

Reality HR: John Young on Individual Weakness and Organization Design

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John Young is the recently retired Executive Vice President, Human Resources of the esteemed Four Seasons Hotels and Resorts.

HR.com spoke to Mr. Young about a fascinating case of trying to rescue a key, highly talented but troublesome manager, and the power of organization design in the process.

HR.com: Give me the background to your story.

JY: In 1983, we had 13 hotels in 3 countries. By 2000, this had grown to 60 hotels in 29 different countries. So the backdrop for this story is very rapid, international growth and the development of Four Seasons into the pre-eminent luxury brand in hotels and resorts.

In 1989, we promoted a new leader to the Vice President level to take over leadership of a strategically important, specialized department. Already in the department at a Director level, he was a very talented technical expert and enjoyed the full support of top management. His experience as a manager of major projects and a large team was limited. It quickly became apparent that, despite his technical brilliance, he initially lacked the managerial and organizational skills necessary to succeed in the position.

There was no shortage of intellect or of effort, so our first thought was to provide training, orientation, coaching and counselling. But the performance of the department continued to stagnate or even worsen in the people management dimension. Though the essential work was being accomplished on a "just in time" basis there was a worrying increase in stress levels and in key employee turnover. And all the while the department was growing with more staff and an ever-increasing number of hotels to open and manage.

HR.com: What was the nature of the problem?

JY: His organizational approach was to staff the department with people he could easily direct—predominantly junior people who willingly did as he directed. Communication and decision-making came to function like a spider's web, with him as the spider at the center. He felt, and seemed to need to feel, every vibration in the web. Whatever the vibration, he would deal with it directly. There was no clear structure of roles, delegation, supervision, or support. Every employee review he handled personally, yet there was no consistency in his decision-making approach or in his assessments from day to day.

In many cases, technical people who are promoted into management positions have difficulty in the transition to the new role. If the organization and work requirements are stable, not growing like Topsy, then a new technical manager may have the luxury of time to grow into the other managerial components of the role. In this case, the new manager was running on a treadmill that was speeding up, and the expanding global reach of the job, while tremendously exciting and motivational, only exacerbated the problem.

Top management was clear... "We want you to help him learn how to administer and delegate." Despite my response that I would find it much more convincing if he were asking me for that help, I willingly accepted the charge.

HR.com: You'd already tried some training and coaching. At this point, what did you do to improve this person's managerial skills?

JY: We tried various

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methods to help the situation. We tried installing a progressive, multi-level approach to management by objectives and performance review, including employee self-assessments; we tried team building; we tried sensitivity training. But as the pressures of the job grew, the VP became testy, verging on abusive-which is in sharp contrast to an organizational culture where we pride ourselves, correctly so, on the fair treatment of people.

After a poor employee opinion survey, he willingly enrolled in a one week program at the Center for Creative Leadership, preceded by a full-scale 360 degree feedback. He came back fully committed to change, and he expressed this to top management and to his full team very publicly. He laid out well-conceived plans for changing his communication and decision-making and identified key senior staff who could take over some of his key tasks and processes. Yet, within 10 days he regressed. I liken the situation to a jigsaw puzzle where you take out one piece, change its size, shape and colour, then drop it back into the puzzle - but now it doesn't fit and very quickly the other pieces make it conform again.

By its nature, this kind of problem is accumulative. There was no moment at which you would say, "This is intolerable," but over time it became clear that what was going on was at odds with the values of the corporation to such a degree that failing to resolve it would be tantamount to tacit endorsement and could serve only to undermine those very values.

HR.com: What happened next?

JY: A flyer landed on my desk about a conference by Capelle Associates whose President, Ron Capelle had evolved an approach to organization design grounded in the theories of Dr. Elliott Jaques, whose theories I had studied in university many years before. Dr. Jacques had this interesting

theoretical concept about the time-span of management. In essence, he postulated that the most accurate way to assess the "size" of any "job" or collection of tasks was to look at the task with the

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longest decision-span. The longer the time-span, the higher the level of the work. The higher the level of the work, the higher the cognitive ability required of the person to be able to deal with issues so far ahead with so many intervening variables. Back then I thought, "That's a very interesting theory" - passed my examinations and promptly forgot about it.

That was 40 years ago.

Here in the conference was Ron Capelle, someone who had operationalized that theory and presented convincing empirical evidence that it seemed to work in the real world. I became convinced that this was an approach that might help within our problem work group.

Ron personally met with Issy Sharp (our Founder, Chairman & CEO), top management, and members of the operational board of directors to get them onboard with the concept. Once top management support was established, we proceeded with an analysis of the department structure. What Ron's work did was allow us to see, with tremendous clarity, what the cause of the problem was. Now some of it was still, clearly, the manager's style and behavior; however much of it was simply that the roles and responsibilities were not properly defined or aligned and were not properly matched to individual people.

This was not simply a "bad manager" case, because without properly structuring the roles and responsibilities, both laterally and vertically, the department could not become effective. If we put in a proper structure and matched people to roles better, there was every possibility that this leader would stand a chance of surviving and becoming successful in the department. As a reminder, the department's workload was expected to double in the next ten years, with much increased transaction volumes and much increased complexity of internal and external relationships.

We worked our way through Ron's 40 or so major recommendations. These ranged from dividing the department into three key areas (new projects, on-going relationships with existing hotels, and pure operational/logistical issues), to the need for clarification of accountability in senior roles, to how task assignments should be segmented and re-grouped rather than fragmented. This re-grouping of tasks enabled people to become more sharply focused rather than having everybody doing a bit of everything, with the VP directing it all. We now had a concrete and workable plan for replacing the spider web with a more comprehensible, structured and systemic approach to decision-making, problem solving, and information management which fit the future rather than

being an evolution from the past.

HR.com: Can you tell me more about the structural changes you made?

JY: We wanted the VP to survive because of his extraordinary talent, and we wanted him to concentrate on the new project elements of the role. So we created a senior role below him, high stratum (level) 3 or low stratum 4, to manage the most important administrative and coordination work and the development of managerial systems and procedures. That was the key role that would allow the department to grow without getting out of control. We also made changes at stratum 3 and 2, and went through the process of matching people to those new roles on a best-fit basis, using time span methods. We worked to retain the existing staff wherever possible matching them to roles which suited their mental processing capability (as Dr. Jaques defines this term), their skilled knowledge, and their work preferences.

We hoped this structure would allow the VP to succeed. But no less importantly, the structure would allow us to deal with the fallout if he did not.

HR.com: How did the department respond to the new structure?

JY: It was rather like trying to move, with the same players, from American football to soccer. You were no longer allowed to pick up and run with the ball-in fact touching the ball with your hands became a foul. People had to adapt to a new way of working, where instead of doing a bit of this and a bit of that, they had to work consistently and consciously within a managerial system. Instead of dealing with things on a crisis basis, the systems allowed us to prevent crises. People became highly competent in one important aspect of work, rather than minimally competent in many aspects. It actually enabled our people to make a realistic assessment of their own performance and potential which was increasingly consistent with their manager's view.


However, the VP, while openly claiming that he completely endorsed and supported the new structure, continued to manage in the same fragmented way, trying to remain the spider at the center of the web. He could not break those habits, despite our attempts at ongoing, intensive coaching and counselling. In the end, matters came to a head when it became evident that he was not living up to his own undertakings. At that point, and with great reluctance, all of us in top management realized that we had reached the end of the road.

HR.com: How did the department manage after that?

JY: Since then, the organization has moved ahead more quickly and much more smoothly. Turnover has fallen. In the year 2000, Four Seasons opened 15 hotels, more than we had ever opened prior to that, with far less hassle and far less disruption than ever before.

HR.com: So in the end good organization design did the trick for you. Do you have any final 'lessons learned' to share?

JY: Other than the value of the organization design work itself, I would stress the critical importance of clear-headedly assessing the potential of managerial and other staff based on the future role requirements driven by the business strategy and plans. Past performance, however exceptional, in a very different, technical, and non-managerial role is not a particularly valid predictor of success in a fast-changing business situation. There is tremendous risk in looking at people and roles statically instead of projecting the demands of the role and the individual's likely capability in five or ten year's time. Failing to do so was the biggest single mistake we made in this case and its consequences for the organization and individuals were avoidable.



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About John Young



John W. Young is Executive Vice President, Human Resources for Four Seasons Hotels and Resorts Ltd. He has a global responsibility for all human resources policy and practices, including manpower planning, management development, recruitment, selection, training and development, compensation and benefits (including expatriate policies), labor and employee relations.

He's a member of the Management Committee (operational Board) and Secretary of the Compensation and Organization Committee of the Board.

He established new standards of performance, policies, procedures and support systems for operating unit Human Resources staff, fully integrated with Corporate strategy. He also participated in developing and implementing broad strategies which facilitated growth from 13 hotels with 7,000 employees in three countries, to 60 hotels and resorts with 32,000 employees in North America, Mexico, Europe, the Middle East, Asia and the South Pacific.

John is involved in all stages of acquisitions and divestments (including the acquisition in 1992 of Regent International Hotels, with ten hotels in Asia and the South Pacific, plus five new properties under development).

Further information about organization design research and practice can be found at www.capelleassociates.com. If you have any questions about organization design, you can email Ron Capelle at rcapelle@capelleassociates.com.