From Dean's Desk:

Prologue

Organizational Complacency follows our last article Leadership—The 800 Pound Gorillas We Ignore. Realizing the global leadership crisis, organizational complacency is the logical result of the issues we discussed in our last article. The challenge with organizational complacency is first recognizing it then actually doing something about it. Humans tend to see what they want to see and hear what they want to hear. Objective observation and listening is a serious and important leadership skill. Sometimes a good look in the mirror will reveal some of the issues. As we all know, that is very difficult. We explore organizational complacency from the perspective of the sources of power, change and change management, and risk. We then offer our thoughts on turning the tide on organizational complacency and an approach we have used in various contexts to affect the desired change. Once again we value your continued feedback look forward to your real world stories and experiences. Enjoy!

Organizational Complacency

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Introduction

Our last article dealt with serious and sensitive issues affecting organizations. While a bit controversial, we received many positive comments that spurred us on to take a broader perspective on these issues. In that context, a greater malaise emerges, which we refer to, as Organizational Complacency. We definition of complacency as feeling satisfied with how things are and not thinking it's important to try to make them better. A complacent feeling or condition means contented to a fault: self-satisfied and unconcerned or even unknowing. Our years of organizational work in the areas of human performance and process improvement, have addressed the threat of Organizational Complacency, its causes, and how to affect organizational change to break the pattern of complacency.

Some of the issues we will explore include many of the phrases most of you have heard at one time or another in an organization where you worked. How many times have you heard?

- We've always done it this way

- I had to earn my buttons, so do you
- Management will never buy that
- They don't want us to take risks
- Keep things close to your chest or else you'll be gone
- There aren't many jobs out there, so we have to be careful
- Everyone gets the same performance appraisal, so why stress out
- When you are the boss you can implement your ideas until then do as I say

Even after years of hearing these comments, usually casually or in passing, the hair on the back of our necks stands up. This attitude signals a red flag that there are bigger problems than the ones we are typically there to help with.

Background

When most of our work was in the public utility realm, the regulated environment of those companies bred organizational complacency. There was little incentive to excel. The phenomenon was interesting once we drilled into it: performance accountability was diffused, produc-

tivity was rarely measured. To be fair, when nuclear plants went into outages, management monitored the days down for maintenance closely, and target completion dates were typically hard and fast. For the most part though, we found in other departments a sense that all was well. If the normal metrics revealed that the volume of work was too great, the utility had justification to go to the Public Utility Commission and petition for more people, or simply brought in more contractors. New hires or contractors arrived with energy and enthusiasm only to observe others working in a more complacent manner. So they realize that it was acceptable to slow down a bit. We have even seen situations where hard workers are quickly reminded that, that it's not how we do things here: peers bring pressure to marginalize performance.   The cycle continued until the industry was deregulated. At that point, the right management move was to functionally look at the organization and see why there were backlogs in work, and bloated numbers of employees. The analysis was amazingly revealing – we found deadwood, ineffective processes, archaic protocols and a general organizational complacency.

Organizational complacency is insidious, it creeps into an organization over time while no one notices it. Human nature typically takes the path of least resistance. But excellence is never the path of least resistance, so even with the best of intentions, complacency seeps into an organization. When a response to metrics includes hiring more people, extending deadlines and/or completion schedules, or a myriad of other people, process, system, or functional excuses, complacency breeds.

Power
In our leadership sessions, we discuss nine sources of power leaders have:

- Legitimate power
- Reward power
- Coercive power
- Referent power
- Charismatic power
- Expertise power
- Situation power
- Information power

Why is this important? When an organization becomes complacent, sources of power such as 'information' or 'knowledge' rear their ugly heads. When leaders cease

to be mentors, when grooming successors is not part of the culture of the organization, when older executives begin to feel threatened by technology, one way these leaders believe they can secure their position is through the metering of their knowledge and experience. We touched on this phenomenon in our last article, but not from an organizational complacency perspective. This is where you hear those hair rising words; "that's not the way we do things around here." The consequence of not sharing information or the organizational culture that does not support openness leads to stagnation; further loss of organizational knowledge, results in diminished organizational performance and all those 'not so good' things that follow. Much research has gone into the concept of Lost Knowledge, primarily in the context of the lack of succession or workforce planning. In the context of organizational complacency, it is much more devious. The thinking goes like this: "I will maintain my power base by keeping my knowledge close to the chest. When I retire or leave the organization, either they will have to hire me back as a consultant, or they will realize how important I was." An organizational culture of complacency fostered that attitude.

Change and managing change
Change is perhaps one of the most feared words throughout organizations (as well as in life itself). Resistance to change is human nature. Change itself is typically a forced function rather than a programmatic endeavor. The first step in change management is to 'Establish a Sense of Urgency.' Along with our contrarian thinking, if leaders are doing their jobs in a healthy organizational environment, change should be an ongoing organizational function. But—and it's a big but, as we stated in our last article—insecurity and dinosaur brains hold onto 'the way we were.' Our feeling on the matter is: Don't dwell on or live in the past—learn from it, study it, and use lessons learned (both positive and negative) to move into the future. Don't fear new ideas and technology. If leaders are sincere about creating vibrant organizations, they must not only look to the future, but also keep the wheels rolling such that dramatic change initiatives are not necessary. For those of you who are thinking that this is pie-in-the- sky pontification, we do realize that situations arise where drastic change efforts are necessary. Our point here is to fight the tendency to become complacent, and create a culture where change is not feared but welcomed and embraced as a the way to stay competitive, profitable and

healthy. Complacency normally arises in a supposedly well-functioning organization. Drastic change efforts (such as reengineering) are often the result of complacency overtaking the organization.

Risk

Risk is another organizational "four-letter" word. When we talk about risk, we are not talking about being irresponsible or jeopardizing health and safety. We are talking about a topic we refer to as Prudent Risk. In a complacent organization, risk challenges the status quo. Of course, zero risk is a prescription for disaster. A zero risk culture has demonstrated its negative consequences repeatedly. We see in our organizational work that among all the options executive have when confronted with an issue, the one that doesn't get a lot of attention, is often the safe option, the 'do nothing option.' Sidestepping a decision to avoid taking a risk, in turn avoids disruption of any existing status quo, and cultivates a culture of complacency. With a little drilling down into that thought process, one can readily realize how a series of complacent behaviors result. The challenge with risk is to understand the concept of Prudent Risk and create an organizational culture of prudent risk taking. When done properly, prudent risk taking can distinctly pull an organization out of complacency. We have written articles on Prudent Risk (click on this link for more information:
http://themacrisgroup.com/docs/UpdateNewsletter/2000_Volx_Sum-Fall.PDF)
and routinely incorporate the topic into our leadership sessions.

Turning the tide on Organizational Complacency

How does an organization turn a culture of complacency into a positive force for improvement, internal energy, awareness of what is important, and ultimately improved financial performance? We are certain that our readers realize that there is no easy answer. It takes action and dedicated support from the top of the organization and the top is often where complacency is most firmly entrenched. As with most change-efforts, the senior people in leadership positions are the hardest to

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get onboard. Power hoarding and adversity to risk are generally the strongest at the highest level unless the organization is blessed with a truly open and innovative leader. However, complacency can exist at any level. Group supervisors get comfortable, have set routines, and don't want their boats rocked. Too often, the supervisor is a good worker who was promoted and has a loyalty to the one who gave her the promotion. This person is satisfied just doing what she is told to do and doesn't want to go out on any limbs to show innovation. Clearly, if the manager of that supervisor is paying attention, they should see the complacency, but if that manager is also complacent then he doesn't expect or want creativity or innovation from below. Therefore, complacency becomes and ongoing cycle.

We have painted an even bleaker picture of life in a complacent organization. To turn the tide start with one or two people at some leadership level who are willing to step beyond zero personal risk and start doing things a little differently. These individuals need to take on the role of Howard Beale (Peter Finch) in the 1976 classic film "Network" and shout out "I'm mad as hell and I'm not going to take this anymore." Now that is clearly a drastic and dramatic representation but you get the idea. Leaders must want to do things better, become more innovative, and tap into the great resource of their people on the front line. Great ideas are out there waiting to be tapped. Will all the ideas work? Obviously not! You won't know which ideas are good and will work until you capture those ideas.

One of the basic tenants of Kaizen – the Japanese program of continuous improvement – is to tap into the ideas of the people who are closest to the work. Establish a culture of soliciting and listening to ideas from the staff. Make them aware that there is no risk for presenting the ideas and clearly state that not every idea will be implemented. You may only get one or two good ideas out of 50 but now you have one or two more than you had before you started.

At the lower levels of an organization, turning the tide on complacency is a grassroots effort. It can migrateto other

groups or departments but complacency in an organization can only be eradicated if the top levels of management are completely and visibly behind the effort. This is the tough part. Too often, we see good efforts stifled by senior management malaise and lack of support. If the senior leaders are sincerely interested in wiping out complacency, they must take actions that are visible to the organization. Sometimes that means changing out some mid-level leaders. The senior leader can't just say let's do this – they have to be out within the organization being role models and making their expectations known. They must also accept that some efforts will fail. As long as the ideas were well thought out and had a strong focus such failures should be accepted. Learn from it and move on.

This is much easier said than done. Failures are never wanted and are never liked if those failures are not learning opportunities. Leaders must remember that zero risk is a demonstrated formula for failure and stagnation. Push for new ideas; get everyone including the front line involved; celebrate victories and learn from failures. Show your support and involvement – not just at some kick off meeting but on a daily basis.

What has The Macris Group done to help organizations struggling with complacency?

Organizational complacency is not a challenge for any one component or department of a company to attack. Addressing organizational complacency involves the whole organization. To affect such a scope, we employ what we refer to as an integration concept. This concept means that a coordinated strategy will be implemented and integrated at all levels within the organization. For the purposes of this article, those levels include Executives, Middle Managers, and the Organization as a whole. We tailor the strategy for each level, and then implement it appropriately at each level. With this said, we will outline a strategy below.

Executives
At the highest level within the organization, the approach is **coaching**. Coaching at the top is an interactive method contingent on a high degree of trust. We discussed many of the challenges for senior executives in our last article (http://themacrisgroup.com/docs/UpdateNewsletter/2013_Vol_11_Sep.pdf).

First issue is for the senior executives to accept the notion that their organization has become complacent and that the complacency malaise has become an organizational challenge with very real business effects.

The next step at this level is to temper their concerns and even fear of potential outcomes. The strategy involves providing assurances and even some level of guarantees. Next is to gain both conceptual buy-in of the strategy, then establishing expectations. A very important point with setting expectations includes their setting expectations with their organization as well as them understanding what they can expect from the overall process. Over the past 20 years, we observed that senior executives tend to lose their patience and enthusiasm for such far-reaching organizational initiatives. The reality is improvement projects require two to three years before executives realize meaningful results. To aid in keeping the focus and monitoring progress, we ensure that the strategy includes a robust metric section.

A well-crafted Communication plan is essential. In the context of change management, this communication plan must clearly communicate the Guiding Condition for the project. This step is where leadership is essential. When the senior executives initiate the program, the message must be clear and consistent. The executives establish their commitment to the necessary changes; they set the tone for the remainder of the organization to follow.

Dealing with Boards of Directors presents other leadership challenges. The President or CEO must be able to convey the message to the board in such a way that they do not become alarmed and feel there is a bigger problem than it actually is, but also to gain their support for the change efforts. We have experienced this for large companies and assisted the internal departments prepare briefings for their BOD. In addition, it is important in the briefing to convey the roles and responsibilities expected from the board and gain their concurrence as well as ensure they understand the scope and duration of the initiative. Members of boards have friends who are on boards of other companies and these people talk. If one of your board members is luke-warm on the idea or is not supportive, that member will discuss his concerns with one of his friends who may reinforce them, which will

ripple through and influence the overall potential for success.

Middle managers
Improving middle managers knowledge and skills is essential in turning the tide on organizational complacency.   The repertoire of competencies is extensive. As an example, the topical areas can include:
- Leadership
- Communication
- Business Process
- Problem Solving
- Interpersonal skills
- Administrative
- Business Knowledge

The above are the building blocks that motivate middle managers, groom people within the organization, and demonstrate senior leadership's commitment to high potential individuals. The next step for middle managers is to practice their newly learned knowledge and skills. This process includes some mentoring and positive/constructive feedback from the senior executives. We have observed in more than a few situations where this step is one of the hardest for the senior individuals. It is a reality that must be addressed and resolved. When executives implement our recommendations described above, the probability that middle managers will practice their skills and knowledge is much higher. This follow-through, in turn demonstrates to the organization a broad level of commitment to change the culture from complacency to one of energy, positive contribution, and higher levels of performance. Finally, middle managers must be held accountable for their learning and performance. One of the best mechanisms to do that is to create a 'train-the-trainer' program where middle managers train/convey their knowledge and skills to their people in the context of developing them to fill higher positions, with the added bonus of communicating that the organization cares about their future.

The organization
Finally, we are firm believers that events don't really change anything. Once an event is over, it's over and it quickly fades from people's memories. Events don't change culture either. Some of the best advice we can offer an organization's leadership is to create an environment, not an event. Create the environment they

envision for their organization. Doing that takes work and commitment, but it is very possible. We have done it and will share our thoughts in more detail for those who would like more information. As an overview, there are a few key ingredients:
- Define the culture
- Offer sincere recognition
- Be the role model of positive leadership
- Provide opportunities
- Establish a framework that reinforces the above and one the organization's people can emulate.

Every situation and organization has its unique issues and culture, so within the framework we offer specific recommendations and approaches. From a leadership perspective, the goal is to do as much as possible to prevent complacency; in the event it is too late, there are ways to reverse it and its effects. We welcome your thoughts or your organization's challenges if you wish to share with us.

A special thanks
Larry and I want to thank our long time friend and colleague Tony Ameo for his insightful review comments. As many of you know, Tony has authored or co-authored several articles for UPDATE over the years, and we value his perspective and insights.

Closing thoughts regarding
—Employee Engagement—
The emotional and functional commitment an employee has to his/her organization.

$11 Billion is lost annually due to employee turnover

Companies with engaged employees outperform those without by up to 202%

71% of all employees are not fully engaged

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