

Creating a Culture of Innovation

PAGES 6, 40, 46

How to Win in the 2020s

PAGE 16

Fixing Tech's Gender Gap

PAGE 54

LEADERSHIP LESSONS FROM GOOGLE, FACEBOOK, TELUS & MORE PAGES 34, 88, 112

Rotman

The Magazine of the Rotman School of Management
UNIVERSITY OF TORONTO
FALL 2019

MANAGEMENT

**SECRETS OF THE
BEST LEADERS**



Rotman School of Management
UNIVERSITY OF TORONTO

Flipping Accountability on its Head



HARD-CHARGING LEADERS often boast that at their companies, ‘We hold people accountable’. Success, they argue, comes from this culture of accountability.

This phrase is surely one of the most overused — and frankly, insulting — additions to the business jargon in recent years. The implication that employees won’t do their jobs properly unless management checks their work for quality — and punishes them if they fail to deliver — demeans both workers’ professionalism and integrity. In addition, the negativity baked into this paradigm is astonishing: No one talks about holding people accountable when they believe they do their jobs well.

Obviously, employees at all levels — supervisors, managers and executives included — need to perform well for a company to thrive. But the best leaders don’t focus solely on the accountability of lower-level employees; they view accountability as a two-way street.

The traditional view, which I call the ‘vector of accountability’, always points upwards, from the front lines to leadership. This is a one-way relationship, from the bottom of the org chart to the top, with each level being judged by the people above them. As such, it has the potential to (and

often does) create friction and resentment between organizational layers.

When core processes fail to deliver, executives typically demand explanations and look to assign blame, all in the name of accountability. Worse, when there is a major downturn, lower-level workers are often laid off while executives keep their jobs — and sometimes even receive bonuses for successfully reducing costs. This dynamic — where subordinates are accountable to their leaders — permeates organizations at all levels.

Contrast this practice with the model typically embraced in Japan, where in most public companies, the executives are the first group to take pay cuts and even resign when results are poor. What if we took their lead and reversed the vector of accountability? What if we asked leaders to be accountable to their subordinates? That is what the best leaders do, and it’s evident in organizations that adhere to lean production principles.

Reversing the vector of accountability means holding leaders accountable for the performance of their subordinates. It is their job to coach, mentor, and develop their teams — and to deliver results. **Gary Convis**, former executive vice president and managing officer at **Toyota** (the first

What if we asked leaders to be accountable to their subordinates?

non-Japanese to hold that position) and author of *The Toyota Way to Lean Leadership*, explains that Toyota believes individual success can only happen within the team:

This deep belief is built into the promotion process (which focuses heavily on team behaviour) and into incentives for performance (where individual incentives are one small component, while team-based incentives based on the performance of the unit or company predominate).

The psychological implications of this reversal are profound. All organizations are comprised of intricate webs of human relationships, and for those relationships to be healthy and successful, there needs to be some degree of symmetry. Demanding that lower-level staff be accountable to leaders without a corresponding accountability of leaders to lower-level staff is a recipe for unhealthy, weak relationships, low morale, and disengaged employees.

Indeed, according to Gallup's State of the Global Workplace report, 87 per cent of employees worldwide are either 'disengaged' or 'actively disengaged' at work — a stunning (and depressing) figure. Reversing the vector of accountability brings balance to the interpersonal relationships in an organization. While I'm not an industrial psychologist, it's hard to imagine that this kind of shift in mindset and incentives wouldn't improve those scores.

Lean leaders constantly talk about the necessity of 'going to the *gemba*'. *Gemba* — a Japanese word meaning 'real place', refers to the place where the work actually gets done. In a bank, that could be the teller's window, or the mortgage approval department. In a hospital, it could be the operating room, the emergency department, or a nurse's station. In a manufacturing facility, it's the shop floor. In short, the *gemba* is wherever the work that we're studying gets done. It is not the CEO's office or the executive conference room.

The best leaders spend considerable time 'going to the *gemba*' as a way of reversing the vector of accountability. They know that they need to see for themselves what's happening, so that they can truly understand it. Only with this knowledge can they provide the necessary coaching and teaching to their team. The *gemba* is also the best place to conduct that coaching, since it's the home of both the process and the worker.

Perhaps most importantly, going to the *gemba* helps leaders see that results are the outcome of the entire system, not simply a function of the individual. **W. Edwards Deming's** System of Profound Knowledge stresses that most problems are a result of poorly designed systems, not a lack of individual effort or attention. As he wrote in *Out of the Crisis*:

I should estimate that in my experience, most troubles and most possibilities for improvement add up to the proportions something like this:

- 94 per cent belongs to the system (i.e. Is the responsibility of management)
- Six per cent other

Of course, plenty of leaders visit the shop floor or the teller's window on occasion. However, following the precept of what **Tom Peters** called MBWA (Management By Walking Around), these visits tend to be haphazard and opportunistic, rather than planned. Average leaders will go to the *gemba* when there's a major problem or when they have a bit of free time, but it's not baked into their daily schedules as a firm promise to their teams. By contrast, the best leaders insist on visiting the *gemba* everyday. It's not something that's simply nice to do; it's part of how they manage themselves and their teams — with rigour, discipline, and commitment.

When a leader makes a commitment to go to the *gemba* every day to learn what her people are doing and what obstacles they are facing, she becomes accountable to her team for performance — and the vector of accountability flips (see **Figure Two**).

Varsity Facility Services, a U.S.-based provider of janitorial services to corporations, goes one step further to make this reversal of accountability explicit. Managers' schedules are posted right out in the open, visible to the entire company. When a manager completes his or her front-line visit, their team checks the box or flips a card from red to green to show that they did, in fact, fulfill their commitment. If there are too many red marks, the next level of leadership gets involved to correct the problem. At Varsity, it's the workers who validate the managers' completion of their standard work. In short, they hold their leaders accountable.



FIGURE ONE



FIGURE TWO

In the 1970s, management thinker **Robert Greenleaf** coined the expression ‘servant leadership’ to describe a model of leadership in which the titular head of an organization dedicates himself to the growth and development of others who are below him on an organizational chart. The managerial practice of visiting the place where the work is done embodies the concept of servant leadership: The executive isn’t pulling front-line employees to her walnut-paneled, carpeted office for conversations; rather she is going to the workers’ territory, to learn with her own eyes and ears what’s happening, and to coach them in their own environment.

Servant leadership is now a fairly widely accepted mindset. You’d be hard-pressed to find any leader who would publicly state that they hold their position due to a modern version of the divine right of kings — that the hundreds or thousands of workers who toil at their companies do so simply to enrich the CEO. The language of this millennium is that of the leader whose responsibility is to serve shareholders and employees.

The issue is, daily actions don’t necessarily support this claim. As indicated herein, the best leaders put teeth in their adherence to servant leadership by allowing workers to hold

them accountable — to flip the vector of accountability — by going to the *gemba*, making their commitment to the team visible, and letting workers grade *them* on how well they fulfill those commitments.

While there is clearly room for variation and improvisation with this approach — and there must be, given the variability in an executive’s job — there are just as clearly best practices governing how she should spend her time, with ample theory and practice to support those habits.

Here’s a challenge to all leaders reading this: Starting tomorrow, let your team hold you accountable for a change. **RM**

Regular contributor **Daniel Markovitz** is the author of *Building the Fit Organization: Six Core Principles for Making Your Company Stronger, Faster and More Competitive* and the Founding Principal of Markovitz Consulting, based near San Francisco. His clients include Clif Bar & Co., Pfizer, Stanford Law School, Microsoft, and New York Presbyterian Hospital. He blogs at markovitzconsulting.com/blog.