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Excerpt from an organizational audit report

William Colby
Allied Engineering
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Chicago, IL 60610

Dear Bill,

Thanks for giving me the opportunity to meet with your staff at Allied Engineering. As you suspected, I found the jealousy and hostility among your project manager assistants (PMA's) to be real and palpable. The project managers themselves were equally disgruntled. Despite this difficult atmosphere you have some exceptionally talented and dedicated employees, and everyone I spoke with had some positive things to say about your firm. Here is a sample of their comments:

"Management recognizes our strengths and gives us the time to learn and grow."

"I love my work and I really like the people on my team."

"Some of the Project Managers are truly great to work with."

Clearly though, most people wanted to speak with me about things that bother them. As a result, some of the contents of this report might be disconcerting to read and you might want to settle into a comfortable chair before you begin. Their views tended to fall into two categories, and that is how this report is structured:

1. The pros and cons of the new team structure you devised
2. The culture of the firm and its growing pains

My observations appear in blue on the left side of the page, and a representative selection of employee quotes (modified to preserve anonymity) appears to the right. There are some additional observations and next-step recommendations at the end of the report.

I look forward to reviewing this report with you and to discussing ways to make the most of this feedback. Even if you disagree with the observations or suggestions in this report, the absolute worst thing Allied can do is to do nothing. The employees who came forward and participated will be disappointed (and in some cases de-motivated) if nothing changes. I'd be pleased to help you plan and implement any such changes.

Cordially,
Larry Gard, Ph.D.

The Firm-wide Culture/ Growing Pains

My Observations

Many people were concerned about losing their job if they spoke up about matters that bother them. Many don't trust that confidential information will stay that way. There is a sense that having respect for one another is no longer a core value at the firm. Some are highly skeptical that things will improve.

*When the firm was smaller, it might have seemed natural to share information in much the same way as a family might do. With your rapid growth, an enhanced level of privacy and confidentiality is in order. Similarly when the firm was smaller it was natural to joke around with one another. As you've grown, folks have become less comfortable with the same style of kidding around; they still enjoy playful banter but they don't like anything that gets too personal. **My advice is to keep it friendly without being overly familiar.***

*Several individuals questioned the rationale and the fairness behind some of the promotions that have occurred, and the pay disparities among staff. They don't understand why some people advanced (in position and pay) and others didn't. It leaves them wondering about the overall plan for growth at Allied Engineering and where they fit within that plan. **More than one person asked "What direction is Bill taking us? If we're all in this together, where are we going?" They're also asking in effect, "if we're supposed to be moving toward a goal, why reward those who are content to stay put?"** Bill, let's talk about how you can give them some clarification.*

Representative Quotes from Staff

"I'm not comfortable sharing things because it seems that confidential information doesn't always stay that way."

"Even the leaders of the firm always aren't as discrete as they ought to be about personal information."

"I always feel on edge. You just don't feel secure here. If you mess up it will be held against you for months. We can't be productive if we're scared."

"There's an overall shortage of respect for one another here, and on the flip side people can be disrespectful and get away with it."

"It would be helpful if PM's would acknowledge PMA's for their accomplishments as often as they criticize them for their mistakes."

"There's a culture of distrust and fear. Many people are afraid of Bill and they worry they'll lose their job if they complain about anything."

"There's a lot of jealousy around here, mostly among the PMA's. Some of it (but not all) is between the long-timers versus the new folks."

"Mutual respect and courtesy needs to be manifest at the corporate level, not just at the individual level. Management can't just be respectful to our face; they also have to demonstrate zero-tolerance for disrespect when they see it or hear about it among the staff."

"Firing and disciplining people should never be done in public. It's disrespectful and unprofessional."

"It seems like pay, responsibility and promotion are not accurately linked to performance, and there's no clear guideline about how to advance our career. Some fairly inexperienced people got promoted here and it leaves the rest of us scratching our heads about what we need to do in order to be promoted too."

"If you screw up, Bill will hold it against you until someone *else* messes up."

The Firm-wide Culture/ Growing Pains (continued)

My Observations

There is widespread concern about how policies are developed and communicated. More than one person commented that new policies are announced by impersonal e-mail with little explanation. The staff feels like management has little or no interest in getting their input before policies are formulated. In short, they resent what they perceive to be a “command and control” style of management. As Allied Engineering grows, this issue has the potential to become a major problem unless you make some modest adjustments to your management and leadership styles.

Specifically, folks are asking for more transparency and consistency with regard to how decisions are made, how procedures are developed, and how policies are implemented and enforced.

The staff also feels a sense of distance from Bill. Although they understand that he can't be involved the same way he was when Allied was small, they still want a strong sense of connection to him as their leader. They want to know what's important to Bill, that he values their opinions, and that they have a role in the company's future. Right now, for many, the predominant sense of connection they feel with Bill is that they're afraid of him.

Representative Quotes from Staff

“It's starting to feel like decisions are being made by Bill and Jason without any input from those of us who will be affected, and then we get an e-mail telling us how things will be.”

“The PMA's are publicly compared to one another. I've heard management say “why can't you be like so-and-so” or “why can't you do it the way so-and-so does.” This isn't constructive criticism and it ends up fostering jealousy.”

“Bill has always been a take-charge kind of guy who likes to be in control of things. That style worked great when we were smaller, but now I'm not so sure. It's good that he has Jason to help him but it still feels like command-and-control, and that strategy might not be ideal in a growing firm.”

“It feels like the bigger the firm gets, the less access we have to Bill and the more micromanaged we are. And yet despite the scrutiny, some PM's will disappear and say they're going to a client site but we know that's not where they are.”

“There are an awful lot of secrets around here. There are a lot of closed-door meetings and people are told *don't tell so-and-so*.”

“The bonus structure seems unclear, inconsistent, and it changes without notice.”

“Things have changed. It used to be that a good job was always acknowledged. Now the only thing that's noticed is when you make a mistake.”

“It would be helpful to have occasional company-wide meetings in which Bill got up and addressed all of us. It would be nice to hear important information directly from him.”

“The men gossip as much if not more than the women. They just don't *call* it gossiping.”

NEXT STEP RECOMMENDATIONS

Growing Pains/Cultural Issues

As the firm grows, staff needs to develop formal and informal standards for how to treat one another, and they need direction from the top. They want Allied Engineering to retain a friendly atmosphere, but they also want it to feel more professional and less personal. This is a difficult challenge because everyone's standards are different, but it's clear that people want to move in a significantly more professional direction, so that means everyone needs to exercise much more caution and sensitivity when casually interacting.

The staff (at all levels) is also asking for a different type of relationship with you as their leader. Bill, they don't like being afraid of you; they don't believe that their input is welcome; they question whether you are consistent, fair, and impartial; and they don't fully understand what your vision is for the company. Some interim suggestions:

- Regularly and consistently talk about the direction you want your people and the firm to move in. Provide staff at all levels with clear information about what kind of place you want Allied Engineering to be, what it takes to advance one's career here, and give them frequent, honest, and accurate feedback about their progress.
- Identify the top three issues raised in this report that you'd like to address further with your staff. Let's develop a plan for how you can open a constructive dialogue with them so that they know you take their feedback seriously.
- You should continue to send clear, unambiguous messages that you hold everyone – not just PMA's - accountable for following Standard Operating Procedures. The PMA's are being put in an awkward situation. Do you want them spending valuable time continually fixing mistakes made by careless and indifferent PM's or worse yet, covering up a team's performance problems? The VP's and PM's need to shoulder the responsibility for their own mistakes and for their team's performance.
- You can't hold your top people accountable unless you're getting an accurate picture of what's taking place on the teams. Yet your culture is one in which people seem disinclined to share information openly, they're afraid to admit mistakes, and they're unlikely to take responsibility for performance problems. Bill, think about ways that as the firm's leader, you can help bring about a cultural shift. The most important message you can send by word and by deed: "Allied can learn as much if not more from mistakes than we can from success, and people shouldn't be afraid to be honest about performance difficulties."

Final Thoughts

Staff members commented that the new team arrangement has advantages and disadvantages. Allied Engineering's challenge is to motivate staff so that everybody wants to do their best for the firm and is given the means to do so, without fostering undue competition and a sense of inequality. This is complicated by the reality that the Project managers (PM's) and the Project Manager Assistants (PMA's) differ in their talents.

You've tried to ensure equal opportunity for everyone, although that doesn't mean that there will necessarily be equal outcome. The fact is some people will ultimately do better than others. And some people aren't very interested in developing their skills and advancing their careers. How does that impact your bottom line? If you keep them, what message does that send to your more ambitious, talented players?

**Respectfully submitted,
Larry Gard, Ph.D.**