

THE MACRIS GROUP

UPDATE NEWSLETTER VOLUME NO. IX – SEPTEMBER 2011

www.themacrisgroup.com

From Dean's Desk:



Prologue

When we write our articles for UPDATE, we aspire to challenge conventional thinking, to look at various aspects of organizational issues by taking different positions and views that stimulate our readers, and to provide different perspectives on the elusive topic of Leadership. So much of what has been written in recent times focuses on decision-making by measurement and completely misses the critical part of any organization – the people.

Several leaders of companies we work with are commenting that human performance should be a leader's key focus to achieve a competitive advantage. Technological advances have been vast and will continue to bring changes. In support of technological advances, related procedures will be reviewed and revised as needed to support those advances. While the focus has been on technology, what is being done to understand the people within an organization? People, those complex entities that make the organization function but are dealing with so many factors both from within the company and externally, in their very real outside lives.

With all this said, in this article we will focus on how to understand and consider these many factors affecting your employees by visiting a classic behaviorist theory and using it to understand some of what your employees are dealing with and how outside factors are influencing them at work.

Article two, (we plan to have out by early next year) builds on the same topic and will present actionable ideas. In order to provide the best possible information to our readers, we will solicit input from our most trusted and experienced colleagues who have seen first hand successes in leadership's quest to understand not only what they hear but also the unspoken signs, messages sent through behaviors and performance via unfiltered communication. From their inputs, The Macris Group will select the most appropriate and share them with you, to illustrate how these techniques and methods can provide a path forward to improving human performance

Improving Human Performance

As a Leader, how aware are you of your employee needs?

A path Forward

A. C. Macris

Lawrence A. Reiter

Introduction

Abraham Maslow, in his book *Motivation and Personality*, introduced the concept of a hierarchy of needs. That work showed that humans have five different levels of needs, with the lowest levels needing to be satisfied before the subsequent (higher) levels of need become the priority. In a simplified fashion, Maslow's Hierarchy of Needs are as follows:

L 1	Biological and Physiological Needs	Basic needs of life – air, food, shelter, sleep
L 2	Safety Needs	Security, protection, stability, limits
L 3	Belongingness and Love Needs	Relationships, family, affection
L 4	Esteem Needs	Achievement, status, responsibility
L 5	Self-actualization	Personal growth, fulfillment

There has been much discussion on Maslow's hierarchy and it has been expanded by some scholars to 8 levels of needs; the basic concept still remains that each individual, depending on their social, economic, geographic, etc. situation in life is at a different point in the hierarchy.

Clayton Alderfer revised Maslow's Hierarchy in 1969 with his ERG Theory (Existence, Relatedness and Growth Theory). In Alderfer's theory, he condenses these to three levels of needs and states, more importantly, that individuals move among the needs both forward and backward. With the forward movement, representing satisfaction and progression while the backward movement representing frustration and regression.

Why are we diverting from our usual discussions on leadership to deliver a Cliff Notes lesson on psychological theory? The reason is simple. In this edition of UPDATE, we want to focus on how and why the effective leader must understand what is going on with the people who make up their organization as

THE MACRIS GROUP

well as those who purchase products or services from the organization. We have stated several times in past articles how a leader cannot ignore those who are in his or her organization. Sounds obvious, but as we have noted often in discussing poor leadership, it is excessively frequent that just that thing does happen and the people in the organization are almost 'after-thoughts' in corporate decision making. We draw on Maslow and Alderfer's work to help leaders and decision-makers realize what their staffs and customers may be going through. In addition, to realize how their (those individuals who are so important to a leader's success) points of view may differ significantly from those of the corner offices—not maliciously but because of differing psychological factors that influence their lives.

How does this apply to my organization and me?

What Maslow and Alderfer were trying to stress was that many factors act on an individual and these come from both within the organization and from without. As a leader, you may have very loyal employees who have the absolute best intentions toward your company but those same employees have outside lives, which bombard them with many issues that can easily distract them from their best intentions.

Maslow was telling us that everyone has some basic need (Level 1 and Level 2) that must be satisfied before they can focus on higher-level needs. If employees or even leaders (at whatever level within the organization) don't have basic things like shelter, food, and security, their attention is going to be on achieving those before they can even consider relationships, achievement, and personal growth. Alderfer took this a little further and noted that people can actually regress backwards to needs that are more basic if something happens that causes significant frustration or worry.

Back to our question at the head of this section – how does this apply to my organization and me? We have all worked with or observed leaders of companies and organizations that are doing well, who think that everyone is happy because they are happy and the organization is successful. These leaders are wearing a great set of rose-colored glasses because that will almost never be the case. The employees lower in the organization do not have those rose colored glasses to wear. They have real life, real world (their world) glasses where they see a sick spouse or child and the company health care is not going to cover all the expenses; they are having trouble meeting their mortgage payments each month; they are dealing with a divorce. These are real world conditions affecting employees and their job performance every day. That job performance may or may not directly affect the functioning of the organization but we suggest that everyone in a leadership position, at one time or another, has felt the cumulative effect when lower level Maslow needs, not being met, are manifested with

a much less rosy outlook on the functioning of the organization.

How does this fit in to the overall leadership scheme? First, we are not suggesting that a leader be aware of everything each employee is going through no more than we are suggesting that people should easily be able to check all the personal baggage at the front door of the office. What we are suggesting is that a leader, at every level of the organization, should be aware that all this is happening. The mailroom clerk might well be dealing with some Level 1 and 2 issues, while the engineers, technicians and analysts might not have Level 1 and 2 issues but may very well be dealing with Level 3 issues. Don't expect that everyone will automatically react to directions and requests the same way.

Many of you have been to leadership development programs that have included the Myers-Briggs profile where you realize that people think differently and sometimes you have to tailor your message to make it clear to different recipients. This is a similar but more basic concept.

How is this applied in real life?

We have some fundamental leadership premises we believe, and awareness is a primary one. In the realm of human performance, with higher leadership positions leaders become more insulated and isolated from employee Maslow needs issues. Concerns with running the business, and doing the things CEOs, Presidents and Executive Vice Presidents do, makes knowing what is happening with the rank and file difficult. Much of our writings have focused on the higher levels of leadership, but in this article, we are suggesting that there is a significant responsibility for lower levels of organizational leadership to increase their awareness of how Maslow issues affect their people. Likewise, though, the chief executive should be aware of Maslow issues affecting his direct reports and the CEO must recognize that these needs affect everyone in the organization. Nevertheless, at the lower management/leadership levels, the effects can be more insidious and if multiplied can have a greater impact when the critical mass of these effects is reached.

A real world issue today is job security. How can this impact the overall functioning of an organization? It is obvious: lack of job security creates anxiety and stress. Let's look deeper into this. If a workplace is not a safe environment (not necessarily physical safety, but the safety of knowing that your job is not in jeopardy every day), what happens to culture? Lack of job security and a safe workplace foster many of the negative issues we often address in our workshops and writings. We know you all are aware of the "Silo effect." Without job security, retaining information, isolation, lack of grooming and blame are only a few manifestations. Who wants to develop someone as a successor? They will be putting themselves out of a job. In contrast, with a safe environment, grooming is the only way of

moving up in the organization. In a blame culture, inevitably things go wrong, and if a blame culture exists, a tremendous amount of finger pointing occurs. Rather than belabor the myriad of malaise that can result, the point is very simple: these outcomes can be thwarted if noted early enough and addressed in a cooperative collaborative manner. They should be discussed at the appropriate levels within the organization, and then brought to the attention of senior leadership. Senior leaders need to know, because in this example, if the organization is not perceived as a safe organization, senior leaders must craft their messages/communication to minimize anxiety, thereby addressing the lower level Maslow needs, affording their lower level leaders/managers opportunity to improve human performance.

A few years ago there were quite a few articles emphasizing the vulnerability of the CEO position. In considering this vulnerability, we can infer the almost equally devastating effect of lower level Maslow needs at higher levels in an organization. Regardless of the golden parachute CEOs so often have, ensuring they won't lose their homes, the old adage that 'everyone is poor, but at different levels' rings true here, especially when we consider the organization as a whole. How is the CEO's anxiety affecting the organization? In most cases, this effect is difficult to determine. CEOs are an isolated group and rarely share their insecurities, as they probably should not. However, in the case of job security, there may be many decisions they make or don't make that impact the overall well-being of the organization and are perceived to threaten the basic needs of those lower in the organization. We are not suggesting that leaders should avoid making mission-critical decisions for the organization but rather that they recognize the potential influence of the decisions on employees and perhaps tailor the way the message is presented. For example, if a decision to reduce staffing is required, then be honest with people and don't try to hide expected consequences. It will still trigger needs anxieties in some employees but it is essential to be clear about parts of the organization not impacted to minimize the overall reaction. The leader also has to recognize and expect an overall drop in performance as the lower level Maslow needs are threatened. Give the organization time to digest and accept the message.

What can be done?

This last example brings out several factors that need to be considered by decision makers. (1) Making arbitrary or self-serving decisions that affect the character, people, culture and mission of the organization rather than sound information and sophisticated leadership skill, (2) Openness and honesty in decision-making and communication and (3) Ex-

...what these organizations are doing is creating the environment for their employees to move into the Maslow levels 3 and 4. It is simple – if people are not worried about the lower levels, then they have the opportunity to move forward and upward.

pecting the reaction of those lower in the organization and allowing time for the organization to regroup. A brief look at these factors is in order.

Mission Critical Decision-making

How often have we read about decisions made by corporate leaders that have devastating impacts on their organization?

There are stories that make the news and then there are the everyday events and decisions that slowly erode an organization. How often have executives made decisions based on poorly analyzed data or without consideration for the human and cultural aspects that made an organization successful? In the rather tumultuous days when the public utility industry was positioning itself for deregulation, we experienced situations where senior executives made rather drastic decisions and the result, as we referred to it then, was

'throwing the baby out with the bath water.' While attempting to undo years of perceived ills (although there was some very real malaise that did need to be dealt with), executives hired the equivalents of Chainsaw Al Dunlap to clean out organizations. In reality, what was really needed was a carefully crafted removal of what was wrong without destroying those aspects of an industry that were actually healthy and sustainable. Essentially, a well-planned approach with a scalpel was much better than a destructive across the board hacking with an axe. The anxiety and loss of productivity resulting from these assaults on the organization had long-term negative impact, manifesting itself in lost knowledge: many experienced people left of their own accord, others were offered packages that effectively pushed them out. We believe there are better ways of accomplishing organizational performance and excellence without destroying the things that made an organization or industry successful. Please note, we are not suggesting all was well and happy in the public utility industry. The key thought here is that executive decisions made without carefully considering the multitude of factors can have serious and potentially negative consequences on an organization, its people, and its culture. These consequences reach down to the lowest of Maslow needs such that years may be needed to move people up the Maslow ladder and thus achieve a higher level of performance and organizational excellence.

Openness and Honesty in Decision-making and Communication

Too often, even good decisions are misunderstood and poorly received within the organization because they are not well communicated. This poor communication can exacerbate employee angst because the "whats and whys" of the decision are not clear. Of course, not every detail of a decision can be or should be communicated; the important aspects that must be

THE MACRIS GROUP

clear are expected consequence / impact and why the decision is necessary for the organization to move forward (or even survive). Keep in mind the Maslow needs of the people in the organization. Craft the communication to the organization carefully with a focus on both the organization and the employees. Make certain those communicating the message fully understand the decision and the expected reaction once employees receive the message. We have seen many examples of poor company-wide communications that created unnecessary anxiety. One last thought – make certain your employees learn from you and not from the local newspaper or the internet. Remember we live in a world on instant communication and the tweets will flow rapidly.

Expecting Reactions

Major and minor decisions all have consequences. All will send some people back to worrying about basic Maslow needs. Expect this and anticipate that the organization will go through an immediate drop in productivity as people worry about how they will be impacted. A strong communication process can minimize impact but even the best process will not eliminate it. Accept that people need time to digest and work through the news about the decision. Allow the ‘people process’ to work. Don’t badger or threaten people during this critical time.

Let us revisit what Maslow and Alderfer taught us about people and keep in mind that for the vast majority of organizations, people are the critical factor in making the business run. People have needs that range from basic biological, physiological and safety needs to needs for esteem and self-actualization. Higher-level needs are not sought until basic needs are met. Within organizations, most employees have their basic needs met and they are seeking mid and upper level needs. However, for a decision that directly affects employees, Alderfer tells us these people will revert to worrying about whether their basic needs are being threatened. This concern will affect their performance and collectively could affect the performance of the organization. Some performance exceptions cannot be avoided but can be minimized by the organization recognizing this effect, anticipating it, and accepting that it must play out.

Wrap-Up

What does all this mean to people who lead organizations – whether you are a CEO or you manage a small department? You have to be aware of the environment that exists within your organization. If you have people worried about Maslow level 1 or 2 issues, the decisions that you think will improve the organization may just exacerbate the levels of concern. Recently, we were working with a management team in a seemingly well-functioning organization. In the course of discussions, the simple question of “is this a safe place to work?” brought out that just about everyone in

the room was worried about their job, so none were willing to take any risks or question decisions—a classic case of a group stuck in Maslow’s level 2 and unable to function around things that were at Maslow’s level 3 or 4. Were those higher up in this organization aware of the concern over job security? Most certainly they were not. Should they have been aware – yes they should have. Would this knowledge change some decisions? Maybe, but at least being aware tends to temper how decisions are communicated and may address the job security fear that exists. Knowledge of this fear provides the opportunity to address it, at least to some extent and try to move the team out of its fearful state. This acknowledgment, in turn, helps the organization move forward and be more receptive to creativity, prudent risk taking and enlightened leadership.

As stated before, someone at a high level of the organization cannot be expected to be aware of the Maslow level of each person in the organization, but he or she should recognize that needs issues may exist and start asking questions or bring in someone to ask questions to assess the issues that may exist and determine a strategy for dealing with such issues.

We all know of organizations that excel in providing the benefits that supposedly cultivate a high level of employee performance. These range from personal time to think and be creative (even if they appear to be taking a nap at their desk) to health clubs and daycare centers that make day-to-day challenges easier. In reality, what these organizations are doing is creating the environment for their employees to move into the Maslow levels 3 and 4. It is simple – if people are not worried about the lower levels, then they have the opportunity to move forward and upward. If as a leader, your people move forward and upward, so does your organization. Remember, your most important resource is your employees, yet how often do you consider the employees when making decisions and when communicating with them?

We want to extend a special thanks to our trusted colleagues Dr. Robert Merritt and Mr. Anthony Ameo for their valuable comments and review of this article.

Please remember that we are soliciting real life examples – both good and bad –that illustrate a focus on understanding employee needs. Send them to us!

The Macris Group

PO Box 535, Mystic, CT 06355
860.572.0043

www.themacrisgroup.com, acmpc@acmacris.com