

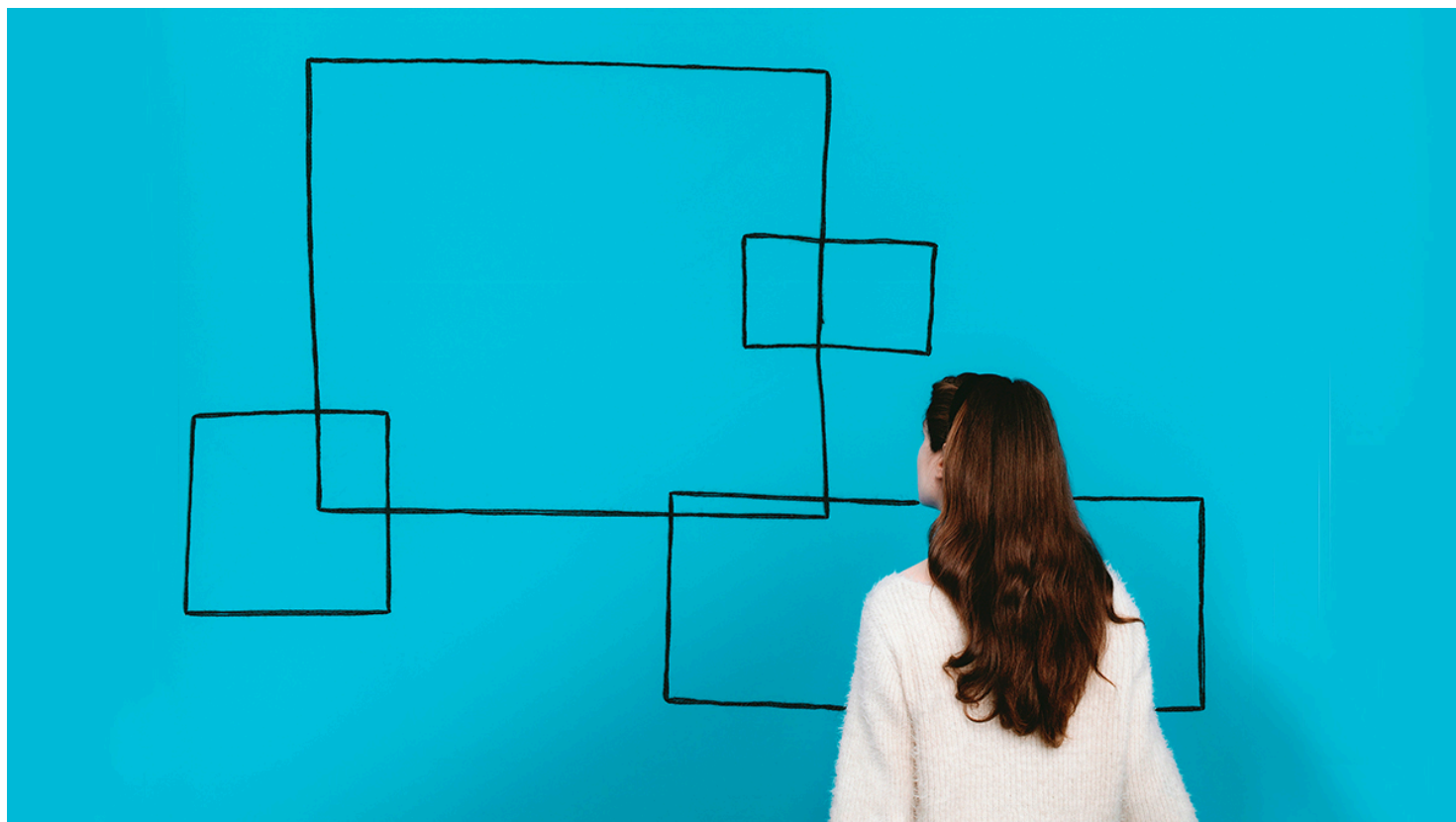
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Business Management

Give Your Employees Specific Goals and the Freedom to Figure Out How to Reach Them

by John Hagel III and Cathy Engelbert

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Summary. As more aspects of work become automated, it is increasingly important for people to focus on building skills that support creative and innovative tasks only human beings can perform. Efficiency is turning into the watchword of machines, and the opportunity for humans is work that addresses unseen problems and opportunities. If we give people more freedom and responsibility, how do we know they will use it well? Our answer is paradoxical: we need to specify more, and also, specify less. This means we need to be very explicit with employees about how we measure success and the metrics that drive it (specify more). Then, having stated clearly how success is measured, we need to allow employees to freely, creatively pursue ways to reach it (specify less). close

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Such talk, in our experience, makes executives anxious. If we give people more freedom and responsibility, how do we know they will use it well? How do we know people will use freedom in the most productive way, rather than losing focus or wasting time and effort through lack of coordination?

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This idea is not entirely new. The military idea of Commander's Intent—a mechanism used to empower subordinates to initiate creative solutions—is known to foster adaptability and real-time problem-solving. And the show *Curb Your Enthusiasm* substitutes a traditional script with an outline of major plot points, allowing the actors to improvise for comedy gold.

For those of us who are not military commanders or improv professionals, is *specifying desired outcomes while creating more freedom* really pragmatic? We believe the answer is yes. But practically speaking, this shift requires a fundamental change in mindset and management practices. Many executives have a good idea of outcomes they would like to specify. And many intuitively appreciate the idea of being relentless on outcomes while creating freedom for execution. But where to start can seem mysterious. We suggest three steps.

1. **Focus on the capabilities** needed to step up performance improvement.
2. **Redesign work environments** to foster those capabilities.
3. **Pursue high impact early initiatives** and communicate, early and often, what it all means to your workers.

Focus on the capabilities needed to step up performance

improvement. Conditions on the ground matter (in the military and in business!). Certain conditions better foster sustained, extreme performance improvement. In such environments, we've found that workers had highly developed capabilities on two dimensions: *exploring* and *connecting*.

Workers with a strong propensity for exploration are better improvisers. They look forward to dealing with the unexpected as an opportunity to learn and have an impact. Capabilities related to exploration include curiosity, imagination, and creativity. To be good explorers, we must be willing to take risks and fail, since exploration doesn't always yield anticipated results on the first attempt.

Workers who grow on the connection dimension are constantly seeking out others who can help them to do a better job.

Capabilities related to connection include emotional and social intelligence. These qualities allow people to better communicate, share experiences with each other, and gain greater insight into what works and what doesn't work in different contexts.

Importantly, while some workers may have greater propensity towards exploration and connection, these capabilities can be grown and improved with every worker.

Redesign work environments to foster those

capabilities. Based on Deloitte research, only about 13% of the U.S. workforce has the kind of passion that comes from high exploration and connection. Why are the levels so low? Many of us once had the capabilities required to explore and connect – just look at youngsters on a playground. But most of us have adjusted and adapted to the environments we've found ourselves in throughout our lives, from factory-like schoolrooms to workplaces that look like they're designed for 19th-century Taylorism. Despite layers of new technology and new thinking, many work environments have not meaningfully departed from this command-and-control structure. Today, many workers have adapted for rigid adherence to the standardized and tightly specified processes that come with it. In this culture, asking too many questions may be seen as a sign of weakness. (Haven't you read the manual, watched the video, or searched around the internet?)

Yet the capabilities for exploration and connection remain within all of us. We may not have had an opportunity to exercise them in a while, but the appropriate atmosphere can draw them out and nurture them. Often, companies try to do this through open-seating arrangements, or by providing ping pong or pool tables. But those efforts will fail if the company is simply using them as window-dressing.

One example of redesigning a work environment comes from Pixar. When Steve Jobs was CEO, he placed the food facilities and restrooms in the center of the newly-designed company headquarters. People were motivated to come together several times throughout the day. The food facilities were also scaled to create long lines. This encouraged people from different departments to strike up conversations while waiting for their meals, increasing the potential for serendipity.

Pursue high impact early initiatives. The next step is to choose some projects where this new management approach will have a tangible, noticeable impact. Rather than launching a lot of initiatives at the outset, focus on the few that have the greatest potential for impact. We would suggest an experimentation-based, five-step approach:

1. Select your focus area using a metrics that matter approach
2. Crowdsourcing hypotheses regarding approaches to redefining the work
3. Test hypotheses with experiments in the focus area
4. Measure results
5. Scale experiments

How do you identify your focus areas? Start by looking at the overall financial performance of the company and identify some of the biggest financial pain-points or opportunity areas.

As an example, imagine that revenue is not growing at the rate expected by investors.

That leads to a second level of analysis — **operating metrics**. A key here is to identify the operating metrics that appear to have the greatest impact in addressing your chosen financial metric. In this example, it might be customer churn rate — the company is losing customers at a high rate, making revenue growth challenging.

That leads to a third level of analysis — **front-line metrics**. What elements of front-line performance seem to be driving the disappointing operating metrics? In our example, it could be that the customer churn rate identified above is largely due to customer frustration when they seek help from a customer call center. Their questions aren't being effectively answered, so they get upset and stop doing business with the company.

Now, we've been able to identify a group of workers and a work environment that appears to have disproportionate impact on the performance of the company as a whole. If we could redefine work for this group so that they are more effectively focused on problem-solving and opportunity identification —

communicating clearly what this means for them and the organization, and what metrics we are using to measure success — imagine the positive cascade. This could lead to higher customer satisfaction, which in turn would reduce customer churn rates, and make it much more feasible to drive revenue growth. That's a very promising focus area in the early stages.

We've used one example, but the focus could be on any group of workers within a company. The key is to find a promising place to start that, with relatively modest investment, can make a quick and tangible impact. This will garner the attention and support of senior executives of the company. Additionally, as more initiatives are launched, the more you will learn about approaches that yield the highest impact. You can then gain more opportunities to refine how you address the specific context of your workers at a particular point in time. In an organization with a symphonic C-suite – all the members of the C-suite working in harmony rather than in silos – those learnings will create a positive feedback loop of learning throughout the organization.

Redefining work at a fundamental level offers enormous opportunity today. Our global economy is going through profound changes. Companies who recognize that creating value requires more than efficiency will gain a competitive advantage. Organizations can increase the value they deliver to their customers and stakeholders, and individuals can achieve far more

of their potential. We believe it is pragmatic to do this by specifying the outcomes you want, balanced with creating more freedom for the worker of the future.

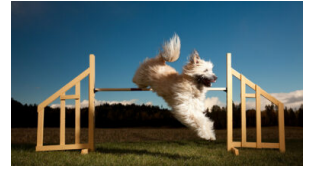
John Hagel III recently retired from Deloitte, where he founded and led the Center for the Edge, a research center based in Silicon Valley. A long-time resident of Silicon Valley, he is also a compulsive writer, having published eight books, including his most recent one, *The Journey Beyond Fear*. He will be establishing a new Center to offer programs based on the book.

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