenuity. They are, therefore, less inclined to create their own future and seem to prefer to take what fate sends them.

□ Seeing the organisation as a whole. This is a particularly painful aspect for those directors who have come up the specialist route. Their investment has been in projecting their specialist discipline's superiority. To be asked to drop this habit and behave in a way that allows the total picture to be appreciated before a decision is taken on the organisation's behalf is difficult and takes time to learn.

□ Managing in times of turbulence and uncertainty. The joy of working in the operational cycle of a business is that one can take hands-on action to rectify a deviation from plan and see a result. The frustration of working at a strategic level is that you have to react to an environmental disruption - without an immediate result. It requires a different set of attitudes and behaviours.

□ Willingness to learn from others - most of all a director needs to learn that he or she is not the fount of all knowledge in the organisation. If anything, they are the least likely to know most things as people have good reasons to hide information from them. The ability to be humble and seek authentic information at all levels of the organisation is developable and, usually, needed desperately.

#### **The creation of a true top team**

The number of boards or general management groups who agree that they are a true top team can be counted on the fingers of one hand.

I have some key questions that I use to test just how much of a direction-giving "team" I have when I am asked to work with a client:

□ What processes have you outside the formal meetings to talk about ideas, possibilities, and the realities of the organisation on a regular and rigorous basis?

□ When do you indulge in freeform strategic visioning before getting down to plans and budgets?

□ When do you assess and revalue your personal inputs to the board and create maps of the individual resources available between you?

There is usually an embarrassed silence, sometimes an angry denunciation of such "soft" notions, or most typically an admission that we seem to prefer in this organisation painful isolation to supportive co-operation as our teamworking style.

This is curious as the only reason for organisations to exist is the idea that the sum of their outputs is greater than the sum of the individual inputs. If a group of diverse individuals can be welded into a complementary team then there is every chance that the organisation can develop a leadership which can help it survive and grow. The team can form the very centre of the two cycles of learning in a business - the external, policy-formulating cycle; and the internal, operational cycle. By positioning itself at the junction of these two cycles it can create a truly strategic role for itself and become "the business brain" constantly monitoring both cycles of learning, absorbing the information and reacting to it in a responsive manner.

My ideal top team would know and value each other's unique inputs and use them to help create strategic vision and wise leadership for their organisation.

There are numerous routes available to create the information base of the capabilities and aspirations of each director and also the

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top team as a whole.

My preference is for behaviourally-based psychometric tests. Mapping and testing the behaviour of directors is tangible.

Taking a specific group of very senior executives, I have listed typical characteristics which come across time after time in the top teams with whom I am asked to work:

- a tendency towards active experimentation rather than reflection in their learning style
- a tendency to be highly political with each other and to reject the nurturing side of their characters
- a tendency to be highly shaping of others in meetings rather than chairing them in a neutral manner to the benefit of all
- a tendency to belittle the importance of information in preference to their judgment and to be uncaring about the completion of work they have launched
- a tendency to fixate on reward-and-punishment styles of influencing others rather than having a range of styles including creating a common vision.

Whatever the outcome, the patterns must be seen by all concerned. They are not the property of the chairman or chief executive although both of these need to participate if a team is to be formed and sustained. Such "glasnost" in a top team is often welcome, after initial nervousness, as it opens up debates which have long festered.

The key to using these behavioural maps is to ask the simple question of the group: "how can we be more effective in our direction-giving role when we have this mix of people in the team?" Many top teams are recruited from the same specialisms, the same background, the same sex, the same business experience, the same age. Studies of company failures show that companies that crash have too much of the same characteristics in their top managers. Specifically, they have: one man rule; a non-participating board; an unbalanced top team; a lack of management depth; a weak finance function; a combined chairman and chief executive role. A true team is the best antidote.

**Delegation of problem-solving authority to the operations people to run day-to-day affairs**

Delegation - the devolving of your organisational authority to your staff - is a necessary and developable skill. It takes time and nurturing to do well and the payoffs are highly desirable. It needs to be planned and then experimented with in small doses until all parties

are reasonably happy.

Directors have major fears about delegating. The first fear, of losing control of something for which they are held responsible, is also a definition of the top roles of any organisation be it business, government, or voluntary service. There is no way in which top managers can keep their hands on all their staff's operations all of the time. That is why we develop them to take responsibility for their own actions. This gives us a way of learning from them what actually occurs and for them to learn from us what needs to occur. This mutual support is the basis of the learning organisation.

Sadly, the majority of directors with whom I have worked try to keep their hands firmly on their staff's work, thereby blocking their development by stopping their ability to learn from mistakes. It is the nature of directing that you accept responsibility for actions you have not directly overseen. The job of top managers is to select and develop people they trust to do a quality job, and to coach them regularly to ensure that such quality is maintained. Coaching is not doing the job for the staff. In fact the modern school of sport coaching does not tell anyone anything during the coaching sessions, but helps the person being coached to develop his own feedback system through asking questions of what is happening in real time.

Research work on delegation shows that there is a great unwillingness in many managers to go over the cusp of leadership style from the "telling" and "selling" modes to the "participating" and "delegating" modes. One needs to go through each stage to lead an effective team. It is only when one has measured and developed one's leadership effectiveness, in relation to one's ability to both control and delegate, that one is free to be able to find time to think and act strategically.

My response to the second fear about delegation, that I will then have nothing to do if I am successful at it, is "then you are not doing your strategic leadership job properly." There are masses of things to be done at the strategic level and few of them are usually attempted. As examples I have listed below some of the major aspects of the strategic leadership job:

- tracking major trends in the political, social, economic and technological environments
- tracking what our customers need, and what they think of us
- tracking what our competitors are doing
- ensuring that our environmental monitoring systems are effective for our needs

ensuring that the management information systems are responsive enough to give integrative information for strategic monitoring and planning as well as up-to-date operational data

travelling to see and hear what is happening in other industries and countries

creating the corporate culture we need to be effective

creating the climate and systems needed to ensure that the organisation can learn continuously.

When I draw up such a list I am usually met by a chorus of "we would love to do that, but around here if we are not seen to be busy and controlling all the time, then we are in trouble. We cannot afford to be seen to have a clear desk and be thinking let alone be absent from it!" This is a useful point from which to explore the organisational values of action-fixation (the curse of management) rather than action learning.

Does having a clean desk and time to read the newspaper before you start the day make a less effective director? Does having good time management and personal effectiveness so that one can travel and think make one a less effective member of a top team? Do we see ourselves entirely at the beck and call of the chairman and chief executive, having to respond to him or her instantly as in the earlier example of the Hong Kong Chinese company where all the plans were held in the top man's head? If this latter is true, why do we call ourselves a director? Are we not more accurately just a manager-administrator?

**A willingness to accept that the learning occurs continuously at all levels of an organisation**

From the four conditions mentioned above it follows naturally that the key facilitating role of directors is to create the climate in which learning is encouraged, rewarded and allowed to flow freely around the organisation. If you can come to terms with effective delegation, learn the skills of non-directive coaching of staff and know how to give recognition and appreciation for quality work, and constructive criticism for bad work, then you are well on the way to creating the effective learning organisation.

*Bob Garratt is an international management consultant and author. His latest book, "Creating a Learning Organisation: a guide to leadership, learning and development" is published by Director Books, price £25.*