



Making Empowerment Happen

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Employee empowerment is a subject that I have been involved with for many years and one that I am especially concerned with. The first initiative that I became involved in, with a position of responsibility, was over 10 years ago and I have seen some interesting results in recent years.

Empowerment has to be a feeling the employee has if there is any real chance of success. You are not empowered until you feel empowered. Clearly you cannot mandate employee feeling, so you have to create the right environment that allows the appropriate feeling to flourish. Doing this is no easy matter.

I haven't seen a single corporate program that is fully effective in empowering employees – although many do help. An attitude of encouragement from management, peers and unions is necessary. Even company to company dealings can affect individuals feelings of empowerment. There is a reliance on single programs by both employees and management that does not help. We need to realize that a combination of sustained initiatives – not programs – will make empowerment happen.

Empowerment is being in control, not being controlled. If you have supervisors constantly checking on employees, explicitly or implicitly, they are not empowered. Empowerment is the ability to satisfy customer needs as they arise. It is being allowed to make decisions – even a limited number of decisions if the employees understand that boundaries will start the process. Empowerment is being valued as an individual and as part of a team. Empowerment is being allowed to make a mistake – although mistakes are not encouraged.

One of the most interesting paradoxes I saw was a corporate memo – outside the travel industry – which made the grand statement, roughly, that as of such and such time and date, all employees will be empowered to do what is right for the customer! Fortunately, as the memo looked so much like all the other edicts and protestations, almost everyone failed to notice. It was a paradox because the memo itself represented the old style thought pattern of “management knows best and is in control”. No indication of employee input was to be seen in the memo, even though the writer’s intentions for the memo were admirable. I’m not picking on any one company however – we’ve all made such mistakes. You cannot mandate empowerment.

I’ve seen some situations where employees tried out their new empowerment, and did something that was clearly right for the customer, and then got hammered when their decision had contradicted the rules. “If that’s empowerment, then I don’t need it” was the response I heard. This highlights many of the dangers to be aware of if you want to have effective empowerment.

You cannot try to empower if you don’t change the reward structure. I don’t mean just the pay scale, but the informal reward structure. If the behavior you want is for front line employees to make decisions and then every decision is going to be questioned, how are you rewarding that behavior? The right behavior will stop. You cannot try to empower if you don’t teach the employees the new parameters, and then support them when their decisions are within the new parameters and coach them when they’re not. Lastly, you must not try to oversell empowerment – you make it happen first and let it flourish by itself.

Yet another scary example I have witnessed is empowerment by abdication of leadership. “Do what you want, you are all empowered!” When you do not set the vision of where we are going, and state some of the key methods you should use to get there, employees are at a loss for what to do. Some will do nothing, some will

try, and get beaten back by the traditional and indigenous culture. Some will go off in any direction and will really run with it – look out. If you stop them, you kill the best examples of empowerment you have, and yet if you don't stop them, you might be wasting vast sums of time and money.

It's easy to set this abdication process in motion. Vision posters are sometimes indications of where the company wants to go, but if they are not backed up by open communication and discussion about the meaning of the vision, they are of little value, and can demoralize. There is also a situation that I call the “ho-hum” syndrome – a vision like “we want to be the best ... whatever”. Ho-hum – isn't that what we are all in business for? How about a vision that has some intrinsic value that allows an employee to feel good when they say, “Yes, I want to be a part of that”. The Matsushita Company has many visions, five, ten, twenty-five, one hundred and two hundred fifty-year visions. What is their 250-year vision – every person in the world who wants a job has one! Wow. What kind of power is there in that? Do you think that could empower people? My message – be careful with visions. Be careful about what you ask for – you might get it.

Poor communication once a vision has been established is also a downer. Don't just think of a vision and post it on the wall. Don't try to get consensus on the wording – it dilutes the power of the leader's vision and only pretends to get employee buy-in. Communicate, hold employee meetings, discuss the vision openly, state what you expect and what you do not expect. Allow dissension at first, encourage challenges to the notion --- then close in and start enforcing some alignment with the vision. We probably need to have at least one year worth of discussion on a ten-year vision. Too long I hear you say? I believe that if the vision of the company leadership has intrinsic value, then it's worth taking the time to get employees involved. Look at XEROX, Matsushita, SONY and some AT & T divisions to name a few who have successfully used vision statements.

So these observations suggest the following must happen at least if you are to make empowerment happen. Rules must become guidelines, guidelines must become truly customer focused, managers must become listeners and coaches, employees must understand the corporate goals and values, and management must live those values and reward the right behaviors. The solution to making empowerment happen is all of these things – it's systemic, nothing less.

A good example of empowerment by the way, is the Ritz-Carlton hotel experience, where any hotel employee has the right – in fact the responsibility – to personally attend to any guest problem or wish on the spot. No departmental targets conflicting with this goal, nobody asking whose business they think they're into – just customer solutions. Everything about their operational processes support the employee in this charge – and the customers keep coming back at premium rates. Ritz-Carlton has clearly defined their market and designed their processes and employee training around that markets needs. That's empowerment.

So far, I have discussed empowerment as if it's an internal issue. It's not. This isn't just a feel good program for employees. What are the benefits of empowerment to our customers? Reduced employee frustration leads to reduced friction in engagements with customers – less quoting of rules, more solutions offered. As customers ourselves, we like to deal with take-charge, caring employees. In an empowered organization, decisions are made at the front line, customers don't have to wait for approvals or double-checking. A resolution is offered immediately and often takes away the customers frustration – not letting it have time to become a hardened feeling. Overall, the result of true empowerment is greater customer satisfaction which is good for everyone.

Let's take the view of a travel customer for a moment. They deal with many different entities in the journey from one place to another. Perhaps they buy their ticket at a travel agent, then fly to another city, take a local train to their destination and have to exchange currency on the way. Is that always as smooth a process as it should be?

Could empowered employees improve that process between companies? If some travel companies can achieve this today I see no reason why inter company empowerment over the next few years will not be even more successful. But to get there, many companies have to have the internal piece implemented first.

Let's take a look at the systemic issues we all face. I want to introduce six major issues at a high level so you have a broader perspective.

Because reward structure drives so many other behaviors let's look at this one first. Everyone works to get paid, to live and to enjoy a reasonable standard of living. Some strive for more. What then can you do with money alone? Temporary highs when raises are around, excitement when profit sharing checks are paid. Yes, but you cannot rely on money alone to motivate people to do a consistently good job. If the reward structure itself is competitive between employees – that is it encourages one employee to excel at the expense of another – this is destructive to empowerment. Sometimes this is not as easy to identify as it seems. Make sure the reward structures encourage the teamwork and can-do spirit of all employees. Don't abdicate responsibility for financial performance, but balance that goal at the executive level with well planned overall corporate goals, and reward teamwork at all levels.

The second major issue is management's beliefs about customers. What are management's **real** beliefs about customers. The management values must be stated and must be demonstrated. If you say "our customers are number one", but you ignore their needs, or worse, do not seek their needs on a continual basis, they really do go elsewhere when a better option is presented. If you think customers don't have a better option and treat them accordingly, you all end up chasing market share of a dwindling market when you could be improving incrementally. Sometimes your most promising solutions to pressing customer service issues are seen as anti-competitive – even in the U.S. Your job within an industry and as good corporate citizens is to encourage the politicians to remove these barriers and grow

the markets. However, if you treat customers as guaranteed in the meantime, they will look for alternatives – and alternatives will be developed. Does governmental restriction damage employee empowerment – absolutely.

Third issue – let’s look at what the front line employees know. They know everything! Really, they know the best way to do their jobs. Management does not. You own the business processes and must take responsibility for improving them – employees know how to do that. You must let them take part. Employee suggestion programs have been very helpful in this regard.

As an example, some programs have saved enough for airlines to buy complete airplanes – not bad at around \$55 million or more a piece. Some railroads have made service redesigns on employee suggestions. The best cruise lines rely on employee quick understanding of customers needs for on the spot resolution to make their cruises the very best. Employees do not always want to be rewarded for making suggestions – just to know that their ideas are being listened to and acted upon provides a lasting reward, long after the pay raises have passed. That is valuing their contribution. If however, employees have been rewarded as a result of an employee suggestion program, and they see their idea is still not implemented, morale will suffer. Employees may be tempted to play the game for the rewards, not the betterment of the company or industry.

Fourth issue – service delivery consistency. To allow employees to perform at this level you must continually tune your customer service delivery processes to allow them to do that. Here’s an example of how to damage customer delivery. A super triple gold titanium passenger called an airline reservation office and asked for an upgrade on his flight that evening. Fine, \$60 said the voice. The passenger then went to the airport and the ticket agent told them that route would cost \$90 for an upgrade. He explained what was said on the phone. “That’s not in the computer,” said the agent. What was the agent really saying? – You’re lying! This kind of unspoken example of lack of service delivery consistently happens many times a

day, around the world. Needless to say, this does not empower employees to serve the customer, it trains them to upset the customer. There are a number of better ways to have handled this – a note in the reservation, an agent being able to trust. But you cannot seek retribution on your employees. The agent may have been concerned about talk time without a new ticket sale, the ticket agent may be part of a revenue generation target at the airport. Who knows, very few employees come to work planning to upset customers.

This brings me to my fifth major issue. When you look at your business processes, you need to check your organizational alignment. Now, I am not a proponent of changing the organization chart all the time. Even with the organizations we have today, we can make empowerment happen. Organizational change simply does not change the process results by itself – if you want to change the results you have to change the process. However, as you learn to understand your core value delivery processes, you can assign “process owners” who have cross-functional responsibility for customer service delivery. This is an excellent way to ensure goals at the executive level have the customer in mind, and not the department head. Moreover, it ensures executive teamwork because the executive now has responsibility for delivery when he or she has no direct reporting structure over the people involved in the delivery. Again, you must make sure that all executives are on the hook equally!

This concept can expand beyond the individual company and extend to inter-company learning. This is the trend of the future and you will see companies linking to provide seamless customer service throughout the process experience. Empowering employees will then mean more than company goals, it will be inter-company understanding and alignment to customer values.

Can you be successful with smokestack organizations? Sometimes yes, sometimes no. You have to match your business process to the organization structure. Those of you that have read case studies on business reengineering may have noticed that

information technology, being applied along the core process, rather than the departmental level really empowers front line employees – no matter where they are in the process. So I contend that with the right amount of departmental integration of strategy, smokestacks can work too.

My sixth and final systemic point concerns trade unions. Do they help or hinder? Clearly, from examples in manufacturing such as the auto industry, unions can play a tremendous role in improving empowerment for employees. You need to look at the relationship between yourselves and your union – it must be good before you can expect real change. Also, you must look at your contracts – are you contracting the right things? Are you concerned about employee well being and development, or are you trying to lock everyone into job procedures that do not flex as customer requirements change?

Do not overlook the power of getting the union involved in improvement. If you can get their buy-in you have the battle half won. Then you start to learn what makes you successful – and what makes you fail – the epitome of the learning company.

Organizations have come a long way in the past ten years but there is still much to be done. Making empowerment happen is a slow process and it takes everyone to pull together.

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Mr. Canada is the former National President of the Employee Involvement Association. He is also a former Examiner for the Malcolm Baldrige National Quality Award, was appointed by the Governor of Oklahoma to his Quality Council for the State, served as an Examiner for the Excellence in Missouri Award and served as a Regional Judge for the Missouri Team Quality Award.