



LEADERSHIP WITHOUT EXCUSES

**HOW TO CREATE ACCOUNTABILITY
AND HIGH PERFORMANCE**

(INSTEAD OF JUST TALKING ABOUT IT)

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CHAPTER 7

USE THE OTHER F-WORD TO TAP HIDDEN SOURCES OF MOTIVATION

Here's some good news: When it comes to creating compelling consequences, you have more options than you realize. This is so because *your greatest source of power is your ability to change how people feel*. And as a leader, you have enormous capacity to do just that among the people on whom you depend for high accountability and performance.

Before we proceed, we'll concede that this insight has provoked a negative visceral reaction in many of the leaders with whom we've shared it over the past decade or so. And we know why: In serious business settings, it's taboo to talk about *feelings*—a mushy word that evokes rainbows, unicorns, and Johnny Mathis. Our maxim “feels” like something you'd expect to see written in cross-stitch.





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So we felt vindicated, our credibility bolstered, when in 2002 Daniel Kahneman won the Nobel Prize in economics. In his acceptance speech, he summarized the years of research that earned him the reward and said—albeit in academic language—pretty much what we’ve been saying all along.

Before we tell you specifically what Professor Kahneman said, let’s refresh your memory about a term you may recall from Economics 101: *Utility* refers to the value that individuals gain from a good or experience. We make choices, according to the logic of economics, that we think will maximize our utility—taking into account our options and their relative tradeoffs. Should you buy a Lexus or a Mercedes? According to the logic of economics, you’ll make the choice based on which option you believe maximizes utility. Will your top performer continue to work for you or take the calls of every headhunter around? According to the logic of economics, she’ll make that important economic choice based on which option she thinks maximizes her utility.

One of Kahneman’s breakthrough ideas was that people frequently make choices that don’t conform to the logic of traditional economics, which for 275 years has tended to discount the importance of emotion and feelings in economic decision making. Kahneman, a psychologist who never took an economics course, says that’s a mistake. Why? Because “[u]tility cannot be divorced from emotion. . . . A





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theory of choice that completely ignores feelings . . . leads to prescriptions that do not maximize the utility of outcomes *as they are actually experienced*” (emphasis ours).

In other words, most of the time we don’t actually experience utility based on calculations about objective criteria of what we *should* value. Rather, we experience utility based on how our economic choices *actually make us feel*. You pick either a Lexus or a Mercedes over a more “rational” option—that is, a cheaper car that works just as well and gets better mileage—because of the way it makes you *feel*. Your top performer chooses to stick with you over another job that would pay her more money because of the way her current job makes her *feel*. Respected. Appreciated. Affiliated. Successful. Purposeful. Autonomous. Secure. Some combination of the preceding. Or maybe something else entirely.



To recap what we’ve covered so far, we told you that your greatest source of power for creating compelling consequences is your ability to change how people feel. And in case our assertion felt a little too “New Agey,” we invoked a Nobel Prize–winning economist to corroborate it. Now let’s look at its practical implications. In the rest of this chapter, we will (1) help you expand the list of compelling consequences you can use in the f-word economy in which you operate in order to motivate your people to do what you need them to do, (2) offer insights into the emotional algorithms





that often come into play when your employees are experiencing and responding to rewards and consequences, and (3) explain why tough times can be the best times to change how your people feel. Equipped with this information, you can make smarter choices about how to put your greatest source of power to its most effective use—so that you can compete more effectively for your people’s performance and discretionary effort.

You Have More Consequence Capital than You Think

When we’re talking to a group of leaders for the first time, we’ll often ask them to take 30 seconds to come up with a list of the consequences (both positive and negative) they can use to motivate people to do what they want them to do. A typical group will generate a list that looks something like this:

Compensation

Bonuses

“Thanks”

Time off

Prizes (vacations, etc.)

Termination

Status/title

Operational resources (budget, headcount, etc.)





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Administrative support

Developmental resources (arranging for a mentor,
getting them an executive coach)

Then we'll ask, "Is this a pretty good list? Does it include most of the consequences you have available to you?" And they'll usually add a few more things and then say, "Yes, this is a pretty good list." Next, we'll tell them about their greatest source of power (and cite Daniel Kahneman). That changes the frame. Now they're thinking about all the ways they can influence or change the way their people feel. And the "pretty good" list no longer seems adequate. So then we give them another minute to add to the list. Here are the kinds of things that the typical group of leaders will add to the list of compelling consequences—ways they can change how their people feel:

Acceptance

Public recognition/credit

Responsiveness to their needs/requests

Time and attention

Inclusion in activities, decisions, etc.

Privileged information

Familiarity (knowing their name and something about
them)

Acknowledgment ("Hi," eye contact)

Consultation (seek their feedback and advice)



Buzz (third-party compliments, creating positive
 folklore)
 Partnering with them
 Staying out of their way
 Introductions
 Visibility (upward and across the organizations, to
 clients, etc.)
 Conveniences
 Free time
 Freedom to fail/controlled failure (for high performers)
 Absolution (past mistakes forgotten)
 New experiences

A couple of things to note: First, you can turn most of these positive consequences into negative consequences just by taking them away or not providing them in the first place. Second, the point here *isn't* to suggest that this is a comprehensive list of compelling consequences. Such a list will differ from leader to leader and organization to organization. And honestly, we hear new ideas all the time. Our key coaching point here is: You have lots of capacity to change the way people feel. So you have more options than you think to motivate people to do the stuff you need them to do. Give it some thought. Make a list of the ways you can influence the way your people feel. And then match it up with the list you made after reading Chapter 6—the things you want to see more of and therefore need to reward more consistently. And the things you want to no longer plan to tolerate and therefore need to meet with negative consequences. Then,



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with no excuses, take action to create more accountability and higher performance.

Emotional Algorithms: Five Principles for the F-Word Economy

When we mentioned Daniel Kahneman earlier in this chapter, you might have recognized his name. That's probably because it's appearing more and more often in the business press these days as executives are beginning to discover that behavioral economics—the field that Kahneman helped to establish—has profound implications for leadership. Drawing heavily (but not entirely) on Kahneman's research, here are five principles that will help you to put your greatest source of power—your ability to change how people feel—to its most effective use to create compelling consequences and drive accountability.

First Principle: You Can't Measure the Utility of a Consequence—Its Effective Value—in Absolute Terms: It's All Relative to Expectations and Social Comparison

What the heck does this mean? Let's use this example: What's the motivating value of a \$10,000 year-end bonus? Well, it depends on three relative comparisons.

The first comparison is: *How does the reward compare with what the recipient expects?* As neuroscientists are learning, the dopamine neurons in our heads, which help us to make





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decisions about what to keep doing or stop doing, respond not to rewards or their absence but to “deviations from expectations.” What’s more, violations of expectations trigger powerful emotional responses.¹ Thus, if you give the \$10,000 year-end bonus to an employee who got a \$5,000 bonus last year and has worked hard to improve his performance in the past 12 months, there’s a good chance the bonus you just issued will help to motivate him to continue to improve his performance and give you discretionary effort. On the other hand, if you give the \$10,000 bonus to an employee who got \$25,000 last year, and if you neglect in advance to explain the difference, she’s probably going to walk away. And that’s why we say that just because something is very easy to measure—in this case, a \$10,000 bonus measured in hard dollars—it doesn’t mean the measurement is meaningful.

When we ask employees to tell us about a positive consequence that they found to be especially motivating, they frequently will describe a reward that was deserved but “random” or unexpected. For example, one day some years ago airline executive Lois Oller called her direct reports to her office for an unscheduled short meeting. The group had been working long hours in response to a new marketing program. The lead time to implement was ambitious and, “if the truth be told, unreasonable,” Lois concedes. “Our team responded to the challenge, and I wanted them to know that I recognized their Herculean effort.” When they arrived, they saw a large hat, staged in the middle of Lois’s





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desk. In the hat were small pieces of paper with upcoming dates on them. Lois passed the hat and asked everyone to pick one. Then she said, “I want all of you to know how much I appreciate the effort you put in recently and what we’ve accomplished for this company. Your hard work does not go unnoticed. As something above and beyond the usual rewards we do around here, I just want you to take a day off on the date you selected.” Her team talked about it for years. The motivational value of this “random reward” far exceeded the cost to the company in extra days off.

Of course, when your competitors are flailing in the f-word economy—not making their people feel the way they want to feel—it can give you a competitive advantage in attracting top talent (without having to pay them more money). Shortly after Terry Mullen took the helm at Lincoln Financial Distributors, he was inundated with résumés from a competitor. As a professional courtesy, Terry called his counterpart at the other company and said, “Hey, I just want to give you a heads up. I don’t know what’s going on over there, but I’ve received all these unsolicited résumés.” To Terry’s surprise, the competitor said, “‘F’ them. If they don’t want to be here, screw ’em.” Then, six months later, he called Terry back and asked him to stop taking all his people. Terry explained that people kept coming over and that he hadn’t made a single proactive call. “In a three-year period, that company crashed because they treated their people so poorly and they all left,” Terry recalls. “All in all, we took about 80 people from them. My biggest fear was that they’d





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bring their negative culture with them. But everyone who came was very grateful to be in a culture where they felt more appreciated.” Terry and his firm changed the way those people felt—and they’ve rewarded him with loyalty and high performance.

The second relative comparison is: *What are other people getting?* A \$5,000 bonus will produce a stronger influence on the recipient if he knows that most of his peers received a bonus half that size. But, if he learns that some of his peers received \$7,500 for what he perceives to be similar or inferior performances, the motivating power of that same \$5,000 disappears, and he feels insulted.

Of course, perceptions of fairness come into play when we make social comparisons. In fact, it appears we’re wired to make very sensitive calibrations about whether something is fair. According to researchers, we process “concepts of fairness . . . in the insular cortex, or insula, which is also the seat of emotional reactions.”² This goes a long way toward explaining some of the things we repeatedly find in our accountability research, specifically the high levels of resentment that employees feel when

- *They perceive that the organization tolerates poor performers.* Across organizations, we find that employees are highly conscious of what leaders do about “dead weight.” This finding usually confuses those leaders who are operating from the assumption that employees would be disturbed by any significant use of negative consequences. We



have rarely found this to be the case. Lisa Bauer, senior vice president of Hotel Operations at Royal Caribbean, is one of the leaders who gets it. “When we allow poor performers to stay, we hear about it in employee surveys,” she says. “They see it as an injustice . . . and they’re right.”

- *They perceive that the organization actually creates positive consequences for poor performers.* In many organizations where leaders have failed to create the conditions of accountability, poorly performing employees have less work to do because they have “taught” their supervisor not to count on them.

Some leaders respond to these findings by saying (if only to us): “The people who are pissed off [because they perceive that we tolerate poor performers] should just worry about themselves and the employment deal we cut specifically with them. Let *us* decide how to deal with the poor performers.” This argument has some logical appeal. But not much else. As Kahneman says, you should never assume that reactions governed “by the emotion of the moment will be internally coherent or even reasonable by the cooler criteria of reflective reasoning.”

The third relative comparison is: *What do I already have?* Another term you may recall from Economics 101 is *declining marginal utility*, which is the idea that the more of something an individual has, the less valuable having more of it will be to that individual.³ Financial rewards tend to exhibit declining



marginal utility, as illustrated in this example: Jane started out in the mail room making \$25,000 per year. At that level of compensation, a \$2,000 bonus probably carried a lot of motivating influence. However, after Jane worked her way up to CEO and was drawing a \$750,000 base, \$2,000 was “lunch money.”

Traditional forms of recognition, such as an A+ certificate that the recipient can hang on the wall of his or her cubicle, also tend to exhibit declining marginal utility. The first time an employee earns one, he or she may experience 10 f-points of utility.⁴ The second time he or she gets the certificate, it goes down to a six. The third time, two. It's still valuable—just not as much. (Of course, social comparison can change the experience. If the employee has four certificates hanging on his or her wall and no one else has more than one, this could more than compensate for the declining marginal utility.)

This is one of the reasons we're big fans of using new experiences and cool challenges as a reward for performers. The more unique or novel an experience, the less vulnerable it is to declining marginal utility.

Second Principle: People Are More Sensitive to Losses than Gains

“The disutility of giving up an object is greater than the utility associated with acquiring it.”⁵ This is true by a factor of about 2 to 2.5, according to Kahneman. In other words, the pain of losing \$100 isn't equal to the satisfaction of





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finding \$100. The pain of that loss is more equivalent—to the extent that one can compare such things—to the joy of finding \$200 to \$250.

One of the practical implications of this is that, in the f-word economy, lots of leaders are unintentionally administering negative consequences—often without even knowing it. Some examples:

- You tell a junior associate that you're going to hand her control of an important account. You come back two hours later and say, "Y'know, I changed my mind." You think the net effect is zero. In the real world, though, that up-and-comer feels far worse than if you'd never said a word. Again, it's hard to attribute quantitative values, but if giving the employee the account is worth +50 f-points, then changing your mind means the employee loses at least 100.
- You decide to provide free snacks and caffeinated beverages for everyone staying late. A month later, you're surprised by how much it costs to provide the perk. Apparently, your people eat a lot of snacks. Lesson learned. Now there's an "honor" box for them to pay for their snacks. Why are they pissed about it? There were no snacks at all a month ago. Well, now you know. Buying snacks = 5 f-points. Making them pay for them = -10.
- You pass someone three levels below you in the parking lot. For some reason, you remember his name. "Hi, Sam." He beams. A week later you pass him again in the





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cafeteria. He greets you by name. Oh-no! You blank on his. “Oh, hi, uh . . . there.” You say to yourself: “Hey, I’m battin’ .500 on remembering his name. Not bad.” But he walks away feeling hurt. Maybe literally. Neuroscientists who put people in magnetic resonance imaging (MRI) machines and then test their responses to certain situations have found that the brain scans of those who have just endured a social snub look a lot like the brain scans of people who’ve just been slapped or have just broken a bone.⁶ Acknowledgment by name when it was unexpected = 200 f-points. And then forgetting it = -400.

So what are we saying? You can never change your mind or forget a name? No. But if you know this principle, it might help you to avoid some choices that create unintended negative consequences.

The upside of this principle—and it’s a big upside—is that your ability to create compelling negative consequences for poor performers is not limited to writing them up or firing them, which is what many managers seem to think. There are so many other things you can take away or withdraw. Such things as prized assignments, privileged information, consultation, autonomy, and attention. “Nothing is more powerful than ignoring somebody,” says executive coach Robin Abramson. For example, she recently worked with a leader who had an employee with whom he was close. The employee got sloppy in some of his assignments. He and





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his leader talked about it, but the bad behavior continued—until the leader stopped responding to the employee’s voice-mail messages and e-mails. The employee quickly changed his ways in order to earn back his boss’s attention.

Another colleague, researcher Jan Lee, recently completed a study that looked at regulatory and security-related compliance practices across dozens of companies. She identified two groups. Members of the first group complained that their company paid mostly lip service to compliance, and they felt vulnerable. When she asked members of this group to describe the negative consequences for noncompliance in their organizations, most of them said “none” or “nothing consistent.” By contrast, the members of the second group of companies all reported high levels of compliance. How did they get there? When Jan asked them about negative consequences for noncompliance, most members of this group said that they take things away from noncompliers, for example, “reductions in authority,” “restricting access to company resources,” and “turning off network and VPN access until we get compliance.”

In Chapter 8, we’ll describe some other ways to leverage loss aversion to create compelling consequences.

Third Principle: Scarcity Matters

As Robert Cialdini observed in his classic treatise entitled, *Influence*,⁷ “[O]pportunities seem more valuable to us when their availability is limited.” He describes an experiment





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conducted by Stephen Worchel in which participants were handed a cookie from a jar and asked to taste it and rate its desirability. Half the participants received their cookie from a jar with nine others; the other half received an identical cookie from a jar that contained just two. “As we might expect from the scarcity principle,” Cialdini says, “when the cookie was one of the only two available, it was rated more favorably than when it was one of ten.” Respondents reported higher levels of desire and attributed greater value to “the cookie in short supply.”

What does this mean for you? For starters, it means that what’s known to be most scarce—your time and attention—are enormously valuable currencies. Do you manage them that way?

As executive coach Robin Abramson advises, “[L]eaders need to think about where they’re spending their time, and what message they are sending to the rest of the organization. Spending time with your ‘A’ players sends the message, ‘The more you perform, the more I’m interested in what you’re doing, and the more I’ll spend time with you.’”

Alternatively, she says, “[Y]ou need to be careful about the amount of time you spend with the people who are the biggest pains in the neck. They may be the ones who are constantly asking for it and requiring it, but focusing too much time on them actually provides positive consequences for those who screw up. And worse, it sends the message to the rest of the organization that ‘You screw up and I’ll spend time with you.’”





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MedeFinance Chief Information Officer (CIO)/Chief Technology Officer (CTO) Dave Watson agrees; he's very conscientious about how he invests his time and attention as a scarce motivational currency. "There's the generic 'management by wandering around,' when you just go walk about, in the Australian tradition, with no particular goal other than to connect with people—see what they have to say. And it's a great way to get feedback," he says. "But there are boundaries in terms of what you can accomplish when you wander into somebody's cube, flop down in the chair, and go 'What do you do?' If they know me and know I have 5,000 people reporting to me, the immediate response is, 'Holy cow, Batman.' And not in a good way. It creates an unintended message you can't control."

Dave would rather focus his walk-about on the high performers. "You know Jim, over at Interface Engineering, stood up in that all-hands meeting, said some really good stuff, and I've heard good things. I'm just going to buck over and see how he's doing. 'Hey Jim, how's it going? I really appreciate your comments. You know, this change is pretty tough: Are you doing all right?'"

Another colleague, Bill Adams of management consulting firm Maxcomm, sees an increasing demand for this particular currency. "In my experience, up-and-comers are choosing between job offers less on the basis of dollars and more on the basis of how much time and attention they are going to get from their leader," he says. "For example, I talked recently with a guy who is considering a senior role.





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He's trying to determine if his prospective leader will take the time to give him positive and negative feedback to ensure that his direction is clear. That's his choice point."

Of course, time and attention aren't the only things that are more valuable because they're scarce. As Jim Ryan from Lincoln Financial Distributors told us, one of the reasons their annual cruise is such a powerful motivator is its scarcity. "In two weeks, I'm going on a cruise from Lisbon to Barcelona with our top salespeople. Not many people get to go, which is what makes the trip truly special. I had five slots for top performers and two spots set aside—one for whoever the team votes to be 'MVP' and the other for a rising star. And it's really all about performance. Someone who has really worked their tail off for the past year and a half but is brand new to the organization may go over someone who has been here a long time."

The scarcity principle also applies to cool assignments. For example, when clients ask us to conduct a Conditions of Accountability Assessment and help them to determine how to act on the findings, we typically give them two options: "We can come in, collect the data, conduct the analysis, present our recommendations, and help you translate them into action, or we can partner with you to do something that's often even better: put together a team of emerging leaders who we will coach and facilitate through the process."

When we recently worked with Kaiser Permanente's chief procurement officer, Dean Edwards, he chose the latter option. "The great thing about this," Dean says, "is





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that even before the emerging leader team conducts the accountability assessment, we've done something useful. We've said to them, at least implicitly, 'You are valuable, and we're paying attention to you.' So we're going to give you an assignment that, besides generating useful analysis and recommendations, gives you exposure to key senior leaders in the larger organization and a unique leadership-development experience."

"It also sends a message to the rest of the organization," Dean adds: "We are proactively focusing on people who are performing. Not just those who make noise and squeak a lot.' We also heard the concerns of people who were not selected. I was happy to know they were paying attention and looking for insights about what they might need to do to make the list next time. Message sent. Message received."

Fourth Principle: Timing Matters, So Bring Consequences Closer

Economists, psychologists, and others have long observed and studied the human tendency to prefer smaller rewards now to larger payoffs later. While it's certainly a reflection on our lack of self-discipline, there also may be a certain logic at play. Researchers have found that "massive events" such as winning the lottery have no lasting impact on happiness but that "small and frequent boosts . . . lead to improved well-being."⁸





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The practical application for leaders? Bring consequences closer to get from them the greatest motivational value. Our colleague Chuck Blumenkamp, a long-time veteran of the telecom industry, learned from his experience leading teams the wisdom of adopting “a spur-of-the-moment approach” to rewards. “By that,” Chuck says, “I mean connecting with people directly, looking them in the eye, shaking their hand and saying, ‘That was awesome. Great job.’ You stop right there and engage them in a conversation to reinforce something exemplary.” What’s important is (1) timeliness—as soon as you are aware of the exemplary performance—and (2) specificity—telling people exactly what they did that made the difference.

At Lincoln Financial, Terry Mullen takes a similar tack. He sits down at night to see who has had a record month. “Then I send them a quick e-mail—not a formal letter—and they know it really comes from me because it’s 11 p.m.,” he says. The note might say, “Hey Joe, I just saw you had a record month at \$11 million. Congratulations.” Terry’s found that “Even a quick, private recognition seems to mean a lot to them.”

At the organizational level, Terry and his team have elevated the principle of pulling consequences closer to an artform. “In our model,” says Terry’s colleague, Jim Ryan, “the carrot is right in front of you. It’s real; it’s genuine. And it benefits the team in two ways: financially and publicly. People know that if they do well, their efforts will be highlighted now—not a year from now.” We asked him and Terry to elaborate:





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“Look at Wall Street’s approach to retention,” Terry said. “They always lose their employees at the beginning of every year. It’s because of the poor payout schedule. Employees receive an annual bonus on January 15 or February 15, and right after they get it, they walk out the door.”

And at Lincoln Financial? “We structure our calendar to keep employees here,” Terry told us. “Let’s take a look at our calendar: In January, you don’t want to leave because that’s when you’re getting paid on December’s business, which typically includes your highest commissions. In February, you don’t want to leave because you have the Leader’s Club trip, which the top people go to, and it’s such a great location. So at this point, you may say, ‘I’m just going to wait until after the trip, then I’ll leave.’ But then, in March, you don’t want to leave because your 401k matching contribution hits. And then April, May, and June fly by, and there are cash retention payouts in July. So no one’s going to leave before then, or they’d be walking away from \$50,000. By fall, you’ve got all this momentum, and you’re not going to leave because it just wouldn’t make any sense to walk away from the money.”

Fifth Principle: Everybody’s Different

Because everyone’s emotional makeup is different, the utility or motivating value of any consequence is in the eye of the beholder. So the idea that some people are motivated and others aren’t is a myth. The truth is that everyone is motivated. They may not be motivated by the same things





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that motivate you or by what you think should motivate them. However, all breathing humans are most definitely motivated.

According to Urban Meyer, head coach of the University of Florida's national championship football team, "The old adage about 'treating everybody the same' [is something with which] I cannot disagree more. You have to get to know someone before you can understand how to coach them, how to treat them, how to get the most out of them."⁹ ADT executive Georgia Eddleman agrees: "You've got to make the effort to know your people and to understand what motivates them. Each person does what they do for their own reasons; they don't do things for your reasons. You really have to understand what is motivating people so that you can show them how the things you want them to do are in their best interest."

For example, sometimes the very best people don't want any attention, says Chuck Blumenkamp. "They'll say, 'Please, I love my job, this company, my customers. Thank you for recognizing me—but I really don't want to stand up in front of people. Please don't make me.' So what do you do? You tell people that Sharon was number one again for the fifth year in a row. But don't make her stand up. In fact, if she doesn't want to come to the ceremony, that's okay. With those kinds of things, you've got to know your people well enough that they're comfortable telling you if they're uncomfortable."





Opportunity in a Crisis

In tough times, you need more than ever the loyalty and discretionary effort of your people. To get it, you've got to exercise your greatest source of power and change the way they feel. This means helping them channel their anxiety and uncertainty into something they can believe in and giving them something meaningful to do. Pull it off, and two good things can happen. In the short term, you get the heightened performance you need. In the long term, your organization emerges from the crisis with an even stronger culture.

Case in point: Severe acute respiratory syndrome—more widely known as SARS—hit Southeast Asia in 2003, infecting over 8,000 people and killing nearly 800. Very quickly, 80 percent of business travel and tourism to Vietnam evaporated.

Our colleague Binh Nguyen was working at the time at the Duxton Hotel in Ho Chi Minh City. His boss, the hotel manager, faced some tough choices and spent a few days agonizing over what to do. Finally, he brought all his employees together in the hotel's grand ballroom. "You all know about SARS and what it has done to our business," he said. "And you've seen other hotels in the city cutting jobs by 40 percent." Everyone nodded, prepared for the worst. Then he said, "I also understand that you still have your family to feed. I know what will happen if you don't





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have a job. So I have an idea.” The manager then explained two options: The hotel could cut jobs by 40 percent, or everyone could take a 40 percent pay cut but no one would lose their job.

He allowed his employees to ask questions and discuss the options. Then he conducted a vote by secret ballot. Ninety-two percent of employees elected to reduce salaries so that everyone could stay.

As one employee recalls, “From that day forward, things changed. Employees came to see each other as brothers and sisters. Before, there was a lot of fighting going on between different departments. But after the vote, everyone recognized that their fellow employees were protecting them and helping them keep their jobs.”

That led to more than just camaraderie, however; it produced a sense of ownership and investment. Employees who previously had just “punched the clock” for the first time started coming up with ideas for how to cut costs. For example, because occupancy was only 20 to 30 percent, one staff member came up with the idea to close down the top floors. They turned off all the lights, shut off the water, and assigned just one person to upkeep for those floors. They also stopped printing out reports for managers, and used e-mail and other means instead. All together, they saved a billion Vietnamese dong on electricity, water, paper, and other small things. As one employee recalls, “The more we worked together, the more money we saved, and the more our morale grew.”





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And then something even better happened. When the World Health Organization declared Vietnam SARS-free, tourism started picking up again. Guests poured in, and all of a sudden, every hotel in Ho Chi Minh City was up to full occupancy. For weeks, other hotels didn't have enough staff to meet guest demands and had to turn people away because they couldn't accommodate them. But at the Duxton, they had a full staff and could meet all their guests' needs. Other hotels had to go find new employees and then train them, which took at least three months before they were fully up and running again.

And the best part? When those other hotels came to Duxton employees offering them more money to go work elsewhere, not a single Duxton employee left. "Because we had trust," one of them explained to us. "We knew that if SARS or another crisis struck again, the other hotels would throw us into the streets. But we believed that even if we got paid a little less, we'd be safe at the Duxton. So we stayed. We all stayed."

