

From the authors of the bestselling EMPOWERMENT TAKES MORE THAN A MINUTE

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The **3** Keys to Empowerment

RELEASE THE POWER WITHIN PEOPLE FOR
ASTONISHING RESULTS



An Excerpt From

***The 3 Keys to Empowerment:
Release the Power Within People for Astonishing Results***

by Ken Blanchard, John P. Carlos, and Alan Randolph Published by Berrett-Koehler
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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 organization. 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 understanding 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.

A convenience store chain on the West Coast has used empowerment practices to reduce turnover from the industry average range of 140 to 220 percent per year to 70 percent per year—not as good as other industries but still quite a cost saver. And management has learned that fewer people leave the company unhappy. A typical response from a former convenience store team member is “I was told to sell my soul for a minimum-wage job.” When people leave this company, their response is more likely to be, “As an eighteen year old, I had probably the best first job experience I could imagine. I plan to be a customer of theirs for a long time to come.” What’s the bottom line? The company may lose people faster than they like, but it may be gaining customers for the long run!

HOW HARD IS IT TO MOVE TO EMPOWERMENT?

Far more companies talk about empowerment than practice it. Too many leaders think that if they and their people want empowerment, it will “just happen naturally.” Nothing could be further from the truth. The change is too fundamental and involves replacing many old habits with new habits. To change to empowerment takes an understanding of what empowerment really is, knowledge of key action steps, and a dedicated effort. According to Lawler and his colleagues, even companies that use empowerment programs involve less than 20 percent of their workforce. And our experience suggests that many companies start an empowerment effort only to stop the journey somewhere during the process of change, thus feeding the belief that empowerment is just another “flavor of the month.” Indeed, empowerment is not as easy to create as it first appears.

The main reason empowerment is “easier said than done” is that managers often think that all they have to do to

empower people is to “give team members the authority to make decisions or to mandate a change in behavior.” By so doing, leaders believe they are giving people the freedom to act. At the same time, they often perceive a reluctance by team members to be held accountable for decisions they make. Team members say they want control over decisions and involvement, but they think that leaders add constraints that inhibit their taking responsibility. The vast majority of leaders unintentionally do not provide an adequate mix of knowledge, information, power, and rewards to create a culture in which people can become empowered. Nor do they change the way in which team members’ performance is measured. And people are not automatically prepared to take on the challenges of being empowered. They often think they want to be empowered until they learn what it really means in terms of the changes they as team members must make.

The source of these difficulties lies in the tremendous shift in thinking that is needed by both leaders and team members. Empowerment challenges many of the most basic assumptions about organizations that leaders and team members have come to accept as fact. The kind of thinking that led to individual and corporate success in the past is no longer valid in the world of empowerment. Attitudes, behaviors, practices, and ways of relating must change for an organization and its team members and leaders to become empowered.

WHAT ARE THE KEY CONCEPTS FOR NAVIGATING THE JOURNEY TO EMPOWERMENT?

This book will provide in-depth descriptions of the actions that have to be taken to successfully navigate the

difficult journey to empowerment. To do so we will integrate three sets of concepts:

- The three keys to creating empowerment in an organization that we discussed in *Empowerment Takes More Than a Minute*.
- The three stages of the process of changing to empowerment through which every leader and team member must travel to achieve empowerment.
- Situational Leadership® II, a framework that has proven valuable for leaders, whether they are working one-on-one with people, in teams, or at the organizational level (department, division, or the total organization) and for team members in their self-leadership efforts.

THE THREE KEYS TO EMPOWERMENT (FROM EMPOWERMENT TAKES MORE THAN A MINUTE)²

KEY #1: SHARE INFORMATION WITH EVERYONE

The first (and often misunderstood) key to empowerment is *information sharing*. As a leader, you do not, surprisingly, start the journey by sharing your vision of empowerment. Rather, you start by sharing whatever information you have about your business with your people. We have learned from our clients and research that without information to understand the business and its needs, team members will see empowerment as just another management idea. They will not trust that change will really occur, and perhaps rightly so. When leaders are willing to share whatever information they have—both good and bad—they begin to gain the trust of their people, who then feel included and trusted by leadership. Furthermore, it should be obvious

(though it does not appear to be understood by many leaders) that people without information cannot possibly act responsibly. They cannot be expected to make good business decisions without the same information their leaders have used to make those kinds of decisions in the past. On the other hand, with information, people are almost compelled to act with responsibility. Information sharing gives the empowerment process a kick start that is essential to a successful journey.

KEY #2: CREATE AUTONOMY THROUGH BOUNDARIES

Paradoxically, while empowerment involves minimizing structure so people can operate autonomously, leaders must begin the process of changing to empowerment by imposing more, rather than less, structure. Working in conjunction with information sharing, the second key to empowerment clarifies the need to create autonomy by establishing boundaries. To be sure, the kind of structure we mean is not the same as that found in traditional hierarchies. In a hierarchy, structure is created to inhibit the behavior of people. Rules, procedures, policies, and management reporting relationships are all designed to inform people about what they cannot do or how they must do a task. In empowerment, the structures have a different purpose and take different forms. Now the structure is intended to inform team members about the ranges within which they can act with autonomy. For example, the boundaries in a culture of empowerment take the form of vision statements, collaborative goals, decision-making rules, and performance management partnerships. Within the ranges set by those boundaries, team members can determine what to do and how to

do it. As the empowerment process unfolds, the range of structures can widen and deepen to allow people greater degrees of control and responsibility.

KEY #3: TEAMS BECOME THE HIERARCHY

The third vital key that must work in harmony with the other two is gradually replacing the old hierarchy's purpose and functions with self-directed teams. Many of today's complex business decisions require input from a collection of people if those decisions are to be effective. And implementation of the decisions requires team effort if they are to have the desired results. *The bottom line is that teams are more effective than individuals in complex situations.* The team—with its synergy of effort—offers greater knowledge, plus a support mechanism for people who are trying to act in an empowered fashion. But empowered, self-directed teams are quite different from participative teams, quality circles, or semi-autonomous teams. They make and implement decisions and are held accountable for results; they do not just recommend ideas. Because they are so different, self-directed teams must be developed over time, and team leaders must learn how to work with and in these high performing teams.

THE THREE STAGES IN THE PROCESS OF CHANGING TO EMPOWERMENT

The journey to empowerment is full of challenges, and it requires dedication to see it through to the finish. As with any change that involves habits, attitudes, and behaviors of both leaders and team members, coupled with systems and organizational changes, the journey will involve many ups and downs along the way. In fact, there are three stages of the

change process that are clearly distinguishable and that involve different issues, feelings, and needs.

STAGE 1: STARTING AND ORIENTING THE JOURNEY

This first stage of the process of changing to empowerment involves beginning to act and commit to change. It is a time when people throughout the organization will have mixed feelings. On the one hand, team members and leaders will wonder where this journey is actually going to take them and why there is such a strong need to change the way the company is now. On the other hand, they will like the idea of becoming more involved in their work lives and using their many talents each day at work. But there is a naivete that people have at this stage of the change process. On the surface, the idea of empowerment is appealing to both leaders and team members, but underneath there is a feeling of concern over venturing into the unknown world of empowerment, as well as doubt about senior management's sincerity about changing to empowerment.

STAGE 2: CHANGE AND DISCOURAGEMENT

Somewhere along the journey, people will gain enough knowledge about where they are headed to realize that they are not sure how to get there. It may be a few months into the process of changing to empowerment before this feeling of uncertainty surfaces, but it will inevitably come into focus at some time. When it does occur, people are going to feel a sense of discouragement and frustration. They will probably wonder why the change to empowerment was ever started. Leaders may fear that team members will never rise to the challenge and responsibility of being empowered. At the

same time, team members will experience a growing doubt that leadership will stay the course to empowerment. The essence is that leaders and team members will feel disillusioned and in need of some strong leadership that is capable of providing guidance and encouragement. Unfortunately, if we look to the top of the organization, senior leadership will likely be experiencing some of these same feelings of discouragement as these executives wonder what they have created, how long empowerment will take, and what to do next. The result is often a true “leadership vacuum” that strikes fear and doubt into the hearts and minds of all parties involved. It is at this juncture that many organizations, teams, and leaders give up on the journey. This is unfortunate because this valley of discouragement is natural and is also the doorway leading to empowerment.

STAGE 3: ADOPTING AND REFINING EMPOWERMENT

Those who stay the course will see people in an organization (leaders, team members, and senior leadership) begin to adopt the new habits, attitudes, and behaviors of empowerment and will sense that light is really coming through the tunnel. The newly developing habits, though, will not yet have solidified to the point where they feel natural. People will be acting with greater responsibility as partners with leaders in a team environment. And leaders will be more comfortable with the idea of sharing responsibility and control with people as team members. The challenge for all involved is to keep moving ahead toward full empowerment without becoming complacent about accomplishments to date. Most members of the organization will be on board with the new culture, though still learning it. A few others will be lagging back,

needing support, encouragement, and clear expectations to get up to speed. It is a time for refinement and for feeling satisfaction about how far everyone has come on the journey. But the journey is not yet complete, and leaders and team members know it. The difference now is that the finish line is in sight, and most people understand the vision of the new culture and are working hard to achieve it.

SITUATIONAL LEADERSHIP® II

Reaching empowerment involves a strong commitment to the end goal, but it also involves effective leadership and a plan of action. As a starting point, it is helpful to think of leadership as an influence process. Any time you try to influence the behavior of someone else to accomplish the goals of an organization, you are engaging in an act of leadership. In the context of moving to empowerment, leadership is vital, according to our colleague Drea Zigarmi, in four domains or contexts.

The first context is the self-leadership domain. One goal of empowerment is that people will eventually become self-reliant achievers. Rather than waiting to be told what to do, they will anticipate what needs to be done and take appropriate action on their own. The second context is the one-on-one domain. Here a leader tries to influence someone else whether the person is a direct report, peer or associate, a boss, or even a customer. The third context is the team domain. Today, more and more leaders find that they need to influence people in teams or small groups of three to twelve people. Indeed, the team members must learn to influence each other if the team is to be effective. The fourth and final context in which leadership takes place is

the organizational domain. Here the leader heads up the entire organization or leads a large subunit—such as a division or major functional area like marketing—within an organization. While the leader may have a group of direct reports with whom he or she teams, these direct reports have people who report to them. In this domain, leaders influence more than one level below them in the organizational structure.

To create a culture of empowerment, people must behave in different ways than would commonly occur in a hierarchical culture. In many ways, this change of behavior involves a movement from dependence on the leadership of others to independence from, or interdependence with, external leadership. This requires a shift in the traditional leadership paradigm. Rather than seeing leaders as directing, controlling, and supervising the behavior of others or even supporting, encouraging, and facilitating their efforts, the desired situation is one where the necessary direction and support come from individual and team initiatives. A helpful framework for understanding and guiding this journey is Situational Leadership® II.³

Situational Leadership® II was first developed for the one-on-one leadership domain. Later its application to the three other leadership domains was discovered. To help you understand the richness of this simple but powerful model and how useful it will be in guiding the journey from hierarchy to empowerment, the next chapter will be completely devoted to an explanation of how it applies across all four leadership domains (self, one-on-one, team, and organization).

THE PLAN FOR THIS BOOK

The plan for this book is to focus on how to use the three keys to empowerment within each of the three stages of change, with Situational Leadership® II (as explained in chapter 2) as an overarching framework. We realize that each organization and its people will encounter their own unique situations and sets of dynamics. By addressing each of the three keys as they should operate in each of the three stages of the change process, leaders will be able to develop a unique action plan that will get results. Hence, we will devote nine chapters (chapters 3–11) to this exploration. The general format will be to ask and answer questions that we have heard from leaders and team members that relate to each key within each stage of change. We hope that we will address your questions in a way that is meaningful to you. *As you read through the book, you may notice that some of the action items that respond to the questions are similar, if not the same, from stage to stage and even from key to key. The reason is that some issues persist; they need repeated focus if change is to occur.*

We recommend that you read through the book to get an overview of the issues that will arise at each stage of the change process. Then use the book as an action guide by focusing on each stage of change as it occurs for you and the actions that will help you deal with the relevant issues. For example, if you are just beginning, go to the three chapters in the section on “Starting and Orienting the Journey” (chapters 3–5). If you are already in the stage of discouragement, jump to the three chapters in the section on “Change and Discouragement” (chapters 6–8). And if you have been working toward empowerment for a while and feel it is

within sight, go to the final section on “Adopting and Refining Empowerment” (chapters 9–11). From wherever you are, use the appropriate chapters to answer your key questions and provide guidance for your action plan. And use the matrix in chapter 12 as a synopsis that will help you keep the big picture and the interconnection of actions in mind.

Reaching empowerment is a challenging journey that requires persistence and a plan for action. It also requires thoughtful reflection in concert with action. We are confident that *The 3 Keys to Empowerment* will provide you with the detailed game plan that will allow you and those around you in your organization to realize the many powerful and satisfying benefits of creating a culture of empowerment. Let’s get started on that challenging but rewarding journey by teaching you in chapter 2 all about Situational Leadership® II as an overall framework for understanding and guiding the journey.

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