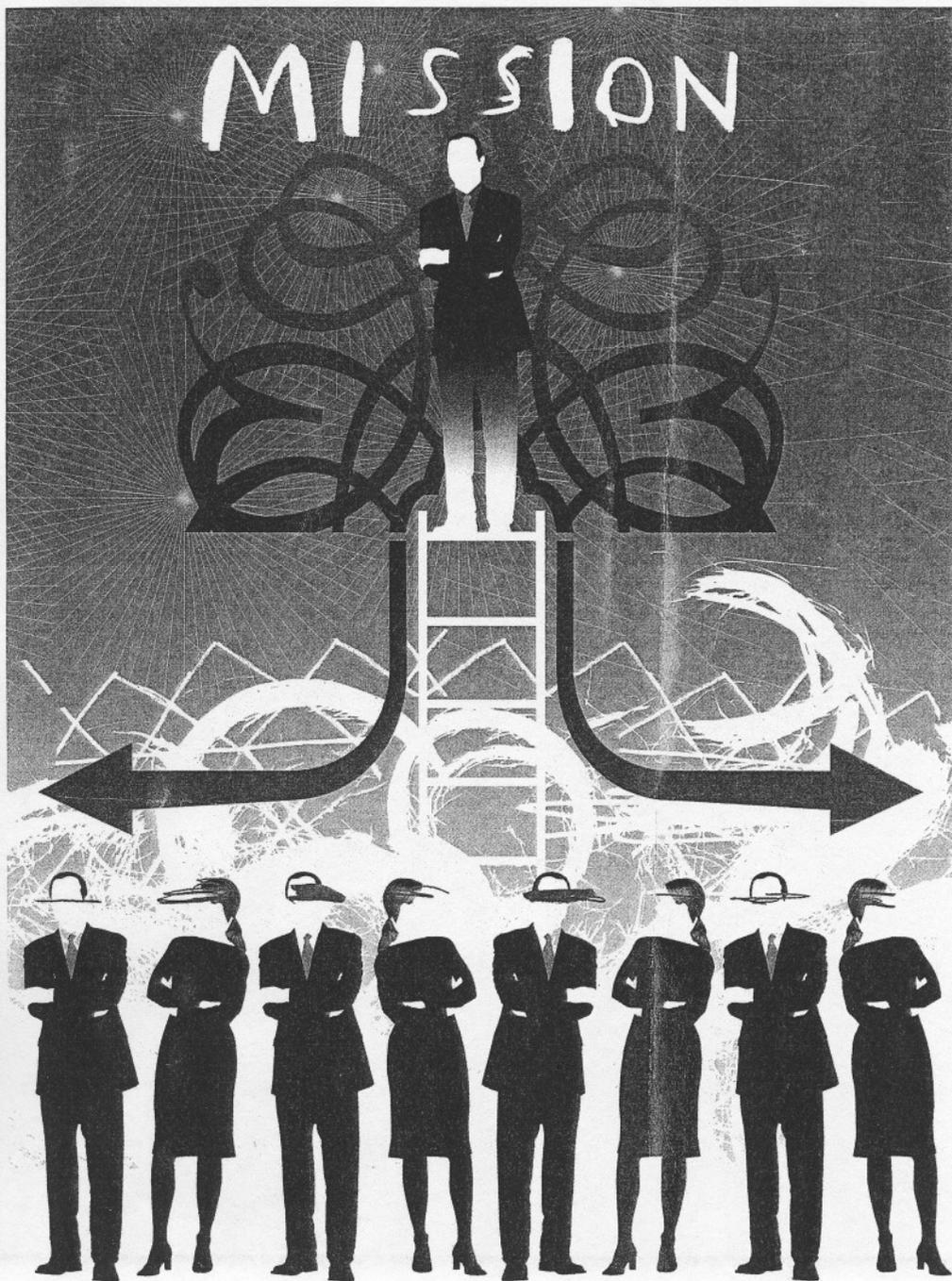


LEADERSHIP



Goal Oriented

What happens when executives have goals employees don't subscribe to? Call your average company's customer-service line to find out. By Samuel Greengard

In today's competitive, global marketplace, focusing on core business strategies is essential. Step into the boardroom at any major company and you'll get an earful about mission statements and company goals. Slogans and steps, rah-rah language, goals so carefully parsed execs think they could never be misunderstood. "When employees are all on the

same page, it can create some awesome capabilities," says Stephen Covey, vice chairman of Salt Lake City-based consulting and professional services firm FranklinCovey.

But wander into the same company's retail stores or place a call for product support and you'll find you're suddenly far from that boardroom. While executives are describing their company as an "innovator" or "service leader," customers are choking on long lines, coping with surly help, and suffering through interminable waits on hold.

This leadership gap — some might call it a tectonic rift — threatens to engulf a growing number of firms. According to FranklinCovey's December 2003 XQ (Execution Quotient Study), which examined 12,000-plus U.S. workers, only 58 percent feel that their organization has decided its most important goals, 44 percent say it has clearly communicated its most important goals, and 37 percent understand the strategic direction.

Even worse, human resources consulting firm Watson Wyatt Worldwide reports that the percentage of employees who understand the steps their company takes to reach new goals is sagging by 20 percent annually. Somehow, despite elaborate town hall meetings, snazzy desktop video segments, and a seemingly endless string of catchy campaigns and buzzwords, workers aren't getting the message.

In fact, "there's often a huge disconnect between an organization's stated goals and its actions and behaviors," says Howard M. Guttman, principal at Guttman Development Strategies, a management consulting firm.

Where did the boardroom go wrong?

GAP ANALYSIS

The problem isn't a lack of sincerity about their goals. Execu-

tives really do want their products to be the best on the market and their service to bring smiles to customers' faces. "The mistake they often make is thinking that because a particular strategy or approach benefits the company, workers will automatically follow along," Guttman says.

It's also a mistake to expect workers to practice the executive philosophy if managers aren't practicing it themselves. "As soon as workers spot leaders who appear hypocritical, they begin to disengage," Guttman adds.

So it's promoting sincerity that matters, and this isn't an easy task. As the old cliché goes, the devil is in the details. Without relentless focus on communicating the mission to employees, offering financial and nonfinancial rewards for working toward it, measuring performance against it, and recruiting, training, and tapping into effective leadership techniques — all with the mission in mind — there's no hope. Ronald Bossert, a senior vice president at Applied Research Corporation, a consulting firm specializing in leadership development, says the goal should be to build a pipeline

for talent and match behavior and expectations to the organizational vision.

One company that understands the concept is the Ritz-Carlton Hotel Company, the only service business to twice capture the prestigious Malcolm Baldrige National Quality Award. Whenever possible, employees greet guests by name, they record details about guests' preferences — from favorite drinks to entertainment — and use that information to custom-tailor future stays. They also attempt to solve every problem they encounter. Any Ritz-Carlton employee can spend up to \$2,000 to resolve a problem on the spot.

In many organizations, trusting employees to handle thousand-dollar decisions would cause the executive team to choke. But Ritz-Carlton's president and COO, Simon Cooper, breathes easy with the concept. "I don't have to personally get involved with complaints, and we keep customers happy and loyal." Too often, he says, companies don't resolve simple problems because "they're handed from one person to the next within the command chain, and

everything gets bogged down." What's more, "Employees sometimes take things personally and feel as though they have to protect the company. At Ritz-Carlton, it's not about [a customer being] right or wrong, it's about focusing on our core goals."

For the 57-hotel luxury chain, it starts with the hiring process. The company asks candidates a series of specific questions ("Were you closer to your mother or your father?") to find positive, empathetic workers who are eager to please. Those who meet the firm's exacting qualifications receive more than 20 days of training before setting foot in a hotel. Every employee carries a small card printed with the company's "basics" — 20 core values that drive success. Every day, all of the firm's 25,000 employees partake in a 15-minute "lineup" to discuss one of those basics.

While becoming one of the fastest-growing and most profitable hotel chains, Ritz-Carlton has reduced costs and built a solid culture. Its annual non-managerial turnover rate hovers around 25 percent, compared with 44 percent in the rest of the industry. *Continued on page 47*

SPINNING TOWARD SUCCESS

As Ritz-Carlton has learned, leadership doesn't grow out of a prestigious title or a pithy speech; it's earned by communicating the right values and attitudes — on a daily basis — and ensuring that they're transformed into actions and behaviors throughout the organization. Michael Curran-Hays, managing director of North America for Kepner-Tregoe, a management consulting firm, says that what appears crystal clear to top managers often seems murky to those on the factory floor or service desk. "People do not understand how organizational goals and objectives relate to them," he says.

That's not the case at Seagate Technology, a manufacturer of computer hard drives and storage gear. In 2003, the company began using a performance-evaluation system that measures how effectively 16,000 professional employees achieve their objectives and goals. After CEO Stephen Luczo defined his top five goals for the company, employees followed with their own sets of goals. Today, upwards of 62,000 goals are visible to any employee at the firm through a company database.

Workers can tap online resources to understand the steps required to align their goals with Luczo's and others in the organization. By looking at the goals of employees up and down the ladder, it's possible for them to understand the steps required to achieve results. "It creates very tight alignment and gives workers the specific information they need," says Karen Hanlon, Seagate's vice president of human resources. She notes that 96 percent of executives believe that the system has helped them understand and manage goals more effectively.

While each company must create its own recipe for success, Stephen Covey believes that the common ingredients are always the same: a thorough understanding of what the organization is trying to achieve and empowerment at all levels. "When workers identify with organizational goals and feel connected to the mission statement," he says, "they're far more likely to perform well — whether they're designing automobiles or working on the retail floor." ■