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THE MANCHESTER REVIEW is a journal for people and organizations in transition.Areas of discussion include changing corporate cultures,employment and employability, leadership,impact of new technologies,new definitions of work, and the contract between employer and employees, as these issues impact individual and organizational career development. Submit manuscripts for consideration to: Editorial Board, *THE MANCHESTER REVIEW*, 255 State Street, Fifth Floor, Boston, Massachusetts 02109. Include a self-addressed stamped envelope if you would like the manuscript returned.

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From the Editor…

This issue focuses on knowledge management—a term the reader should pause to examine.Those who are classically educated might reflect back to the Hellenic philosophers,as they defined knowledge in the overall context of metaphysics,and its subsets of ontology and epistemology.The business reader may counter by invoking the need to be practical and concern ourselves with how knowledge management impacts the top and bottom lines and increases shareholder value.There is a case for the latter.

According to Thomas Stewart's *Intellectual Capital* , published in 1997 and digested in this journal that same year, "The rise of the knowledge worker fundamentally alters the nature of work and the agenda of management.Knowledge is the most important raw material you need for the job;knowledge workers—alone or in teams—plan,organize,and execute many aspects of their own work.In the age of intellectual capital,the most valuable parts of the knowledge worker's job have become the most essentially human tasks:thinking, sensing,judging,creating,and building relationships."

Shareholders are paying for knowledge when they invest in a company. Indeed,today's CEOs are judged by their ability in human capital management.When expenses today for human resources are as much as 50 percent of total expenses,managing the knowledge that human resources provide and measuring the impact human capital has on business performance are to be taken quite seriously.There is nothing "soft"or theoretical about this.The reader is referred to another work—*The ROI of Human Capital* by Jac Fitz-enz (published by AMACOM in 2000)—in which Fitz-enz clearly demonstrates how to measure the economic value of employee performance.And in today's world,employee performance is bound up with the management of knowledge.

Please e-mail your comments and suggestions regarding the contents of this issue as well as future issues to richard.germann@manchesterus.com.Moreover, let us know if you would like to contribute an article.

William E. Keller

Tools for a Real Knowledge Management Payoff

By Maria Seddio

Say "knowledge management" to most business people today and they immediately think technology. Technology may be part of most knowledge management (KM) initiatives, but rather than dictating the concept of KM, it is best used in an enabling role as one part of a comprehensive approach. Successful KM is a complex mix of business processes, people, and technology. While supported by technology, successful KM initiatives are not simply technological solutions. They are programs of wide-reaching cultural change that impact the organization in significant ways. More importantly, in order for any organization to accomplish its mission, business processes that emphasize employee engagement and facilitate the identification, sharing, and cultivation of knowledge need to be designed and implemented.

The concept of learning before, during, and after any event or project was introduced as a KM initiative at British Petroleum in the mid 1990s and has been used successfully in many companies since. A variety of tools were adopted to support these learning processes. "Peer assists" facilitated learning before, "after action reviews" contributed to learning during, and "retrospects" offered learning after the project. The "knowledge asset" (KA) was the tangible knowledge management product. It is the core repository for explicit organizational knowledge and expertise.

Jo Singel, a VP in corporate education in the HR department of Chase Manhattan Bank was responsible for an automated information system called the Measuring Learning Impact (MLI) system.This system, administered by two employees,measured the impact of learning initiatives throughout the bank. For 18

Adapted from an article published in *Hamlet* , June 2001

Maria C.Seddio is a vice president specializing in executive coaching and organizational development in Manchester's Parsippany, New Jersey office.Maria's writing and research focus on self-organizing systems,the concepts of learning,leadership,and difference,and the ways in which communication practices determine business outcomes.She can be reached at 973-539-9100.

months they had worked hard to design and implement the MLI, and by many accounts the project was a success. The bank was able to identify those training and development efforts that were meeting their learning objectives and therefore could target and budget for programs accordingly. But, because it was a relatively new system, these two employees held nearly all of the institutional knowledge of the system.

Ms. Singel began to fear the potential impact on her small group, since the specialized expertise required to administer the MLI was in the hands of only two people in the entire department. What would happen to the project if either or both of her key employees left? How could she protect the bank from losing the key and critical knowledge that supported the MLI and the project's success? She decided to involve these employees in the development of a knowledge asset around the MLI. When both of these employees decided to leave the organization less than one year later, she was glad that she had.

In the course of developing the MLI knowledge asset an important change had taken place. Chase had announced and begun implementation of a merger with JP Morgan. This meant that the new team that was assigned to take over the MLI would need to learn about and take ownership for the system while they simultaneously dealt with merger integration and assimilation issues. That they were able to step into their new responsibilities without any significant difficulty is a powerful testament to knowledge management at work.

Recently, I had the opportunity to talk to Jo Singel about the MLI project. Included in our conversation were Carol Gorelick and Carter Crawford of Solutions for Information & Management Services, Inc.—both of whom were responsible for creating the knowledge asset for the MLI at JP Morgan Chase.

Maria Seddio: Can you tell us about "knowledge assets" and why it was so important in the MLI story?

Jo Singel: I can only tell you that it was a case of survival; perhaps that is why the story is so compelling. For all intents and purposes, without the knowledge asset, the MLI would have been lost or at the very least significantly disrupted. Development required 18 months of work. Imagine the cost to the company, to say nothing of how demoralizing that kind of experience can be for the people who have worked long and hard to make it happen! Carol and Carter can explain the mechanics, but for me the knowledge asset was a life line at a time when we could have lost the foundation of our project.

Carter Crawford: Once upon a time, in the Industrial Age, machinery determined what you could produce and sell. That is no longer true. Today, the most important asset is people and what they know. But unlike machinery, people are mobile—they up and leave—and when they leave an organization, their knowledge goes with them. As companies come to realize the value of their intellectual assets, they are putting into place initiatives that manage these assets.

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The most popular term for these initiatives is knowledge management. Actually we prefer the term "knowledge mobilization." But it makes no difference what you call it. The goals are simple: Make all successes repeatable and sustainable. Recognize when you make a mistake and never make the same mistake in the same way ever again. Never reinvent the wheel or duplicate an effort. Keep the learning curve as short and fast as possible. Make every decision, at every level, with the full force of your knowledge base behind you. These make up the foundational creed of knowledge management. Now, there are various tools and processes that we use to mine the knowledge in any organization or area of the business. We come at it from all angles.

Carol Gorelick: Yes, the knowledge asset is really a tool for knowledge management. Knowledge assets are concerned with the "what, where, when, who, how, and why" of key areas of a business. They include histories of what has been done in the past (what has worked and not worked), codes of practice that are validated as a future approach (the map), what they've been doing that can be used by others, actual participant comments (their stories in their own words—can be in written, audio, or video form), and links to others who have the experience and often the tacit knowledge that keeps the organization moving.

CC: Knowledge assets are organic—they are never finished. Stories are added, and new information included on an ongoing basis. Above all, things change;the knowledge asset is built to accommodate and reflect these changes.

MS: I am intrigued. You say you prefer the term "knowledge mobilization." That's an interesting distinction. Can you tell me why you make it a point to introduce the term to organizations?

CC: Knowledge management is an unfortunate term, but it has been around for so long that it will probably stick.Most likely the management part stemmed from organizations putting in place systematic processes to capture their information,applications, expertise,and know-how:their intellectual capital. Knowledge mobilization not only has the same acronym,but it more accurately describes what KM is all about:moving knowledge and expertise across an organization.

Knowledge mobilization…more accurately describes what KM is all about: moving knowledge and expertise across an organization.

CG: It is not capturing knowledge that counts. "Captured knowledge"is static knowledge—at best it serves a limited purpose in the organization,just one very small part of what needs to occur for organizations to truly realize the benefits of the expertise, experience,and know-how that drives the business. Knowledge mobilization emphasizes action;in a way it is about how we put legs to our knowledge,travel it throughout the organization,and operationalize it within the business.The payoff is in reusing and refining our knowledge at every opportunity. Mobilization speaks to the energy and active participation that is required in this process.

MS: Interesting. But back to the JP Morgan Chase story. What criteria do you look for when putting together a knowledge asset?

JS: I was thankful that I had two articulate individuals who were able to put their work into words.I think that really worked well with the MLI.They also knew what they were doing.They had a clear understanding of their work as well as how it fit with the others' work.They could see the proverbial big picture.

CG: Yes,that always helps.But it's not a requirement, in fact some very inarticulate people hold key knowledge in organizations,and in those cases,the knowledge asset may be even more critical. We look to link the knowledge asset to major processes or functions. In the bank case,training was a major budget item bank-wide.The training departments needed to measure the impact of each of their different courses,and the MLI did this for them.

CC: Oftentimes KAs grow out of a process we call a "retrospect." Retrospects are best described as "knowledge capture events"which are held at the end of a project,involving as many members of the project team as possible.It is an effective way of capturing the knowledge before the team disbands.

CG: These are structured, facilitated meetings which can last anywhere from a couple of hours to a few days. It helps to identify valuable lessons learned and is a documented resource for others with similar projects.Let's say you are in a consumer products company that introduces many new products.After each new product launch, you conduct a retrospect. Several of these retrospects can then be put together to create a knowledge asset on launching new products.

MS: Information changes so rapidly, how do you ensure that the knowledge asset does not become dated? Do you ever purge the old information?

CC: Oh sure, absolutely;that's a real concern.Old information,if it is no longer valued,should be eliminated.Someone has to own—take real responsibility for—a KA.Let's say a law firm has a KA on "What we know about writing contracts involved in intellectual property."The law firm probably has a group of lawyers who work on contracts. We would recommend that they formalize their group into a community and select one person to own the KA.Then,when one lawyer works out a new or innovative way of handling a contract,it can be reviewed by the group and added to the KA.The same process would apply to outdated information.

MS: In business environments that value success and emphasize "getting it right," how do you get people to talk about their mistakes?

CG: Good question. We like to phrase the question "What could be improved?"or "What would you do differently next time?" rather than "What went wrong?"Also,people are more willing to talk about improvements if they are allowed to make the recommendations themselves.It is not what they did wrong;it is how they are going to do it even better. Good facilitation skills help.

JS: That wasn't a problem with the MLI.Of course there were corrections that had to be made.This was the team that launched the project and there were trials and errors early on. We had to figure out what worked best.But both of these employees were proud of the way they learned from the early mistakes,and what they did with them.We made changes along the way, and it made the project stronger.The KA captured all of this;it was part of the process,and all of this got passed along.

MS: What do you think makes the knowledge asset so useful? What's the one thing that HR professionals and business leaders should know about this work?

CC: Where should we start? The obvious points are collecting,harvesting,and storing valuable knowledge for the organization,and identifying the people who are most experienced in different areas.I think,and this is the part that I find so exciting when I'm working with people on a KA,that the process generates even more knowledge as people come together to sort out their experiences and articulate the tacit knowledge that makes the difference to the project or area of the business.

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JS: It was very gratifying to see employees take such a sense of ownership around the project.The excitement this effort generated was palpable, and the KA captured not only their words but also the expression on their faces and their desire to share their work with others. I think it is precisely this sense of contributing to a larger effort—to this knowledge effort—that makes the KA so powerful and useful to the organization.These employees have come and gone but they remain an indelible part of the business.You know that they are part of the halls and walls of this organization and that is a powerful thing.

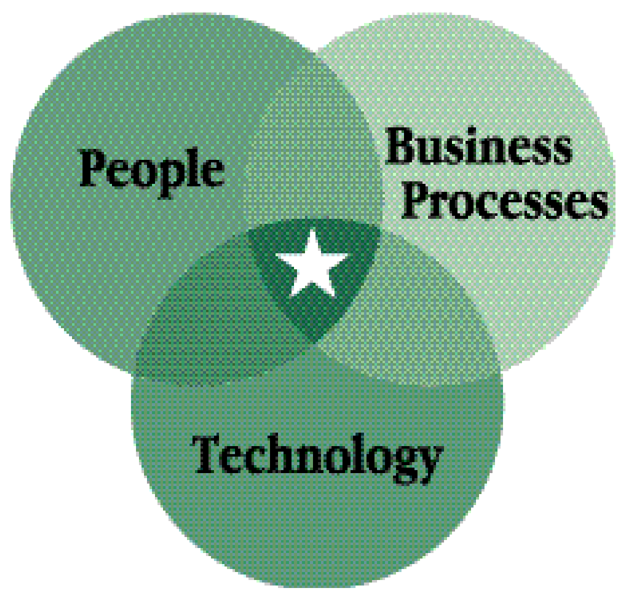
What Is the Goal?

The overarching goal of KM is to deliver outstanding business success through full and systematic use of your organization's knowledge, tapping into what your organization knows to deliver superior business results.

The KM Process:

- Make all successes repeatable and sustainable.
- Recognize when you make a mistake and never make it again.
- Never reinvent the wheel or duplicate an effort.
- Shorten the learning curve.
- Make every decision,at every level,with awareness of the full knowledge base of your organization.

The KM Payoff



Successful KM is a complex mix of business processes, people, and technology.

Knowledge Management Tools

Knowledge Assets

Knowledge assets encompass the "what,why, where,who,when,and how" about key areas of the business.They consist of the following:

- performance histories of what has been done in the past
- code of practice distilled and validated as a future approach
- actual participant comments in text,audio,or audiovisual format
- links to the community of practice where the experience and tacit knowledge reside

Knowledge assets should be organic and grow in knowledge as the organization grows and learns.

Peer Assists

Peer assists are structured, facilitated meetings or workshops where individuals are invited from other business units or other businesses,to share their experience,insights,and knowledge with a team that has requested help.A peer assist targets a specific and significant business issue and results in recommendations for improved approaches to the issue and new information areas to explore. For some companies,peer assists have become the fastest way to start delivering business benefits from their company's knowledge.

After Action Reviews

After action reviews are short, focused meetings for a team, by the team,lasting less than half an hour and held after every identifiable team event. Four questions are answered by all the team members:

- What was supposed to happen?
- What actually happened?
- Why were there differences?
- What can we learn?

After action reviews allow the team to address and optimize the way they work during a project and to start building their collective operational knowledge.They are the foundation for a knowledge culture in the work place.

Retrospects

A retrospect is a knowledge-capture event held at the end of a project,involving as many members of the project team as possible.This is an effective way to capture the knowledge before the team disbands. It is a structured and facilitated meeting which lasts from a couple of hours to a couple of days.A retrospect results in identifying valuable lessons learned and is a documented resource for others with similar projects.It is a means to build KM into your project management process.

Knowledge Management, CKO, and CKM:
The Keys to Competitive Advantage

By John M.Leitch and Philip W.Rosen

To compete well in the emerging economy, it is imperative that firms improve the effectiveness of their knowledge processes. Knowledge management, the chief knowledge officer, and the certified knowledge manager are the tools with which to improve these processes.

Knowledge Management Saves Lives!

The following story appears in *Working Knowledge* by Tom Davenport and Larry Prusak:

> *In 1996, teams of leading heart surgeons from five New England medical centers observed one another's operating-room practices and exchanged ideas about their most effective techniques in a collaborative learning experiment. The result:a 24 percent drop in their overall mortality rate for coronary bypass surgery, or 74 fewer deaths than predicted.*

This story highlights the use of several knowledge management concepts:knowledge sharing,trust,and the use of best practices to achieve the ultimate return on investment—saving lives. In addition, the use of knowledge management initiatives increased the surgeons'market share by giving them a competitive advantage over surgeons with a higher mortality rate.

Knowledge management initiatives can bring that competitive advantage to **your** organization.

John M. Leitch is a program manager for Syracuse Research Corporation.He is currently providing leadership,systems engineering,and knowledge management (KM) expertise to the U.S. government.Prior to that,he spent 13 years as an Army officer in the infantry, armor, and military intelligence fields.Some of his Army KM experience includes duties at the Army's National Training Center facilitating small-group learning,duties as a Jumpmaster in the 82nd Airborne Division sharing critical airborne knowledge,and various intelligence assignments responsible for getting the right information to the right people at the right time to save lives. John can be reached by email at leitch@syrres.com.

Philip W. Rosen is a former Merrill Lynch executive where he spent 17 years delivering progressive technology-based business solutions.Prior to that,he spent 10 years in the telecommunications industry. Due to his passion for knowledge management, he is pursuing a career where he can use his extensive experience as an innovative business technology leader to help organizations achieve competitive advantage through the effective use of their knowledge. He developed a Web site, www.kmadvantage.com,to share information that is critical for businesses committed to achieving competitive advantage.Phil can be reached by phone at (732) 572-1418 or by e-mail at pwrosen@kmadvantage.com.

What Is Knowledge Management?

Knowledge management is a misnomer.A working definition of "knowledge"is:understanding gained from experience.Most knowledge is tacit,in people's heads.Consequently, most knowledge cannot be managed.What can be managed are an organization's knowledge processes.Knowledge processes are embedded throughout the enterprise (e.g.,strategic planning,decision making,marketing,hiring personnel).Every person in an enterprise participates in knowledge processes.Knowledge managers help the organization improve the effectiveness of their knowledge processes.

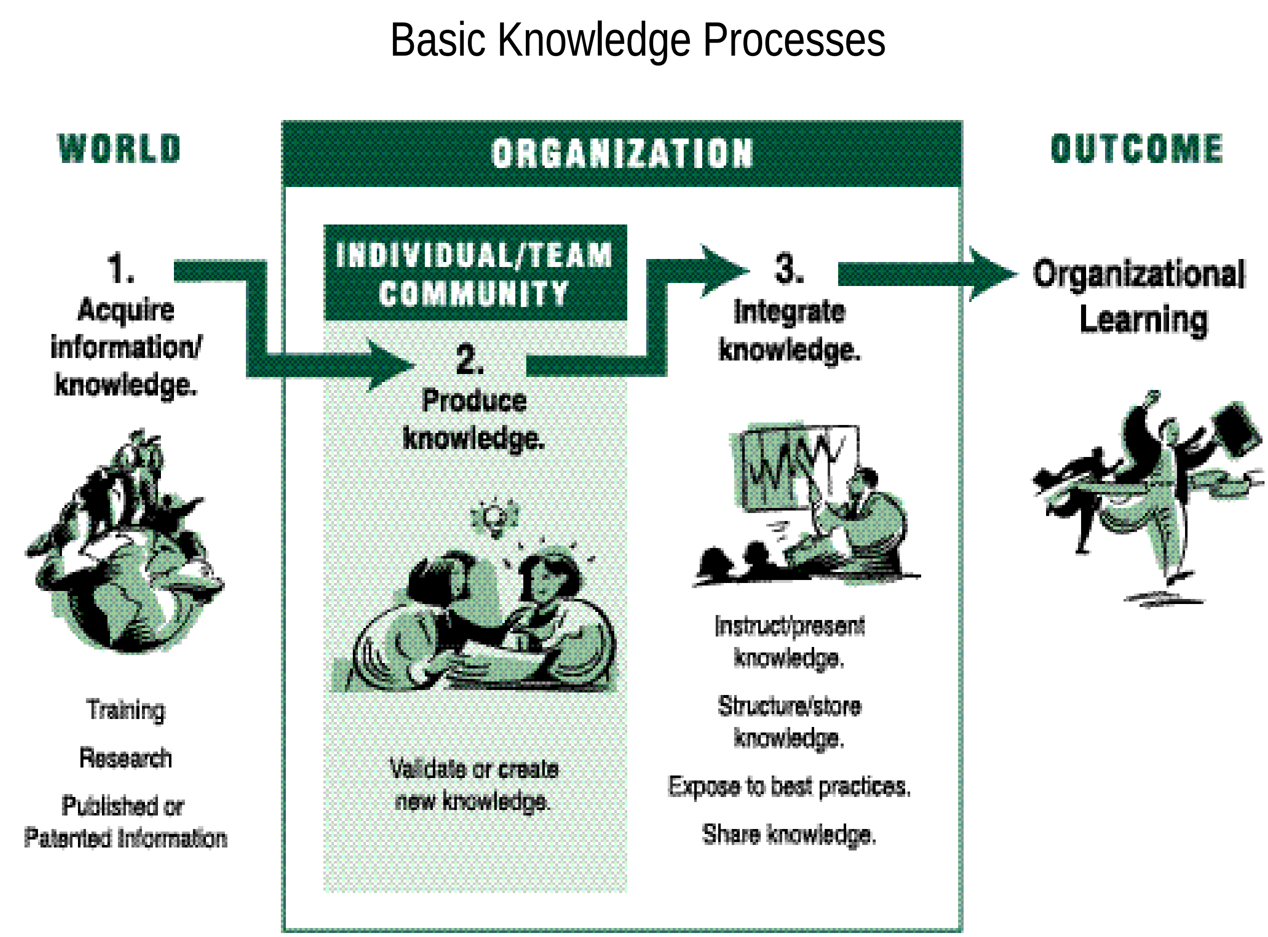
Several professionals,under the sponsorship of Knowledge Management Consortium International, developed the following three-phase Knowledge Life Cycle model (Figure 1):

1. Acquire information and unverified knowledge.
2. Produce new, validated knowledge from the acquired information and unverified knowledge.
3. Integrate the new knowledge into the organization for improved effectiveness.

Understanding and optimizing these KM processes can give your organization a competitive advantage regardless of your market segment.

Innovation,which comes from the creation of new knowledge, is the most important knowledge process for achieving competitive advantage.To gain maximum benefit from the new knowledge, it must be integrated into the organization.The knowledge life cycle is con-

Figure 1:Knowledge Life Cycle Model



tinuous.Understanding and optimizing these KM processes can give your organization a competitive advantage regardless of your market segment.

The Need for Knowledge Management Now!

As businesses continue to forge ahead in the twenty-first century, knowledge management has materialized as the only real differentiator. According to Larry Prusak, the executive director of the IBM Institute for Knowledge Management, "In the emerging economy, a firm's only advantage is its ability to leverage and utilize its knowledge."

To accomplish the knowledge production and integration processes, an organization needs to foster collaboration among all individuals and to codify the resulting insights in knowledge base repositories for self-service access by others. This will enable knowledge management to reach its goal of facilitating the delivery of the best knowledge to the right person at just the right time. With this knowledge, people are empowered to effectively solve problems, make decisions, respond to customer queries, and create new products and services tailored to the needs of clients.

Many organizations have named a chief knowledge officer (CKO) as the executive responsible to make all of this happen.

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Chief Knowledge Officer (CKO)

Knowledge management success requires a holistic approach, and the most effective leader will possess solid technical, business, and social skills. The CKO is someone who could lead an enterprisewide knowledge management program. Included in the CKO's responsibilities are:

- creating a knowledge management vision
- integrating knowledge management into the strategic plans of the enterprise
- selling knowledge management to senior managers and creating a shared vision
- getting buy-in from competing initiatives and advocates
- mentoring knowledge management initiative leaders
- managing multiple projects, vendors, and consultants
- delivering measurable knowledge management benefits that significantly contribute to the success of the enterprise

The CKO's primary activities should span the "metaprise" (the enterprise and its entire ecosystem which includes customers, prospects, suppliers, other strategic alliance partners, stockholders, governing board of directors, and competitors). To be most effective, the CKO needs to be a member of the senior management team and should report directly to the CEO. The CKO's direct reports could be structured through a matrix or as a dedicated knowledge management organization. For proven success, multiple project teams report to the CKO and team leaders need to be accountable to the CKO for the duration of their specific projects.

The CKO has a very complex mission and needs to be very learned in his or her profession. To get the knowledge required for mission success, CKOs have many options available: They can take university courses, read any of the hundreds of knowledge management books on the market, or use trial and error. They can also take the Certified Knowledge Manager (CKM) program which combines the best of the above options into a one-week workshop and follow-up practicum.

The Certified Knowledge Manager Program (CKM)

The certified knowledge manager program prepares its CKM candidates for knowledge management leadership and emphasizes the role of the CKO. This program exceeds the competencies identified by extensive U.S. government-funded research to be the critical standards for successful knowledge management. This CKM research was conducted by noted experts from the government, the private sector, and academia.

The CKM program includes an intensive, one-week workshop, followed by enrichment projects based on assessed needs. The program melds traditional training (proven knowledge management principles and methods) with extensive hands-on mastery (i.e., Knowledge Management Community of Practice, work projects,Innovation Lab,publishing,teaching, and simulations).Satisfactory completion of the program bestows the professional designation of "Certified Knowledge Manager"(CKM),which attests to the professional's ability to successfully perform a diverse set of activities and deliver results well beyond the classroom environment.

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The authors of this article recently became CKM candidates by successfully completing the one-week CKM workshop.Many of the concepts in this article are based on that workshop.

The electronic KM Methodology Kbase (for the robust knowledge management methodology that was introduced in the workshop) serves as a living reference tool that will continuously evolve and incorporate new knowledge as it develops.The CKM Alumni Community of Practice that started during the workshop will continue with the assistance of state-of-the-art technology—KM Methodology Kbase and collaborative technologies for online learning and knowledge sharing.This is invaluable and at the core of knowledge management.The CKM program also is developing associations with universities that are involved with knowledge management research. This research will feed knowledge management practitioners, and the results of the applied research will be fed back to the universities.A CKM Incubation LabTM,currently under construction,includes incubator and venture capital expertise to allow graduate CKMs to confidentially disclose,test,patent,and bring new knowledge management ideas to market.

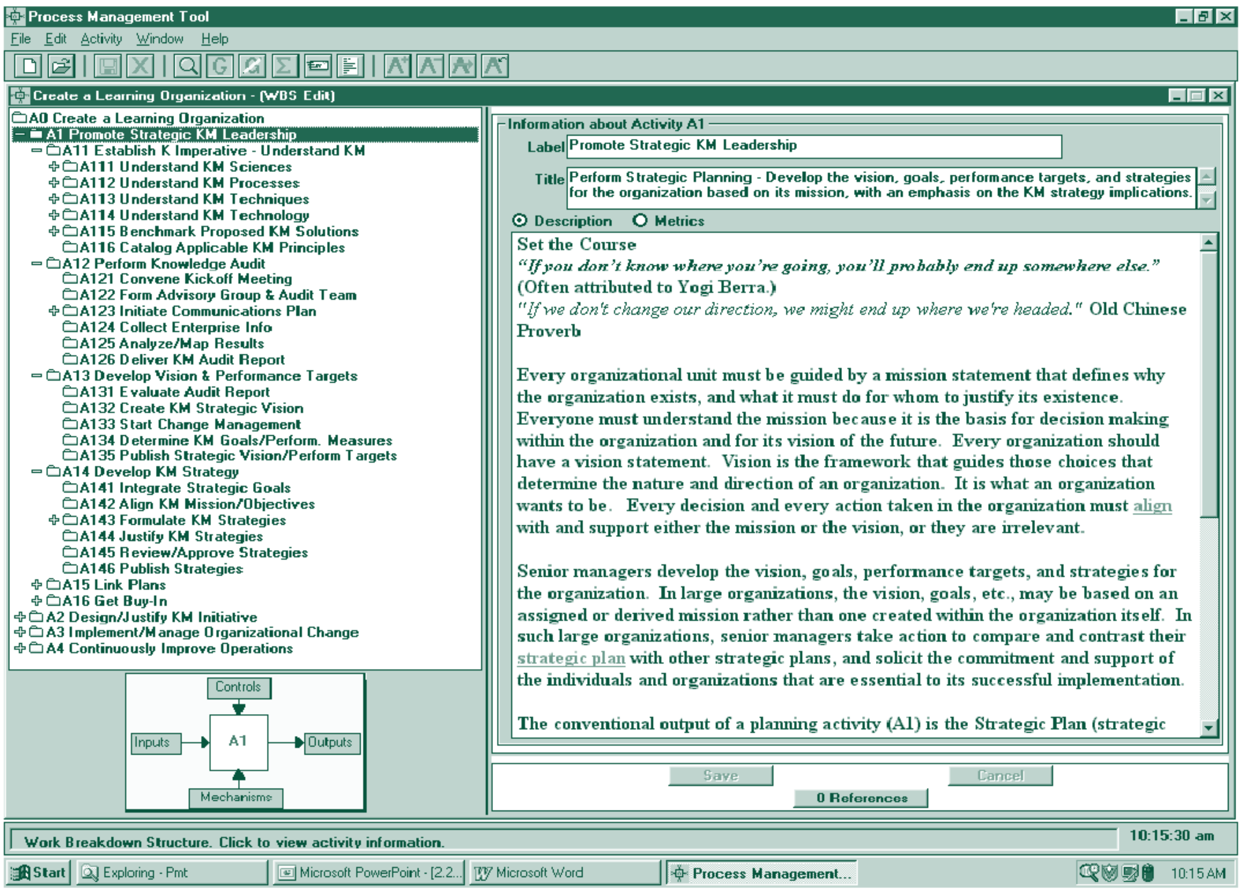
The CKM program's workshop outline is as follows:

- Unit One—Demystify Knowledge Management—What is knowledge management?
- Unit Two—Create Knowledge Management Methodology—How do you perform knowledge management?
- Unit Three —Study Knowledge Management Methodology Phase I—How do you get started?
- Unit Four—Study Knowledge Management Methodology Phases II–IV—Complete the knowledge management initiative.
- Unit Five—Special Topics (e.g.,Excite Innovation, Knowledge Management Performance Metrics, Build and Sustain Communities of Practice, Fundamentals of Managing Knowledge Management Projects)

The CKM program was developed over a period of several years by Douglas Weidner. He is the workshop instructor/facilitator and can be reached by e-mail at: Weidner_Douglas@prc.com.Weidner's unselfish attitude and passion for the success of knowledge management are two of the qualities that contribute to his being a visionary leader and pioneer in the knowledge management field.His full-time position is as chief scientist:knowledge management/senior technical fellow for the $15-billion Northrop Grumman Corporation.Recently, he trained and advised Navy knowledge management system developers for the Navy Acquisition Reform Office's (ARO) worldwide knowledge management system.Also,he provided an in-depth evaluation of the United Nation's two-year-old knowledge management initiative.In April 2000 and 2001,Douglas served on the executive advisory board for the e-gov Knowledge Management Conferences,and presented the event's most popular workshop on knowledge management fundamentals. He is an engineering graduate of the U.S.Air Force Academy with an MBA in business economics and an MSIE in operations research.

Figure 2:KBase Screen Shot of CKM's KM Methodology Phase I

A1 Promote KM Strategic Leadership



Knowledge Management Methodology Knowledge Base

The KM Methodology KBase is a technology-based tool that is the repository for the knowledge management lessons learned by all.The users continuously update it as they share,and most importantly capture, their specific experiences doing detailed knowledge management activities throughout the strategic knowledge management life cycle.

The four-phase knowledge management methodology is:

- Phase I—Promote KM Strategic Leadership—Establish the knowledge imperative.(Figure 2: "KBase Screen Shot of CKM's KM Methodology Phase I")
- Phase II—Design/Justify KM Initiative—Design, test,and justify the strategic or grassroots KM initiative before roll out.
- Phase III—Implement/Manage Organizational Change—Develop organizational and technological change management plans,then implement.
- Phase IV—Continuously Improve Operations (KM Initiatives)—Leverage successes.

Creating a Knowledge-Based Organization

By Joy McGovern

Whether a novice lecturer or platform veteran, anyone who has ever made a presentation on leadership is familiar with the skeptics in the back of the room. They inevitably roll their eyes in unison and mutter to each other that this psychobabble about leadership is all meaningless: "Everyone in the real world knows that the only important aspect of leadership is whether the bottom line is met."

Aficionados of this hard-line view are still legion in number. But scientific evidence and popular opinion are converging around the critical importance of how effective leaders achieve goals, particularly in considering the organization's long-term success. Ironically, study after study demonstrates that leaders who focus on developing people are more successful in the long run. Specifically, current research has identified building organizational capability as a critical competency for leaders in the twenty-first century (Conger and Benjamin 1999).

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Organizational capability is the sum of the specific skills, abilities, and competencies that characterize the organization as a system. Organizational capability evolves from experience, individual skills and abilities, structures, processes, relationships, and the shared knowledge of the organization. Since capability resides in the organizational system as a whole and not in specific individuals, it is a unique characteristic of the organization. This makes it difficult to replicate elsewhere and thus, becomes one of the few sources of sustained, competitive advantage in today's marketplace (Ulrich and Lake 1991).

Leaders who build organizational capability are actively involved in developing the intellectual capital of their organizations. It follows that a key component of building organizational capability is enriching the individual learning of organizational members. This is a necessary but not sufficient condition for success. Building organizational capability also requires put-

Joy McGovern, Ph.D., is a senior vice president and regional manager with Manchester Consulting. Through consulting, coaching, facilitating, and training, Joy has been helping individuals, groups, and organizations make changes in desired directions for more than 25 years. For additional information, please call Dr. McGovern at 609-520-9000.

ting in place organizational systems and processes that capture individual learnings and make them part of the organization's collective wisdom.Additionally, capability builders need to help differentiate essential from nonessential learning by answering the questions "learning about what?"and "for what purpose?" They do so by creating and disseminating a shared vision and values throughout the organization.

…a key component of building organizational capability is enriching the individual learning of organizational members.

This article reviews the literature to determine what is known about how effective leaders implement these strategies to build organizational capability. Specifically, this includes:

- How do leaders develop the individual capabilities of the next generation of leaders?
- How do they create an environment that fosters organizational learning?
- How do leaders socialize a shared vision and values throughout the organization?

Developing the Individual Capabilities of the Next Generation of Leaders

For organizational capability to grow, leaders must ensure that they are developing the skills,knowledge, and abilities of the next generation of leaders.The role of the leader in this process is twofold:

1. orchestrating program opportunities for their managers to engage in development
2. serving as a role model for their people by their own involvement in similar activities

Research from the Center for Creative Leadership has identified the types of program activities that are likely to develop future leaders.These include:

- **Feedback-intensive processes.** For future leaders to grow and develop they need to be aware of their relative strengths and weaknesses. Feedback-intensive programs involve multiple sources of data collected through a variety of methodologies (e.g.,psychological instruments,interviews,surveys) providing a comprehensive portrait of the individual. For maximum effectiveness,ongoing feedback should be solicited from subordinates concerning progress in meeting developmental goals.Leaders who engage in this behavior are likely to engender similar behavior in their organizations.Many of our client organizations,including Bristol-Myers Squibb and Johnson & Johnson have successfully implemented such processes.
- **Developmental relationships.** Developmental relationships,such as mentoring or coaching relationships,need to be embedded in the organization's systems and processes to indicate the value that the organization's leaders believe such relationships have.Leaders who model this behavior by having their own executive coach demonstrate to the organization openness to learning by this implicit acknowledgement that they can benefit from the counsel and advice of a coach.Put another way, these leaders communicate by their behavior that they do not have all the answers,and in a manner similar to the rest of the organization's members,need to continue to grow and develop.

  Developmental relationships also can be purely a function of observation,as when an individual notices the specific behaviors of positive or negative role models.Again,leaders can reinforce such behavior by illustrating their presentations with examples of those who were role models in their past (McCauley and Douglas 1998).
- **Training.** More and more organizations are recognizing that training that is disconnected from the business environment is unlikely to result in lasting change.Consequently, a more effective action-learning model is adopted.Typically, this takes the shape of teams of managers working on actual business problems that the organization is facing (Conger and Benjamin 1999).

  This model is most effective when leaders at all levels of the organization facilitate the training sessions.Tichy (1997) provides several examples of how leaders such as Jack Welsh at GE,Roger Enrico at PepsiCo,and Andy Grove from Intel devote a majority of their time interacting,in formal and informal ways,as teachers with their organizations.They also encourage their direct reports to become involved.
- **Job assignments and challenges.** Explicitly assigning future leaders to particular positions because of the developmental potential of the role is another key strategy. Leaders who facilitate regu-

larly scheduled forums with future leaders to discuss their assignments and what they're learning from them provide a critical component for successful implementation of this option.

- **Learning how to learn from experience.** The sine qua non for developing this skill is the ability to reflect on experience and consequently extract the lessons learned from it. Leaders who systematically engage their teams in debriefing projects demonstrate this strategy in action (Guthrie and Kelly-Radford 1998).

To summarize, capability-building leaders:

- are familiar with the range of developmental options and make sure that they are available to the next generation of leaders
- embrace the role of leader as teacher
- personally model this behavior
- reinforce future leaders who demonstrate teaching behavior

Creating an Environment That Fosters Organizational Learning

Defining Organizational Learning

Leaders must first understand how organizational learning occurs and then implement systems that support it. A common misconception is to equate the term "learning" with "schooling." In this context, learning refers to the interpretation of one's experience.

The first step in organizational learning is to widely generate information through multiple methods and by as many individuals as possible. Every organizational member is expected to be responsible for collecting and communicating information. This includes the collection of external data and the internal development of new ideas and processes. The collection of external data might encompass customers, stockholders, competitors, and suppliers, while the internal development of new ideas would involve creating a climate in which people feel free to express themselves, to take risks, and to learn from experience.

The second step is to integrate this information into the organization. Essentially, this means making the information available on a timely basis to as many other members of the organization as possible. Organizations often mistakenly assume that implementing an automated knowledge database for collecting information will, in and of itself, result in organizational learning. Dixon (2000) refers to this as the "build it and they will come" assumption. A knowledge database is a necessary but insufficient condition.

The third step is to provide a forum for the organizational members to interpret the information collectively. The objective of a forum is for the organization to emerge with shared knowledge based on this new information. Examples of such forums include GE's "workouts" and Weisbord's strategic or future search conferences. Finally, the organization needs to do things differently based on this shared learning.

AT&T provides an excellent illustration of how leaders can create a system for organizational learning. Due to technological innovations, the visionary leader of a business unit planned to restructure and downsize his organization at irregular intervals over a two-year period of time. He wanted to ensure the processes he used had as positive an impact on employees as possible. He contracted with our consulting firm to implement "pulse points." Pulse points consisted of focus groups conducted with a 10 percent random, stratified sample of employees at each location and 10 graphic rating scale items. Data on such variables as satisfaction with communication, help from one's boss, and satisfaction with support services was collected and reported back to management in a facilitated open forum. Based on their interpretation of the data, management then made recommendations to improve or refine their implementation strategies. This occurred every three months over a two-year period of time.

Designing Social Architectural Structures

Social architectural structures that enhance organizational learning include any team-based entities that are designed to have team members share information, solve problems, resolve conflicts, and make decisions regarding important business issues, particularly across organizational boundaries. Examples include cross-functional teams and networks. Essentially, any structure that helps create an entity without boundaries enhances organizational learning. Leaders who empower such structures facilitate organizational learning (Charan 1991).

Modeling Personal Openness to Change

Leaders who want to increase their enterprise's organizational learning capacity need to be personally open to learning. Leaders need to be continually willing to respond to challenges to their cultural assumptions and be open to new ways of doing things and new contexts in which to do them. This usually includes attending conferences or presentations where they meet other leaders, theorists, and academicians (Schein 1992).

Socializing a Shared Vision and Values Throughout the Organization

The explosion of knowledge in today's world makes it essential that leaders develop a shared vision and values to serve as a framework for determining what's important to the organization. Leaders at companies as diverse as Intel, Nordstrom, and Federal Express demonstrate, through their investment in vision and values socialization efforts, their understanding that rapid innovation and adaptation require the aligned efforts of multiple parts of the organization (Conger and Benjamin 1999).

A vision is essentially a goal that beckons. It increases employee commitment by engaging the intellectual as well as the emotional energy and attention of the work force. A shared vision (one that is articulated by the leader but has input from all organizational levels so that it represents the strivings and desires of the organization as a whole) is even more powerful. Essentially, a shared vision creates a shared understanding of the organization and its larger purpose and dramatically increases the behavioral alignment of all organizational members (Senge 1990).

Leaders who build organizational capability do much more, however, than merely articulate vision and values. These leaders:

- actively and on a continuing basis involve the organization in dialogue on behavior that is and is not consistent with the vision and values
- use organizational stories to illustrate these (Tichy 1997)
- host frequent meetings with groups from all parts of the organization, asking for input and reaction to the shared vision
- are aware of the need to be fluid and dynamic
- encourage, rather than resist, input that indicates the vision needs to be revised

Finally, they are vigilant in assuring that rewards and recognition are given only to those whose behavior is consistent with the vision and values.

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Key Knowledge Areas for Board Directors

Excerpt from Corporate Boards: Strategies for Adding Value at the Top

by Jay A. Conger, Edward E. Lawler III, and David L. Finegold

What key knowledge areas are the most important for twenty-first century board directors? According to this excerpt from *Corporate Boards: Strategies for Adding Value at the Top,* they encompass strategy, leadership, organizational issues, relationships, and functional knowledge.

Strategy

The company's business model: Knowledge of how and where the organization makes its profits and its revenues in relationship to suppliers and customers.

Corporate strategy formulation: Knowledge of alternative strategies and knowledge of the strengths and weaknesses of the different strategy alternatives.

Knowledge of the company's customer base and trends within differing customer segments that may offer strategic opportunities.

Competition: Knowledge of key competitors (their strategies, core competencies, leadership) as well as knowledge of potential competitors who might enter the industry due to shifts in the market or technology.

Global markets: Understanding of the various existing and potential international markets for the company. Fundamental knowledge about national economies and government relations in those markets.

Leadership

Senior executive coaching: Skills in coaching senior executives and helping them set goals for self-development and personal growth.

CEO development: Ability to transfer knowledge about the business,suggest learning experiences,and provide meaningful feedback to the CEO about his or her behavior.

Organizational Issues

Strategy implementation: Understanding of how strategic plans need to be implemented through organizational systems and the deployment of resources. Understanding of initiatives that build on the firm's core competencies.

Change management: Knowledge of basic change processes,such as communications strategies,tactics to overcome resistance,dedicated change management teams,and the use of benchmarks.

*Group effectiveness:*Understanding of information about how groups best do knowledge work and how the board can effectively get information to assist in key strategic decisions.

Organizational design: Understanding of alternative organizational designs, their strengths and weaknesses, and how they affect and relate to business strategy.

Relationships

Governments: Understanding of how to deal with corporate host governments in terms of regulatory approval and financial management.

Investors, financial analysts, and the media: Knowledge about communicating effectively with investor groups,analysts,and media representatives.

Communities and the environment: Knowledge of key communities in which the company has its headquarters and major operations.Understanding of legal and social issues concerning the environmental impact of the company's operations.

Functional Knowledge

Finance: Understanding of alternative sources of capital as well as acquisitions, mergers, and divestitures.

Audit: Comprehension of financial statements and auditing procedures.

Why Smart Managers Do Strange Things:

Getting the Craziness out of the Organization

By Gary English, Ph.D.

Dilbert's cartoon-fantasy work world has resonated in work places across the country. For all the bitter absurdity of the characters' situations, there is a telling truth revealing people caught in a work place where little makes sense, where the rational order of things has gone awry, and where managers seem out of touch with the real world. Dilbert is funny because it rings so true; the cartoon's ideas come from readers' experiences. It is sad for the same reason; if the jokes are about your organization, you've got problems.

Management Madness v. Rationality

How surreal can it get? Consider this situation: A certain major mining and chemical operation employed more than 6,000 people. The director of safety and training was concerned about how he could motivate the front-line supervisors to acquire further training. Such reluctance is often the case, especially with pragmatic blue-collar supervisors who see little benefit in most canned training. Moreover, they find that training sessions pull them away from their work, for which they will be held responsible, and which piles up on them while they are gone.

Knowing this, I suggested to the director that he tailor the training programs to the supervisors' performance appraisals so they would have some relevant goals and visible results in the form of some payoff. "The trouble with that," he replied, "is their performance appraisals have nothing to do with their actual job." Clearly, he did not have a training problem at all. His company had a management problem, and the problem was that what the company says and what it does are quite different things. In such a situation, following the official management messages is a way to get into trouble.

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In an organization of any size, management is required to act through formal organizational systems to provide people with what they are officially supposed to know and do. Often in the realm of messages, the axiom proves true that "What you do speaks so loud no one can hear what you say." What management actually does is the message that people note and respond to.

Often in the realm of messages, the axiom proves true that "What you do speaks so loud no one can hear what you say."

Management actions and the resulting social conversations about those actions constitute an organization's informal message system. This informal system tells people what they should really believe and, therefore, determines what actually is done. When people say one thing and do another, we are quite careful and suspicious about them. When management operates like that, it is no different.

Organizational schizophrenia is created when management pronouncements do not match work place realities. It is like trying to work a puzzle when the picture on the box differs from the picture emerging from the pieces being put into place.

For example, the officially stipulated workday may begin at 8:30 a.m. In actual practice, "being at work" can range from being busy at one's workstation to being somewhere on the premises, such as in the building or at the coffee pot. Or it may mean being at work at 7:30 a.m. if one really wants to get ahead.

In other words, the official word of the formal organization is not the same as the informal reality of the organization. This is one reason production goals are set in the break room, not the board room.

If people understand what they are doing and why, then there is a rational, unifying quality to their world. To the degree there are conflicting and contradictory messages, the environment becomes a place where ordinary things can be threatening, and people move toward staying out of trouble (compliance) and away from full engagement (commitment). Management, by its very essence, must operate through formal means. To the extent formal structures are different from the informal realities that govern actual work place behavior, management is not in control, and a feeling is created that the inmates are running the asylum.

Optimizing Your Assets

Having resources is not the same thing as using them well. When an organization's knowledge and skill resources are employed in the right way at the right place and time, it is, by definition, optimized. Failures in quality, efficiency, et cetera occur when the organization is suboptimized and resources are not applied in the right way at the right time.

Many organizations claim "People are our most important asset." Enthusiasm for the work force, however, is not unqualified. As much as people may be the manager's brightest hope, they are also the primary cause of management heartburn. The gap between what we would like people to do and what they actually do can be quite frustrating. Getting people to do what the organization needs, however, is the essence of a manager's job. It is a most perplexing and difficult challenge to be sure, but that is the central challenge management faces daily.

Many managers seem to be on a constant quest for "good" people, as if their problems could be solved with superstars. It is understandable that one would prefer people with outstanding abilities to those whose abilities are inadequate, but the answer is rarely found in a few star performers. In truth, outstanding performance seems to lie less in individual talent than in the working environment. Talent can flourish in one environment and fail in another. Witness the Tampa Bay Buccaneers who had losing records with three quarterbacks who later went to other teams and won Super Bowls the very next year!*

Outstanding people, by definition, are hard to come by and most organizations will succeed or fail on the merits of the average talent they have. Fortunately, most organizations have within them somewhere the necessary knowledge and skills to succeed. That is how they got where they are. But what worked in one situation may not be enough when the situation changes. When the going gets tough, the smart find ways to utilize their resources to the fullest; that is, they optimize what they have.

* Doug Williams, Steve Young, and Trent Dilfer

No organization has the best in talent across the board.Certainly there may be a strength advantage here or there,but not everywhere.The truth is that people are not anyone's most important asset.What people do and how they work together is what adds value and gains competitive advantage.It also is certainly true that some organizations have a richer pool of talent than their competitors.But that itself is the product of an organization's ability to optimize its selection,performance management,and reward systems to acquire,utilize,and retain good talent.

The truth is that people are not anyone's most important asset. What people do and how they work together is what adds value and gains competitive advantage.

The way an organization is managed creates an environment where innovative,quality, productive,and efficient performers can flourish.That is why one coach seems to always win and others never quite get there, even with essentially the same players.

Today's management challenge is to optimize the performance of its people.The strategic instrument that management uses to marshal its human assets in the accomplishment of its business goals is the organization.At its simplest, we can define "the organization"as an entity with its people working together in some predictable way to accomplish a common purpose.An optimized operation is a rational one.That means that what people are expected to do makes sense to them.

Critical Performance Systems

While most things in a work environment can affect performance,from ambient temperature and noise to the commute to work, work force performance is elicited through the management systems that:

- Select suitable performers for the job and organization.
- Establish appropriate performance expectations.
- Provide corrective and developmental performance feedback and instruction.
- Reward desired performance.

Almost every problem in human performance can be traced back,in one way or another, to failures in these systems.How many people are hired or promoted and don't work out? How many people have looked at their job description in the last month? Last year? Since initial employment? Ever? How many people find out about a performance deficiency months after the fact? How many performance problems are simply ignored,either forever, or until the problem becomes major? How many people are given across-the-board raises just for being there;and how many managers,who are awful,still get good bonuses? How many people get fired with a file full of laudatory comments and a history of normal raises? In other words:How many performance systems flunk every test you give them?

Every organization has policies and procedures for rewarding good performance,correcting poor performance,or hiring good performers.However good these may look on paper, the reality of "how things are really done around here"is usually quite different. How many times has a person gone to training for ways to improve performance and returned to work only to be told,in one way or another "Forget that stuff, you're back in the real world now!"

Here we see the crux of the problem.What employees are formally told to do is not what they are informally expected to do.The play called is not really the play to be run.Purpose,process,and effort are out of whack.Think of a sports team in that condition and few winners will come to mind.

Margin of Excellence

The good news is that for most organizations to develop from "okay"to "very good"does not require the radical surgery advocated by many gurus.Like any good athlete,what most organizations need to do is get themselves in peak condition.They are,after all, already operating with some level of success or there would be little to discuss.Even major shake-ups that are sometimes required are usually little more than going back and getting the basics right.Moreover, while a great leap forward can be enticing,it can also be disastrous.When you place all your chips behind one poker hand,it had better be the winner. For most organizations,the wiser course builds from the strengths they already have,the strengths that have made them successful.

The difference between the "not-so-good" or even "okay" companies and the truly great ones is often a small margin, but that little bit can make a critical difference. Humans and chimpanzees share more than 98 percent of the same DNA. The difference between Tiger Woods and the professional golfers who don't make enough to pay their motel bills is less than a stroke. If you look at most companies, they all claim to be doing the same thing and, at least formally, they may be. When you examine almost anything in depth you find there are small but critical and telling differences between outstanding organizations and those who wish they were.

Vince Lombardi offered any other football team his play book. The great coach said the secret is not in the plays but in their execution. Pete Sampras and I both know how to play tennis, and we basically use the same equipment. The difference is in how we play. Likewise, the secret of management success is not so much what to do as how to do it well. That is one reason why copying best practices is often disappointing. Let's face it, most managers today can get any play book they want. Anyone can copy someone else's strategies but not their execution. That has to be developed individually.

Sampras, Lombardi, and others who excel have optimized their assets. Until they did this, they had no idea how good they could really be. Similarly, unless a company has optimized the performance of its work force, it has no idea just how good it can be. If things seem to be going okay, that is often good enough. When competition raises the bar, people must look within to see what they are truly capable of doing. One thing is for sure: Any one of us can count on the fact that, if we really wanted to do so, we could make significant improvements in any area of our lives.

Options to improve, even optimize, are always being presented to management. Management can, at any time, begin to fully use the assets it already has and become more profitable and competitive by optimizing the value of its assets, particularly the work force. The company that can do this best has the advantage. Optimizing the operation, however, means rationalizing the organization.

Optimizing the operation, however, means rationalizing the organization.

Signs of Irrationality

Irrationality is caused by dissimilarities between the official goals of the organization and management practices that seem to differ from those goals. Here is a partial checklist a consultant might use to audit an organization:

- Do managers expect others to abide by the system but exempt themselves, thereby modeling the separation of formal/official from informal/actual?
- Are actions taken to give the appearance of token compliance with government, union, ISO, or other requirements but which are not expected to be used in the "real world"?
- Are activities traditionally done just because you are "supposed to"?
- Are policies and procedures things to be overcome just to do one's job?

Management often expects that on-the-job training (OJT) will prepare a newly hired or promoted staff person. Such hopes, wishes actually, are rarely well founded because many OJT programs seem to exist in name only. For example, mentors often fail to provide proper training because:

- They never properly learned themselves because they were inducted through the same ineffective system.
- There is no rigor in the testing of the learned skills; therefore, poorly qualified people are approved.
- There is no incentive for the mentor to really train the novice, or there are disincentives such as extra work, no reward or recognition, or having to surrender preferred duties.
- The standard procedures are not really standard: "No one pays attention to that manual any more."

Management's challenge is to establish systems and practices that really do what they are supposed to, that is, hire good people, tell people what is expected of them, how they are doing, and what the payoff is. Virtually every organization has formal mechanisms for doing this. To reiterate, the big difference in life is not whether one does something, but whether one does it well. Establishing effective performance management systems is not hard but, like doing anything well, it requires knowing what you are about and having the discipline to see it through.

Taking Control

Management may seek to control through performance demands and restrictive rules. People, however, seem to be infinitely inventive in finding ways to beat the system. Management response to this may be to increase efforts at direct, formal control, through more policies and procedures, memos, and budget restrictions. Pretty soon, a knot develops of rules and regulations that are unworkable and which become increasingly ignored or used selectively. The formal system breaks down further and people begin to improvise as they deem necessary, creating an "ad hocracy." As the adage goes, "It is much easier to beg forgiveness than to ask permission."

One of the first principles that managers must learn is that people do not do what they are told, at least not exactly. What people do is decide what they will do; that is, they translate official management information, whether it be in the form of policies, procedures, or directives into the requirements of their reality. Then they "know" what, when, and how well they should do.

Official management messages are just one voice in the windstorm. The entire work environment is a blizzard of competing messages about quality, management intentions toward customers, and use of company resources. The bulletin board, for example, is itself a message as much as the notices on it. Is it treated as an important source of information? Is it orderly; are things kept current and displayed by priority? The neatness of the work place, the look of the equipment, and dress codes speak about organizational expectations. Wherever you are reading this article, look around you for a moment, and you can observe a great deal regarding what your environment says to and about you.

Formal systems can be thought of as maps to guide effort, with the effort being the result of how the map is used. If the map is a good one and the people properly oriented, the map will be followed rather closely. If not, people will look out for themselves and, again, create an "ad hocracy." When the formal messages fit in with the work place realities people experience every day, employees can become less guarded and skeptical. They can give more credence to and have greater reliance on what management says, and will therefore be more responsive. Management can now exercise positive, effective control of the organization and ensure proper outcomes.

The way to control complex behaviors is to create an environment that guides the way people think about what they do. Management does this is through the critical human performance management systems that:

- Select suitable performers for the job and organization.
- Establish appropriate performance expectations.
- Provide corrective and developmental performance feedback and instruction.
- Reward desired performance.

In most organizations there is at least some degree of irrationality—irrelevant job descriptions, performance review, reward systems, et cetera. Money is "saved" by shortcutting selection, orientation, and development efforts. The formal management artifacts, being rightly seen as irrelevant and ineffectual, are bypassed, ignored, and neglected. Everyone sort of "wings it," and crisp, rational management becomes a myth in the mind of managers and a burden on the back of the work force. The first step for optimizing an operation is to assess its present rationality. Use this checklist as a guide through a quick review of your own organization.

Everyone sort of "wings it," and crisp, rational management becomes a myth in the mind of managers and a burden on the back of the work force.

Is Your Operation Rational?

[Source: Gary English, Ph.D., *Phoenix without the Ashes: A Common Sense Approach to Organizational Excellence* (St. Lucie Press, 1998).]

You can assess the rationality of your organization by asking yourself (and your staff) the following questions:

1. Do you have a clear end in mind? (Do you know where you are going?) Is there a mission statement or statement of purpose; for example, why does your organization exist and what does it hope to accomplish?
2. Do you have a specific plan to get there? (Do you know what should happen, when, by whom, and how you'll know it was done?) This should include

strategies, actions, goals, measures, timelines, and responsible parties. Is anyone paying attention to it?

3. Do you use performance-focused strategies? (Do you focus on effects of decisions?) Are your decisions cost-based, rules-based, authority-based, or goal-optimizing? Do you ask "then what, then what, then what," until you can anticipate what the likely outcomes will be?

4. Do you use best information and analysis in decision making? (Know what you are doing.) What are your measures? What do they measure? Is everything you need to know measured?

   Rule 1: What gets measured is what gets done.

   Rule 2: You can only manage what you measure.

5. Do you maintain managerial control of the organization? (Do you keep in mind why you are there?) Control is the ability to accomplish one's purpose and achieve one's goals; management is the ability to exercise control throughout the organization.

   Therefore ask, what does it take to keep the organization focused on its goals? For example, if we "act locally, think globally," what effect will this have on our operation?

6. Do you strive to ensure the best in craftsmanship and proven technology? (Be prepared.) Are your people properly trained for your future needs? Are you saving money in costly ways?

The ultimate test of your organization is the degree to which its activities and use of resources make sense in terms of the results you are after. The Organizational Rationality Audit Syllabus shows how to scan your operation for areas that are not directly contributing to achieving your business goals or are even working against it. This guide locates and identifies the causes of the organization's wasted resources, productivity weaknesses, profit loss, and "people" problems. Organizational rationality is a management guide for any operation, industry, or work site, as well as for governmental and nonprofit agencies.

The "makes good sense" test can be applied by everyone in your organization, at any time, and under any circumstance. Where things don't make sense, people will then have a standard by which to fix things. Once you know where you are wasting work and money, you can take effective action to ensure your organization achieves and maintains its optimum productivity.

The ultimate test of your organization is the degree to which its activities and use of resources make sense in terms of the results you are after.

Cycle time, reduction, computerization, training, and other improvement initiatives make more sense to your people, and are more likely to be successfully incorporated into real work when the operation itself is rational. When the formal management systems and the informal work place realities are congruent, the schizophrenia is eliminated from the organization. Management is better informed and can make better choices, which means that the work force can believe and follow what management says. Management expectations are more aligned with what will actually happen, and there are fewer unpleasant surprises. Having a rational organization is the only sensible option.

Organizational Rationality Audit Syllabus

Rationality Mark and Measure	Documents/Artifacts Review	Work Place Assessment Methods	Important Questions
Purpose	Overall statement Departmental statements, other statements regarding purpose, mission, goals, values, etc.	Surveys of all employees Interviews with managers, supervisors, and selected employees Work place observations	Is there a clear **statement of purpose**? **Who knows** what it is? **Who understands** it? **What** do they understand? Do they find it **viable**? Is it being **pursued**? Is the **customer focus** clear?
Plan	Written strategic plan Written operating plans at every level and for every function (to fit the business strategy, performance measures, etc.)	Surveys of all employees Interviews with managers, supervisors, and selected employees	Is there a **strategic plan**? Is it viable and **up to date**? Are there supportive **operating plans**? Is **work** done according to plan? Is there a plan for **change** and adjustment?
Use of data and analysis	Strategic plan Operating plans Monitoring systems and practices Response systems and practices	Interviews with managers, supervisors, and selected employees	Is there a clear set of **business goals**? Are there **operating goals** for all critical processes? Are there goals and measures for desired **customer response**? Is the **information management** system rational?
Best tools and craftsmanship	Technical system optimization plan Work performance mastery standards Quality standards Training plan, training program Problem-solving methods Best practices program	Surveys of all employees Interviews with managers, supervisors, and selected employees Work place observations	Is there a **technology optimization** plan and is it being followed? Are there **standards for performance** expectations? Is there a **performance optimization** plan and is it being followed? What is the status of **training**? What are the criteria for **promotions**? Is there a plan to ensure **qualified people** are in and are available for every position?
Performance-based systems	Performance management system Information management system Budgeting structure Business and organizational performance scorecarding Problem-response systems and practices	Surveys of all employees Interviews with managers, supervisors, and selected employees Work place observations	Are **performance expectations** clear? Are they related to the **business strategy**? Are people **paid for performance**? Is needed **information available** in the right place, at the right time, and in the right form? Are **budgeting and cost** decisions linked to benefits and results? Are people **customer-focused**?
Managerial control	All documents noted above	Surveys of all employees Interviews with managers, supervisors, and selected employees Work place observations	Are **decisions** based on business goals or parochial or technical goals? Are **departments** customer-focused? How are **decisions** made?

Sustaining Strategic Competitive Advantage Through Organizational Change at Merck

By Bill Keller

Bill Keller interviews Wendy Yarno, Merck's senior vice president, human resources, to explore strategies being used by Merck to lead organizational changes necessary to continue to compete effectively within the pharmaceutical industry.

Bill Keller: Wendy, would you begin with a broad-brush picture of some of Merck's major change initiatives?

Wendy Yarno: Sure. Actually, I can describe something we are in the midst of doing right now. As a pharmaceutical company, our core strategy is breakthrough research and product development. In mid-2000, Mr. Gilmartin (chairman) and the management committee introduced three new operating priorities for the company.

We used a process called organizational fitness profiling developed by Professor Mike Beer at Harvard. The organizational fitness profiling process helps us to understand the barriers in the organization to the accomplishment of the new priorities. It involves putting a task force in place that does in-depth interviews with about 150 top managers of the company asking them what issues they might have around the operating priorities; that is, what are the company's strengths and weaknesses in relation to these priorities.

The organizational fitness profiling process helps us to understand the barriers in the organization to the accomplishment of the new priorities.

From this, as well as discussions with several hundred other managers worldwide, we have defined a number of things we need to address. During this same time frame, we also conducted a worldwide employee survey which gave us a broader view of Merck's strengths and a few issues we needed to address in the company.

Bill Keller is senior vice president for Manchester's Princeton office, where he manages consulting practices in career transition, executive coaching, and organizational effectiveness. His past corporate affiliations include IBM, Chase Manhattan Bank, and Warner Communications, where he held a variety of human resources and sales positions.

BK: Could you mention these three operating priorities?

WY: Yes.The first is expanding our lead in cutting-edge research,which enlarges the way we look at research by having an equal focus on external and internal sources of innovation and technology.The second is taking a lead in the use of the Internet and all electronic technology throughout all our businesses.The final priority is what we call operational excellence, that is, standardizing business processes using technology as a way to deal with scale and complexity and to drive down costs and inefficiencies.

BK: Besides the worldwide employee attitude survey, was there any external impetus for the operating priorities?

WY: The employee survey was not an impetus for the operating priorities, rather it was a part of a diagnostic to better understand the work culture and what we need to address.The impetus for the three operating priorities came from an external assessment of the environment and an analysis of what we needed to do to sustain strategic competitive advantage.

BK: Would you say that human resources (HR) is in the center of all this?

WY: Well, we are in the thick of things.I think the survey is a good illustration of HR initiating and engaging the entire organization and driving,with the support of the line,something through the organization.And now HR is working with the line organizations to communicate the results to employees—specific to their divisions—and looking at action plans to address specific issues.

BK: Is there anything Merck's HR function is doing in this effort that you would cite as quite unique?

WY: I do not think we are doing anything distinctly unique. I do think we are spending more of our time focused on ways to enable organizational effectiveness than a lot of our counterparts in other companies.We are driving different types of things, such as working with public affairs and the IT group around innovative technology and communications to enhance employee productivity and organizational learning.

BK: What are the really special challenges you have to deal with this year in the area of managing change?

WY: Well, I think accomplishing the three operating priorities and especially the operational excellence priority, which is different,are our special change management challenges.Merck's focus really has been on innovation and driving a revenue line, investing in research and investing in the launch of products.We have not placed as much focus on the expense line to the extent of systematically trying to take cost out of the system.And I think technology enables us to focus now on the expense line. It has not been in our culture to have standard processes across the company, and standardizing the way we do things means some loss of autonomy.We have done this successfully in some parts of the organization,such as manufacturing, but applying this approach more broadly is our biggest challenge. While we are trying to figure out the best way to do this across the company, there is no consistent understanding at this point.The other two operating priorities are a continuation and refinement of things we have been doing.

BK: Will the employee survey data assist you in making this change of focus?

WY: That will help, as will the organizational fitness profiling which is much richer because employees were specifically asked questions about the operational excellence priority. So we got a lot of feedback.

BK: Do you foresee these changes having an impact on the Merck culture?

WY: Definitely. If they are effective,they will have an impact on the culture because the company's culture has been very much focused on research and innovation and making our products accessible to patients. It has not had a strong focus on standardizing processes as a way to create efficiency. In order to make that part of the way we think, we have to move the culture.

BK: Of course, you will retain your traditional cultural emphasis on research and innovation,which certainly have distinguished Merck over the years.

WY: Yes.Certainly, research and innovation are at our core.And if we are successful with operational excellence, we will be able to free up resources to invest in our research.

BK: So the change is a higher focus on efficiency and effectiveness?

WY: Right.Interestingly, some of the new technologies in areas such as genomics,have the potential to change the cost structure of how, for example, clinical trials are done.Genomics may allow us to eventually better identify the right patient populations in which to study drugs so we do not have the huge costly trials we have now. So there is,in addition to operational excellence,this whole component of trying to understand how the new science or technology is potentially going to change the cost structure of research.

BK: Let's focus on leadership at Merck for a moment. Some of your competitors have publicly stated that they need more leaders in the pipeline to achieve their goals in coming years.Where does Merck stand on this issue?

WY: Our pipeline for leaders is good,though not as rich as we would like it. We have a high demand for leaders,driven by our growth over the years and what we anticipate for the future. We have very talented people,but the key is to develop them to be able to take on leadership roles.We have leadership principles,and we use them to reward people as part of their performance.These principals have real teeth as we eliminate people from both succession planning and the company if they do not follow these leadership guidelines.We have and continue to strengthen a rigorous succession plan that looks at the top 300 positions in the company.

We also have a number of ways to develop our leaders. For example, we have worldwide business strategy teams which are major cross-functional teams that address particular product franchises and we use these leadership positions as key developmental positions for people we feel have potential to move up.The rollout of operational excellence may serve as a leadership development opportunity for people as well.

The rollout of operational excellence may serve as a leadership development opportunity for people…

BK: Given all the performance pressures companies like Merck face with meeting top and bottom line aggressive percent increases,how do you deal with the quality of life,that is,the work/life balance issues of your employees?

WY: In our employee survey there were three questions regarding this area.The first two were,"Do you feel your supervisor is considerate of your personal needs?"and "Do you personally feel you have the flexibility to take care of your personal needs?"Responses to both these questions were very favorable. However, we did not do well on a third question:"Do you think the workload is excessive?"Employee perception is that there is too much work.We are addressing this but it is a tough one.Technology seems to have increased workload.And the expectation is that you are available every hour of every day of the week.I believe if we can get our business processes standardized,it will get rid of redundancy and a great deal of frustration.

BK: So are the change initiatives you mentioned in motion and moving along well?

WY: This type of thing is always very difficult when you are trying to move such a large organization—some 70,000 employees around the world.We have a phenomenal level of commitment among our employees, so it is management's challenge to determine what will engage them. Once they are engaged,they are incredibly highly committed people.

BK: What time line are you looking at for these changes to take place?

WY: I think back to when we did the leadership principles about five years ago,and these definitely changed the culture for the better. But it took five years to embed them into the organization's fabric. Now with respect to the first two operating priorities, we are not talking about major change but just refining what we already do.However, I think the third,operational excellence,probably will take two to three years to work into the company's fabric.

BK: As an executive dealing with change,what aspects of it do you find personally most difficult?

WY: I think the most difficult part is where we are now: getting everyone to the same place in terms of realizing what you are trying to accomplish and its scope and being prepared for the difficulty of it.

BK: Finally, do you think we need a different type of leader to deal with all this change today?

WY: Yes, I think that you probably need a different type of leader today than you needed five years ago. Understanding how to lead organizational change is not a skill set many people are born with. Command and control will not work with today's work force when you are trying to lead a major organizational change. What has been called "emotional intelligence" plays a role, and that encompasses an understanding of several things: yourself, your strengths and weaknesses, and where you need to supplement your own leadership skills; other people and how to influence and motivate them; and the role communication plays in effective leadership of change.

BK: Wendy, thank you for sharing some of the challenging changes Merck is facing and your insights as leader of Merck's human resources function.

Work and Life Balance
International Survey

By ARBORA-Global Career Partners

Do you work to live or live to work?

In a recent survey of 1,361 managers, carried out by the University of Manchester Institute of Science and Technology, it was found that more than 80% of managers work more than 40 hours a week, almost 40% work more than 50 hours a week, and 66% report feeling under pressure constantly.

More and more frequently many managers start to think about the quality of their professional lives, with an increased level of stress and pressure. Work-related activities prevail over their lives and leave neither time nor energy for other things.

Associations promoting a new life style are proliferating: "work less, earn less but live better." Concepts such as "downshifting," "voluntary simplicity," or "unorganization" have become popular in recent publications and on the net.

On the other hand, companies are more and more confronted with the difficulties arising from the situation of employees having to combine their own professional lives with those of their spouses (in the United States, 80% of couples both work), and this is a concern of human resources managers.

In the past, the conflicting demand for work versus personal life was seen as a social welfare question that only benefited the employee. A new generation of HR managers is starting to view this issue in a different way. They are looking at the dilemma as a win-win issue.

The best employee is perhaps no longer the one who is inclined to give up everything for the company, including his or her private life, but the one who is able to keep a good balance between personal and professional life.

Objective

The objective of this survey was to evaluate the perception both of managers as employees and of HR managers as employers with regard to the manager's balance between personal and professional life.

To request a copy of the full survey results and graphs, e-mail Richard Germann at richard.germann@manchesterus.com.

More specifically, we were interested in analysing the following related issues:

- From the managers' point of view as employees:
  - We explored up to what point they are stressed and overloaded at work, how this is affecting their lives, and what kind of solutions they are being offered or would like to be offered by their companies.
  - Concepts such as workload, burnout, long working hours, flexitime, permanent availability, and job satisfaction were explored together with general time distribution between work and other personal activities.

In addition, we briefly profiled the professional and personal situation of those interviewed, while preserving anonymity.

- From the human resources (HR) managers point of view as employers:
  - We were interested in diagnosing the prevailing attitude of HR managers with regard to the work/life balance dilemma.
  - Among other things, we tried to answer the following questions: Do HR managers view the issue as a win-win possibility or as a social benefit to employees? Is it possible to keep the same level of efficiency with more flexible work arrangements? Is it compatible to avoid working around the clock with being a good top manager? Is the work/life balance question a problem of women exclusively?

Additionally, a brief profile of the companies surveyed was also recorded as well as the flexible work arrangements they provided:

- part-time work
- flexitime (flextime)
- sabbatical periods or longer maternity/paternity leave
- teleworking (telecommuting)
- job sharing
- job swapping
- flexible holidays

Study Populations

The survey was done on two populations:

- human resources managers
- managers in general

In both cases, answers were collected from managers of companies in 24 countries around the world (i.e., Australia, Austria, Belgium, Brazil, Colombia, Denmark, Finland, France, Germany, Ireland, Japan, Mexico, Netherlands, Norway, Puerto Rico, Singapore, Spain, Sweden, Switzerland, United Kingdom, United States, Venezuela).

In the case of managers in Spain, the database of former students in the most prestigious Spanish business school (ESADE) was available.

The selection of HR managers was made through the clients' database of ARBORA-Global Career Partners companies in each participating country.

Method

Two different electronic questionnaires were designed, one for HR managers and the other for managers in general. They were available through a Web page built for the survey: work-and-life-balance.com. These questionnaires were available to be answered in English, French, German, and Spanish.

The content of the questionnaires was mainly structured multiple-choice questions and, after gaining consensus among sponsors of the study, it was evaluated in a pilot sample with the aim of assessing if they were understandable and to estimate the time required for completion.

In addition, the questionnaire provided the demographic and professional profile of interviewees as well as of their companies. Thus, the pattern of responses could be analysed in relation to those characteristics.

All members of population databases received an e-mail asking them to participate in the survey and containing a link to the Web page with the questionnaires.

Answers were automatically stored in an Access database for subsequent analysis.

Analysis

The data analysis of the results included a descriptive statistical analysis of the population interviewed and their companies and their perception regarding the studied dimensions of the balance between work and life.

Flexible work arrangements of companies in different countries were compared.

The point of view of managers was also compared depending on several profile characteristics.

A multivariate analysis was performed in order to study the relationship among different variables of the questionnaires and to identify a typology of individuals and companies with a cluster analysis.

Results

A total of 2,216 valid questionnaires (949 of HR managers and 1,267 of other managers),after eliminating those questionnaires with missing data or incongruous responses, was achieved.

Sample Description

Thirty-five percent of questionnaires came from central European countries, and 33% were from southern European countries, mainly Spain. Among northern European countries, 17% of questionnaires were completed, and the rest come from the United States, South American countries, and Asian and Pacific Ocean countries (i.e., Japan, Singapore, and Australia).

Gender distribution was 59% men and 41% women. Among human resources managers the presence of women was higher than in the other managers (51% women).

The average age of interviewed managers was 40 years old,men being older (mean 41.4) than women (mean 37.8).

With regard to company scope,57% of interviewees work for multinational companies.Company size,as evaluated through the number of employees,differs depending on the company scope ($p<0.0001$).The most marked difference is observed between extreme dimensions.National companies (most having 100 to 500 employees) tend to be smaller than multinational (most with more than 1,500 employees), as expected.

More than 80% of managers mention having a significant other and almost 60% have children.

There is a higher proportion of male (almost 90%) than female (around 70%) managers living with a partner.

Seventeen percent of managers were CEOs or general managers;32% were area or division managers.

The most frequent functional areas among interviewed managers were—in addition to general management—finances and administration,commercial and marketing area,and consulting.

Managers' Situation

Level of Stress

The average level of stress among managers is 5.86 on a 0 to 10 scale.This average does not differ between men and women,but when comparing stress of any manager with respect to HR managers,a higher level of stress is observed in the latter (6.3).

Additionally, a higher level of stress is observed in younger managers,decreasing with age.The maximum values (5.74) are obtained for managers younger than 35 years old.

Level of Stress Depending on Company Characteristics

Organisational level has an impact on stress level. CEOs/general managers show the highest levels of stress (5.3), followed by those in technical positions (5.11) and project managers (5.06).

Commercial/marketing (5.82),IS/IT (5.78),human resources (5.67),and finance/administration (5.62) are the functional areas where we observe the highest levels of stress.Public relations/communication (5),education/research (5.04),and consulting (5.18) show the lowest values.

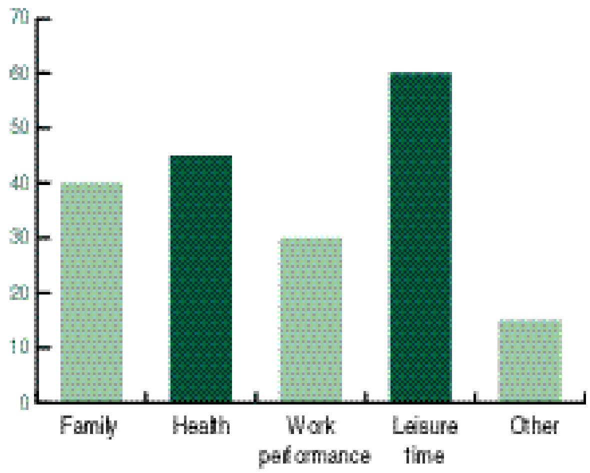
Evolution and Consequences of Stress

Most managers (around 45%) report that the level of stress they are submitted to is increasing year by year. This is especially noticeable among technical jobs (almost 50%).

In addition, in general the level of stress cannot be attributed to exceptional circumstances but to business as usual. This is especially true among older managers.

The stress level is negatively affecting managers' quality of life.They consider that leisure time is the most damaged aspect (Figure 1).Only 15% of managers say that their level of stress is not damaging any aspect of their lives.

Figure 1.
Level of stress is adversely affecting...



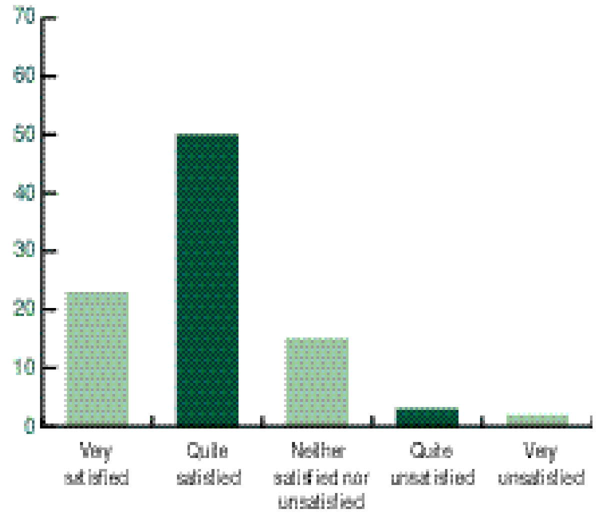
Sixty-seven percent of men and 30% of women consider their level of stress is negatively affecting their family.

The perception of family damage decreases with age, from 50% of younger managers to 38% of older ones.

More than 50% of women and 40% of men consider their degree of stress is adversely affecting their health.

Managers' Opinions
The degree of satisfaction of managers with regard to their job is, in general, very high. Seventy percent report being very satisfied or quite satisfied (Figure 2).

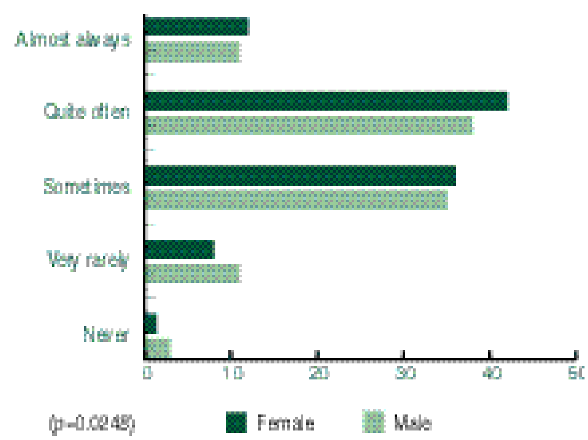
Figure 2.
Job Satisfaction



The percentage of managers who are very satisfied increases with age,the highest proportion (almost 30%) being obtained among managers older than 45 years old.

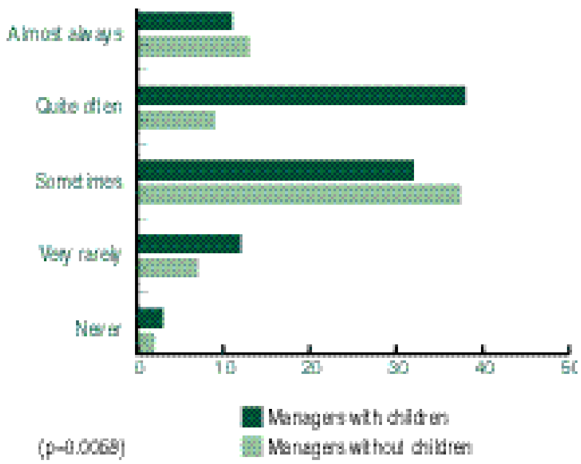
However, a significant percentage of managers answer that they feel overloaded almost all the time. Particularly, more than 50% of managerial women report being overloaded very frequently (Figure 3).

Figure 3.
How often have you felt overloaded in your job over the past year?



In particular, those managers who have children report more overloading (Figure 4).

Figure 4.
How often have you felt overloaded in your job over the past year?

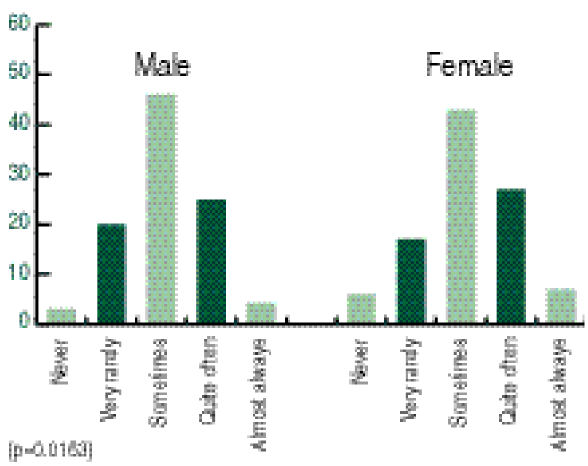


Only 12% of female and 17% of male managers had not felt burnout at any time during the past year, and more than 20% of women and 15% of men felt burnout quite often.

Among younger managers,less than 35 years old,the percentage who had not felt burnout decreases up to 10% less than their older counterparts.

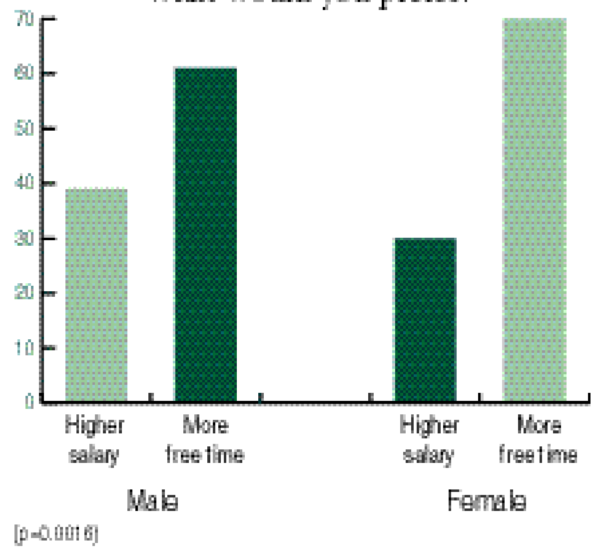
Most managers state having difficulties balancing their personal and professional responsibilities, although women report more difficulties (Figure 5).

Figure 5.
Do you find difficulties in balancing your job and family reponsibilities?



A third of managers would prefer having more free time to a higher salary.Among female managers this percentage increases up to 70% (Figure 6).

Figure 6.
If you were able to choose, what would you prefer?



Managers older than 45 years also state a higher preference for free time instead of higher salary, while preferences are more balanced among younger managers.

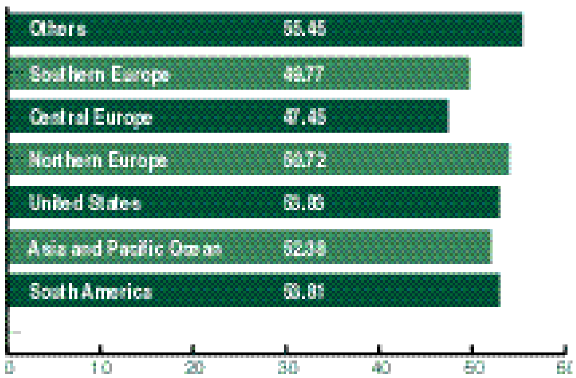
Managers surveyed report working 50 hours a week on average and spending 6 hours commuting (Table 1).Thirty-four percent of managers work more than 50 hours a week on average and 7% more than 60 hours.

Table 1. Managers' Time Distribution

Task	Hours/Week
Work	50.29
Commuting	6.07
Housekeeping and shopping	5.27
Family care	17.1
Personal care and leisure	11.12
Studying	3.77

Managers working more than 50 hours a week on average come from the United States,South America, Asian and Pacific Ocean countries,and northern Europe.Central and southern Europe do not achieve the average of 50 hours per week working (Figure 7).

Figure 7.
Average Number of Hours Working per Week, by Country Distribution



Men work 51.7 hours per week on average, while the average number of hours worked by women is 47.5. This difference is statistically significant.

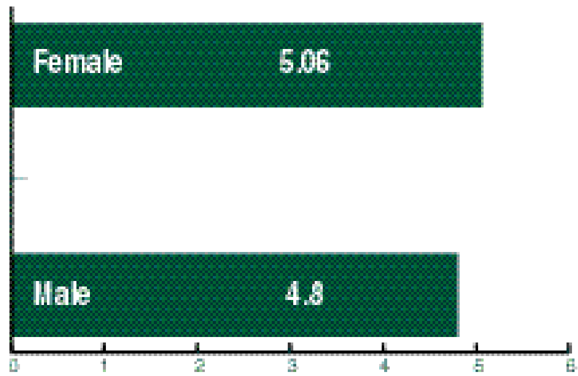
By age, managers between 35 and 45 years are the ones working more hours a week (51.3) compared with 50.1 for managers under 35 years, and 49.3 for managers older than 45 years of age.

With regard to manager organisational level, the highest positions exceed the average of 50 hours per week working (CEOs/general managers—53.34, area or division managers—51.67, and section managers—50.14). Technical positions (46.53) and project managers (48.86) work, on average, less than 50 hours per week.

Functional areas working less than 50 hours per week include education/research (45.1), public relations/communication (47), human resources (48.1), and finances/administration (49.8). The rest of functional areas exceed this average.

Managers "fail" their evaluation regarding work/life balance with a grade of 4.8 out of 10 among men and 5.1 among women (Figure 8).

Figure 8.
How would you rate your balance (0–10) between work and personal life?



(difference of means: p=0.0620)

Particularly, managers working in national companies get a worse score (4.8) than managers working in multinational companies (5.2).

HR Managers' Opinions

The human resources questionnaire included 12 sentences to which the interviewee had to respond on a five-point Likert scale according to his or her degree of agreement.

- totally agree
- partially agree
- neither in agreement nor in disagreement
- partially disagree
- totally disagree

The sentences were the following:

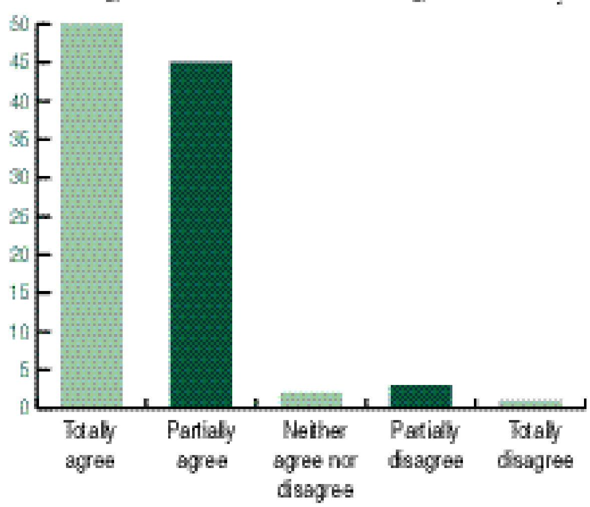
1. Employees that are able to keep a good balance between work and personal responsibilities have better performance.
2. It is possible to offer flexible work arrangements without losing efficiency.
3. The best way to keep good employees in the company is by offering high economic incentives.
4. Most employees would prefer to earn less but have more free time.
5. More and more, people seem to be valuing their work life above their personal life.

6. The phenomenon of work addiction is very common among top managers.
7. Companies should help people to get their work/life balance right.
8. A high level of commitment requires long working hours.
9. Flexible working arrangements are only applicable to mothers or people with caring responsibilities.
10. Two managers sharing a job may be able to provide the same performance quality.
11. A good top manager should be available around the clock.
12. Helping employees to achieve a good work/life balance benefits both the company and the employee.

The vast majority of HR managers interviewed (more than 90%) are totally or partially in agreement with the idea that the best employees are those able to keep a good balance among work responsibilities and personal life.Less than 5% think the opposite is true.

Equally, the majority of HR managers think that it is possible to offer flexible arrangements at work without losing efficiency (Figure 9).

Figure 9.
It is possible to offer flexible work arrangements without losing efficiency.

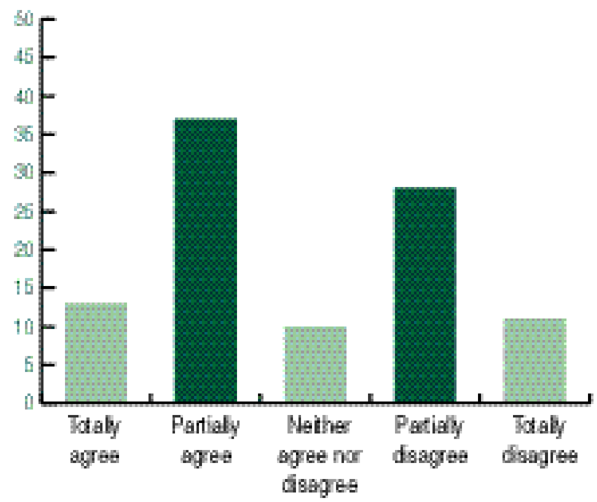


Regarding the idea of economic incentives as the best way of retaining good employees there is some disparity of opinions. Fifty percent of interviewees partially agree with the sentence and 28% partially disagree with it.

Something similar is observed for "Most employees would prefer to earn less but have more free time." Forty-six percent of interviewed managers partially agree with the idea while 28% partially disagree.

There is also diversity of opinions regarding how employees value their work in relation to their personal life.The percentage of HR managers showing agreement is similar to the percentage showing disagreement.Ten percent of interviewees are neither in agreement nor in disagreement (Figure 10).

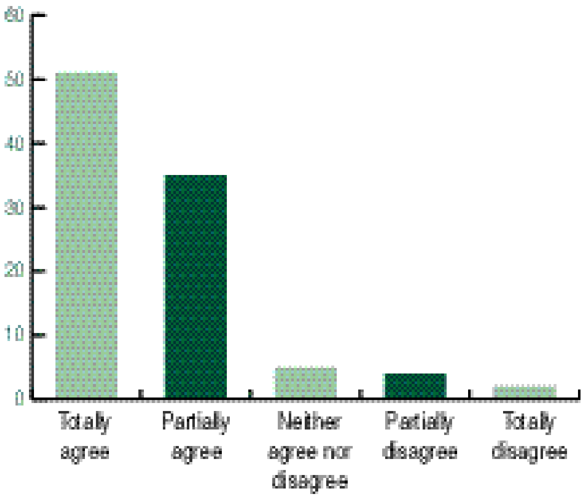
Figure 10.
More and more, people seem to be valuing their work life above their personal life.



Work addiction,from the HR managers'point of view (with more than 90% totally or partially agreeing),is a generalised phenomenon,both in national and multinational companies.

Almost 90% of HR managers think that companies should help employees to achieve a good work/life balance (Figure 11).

Figure 11.
Companies should help people to get their work/life balance right.



On the other hand,almost half of all male HR managers think that a high level of commitment requires working long hours,while less than 40% of female HR managers would be less in agreement with this idea ($p<0.0001$).HR managers under 35 years of age show a higher level of disagreement (more than 60%) with the idea ($p<0.0009$).

In fact,40% of general managers report always or almost always taking work home,and 34% of them claim to work regularly during the weekend.

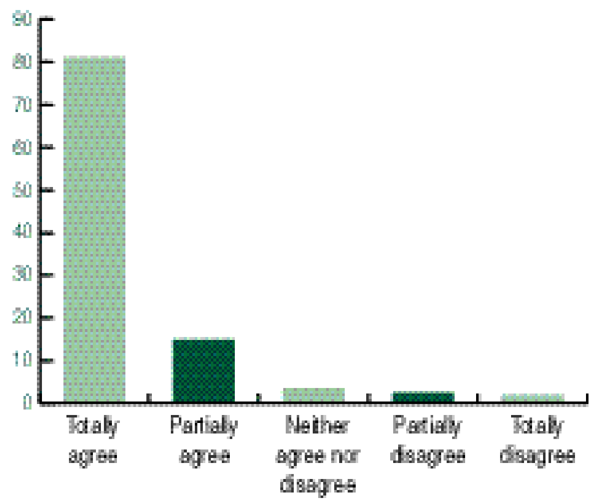
The sentence "Flexible working arrangements are only applicable to mothers or people with caring responsibilities"provokes a high degree of disagreement among female HR managers (64% totally disagree with the sentence,$p=0.03$),although the percentage of male HR managers who disagree is also high (56%).Only 6% of women would partially agree with the idea in comparison to 12% of men.

Regarding the idea that two managers sharing a job position are able to provide the same quality in the job performance,some difference between genders is observed.Women show a greater level of agreement (around 50%) than men (less than 40%,$p<0.0001$).

Males show a "tie"in their level of agreement with the statement "A good top manager should be available around the clock." On the other hand, female opinion is clearer, tending to disagreement (more than 70%, $p<0.0001$).

When HR managers are asked if work/life balance can be a win-win issue or if it only benefits the employee, most people are favourable to the idea that helping to achieve a good balance benefits both,the employee and the employer (Figure 12).

Figure 12.
Helping employees to achieve a good work/life balance benefits both the company and the employee.



Flexibility Options Offered by Your Company

The questionnaire included seven flexibility options (part-time work, flexitime,sabbatical periods or longer maternity/paternity leave than legally required, teleworking,job sharing,job swapping, flexible holidays) that the company could offer. For each option, the HR manager had to respond to with "No,""Only for some," or "For everyone"depending on whether this work flexibility offer was generally possible in his or her company for all employees,only for some,or this possibility did not exist.

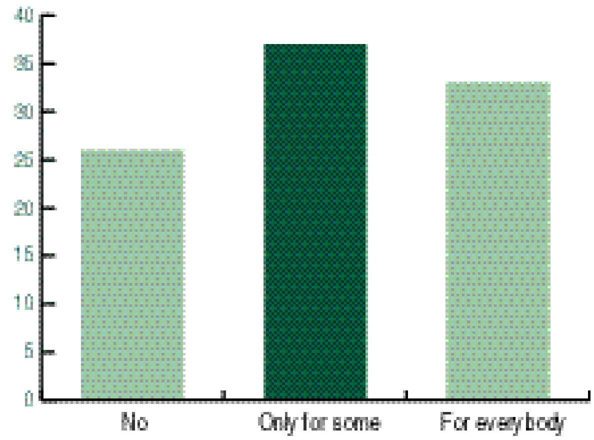
Part-Time Work

Almost half of the companies of the interviewed managers offer some of their employees the possibility of working less than a full day.Thirty-two percent of those interviewed state that their company does not offer this possibility to any of its employees.

It was observed that a greater percentage of national companies offered the general possibility of part-time work than did multinationals.However, the multinationals also offer some of their employees this option ($p = 0.003$).

Flexitime (Flextime)
With regard to the possibility of working full-time but with flexible hours,with the possibility of choosing the start and end of the working day, the companies were quite favourable (Figure 13).

Figure 13.
Flexitime Availability



Sabbatical Periods or Maternity/Paternity Leave
With regard to the company offering sabbatical periods or maternity/paternity leave longer than those established by law, the multinationals were less flexible than the national companies with a percentage of 24% of employees of multinationals who stated that their company offered this possibility to all its employees as opposed to 34% of the employees of national companies ($p = 0.0035$).

Teleworking (Telecommuting)
Forty-eight percent of companies do not offer any worker the possibility of working from home,while more than 40% of companies do offer it to some.

Job Sharing
The concept of job sharing—that is to say two employees sharing a full-time job can decide,in accordance with their superior, who works when—is found in very few companies.Sixty-eight percent of companies do not take this possibility into account for any of their employees,24% offer this possibility to some of their employees,and 3% offer it to all their employees.

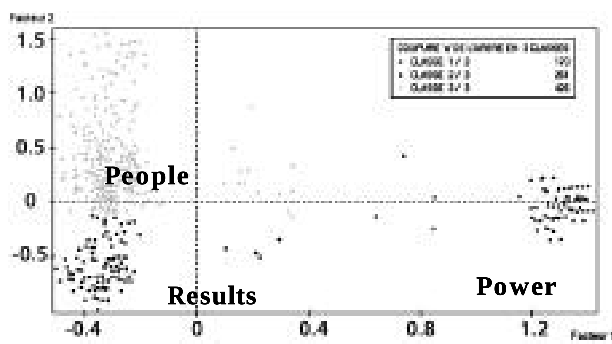
Job Swapping
The exchange of jobs between employees for a limited period of time is found very rarely (in less than 35% of companies).

Flexible Holidays
Finally, the possibility of choosing the period when holidays are taken seems to be a fairly common practice in the companies of the interviewed managers. Around 90% offered it to at least some of their employees.

Relations Between the Results and Profiles of the People Interviewed

A multiple correspondence analysis and a conglomerates analysis were done with the questionnaire given to human resources managers with the aim of characterising the situation and position of the companies with regard to work flexibility and management of the balance between the employees'professional and personal lives.

The analysis of typologies makes it possible to distinguish three clearly differentiated types of company.



First Type

The first type,consisting of companies from southern Europe,mainly Spanish,is characterised by:

- not offering flexible working conditions to employees in general
- agreement with "A good top manager should be available around the clock."
- agreement that "The phenomenon of work addiction is very common among top managers."
- agreement that "A high level of commitment to the company requires long working hours."

- agreement with the statement that "Most employees would prefer to earn less but have more free time."
- mostly male management of human resources

It constitutes a type of company with an organisational culture probably **oriented to power** in which employees have very few flexibility options and where striking a good balance between professional and personal life is very difficult.

Second Type

A second type of company consisting mainly of the United States and northern European countries (Finland,Norway, Sweden),mostly national,is characterised by:

- offering maximum conditions of work flexibility to employees (flexitime,teleworking,sabbatical periods,part-time,etc.)
- mostly female human resource managers of these companies
- having never suffered burnout in their work on any occasion in the previous year
- clear disagreement with the statement that "A good top manager should be available around the clock."
- disagreement with "A high level of commitment to the company requires long working hours."
- disagreement with the statement that "Most employees would prefer to earn less but have more free time."
- lower stress levels than in the previous year

This type of company could be called worker-friendly and would probably be organisations with a culture **oriented to people**.

Third Type

Finally, the third type of company would be made up of those from central Europe (Germany, the UK, Holland,Switzerland, France,Denmark,Belgium, Ireland) as well as Japan,Singapore,and Australia, mostly large multinationals and characterised by:

- offering their workers more classic conditions of work flexibility (such as flexible holidays and part-time work)
- disagreement with the statement that "More and more,people seem to be valuing their work life above their personal life."
- agreement that "Two executives working in one shared job can do as much as one."
- agreement that "The best way to keep good employees in the company is by offering high economic incentives."
- a majority of men in the position of human resources manager

They are a type of company that is placed in a position between the two categories defined previously; they offer flexibility but to the extent that it does not adversely affect the performance of the employee. They would be typically **oriented to results**.

Conclusions

This international study of the balance between the professional and private lives of managers is the first carried out worldwide via the Internet on the matter. The size of the sample,more than 2,200 surveys,and the peculiarity of collecting the managers'points of view both as employees and as managers—through the human resource managers—makes it possible to give a fairly precise definition of the current situation of managers in the companies and the response that the companies are offering.

From among the results extracted from the interviews,the following stand out:

- Rather more than half of human resource managers are women.
- The stress levels of human resource managers is greater than that of managers and executives in other functional areas.
- The youngest managers,those under 35,show the highest stress levels.
- The highest stress levels are found among general managers (CEOs), followed by technical posts.
- More than 50% of managers think that the level of stress in their work grows year by year and that this is not due to exceptional circumstances but is a response to the normal working situation.
- Forty-five percent think that the stress level in their work is harmful to their health.Among women this percentage rises to 54%.

- Sixty-four percent of managers would be willing to give up pay in order to have more free time. This percentage rises to 70% among women and among people over 45 years.
- General directors show the greatest levels of satisfaction with their work (88% are very or fairly satisfied) in contrast with the technical jobs,where only 54% show satisfaction.
- More than 80% of managers have felt burnout at work during the last year.This percentage varies with age.Among the youngest (those under 35) it rises to 90%,between 35 and 45 years it is 85%, and among those over 45 it falls to 75%.
- Fifty-five percent of women feel constantly overloaded with work (always or almost always).
- Forty percent of general directors always or almost always take work home,and 34% of them usually work on weekends.
- Managers work an average of 50 hours a week. Thirty-four percent state that they work more than 50 hours a week,and 7% more than 60 hours.
- General directors work the most hours per week, on average.
- Ninety percent of managers think that a good balance between personal and professional life improves work performance. From the company's point of view, the human resource managers are even more convinced of that,with up to 95% being totally or partially in agreement with this statement and thinking that helping employees to achieve this balance benefits both the company and the employee.However, more than 90% of managers state that they find difficulty in balancing their professional and family lives.
- HR managers (95%) think that it is possible to offer flexibility at work without losing efficiency. However, the flexibility measures offered by companies are mostly the minority except for the possibility of part-time work and flexible holidays.
- Spanish companies are among the type of company that offers the least work flexibility.