The 3 Keys to Empowerment

THE 3 KEYS TO EMPOWERMENT

Release the Power within People for Astonishing Results

Ken Blanchard, John P. Carlos, and Alan Randolph

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Dedicated
To all the pioneers of empowerment,
the leaders, teams, and organizations
who have taught us so much!

To Margie McKee Blanchard
My cofounder, coauthor, friend, and inspirational partner!

To C. Lynne Carlos
My partner, friend, and wife for thirty-two years
and counting!

To Ruth Anne Gray Randolph
My best friend and partner in life!

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Preface

Our first book on empowerment, titled *Empowerment Takes More Than a Minute* and published in 1996 by Berrett-Koehler Publishers, has been a popular introduction to the challenges of creating a culture of empowerment. We have been gratified to see it on the *Business Week* Best Sellers List and to have it translated into ten languages besides English. By all accounts this book has been a success and has helped many managers and employees *release the power within people for astonishing results.*

What has been apparent also is that efforts to move to empowerment always raise questions for managers and employees alike. These questions are often quite detailed, and their answers were not always apparent in our first book. This second book, *The 3 Keys to Empowerment,* asks and answers those questions and provides a three-stage road map for the journey of changing to empowerment.

Everyone seems to agree that employees, managers, and companies can benefit from creating a culture in which people could be empowered. Involving employees in an empowered culture allows them to use their knowledge, experience,

*and internal motivation to accomplish tasks for the organi*zation. Employees become team members who are accountable for results that benefit the organization in both tangible and intangible ways. Employees also experience a sense of ownership, excitement, and pride in their work. Managers become team leaders who facilitate the involvement of team members. They find that results are achieved much easier than in a hierarchical culture, and they develop a new sense of pride from developing empowered teams that achieve far more than anyone thought possible.

The difficulty that everyone experiences is that talking about empowerment is a lot easier than creating a culture in which it can prosper. The title of our first book was designed to let people know that the movement from hierarchy to empowerment would not be easy. It would take more than an announcement, more than a wish, more than a small effort, indeed, "more than a minute." It is not an easy task to give up the assumptions, behaviors, and systems (policies and procedures) that worked well in a hierarchical culture and replace them with assumptions, behaviors, and systems that support and expect empowerment, but it is doable in steps and in stages.

The 3 Keys to Empowerment is intended to be a guidebook for the journey. It is not a book designed for you to sit down and read in a few sittings, except to gain an overview of the issues. Rather, it is a user's guide for the journey to Empowerment. *The 3 Keys to Empowerment* will help you keep on task and will definitely increase the speed of your journey. Think of your questions as you progress, find them in the various sections, and also find your answers. We know that this guidebook will make your journey much easier and

will give you the confidence to continue. If you have questions that you cannot find in this book, please send them to us and we will provide you with our best thinking on that issue. We want you to succeed in reaching empowerment, so let this guidebook—and us as references—help you along the way.

Good luck to you as you undertake this most important and challenging journey! We are confident that the effort is worth it because in empowerment, you will *release the power within people for astonishing results.*

Ken Blanchard *John Carlos* *Alan Randolph*

INTRODUCTION

THE CHALLENGE OF MOVING TO EMPOWERMENT

Empowerment has been and remains one of the most promising but least understood concepts in business to date. First introduced in the 1980s, it quickly became a buzzword full of promise but short on delivery. Who could argue with the end result of empowerment? Ask senior managers if they want employees who accept responsibility, have a proprietary interest in the company, and want to work hard for company results, and the answer is, of course, yes. Ask employees if they want to feel valued, be involved in their jobs, and feel pride in the work they do, and the answer is, of course, yes.

Essentially, managers and employees want the same outcome. So why has it been so hard to achieve empowerment? Why has the concept fallen into disrepute? The answer is both simple and complex.

First, it is not the concept of empowerment that is flawed. Rather, it is people's lack of understanding of how to move from a more traditional hierarchical mind-set to a mind-set of empowerment.

Too many managers view empowerment as giving people the power to make decisions. And too many employees view empowerment as being given free rein to do what they want to do. What we offer in this section is a better understaing of what empowerment really is—a releasing of the power within people to achieve astonishing results. What we also offer is a macro-level understanding of the process and issues that must be addressed to create a culture of empowerment.

CHAPTER 1

Releasing the Power within People

Empowerment. Can it work for you, or is it just another buzzword for the ages? We believe that empowerment (which we link with team member involvement, ownership, responsibility, proprietary interest, and pride) is crucial for companies to be competitive in today's business world and certainly in the world of tomorrow. Literally, for companies to succeed in the new world of business, team members must feel that they own their jobs and that they have key roles. And many of the most successful and admired companies in the world agree.

WHY MAKE THE EFFORT TO CHANGE TO EMPOWERMENT?

A variety of external challenges have paved the way for forces of change to bombard people and their organizations from all sides. First, customers have developed very high expectations regarding quality, price, and service. The feeling is that if your company cannot meet their needs, they will find another company that can. Second, these pressures from customers must be managed in light of the need to remain

profitable. There is always the danger of providing what the customer wants while undercutting margins to the point of risking company viability. Third, the forces of change brought on by global competition, new technologies, and customer mind shifts mean that whatever was outstanding last year may be ordinary this year. The bar is continually being raised, and unless your company and its people can jump over it, a competitor will gladly take your place. Fourth, the members of today's work force are quite different from those of the past. They have a tremendous potential for growth and development but an impatience for controlling their own destinies. There is an ongoing need to create greater trust between team members and leaders so that people can and will put forth their best efforts to act with responsibility in a context of freedom and so that leaders can and will allow their team members to act with responsibility and freedom.

Creating a culture of empowerment is not easy—it means acting with strength in the face of adversity while living with a delicate balance of responsibility and freedom. But once you start down this path to empowerment, there really is no turning back, unless you wish the forces of change to overwhelm you and everyone else in the organization. To make matters even more challenging, the compelling internal forces for change leave leaders and team members with no choice but to consider empowerment.

As we have worked with clients over the last few years, we have learned that the old deal between companies and their employees has changed. No longer does loyalty guarantee job security. During the 1950s, if someone took a job with a Fortune 500 company he or she was "set for life." Is this true

now? Of course not! Some of the biggest layoffs have occurred at some of the biggest companies. But layoffs do not guarantee company success. So what is the new deal?

When asked what they want from people today, leaders almost universally respond, "We want people who are problem solvers, who take initiative, and who act like they own the business." What they are saying is that they want empowered people. But what about the team members; what do they want in the new deal? When we ask these people, they respond, "We want honesty. Tell us the truth about how our company is doing; we can handle it and we can help improve the situation. In addition, we want to learn new skills that will not only help us here but we can take with us if we have to look for another job." What they are saying is that they want a new deal for involvement. *They want to be empowered.*

WHAT IS EMPOWERMENT?

In many ways then, leaders and team members want the same thing—empowerment. Indeed, empowerment is a cutting-edge "technology" that provides both the strategic advantage companies are seeking and the opportunity people are seeking. It is the means for involving team members as business partners in determining company success or failure (which today is defined as being simultaneously customer driven, cost effective, fast and flexible, and continuously improving).

Empowerment can assist any leader (who is willing to make some key changes) tap the knowledge, skills, experience, and motivation of every person in the company. Leaders who empower people are placing additional responsibility for results on the team members. That is right:

empowerment is not soft management. But even though it places high expectations on people, team members embrace empowerment because it leads to the joys of involvement, ownership, and growth. Unfortunately, too few leaders and team members understand how to create a culture of empowerment.

While giving people the authority and responsibility to make important business decisions is a key structural aspect of empowerment, it is not the whole picture, as some leaders mistakenly think. *The real essence of empowerment comes from releasing the knowledge, experience, and motivational power that is already in people but is being severely underutilized.* In hierarchical organizations using more traditional "command and control" management practices, the organization's human resource capacity is only partially tapped, perhaps at 25 to 30 percent of capacity. And we all know what would happen if equipment was utilized at only 25 to 30 percent of capacity. The company would suffer greatly and management might have a short career, indeed. Why should we accept the same low capacity utilization from people? Empowerment can help every leader increase the performance capacity of people in any organization.

DOES EMPOWERMENT REALLY WORK?

A valid question to ask is, Does empowerment really work? In an era when competition is fierce, any company that cannot produce at a lower cost, with better quality, and at a faster pace than its global competitors may soon be out of business. At the level of team members, the result will be loss of jobs, with more work piled on those who are left behind.

Leaders will feel the stress of producing more with fewer people and with a wider span of control. It is for these very reasons that the traditional management model of "the manager in control and the employees being controlled" does not work. What every leader is seeking is solutions to make his or her job—achieving results with fewer resources—easier. At the same time, team members are searching for job security, ownership, and a renewed sense of pride in their work. We believe firmly that empowerment is a significant part of the solution to these issues.

In the book *Employee Involvement and Total Quality Management,* Ed Lawler and his colleagues in the Center for Organizational Effectiveness at the University of Southern California support this conclusion.[1] They report that when people are given more control and responsibility over their jobs, companies achieve a greater return on sales (10.3 percent) than those companies that do not involve people (6.3 percent). One of our clients in the mature retail food industry found that annual sales growth increased from 15 percent to 26 percent; sales per store increased 10 percent per year, while the number of stores increased almost 100 percent and overall sales volume increased in excess of 500 percent over eight years. Another client in the engineering services industry has used better information sharing and a team approach (two of the keys to empowerment) to reduce project execution costs by 40 percent, while maintaining high quality work. Indeed, empowerment works for those leaders and companies that make the effort to change.