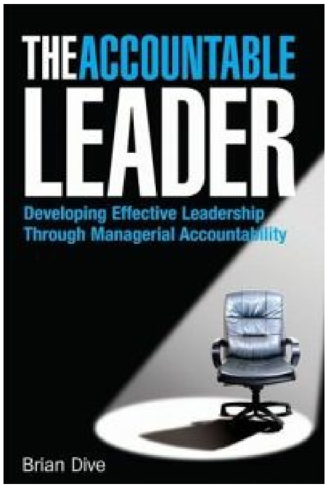

Book The Accountable Leader

Developing Effective Leadership through Managerial Accountability

Brian Dive
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Recommendation

Take the most capable, brilliant, hard-working managers you can find. Put them in a flawed organizational scheme, where individuals have no real accountability. The end result: failure for the managers and the organization. Management consultant Brian Dive contends that many companies fail to devise organizational structures that make executives and managers fully accountable for their decisions and actions, or that tie their performance to specific goals. Dive says such firms become inflated and bureaucratic. They end up rewarding people on the basis of arbitrary criteria that have little or nothing to do with their objectives. Dive claims that leadership requires real accountability, which in turn requires sound organizational design. Having posited this necessity, he then tells you how to analyze your management structure. *BooksInShort* recommends his practical approach to developing a framework that lets your leaders lead.

Take-Aways

- Without an organizational structure that provides clear accountability, executives, managers and employees cannot perform effectively.
- Yet many companies do not adequately plan their organizational design.
- As a result, some firms end up bloated and bureaucratic. They become "overmanaged and underled."
- Hold decision makers at all corporate levels accountable for their actions.
- An irresponsible employee can hurt your organization.
- Managerial overlap causes numerous problems and stifles initiative.
- Plan your organizational scheme from the bottom up instead of from the top down.
- Use "accountability probes" to ensure that clear, traceable responsibility exists throughout your organization.
- "Decision-making accountability" (DMA) should be your gold standard for managers and employees.
- Establish clear "levels of accountability."

Summary

Lack of Accountability: A Basic Problem of Leadership

Many would-be leaders fail to make real contributions to their organizations. Often, this has nothing to do with their efforts, but results from organizational problems they cannot control. In effect, their companies' structures work against them. They have no accountability and, thus, no guideposts for efficient operations.

> "We are dealing with...a process aimed at identifying the required levels of decision-making in a given organization, together with the corresponding layers

> of management it needs."

Organizations spend significant resources to ensure that their managers are highly trained and capable, yet they tend to place those managers in positions of authority with no real accountability. Without accountability, the managers inevitably fail. When that happens, upper-level executives often mistakenly assume that, despite glowing resumes and past achievements, these managers are incompetent. Usually, the managers are not at fault; generally the problem is a lack of accountability for specified, measurable results. But tracking whether meaningful responsibilities are fulfilled requires a savvy organizational structure that rewards leadership.

> "Organization design and strategy are very closely linked. Yet the critical link between effective organization design and successful leadership development is less well appreciated."

Accountable managers have to develop clear priorities so they can make effective, timely, traceable decisions. Organizations that institute accountability prevent duplicated efforts, pointless meetings, micromanagement and excess hierarchy. When leaders are not directly accountable for results, companies suffer from too many layers of management, the routine departure of good employees and muddled work distribution. This inefficient type of organization has a name: bureaucracy.

> "Accountability is at the heart of sound organizational architecture...a precondition for truly effective leadership."

The ideal organizational structure involves a marked differentiation of responsibilities, defined by Emmanuel Gobillot of the Hay Group as, "clear vertical accountabilities that foster a culture of execution." The best organizational architecture is not only top-down, but also bottom-up (the most important orientation). Generally, organizations have no problem with the former but often neglect the latter. That mistake hurts customers and can result in developing too many middle managers. They end up bumping into each other and, as a result, are ineffective.

> "This process identifies whether or not people are being held to account...It determines the vertical dimensions of an organization's architecture, the spine of accountability...a key step in identifying any organization's ideal design."

Managerial overlap seldom exists within an accountable organization, where managers and their employees understand and accept their individual responsibilities. Each person is answerable for specific goals and the company compensates them accordingly. It also gives its employees and managers the resources they need to do their work and attain their objectives. The organizational structure is both vertical (in layers of management) and horizontal (in number of workers per manager). The firm creates this framework with utmost care, avoiding stifling management layers. No manager has too many employees to supervise properly. Things move ahead like clockwork.

Leaders throughout the Ranks

Napoleon Bonaparte was not the only leader in the French army during the early 1800s. Erwin Rommel was not the sole leader in Germany's Afrika Korps in World War II. Dwight D. Eisenhower was not the only person responsible for the D-Day invasion. Leadership is not about the "one in 100,000," but rather the "10,000 leading the 90,000." Therefore, executives should focus on "distributed leaders," that is, managers throughout their organizations, not just high-profile individuals at the very top.

> "Having too many leaders at any level of hierarchy is counterproductive, bad for...the organization and its employees."

Understand that the traits that make a good senior executive differ from the ones that constitute a good middle manager. Similarly, a strong front-line manager will have different leadership characteristics than a middle manager. Leaders of any rank should always be accountable. However, this accountability is contextual and situational, whether it concerns making decisions, setting strategies or mobilizing people to achieve specific aims.

Developing New Leaders

First, any organization must identify, secure and cultivate leaders. Follow these seven steps to develop new leaders:

1. Ensure that your organizational architecture is sound. If it is not, reorganize.
2. Define clear levels of accountability for every job.
3. Clearly distinguish between support (technical expertise) and line positions (employee management).
4. Establish different competency standards for each accountability level.
5. Assess individual accountability standards according to performance criteria.
6. Promote according to competency based on these criteria.
7. Identify all management jobs that add value, and establish special career and learning tracks for each one. Each track should eventually transfer people out of their comfort zones, but not out of their "learning zones."

> "A well-designed organization enables individuals to give a good account of themselves."

Place your organization's new leaders in truly accountable jobs. Focus on accountability, not arbitrarily graded performance.

Are Your Leaders Accountable for Their Decisions?

To determine a leader's accountability, map his or her decisions. Chart each person's choices, and decide if they help the organization. Track the decisions that leaders make at all management layers to analyze their ability to handle responsibility.

> "Talented individuals cannot contribute to their full capacity and potential in a cluttered, top-heavy organization that blurs accountability and stifles initiative."

One tool for this analysis is the "accountability probe," a process that "plots what decisions people make and whether these decisions add value to the work of others." The "decision-making accountability" (DMA) system is another tool that organizations can use to hold leaders accountable for their choices. DMA is a process of determining if leaders "are being held to account" in seven "elements" of their assigned roles that fit the organization's plans and objectives." These "decision-making zones" are:

1. **"Nature of work"** – The job's *raison d'être*, the outcomes the company expects.
2. **"Resource complexity"** – The resources needed to do the job, including personnel, expertise, budgets and technology.
3. **"Problem solving"** – The way of thinking needed to meet the job's challenges.
4. **"Change"** – "What can the jobholder change without referring to the next level?"
5. **"Internal collaboration"** – The amount of team interaction required to do the job.
6. **"External interaction"** – The amount of collaboration needed with people from outside of the organization.
7. **"Task horizon"** – The responsibility the jobholder has to set and meet deadlines.

> "People lower in the organization can see who makes decisions, who helps them and moves work forward."

DMA rests on three primary principles:

1. Work exists in a hierarchy of specific levels; higher-level executives and managers have broader goals.
2. Each job involves specific tasks that are handled at a single accountability level of leadership. Managers at each level accomplish tasks and make decisions that cannot be made at lower levels and do not need to be made at higher levels.
3. Each accountability level – except for front-line employees – has only one layer of management. Thus, executives can establish accountability clearly for all managerial decisions, and for each manager's positive or negative results.

The Front Line

Most employees in front-line positions – customer service representatives, salespeople, call center operators – work at Level 1 in their organizations, though some may work at higher levels. For example, certain professionals who deal directly with customers or clients may be at Level 2. Front-line workers generally make up at least 80% of a company's personnel. Be sure that each front-line worker's decision-making accountability is clear and unobstructed. Overlapping responsibilities undermine efficiency, and cause worker and customer dissatisfaction.

> "The higher the progression into the upper reaches of an organization, the less relevant professional skills and performance become as predictors of future performance."

Generally, supervisors oversee front-line activity and assist Level-2 managers. These "second level of accountability" managers set objectives, delegate work responsibilities and monitor front-line employees' performance. Level-2 managers need sound judgment and astute analytical abilities. They must fix problems as they arise, prioritize work activities and allocate resources.

> "If there are too many people in an organization, there seems to be a tendency for more managerial roles to be brought in just to cope with them."

Numerous problems can occur when leaders are not accountable for front-line workers, including lack of teamwork and failure to resolve customers' problems in a timely fashion. Establish accountability by clearly defining all work roles and responsibilities. Base compensation and promotions on performance. Avoid "administrative promotions" that involve moving people to different work levels but keeping them at the same level of accountability. Such hollow promotions cause confusion about responsibility and authority at any level.

> "Most large organizations have a grading or rank system based on some form of job evaluation. These systems tend to be quantitatively based and do not assess the quality of decisions."

Jobs without accountability are exercises in futility, but they blossom in bloated bureaucracies that focus more on inflating their employees' egos than on their core missions. No organization wants to become a bureaucracy (although many suffer that fate anyway). To avoid this problem, foster accountability. Carefully delineate work responsibilities at all levels and maintain a clear, clean organizational scheme. Do not have multiple management layers at the same accountability level. Such compression stifles initiative and negates empowerment. Promote wisely. Employees who perform brilliantly at one rank may quickly peter out at the next.

Lines of Oversight

No firm rule exists for how many front-line (that is, Level 1) employees a unit manager (Level 2) can oversee and direct. A manager's span of control depends on the type of work the front-line employees handle, the degree of technical support required and other factors. Generally, the higher up the management ladder a leader is, the more people the leader manages, with submanagers of various ranks reporting through each other to him or her. To plan an organizational scheme that includes the ideal ratio of workers to managers for your company, start at the bottom – the front line – and work your way to the top. This is preferable to a top-down approach. Bottom-up planning keeps the focus on customers and clients.

> "The emerging challenge for anyone involved in designing international organizations today is the fact that the fully fledged, stand-alone country manager role is disappearing."

A manager almost always needs Level 3 experience (managing from 750 to 1,250 people) to make a seamless transition to more advanced layers of management, governance and strategic planning. Indeed, Level 3 managers are the backbone of any strong organization. They manage direct business divisions (which Level 1 and 2 managers do not) and other vital departments. Level 3 managers move things along and keep the company's activities proceeding smoothly.

> "Nothing should be done by a larger and more complex organization which can be done as well by a smaller and more simple organization." [– Pius X1]

If you think of an organization as a ship at sea, the CEO and the executive team plot the route and navigate the ship. However, the Level 3 managers staff the ship and keep it moving. Without them, it goes nowhere. Managers at upper levels are responsible for an increasing number of employees. Generally, Level 4 managers supervise fewer than 5,000; Level 5 managers are accountable for fewer than 25,000 and Level 6 managers cover fewer than 100,000.

If you wonder if your organization has a surplus of managers, count the layers of accountability. You have too many leaders if you have more than six management layers for up to $5 billion in revenues/costs; more than seven layers for up to $15 billion in revenues/costs; more than eight layers for up to $45 billion in revenues/costs; and more than nine layers for up to $150 billion in revenues/costs. Avoid too many "layers of accountability," which indicate "companies...that do not know where their true decision-making levels reside."

Planning ideal organizational structures for huge multinational organizations is an enormous challenge, with increased complexity, far-flung geography and more layers of management. Corporations tend to use systems based on centralized and regional headquarters. Try to keep such centers from becoming bogged down in work that does not add value. No hard-and-fast rule dictates the number of management strata a giant-size organization needs. "One could...imagine a huge national organization, such as the Indian railways or the Chinese Post, each with over one million employees, that might need the same number of management layers as a large multinational company."

About the Author

Brian Dive is a manager, consultant and writer who has worked on various business assignments in the United Kingdom, the Netherlands and New Zealand.