Practice What You Preach
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The Big Idea
A study conducted by the author shows that the most financially successful operations have common characteristics. The relationship between these characteristics and financial success is not trivial.

Introduction
The study shows that these characteristics cause a demonstrable, measurable improvement in the financial performance of the studied offices. These characteristics are:

- Management’s behavior is perceived to be consistent with management’s claimed philosophy and values.
- Managers serve the interests of the groups they manage, not just their individual interests.
- Managers’ subordinates feel that their individual potentials are nurtured, allowed to flourish, to reach optimal realization.
- There exists a high degree of loyalty and commitment among subordinates, inspired by their individual managers.
- Compensation systems are fair and well implemented.
- People quality is not compromised. Standards are not sacrificed during hiring.

The Survey
For each of the offices in the study, four measures of financial performance were employed:

- Two-year percentage growth in revenues
- Two-year percentage growth in profit
- Profit margin
- Profit per employee

The employee survey instrument was comprised of 74 questions that were later grouped into 9 factors to facilitate analysis. These 9 factors were:

- Quality and client relationships
- Training and development
- Coaching
- Commitment, enthusiasm, and respect
- High standards
- Long-term orientation
- Empowerment
- Fair compensation
- Employee satisfaction
How Successful Offices Did It

The author first identified the 20 percent of offices that did best financially. He then compared the employee survey results from these offices with those from less financially successful offices. The author’s first finding was that the financially successful offices did better at virtually everything in the employee survey.

The items in the first group which the financially successful offices most outperformed the rest were:

- Management listens.
- Management values input.
- Management is trusted.
- Managers are good coaches.
- Management communication is good.
- Managers practice what they preach.
- People treat others with respect.

These items have more to do with individual manager behavior than with company policy.

The items in the next group which the financially successful offices most outperformed the rest were:

- Be the best, not the biggest.
- Management gets the best work out of everybody.
- We have high standards for performance.
- Quality of the professionals is high.
- Tolerate nothing less than high levels of client service.
- People do whatever it takes.

These items show that staff members have to be convinced that high standards are not only preached but also practiced day-to-day.

The items in the third group which the financially successful offices most outperformed the rest were:

- We discuss strategic objectives, not just the financial goals.
- We invest in the future.

Successful offices consistently demonstrate their concern for the long-term.

The items in the fourth group were:

- The compensation system is fair.
- Those who contribute the most are rewarded.

Financially successful offices make sure that their employees are convinced that their compensation scheme is fair.

The items in the fifth group which financially successful offices did better than the rest were:

- Enthusiasm and morale are high.
- People are committed and loyal.
- People are dedicated.

Enthusiasm and morale, however, was the single item in which the financially successful offices most outperformed the rest.
Correlations with Financial Performance

Twenty survey items most correlated with financial performance. The first eight had to do with the setting, enforcement, and achievement of high standards:

- We have an uncompromising determination to achieve excellence in everything we do.
- We have a real commitment to high-quality work, and tolerate nothing less.
- We have a real commitment to high levels of client service, and tolerate nothing else.
- The quality of service delivered to clients by my group is consistently high.
- The quality of work performed for clients by my group is consistently high.
- In this office we set and enforce very high standards for performance.
- Management gets the best work out of everybody in the office.
- The quality of the professionals in our office is as high as can be expected.

The next four had to do with client relationships:

- We keep clients informed on issues affecting their business.
- We make our clients feel as if they’re important to us.
- Client satisfaction is a top priority at our firm.
- We listen well to what the client has to say.

The next survey item was related to fair compensation:

- Those who contribute the most to the overall success of the office are the most highly rewarded.

The next three were about long-term orientation:

- We maintain a balance between short- and long-term goals.
- The emphasis in our office is on long-term success, rather than short-term results.
- We invest a significant amount of time in things that will pay off in the future.

The last three survey items were:

- Our team is effective at achieving our desired results.
- I am committed to this firm as a career opportunity.
- There are real opportunities here for meaningful career and professional advancement.

The author grouped the individual survey items into factors. Analysis of the factors showed that every factor had a statistically significant correlation with financial performance.

The Predictive Package

The author used stepwise regression analysis to determine whether a set of individual survey items could be selected to serve as predictors of financial performance. The result was a package of 9 items which predicted performance despite differences among the surveyed offices:

- Client satisfaction is a top priority at our firm.
- We have no room for those who put their personal agenda ahead of the interests of the clients or the office.
- Those who contribute the most to the overall success of the office are the most highly rewarded.
- Management gets the best work out of everybody in the office.
- Around here you are required, not just encouraged, to learn and develop new skills.
- We invest a significant amount of time in things that will pay off in the future.
- People within our office always treat others with respect.
The quality of supervision on client projects is uniformly high.
The quality of the professionals in our office is as high as can be expected.

The author found that it is the interaction of all nine items, not their separate individual effects that result in the marked difference in profitability.

**The Path to Performance**

The author used structural equation modeling to determine causality among the various survey items. He found that almost every aspect of employee attitude and culture is involved, directly or indirectly, with financial performance. His findings were:

- Financial performance is driven by quality and client relationships.
- Quality and client relationships are driven by employee satisfaction.
- Employee satisfaction is driven by high standards, coaching and empowerment.
- High standards are driven by fair compensation and commitment, enthusiasm, and respect.
- Coaching is driven by long-term orientation and commitment, enthusiasm, and respect.
- Empowerment is driven by long-term orientation.

**Lessons: The Manager**

The author found that what the manager is as a person probably accounts to a significant degree for a business’s success. Those employed at the successful offices included in the author’s study believed that a manager should be:

- A good communicator
- A good listener
- A role model
- A magnet for talent (the reason people want to stay)
- Accessible all the time
- Apolitical
- Articulate about what he stands for
- Comfortable with allowing other people to get credit
- Disciplined about standards, although open to reasons why they may not be met
- Enthusiastic
- Even-keeled and even-tempered
- Genuine
- Good at reading people’s character and skill level
- Honorable
- Noble
- Sensitive to personal issues
- Smart, but human
- Someone of high integrity
- Studied and precise in his conversations
- Thoughtful
- Sincere
- Transparent, not opaque
- Unquestionably honest
Lessons: Creating the Success Culture

To succeed, an office should not tolerate:

- Abuse of power or position
- Any disrespect shown by anyone to anyone else
- Anyone who is abusive
- Backstabbing
- Being late to meetings
- Betraying secrets
- Bullying
- People calling in sick when they’re not
- Cross-departmental rivalry
- Cruising
- Dealing in blame
- Derogatory statements
- Disrespect of any kind
- Freak clients, where there is the potential of failure from a relationship standpoint
- Clients that aren’t exciting
- Clients who abuse your people
- Clients who don’t treat your people well
- Gossipping, whining, complaining
- Hiding from accountability
- Lack of teamwork
- Management through intimidation
- Managers who are not good coaches
- Noncompliance with standards
- Not treating people with respect
- People who are “snappish” with anyone else. If they are, insist they apologize.
- People who try to make their own rules
- Screaming
- People who don’t hold up their end of the deal
- Shirking or dumping responsibility
- Those who are political

To succeed, an office must require the following:

- People’s attitude is: “We don’t care how it happened, let’s just get it fixed.”
- All employees from relationships with client people at the equivalent level.
- Continual career development for everyone.
- Each one practices diplomacy; courtesy; professionalism; without superficiality.
- Each one must be a team player.
- Each one must be approachable.
- Each one must be self-motivated.
- Each one must develop leadership skills.
- Each one must learn new skills continually.
- Each one must respect his colleagues and be cordial.
- Each one’s voice must be heard and appreciated.
- If a performance review does not get done on time, the manager’s bonus should be reduced significantly.
- Insist everyone work together for the overall success of the firm, not just themselves or their group.
- Make sure everyone knows that each must be reliable. Anyone who takes something on must deliver.
- Management must do what they say they are going to do.
- Management should be made up of “high integrity” people.
- Everyone must show respect for other people, inside and outside the firm.
Talent is no excuse for bad behavior.
Try the soft approach to get someone to work to standards. If the soft approach does not work, be prepared to be intolerant.

Lessons: Developing People

The best managers see to the development of their subordinates. The staff at the firms studied made the following recommendations:

Hold senior people accountable for how well they are developing the careers of those who work for them.
Be rigorous about “on time” performance reviews.
Encourage others to take over your projects (i.e., delegate).
Encourage people at all levels to do more and more as time goes on.
Encourage your employees to be involved at all levels of decision-making.
Encourage your people to be fearless in speaking their mind on business or personal issues.
Ensure lots of risk-taking. Always push the envelope.
Ensure people realize that if they reach out for responsibility, they can create the environment they want. Give people flexibility, encouragement, ownership and the opportunity to get things done.
Give people the ability to do their own thing, and if you don’t agree, give them the right to discuss.
Help people understand what is needed and how to grow. Don’t assume they know.
Let people define their own work and build their own roles.
Make public commitments about initiatives and actions; keep people informed in real time.
Move people from team to team.
Once a year have a formal sit-down with each person and talk about what he or she likes to do and what he or she wants to work on. Work hard to find out what people like and try to accommodate them.
Ensure people know where they stand on a daily basis and not just at evaluation time.
Be very willing to give people another chance. (Some people who look as if they are not succeeding just aren’t in the right spot or role.)
Actively work at helping people “dream,” and make it fun.
Understand that employees are looking for help from managers in growing their careers.
Ensure that all managers are “boosters,” people who will say, “You can do it, you can do it!”

Lessons: Hiring

To create a success culture:

Don’t hire just anybody. Have a sense of who is and who is not your firm’s kind of person. Hire to fit the culture. Wait and get the right person.
Hire people with enthusiasm, excitement, sparks, energy, spirit, a sharing style, smarts, personality, compatibility and vision.
Look for a cooperative spirit; a dedication to teamwork; a service mentality; a non-argumentative attitude.
Involve the whole team in hiring.
Do investment hiring, taking the risk of hiring in advance of demand.
Have inductions in which everyone who joins is assigned a “buddy” or mentor who makes sure the new recruit meets everyone and understands how everything works.
When you hire, be absolutely honest about what your firm can offer.

Lessons: Training

Allow anyone to take anything in training they want as long as it is somehow related to the business.
Allow people to select their own training, with full tuition reimbursement.
Don’t cancel training if profits are down.
Give a stipend to each person to use for training purposes. Talk to them if they fail to use it. Hold managerial training (people management) for managers at all levels. Of all your training about 80 percent should be about personal development and only 20 percent technical training. Offer courses on handling conflicts, anger management.

**It’s Not One or the Other, It’s Both**

It is not sufficient for a manager to be task-focused, interested only in getting results. Neither is it sufficient for a manager to be only people-focused, interested only in developing his staff. It is necessary for a manager to be fully committed to and fully skilled at both. A manager must realize that the following are reinforcing, not opposing, forces:

- Caring about clients and caring about employees
- Task focus and people focus
- Business development and people development
- Tough and tender
- Being demanding and being supportive
- Making money and having fun
- Work hard and play hard
- Financial rewards and psychological rewards
- Being a manager and being a human being
- Treating people as employees and treating people as human beings
- Deciding with the head and deciding with the heart
- Informing and listening
- Taking care of today and building for the future
- Autonomy and teamwork
- Passion and compassion
- Having good ideas and having the guts to stick to them

**The Courage to Manage**

Competition is about who can best accomplish that which needs to be accomplished. This will require:

- Energy
- Drive
- Enthusiasm
- Excitement
- Passion
- Ambition

These will make possible the discipline required for diligent and consistent execution that will result in outperforming the competition. The core function of a manager then is to create energy, drive, enthusiasm, excitement, passion, and ambition.