Four Mistakes Leaders Keep Making

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Identifying a series of basic behavior traps that thwart organizational change--and how to manage them.

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The 50 years I've worked with business leaders have been marked by a dizzying rate of economic, social, and environmental change. In response, senior managers and scholars have produced a flood of research, articles, books, and consulting programs offering countless methods for adapting to new circumstances. Strangely, just about all those efforts overlook four basic behavior traps that thwart organizational change, particularly its elusive human dimension.

Deeply rooted in the managerial psyche, the traps are extremely difficult to recognize because they are almost always mechanisms for avoiding anxiety. They serve to protect egos and prevent discomfort.

In advising companies on organizational and cultural change, my colleagues and I have seen hundreds of clients fall into these traps again and again—but we've also found some ways to mitigate their impact. Drawing on that experience, I'll describe the traps and share examples that show how executives can manage them.

Behavior Trap 1: Failing to Set Proper Expectations

Everyone has seen senior managers announce major directional changes or new goals without spelling out credible plans for achieving them or specifying who's accountable: for instance, "We are going to reduce the use of cash by 40% next year" or "We are going to cut train accidents significantly" or "We are going to shift focus from midmarket customers to the upper end during the next two years." Such efforts go nowhere.

More than 35 years ago, in "Demand Better Results—and Get Them" (HBR November–December 1974), I asserted that setting expectations that actually evoke maximum performance was executives' single weakest skill. Nothing has changed. In all the organizations I have observed, managers commit several transgressions when making demands of their people (see the sidebar "The Seven Deadly Sins of Setting Demands").

Here's an example: A large iron mining and processing company was receiving many angry complaints about quality from its largest customer. The CEO met those complaints

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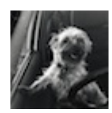
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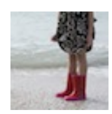
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with apologies and vague promises, and strongly reprimanded the general manager of the guilty operation. The GM in turn held management meetings and communicated with employees about quality—month after month—but there was no discernible improvement. He would have been affronted by the suggestion that his expectation setting was faulty, even though he'd never established specific goals or explicit plans for achieving them.

Another common offense is to describe what must be done and then signal, albeit unintentionally, "if you possibly can do it"—as in, "I know you've lost some people, Stan, but you have to give it a go; we really need to increase sales in your territory."

Such problems are especially insidious because senior managers often lack insight into their own behavior. I vividly remember watching the world-renowned head of a major media company wave his financial reports in the air at officer meetings and refer to them as "confusing junk," much to the consternation of his CFO. When I quietly suggested that he was reinforcing the CFO's behavior by not explaining clearly what improvements he wanted to see, he brushed me off. His dramatics continued with no impact whatsoever on the quality of the reports.

A lot of the time, the failure to define requirements comes down to anxiety. Being clear requires considerable thought and is much more difficult than issuing general statements like "We need to speed up payments, so get off your..." Managers may worry that if they set specific targets their people can't achieve, they too will look like failures. They may fear being viewed as unreasonable ogres by those with whom they work and play golf. Or they may secretly dread some sort of subtle rebellion, where employees appear to comply but undermine initiatives through inattention, focus on competing projects, lapsed communication, or the like.

The Seven Deadly Sins of Setting Demands. The first behavioral trap—failing to set proper expectations—includes the following transgressions:

1. Establishing too many goals
2. Not requiring a plan for how and when goals will be achieved
3. Failing to push for significant improvement for fear that people are already overwhelmed
4. Not assigning clear one-person accountability for each key goal
5. Signaling an unspoken "if you possibly can" at the end of a statement of expectation
6. Accepting reverse assignments ("Sure, boss, I can get it done if you will see to it that...")
7. Stating goals in ways that may not be definable or measurable

Behavior Trap 2: Excusing Subordinates from the Pursuit of Overall Goals

Every operating or staff manager is naturally preoccupied with the performance of her own unit. People with such singular focus tend to "delegate" responsibility for organization-wide performance upward to already overloaded senior managers, who often don't push back.

For instance, the CEO of a large IT-based company had determined that demographic and technological trends would gradually render many of the firm's business lines obsolete. When he tried to draft the smartest people in several units to help him develop new strategies, however, their bosses objected. They claimed they understood the dangers of obsolescence but protested, “We have critical problems today that we need these people to deal with.” The CEO backed off in the face of this strong and seemingly valid resistance.

Another illustration: The largest division of a global telecommunications-manufacturing company suffered competitive disadvantage due to its slow new-product development. The head of product development worked with each of her units to pick up the pace. She asked for and got faster preparation of drawings, faster tool design and development, faster lab and market testing, and faster manufacturing gear-up—but she never asked any of her people to take responsibility for improvements beyond their own functions. As a result, she was the only one who felt personally accountable for the overall results. Though each unit reported significant gains in its own performance, the lack of joint focus on the big picture meant they didn’t add up to much improvement.

Tunnel vision on the part of unit heads is understandable. They’re invested in their own work, and reward systems are typically geared to individual roles and results. But why do senior managers just accept this as the way things are—especially since it forces them to actively coordinate projects their people could be managing independently? Having to play nursemaid to so many activities saps executives’ time and energy. Yet very few seem willing to assign a subordinate full responsibility for achieving results that will require substantial input from peers.

Behavior Trap 3: Colluding with Staff Experts and Consultants

The work performed by internal staff experts and external consultants has multiplied by 20 to 40 times in the past five decades, and the scope of their activity has greatly expanded. But the vast majority of them still get senior management to go along with the same old flawed contract: They agree to deliver their “product” (such as a new system, organization structure, marketing plan, training program, or corporate strategy)—and even to implement it—but they don’t assume responsibility for outcomes. They imply that performance will improve but almost never include measurable gains as part of the deal.

The reason is simple: They are confident they can provide their own expertise, but they are not so sure about working with the client to produce results, so they limit their commitment. Clients almost universally accept this kind of deal. Only a small number of companies require consultants to agree to a fee structure based partly on results or hold their staff experts accountable for the outcomes of their work.

One aluminum-processing plant hired a consultant to improve its automated control system with the aim of speeding up its rolling mill’s throughput. A considerable investment in software and hardware upgrades didn’t accomplish that, however. Instead of being apologetic about the results, the consultant hinted that the company was not exploiting the new system properly and suggested further improvements. Unfortunately, it’s not unusual for consultants to recommend solutions that are impractical or that ignore the limits on the kinds of changes the client organization might be capable of carrying out.

It is obvious why the world’s experts feel protected by such contracts. But why do clients collude with them? From what I’ve observed, specifying sharp, measurable goals for a project puts the reputation of the senior executive client on the line. She must play a much more active role in its design and implementation. It's safer psychologically to place the initiative in a staff expert's hands or sign a fat check to a consultant and hope for the best. If the project succeeds—or if things seem to be going better for whatever reason—the client executive is a hero. If it fails, she can say, "Even X couldn't solve this one!"

Behavior Trap 4: Waiting While Associates Prepare, Prepare, Prepare

When senior managers challenge people to improve sales, accelerate turnaround, reduce costs, develop products faster, or make other needed improvements, the usual response is "Yes, but first we have to..." Finish the sentence: Train our people. Study the market. Replace a key player who retired. Launch the new system. Set up focus groups with some customers. Bring in Six Sigma. Make our culture more change oriented. And so forth.

Modern managerial culture worldwide is imbued with the notion that the first step in improving performance is finding new programs to produce the gains. Seldom does a leader naturally shoot for improvement within existing systems and structures. That's because most managers want to believe they are already doing the best they can with the available resources. To safeguard their egos, they conclude that they can't achieve better results without adding something new. They're inclined to make announcements like "Once we get the new inventory system in, we ought to be able to get our inventory turns way up"—providing the illusion that the issue is being handled.

The aluminum company with the rolling-mill problems fell into the perpetual-preparation trap. About 20% of its orders were shipping late. Since customers mainly used its products in their own manufacturing processes, on-time delivery was essential. The IT manager suggested a solution: Engage a consultant to work with her to install a customer-order-tracking system. If followed, that recommendation would have required six or seven months of work and several million dollars, plus an unspecified number of months to find out whether the system would improve deliveries. Having no alternative solutions in mind, top management seriously considered buying the system.

Overcoming the Traps

The examples I've mentioned represent the hundreds my colleagues and I have seen. The behavior traps can sabotage even the most productive organizations—especially because they reinforce one another in ways that senior management may not see.

Grim as the situation may be, it does have its bright side: These traps account for such significant productivity losses that if you're willing to confront them, you can find major gains. The first (and toughest) step is simple awareness.

Try to identify recent events where you encountered some of the behaviors I've described. Then you can start to push yourself outside your comfort zone, experiment with more-effective methods, and enjoy positive results as your reward. Small personal experiments by senior executives tend to be the most liberating. No "program" can yield benefits as compelling as those experienced by a manager trying out a new way of setting performance demands.

A useful experiment of this kind meets three criteria: It rapidly produces tangible, reinforcing results (that is, it's not just a preparatory step), it incurs very little risk of failure, and it's confined enough to demonstrate a clear, incontrovertible link between the experimental behavior and the outcome.

Gary Hamel and Liisa Välikangas describe the power of innovative experimentation in advancing strategy (see "The Quest for Resilience," HBR September 2003), and my colleagues and I have frequently emphasized its role in operational improvement, in these pages and elsewhere. But only recently have we begun to understand its potential to free managers from the behavior traps that block so much potential.

Take the iron plant whose largest customer was furious over quality failures. The general manager stopped talking about "solving the quality problem." He asked his operating managers to name a couple of places where, with focused effort, they could reliably achieve quick results. They generated a formidable list, which they narrowed down to the five that seemed most promising. For each, the general manager named one person to be responsible for achieving a specific quality improvement in 100 days, with the assistance of a small cross-functional team. The teams were asked to declare in advance the precise gains (not just the activities) they intended to pursue and to prepare a road map of how they planned to succeed.

One objective was "Increase greenball dry crush strength by a minimum of 5% on Line 16." Another was "Increase from 80% to 90% the proportion of samples where moisture variation is within limits." You don't need metallurgical sophistication to see that these are clear, measurable goals. In each case the team lead was held accountable for achieving the needed results even though doing so entailed making improvements outside the bounds of his own job.

All five projects succeeded and were extended to the rest of the plant. Within the 100 days, the quality problems eased up, and in a few more months, they were virtually eliminated. Equally important, the experiment was a transformative experience for the general manager. He grasped, as never before, the power of communicating a clear demand to an accountable manager.

It all sounds so elementary that many managers assert, "Oh yes, of course that is what we do." But in fact, the much more typical programmatic attacks, like this mining company's series of vague quality initiatives, obscure what's missing from organizations' demand-response dynamic.

Here is how experimentation helped two of the companies I described earlier:

Accelerating innovation. At the telecom company with lagging new-product development, the division general manager liked the idea of experimenting, but simply trying lots of new things over the entire 15- to 18-month cycle would not fit the definition of "rapid" or "confined." To illustrate his dilemma, he revealed that one of the company's new products had just missed its announced delivery date. It had been repromised for 90 days later, but he was not confident about the revised time frame. We suggested that his experiment could be meeting the new date, to avoid breaking another promise. The product development manager assembled a team composed of engineering, design, tool room, production, and a few other functions and announced that he was making one person—the engineer—responsible for getting the product out in 90 days. That seemingly modest step was quite radical in a culture where each function was an island of specialized expertise.

Together, the team members created a plan. (Previously, each function would have worked out its own plan, supposedly coordinating with the others.) They set regular work sessions to track progress. Not only did they meet the deadline, but the company institutionalized a number of the innovations tested in the experiment—such as assigning a cross-functional team, led by one person, to be responsible for the development of a new product through every stage.

Ramping up productivity. The aluminum company set aside the consultant's proposal for more systems refinement. Instead, it put together a group of supervisors and employees to organize an experiment for increasing productivity. No new systems. No new equipment. No new people. The aim was to get better results from what the business already possessed. The group set a target of 15% improvement, well beyond any that had been achieved, and actually hit 17%. That opened everyone's eyes to the possibilities of managing for improvement rather than trying to buy it.

It also gave executives the courage to turn down the IT manager's recommendation to install an order-tracking system. To address the problem of late deliveries, the VP of operations organized a "model week" experiment. He selected a week that was about a month ahead and attached a simple goal to it: Ship 100% of orders on time. The idea was to learn from success. Everybody in the plant was enlisted in preparing for the model week. For example: One small team developed a new schedule for loading furnaces during peak periods. The process for making delivery-date promises to customers was made more explicit to the sales force. Senior managers pushed themselves to extend the plant production schedule out a few weeks. They also asked the president of the union local to help in the experiment.

During the model week, 100% of orders went out on time. After the experiment, the company held on to the innovations that seemed to contribute to that accomplishment. In the intervening years—the experiment was conducted more than a decade ago—on-time shipments have never dropped below 95% and have often exceeded 98%.

Multiplying Success. The reason the behavior traps remain so damaging, despite all we've learned about organizations, is that, whatever price they extract, they do satisfy certain psychological needs. To escape the traps, managers have to do battle with their own resistance, as they would in trying to change any well-entrenched habit. Each person needs to experience viscerally the dramatic improvement that is possible, which is why individuals should start with their own modest, low-risk experiments.

Once you do venture and succeed, you can rapidly expand your goals. Here's an example: One of Mexico's leading banks, Banorte, became frustrated trying to increase the availability of its automatic teller machines throughout the country. So it assigned a cross-functional team to improve the service of just 44 ATMs in one neighborhood of Mexico

City in 30 days. When the team succeeded, the bank replicated the process quickly in other areas. The result? In less than 20 weeks, Banorte reduced the downtime of all 2,500 ATMs by 40%.

Or consider Avery Dennison, which conducted 13 experiments geared toward accelerating sales in three divisions in the Cleveland area. In each case, an ad hoc, cross-functional team took on the job of getting an order or submitting a proposal within 100 days for a new product that was otherwise moving slowly through the lengthy development cycle. One team, for example, designed a consumer version of an industrial adhesive tape and got it to market within the compressed time frame. Over the course of two years of such experiments around the world, the company brought in an additional $150 million per year in incremental sales.

Breakthrough experiments create a kind of dynamism through focus and success. If carefully selected and designed, they nearly always deliver. Once that happens, their fruits multiply rapidly.

But every organization needs a few venturous managers to give it a try.

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