

No Excuses Leadership

by Jeffrey Pfeffer

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Executives come from all over the world to attend programs at Stanford Business School (where I teach) and learn amazing things about how to manage people more effectively to build competitive advantage and how to build high-commitment, high-performance organizational cultures. And their response never ceases to amaze me: “Loved what you told us about treating employees better to capture their discretionary effort. Promoting learning by building a culture that tolerates mistakes? Great idea! Fixing root causes of problems—makes a lot of sense. Trouble is, we can’t do it. The boss should have been here. Too much day-to-day stuff takes precedence. It takes too long to make these changes. Wish we had the time, money, and the other resources to change the way we do things, but you know how it goes.”

It’s as if a requirement for entering the ranks of senior management today is the ability to make excuses for why it’s impossible to do things that most people agree are important. David Russo, the former head of human resources at SAS Institute and at Peopleclick, told me that when he gives speeches about how to build employee loyalty and motivation, it rarely takes more than 20 minutes before someone raises a hand and begins to explain that whatever Russo’s saying can’t be done in their organization. As he says, why bother showing up to listen to what to do if you aren’t going to do it?

Excuses are also rampant in the public sector. Rudy Crew, head of Florida’s Miami-Dade County school system and the former chancellor of New York City’s schools, tells the following story about an incident in New York. He visited a struggling school to meet with the principal and discuss necessary changes. The principal told Crew that the school had been doing well in the past, and then took the Chancellor into the schoolyard and pointed to some towers of nearby public housing. He complained that many of the students who came from those projects had trouble speaking English and some of the mothers came to P.T.A. meetings in house slippers. In other words, the school was failing because the students were too difficult to teach and their parents weren’t helping in their education. Crew dismissed the principal that day, noting that if he gave up on the students, they would give up on themselves—and that even though the task of educating New York’s students was difficult, there could be no excuse for not giving it every effort. As Crew told me, he couldn’t be paying principals to engage in preemptory surrender.

When companies allow excuses to impede efforts to change, they don't merely fail to improve. The organizations risk losing out to those who see challenges as obstacles to be surmounted by diligent effort. After all, customers are happy to switch to competitors that actually fix problems instead of just making excuses about why things can't be improved.

Consider the University of California at San Francisco's Carol Franc Buck Breast Care Center. In 1997, Laura Esserman, an M.D. and MBA graduate from Stanford, became director of the center. She had a vision: a center where a woman could arrive in the morning and, in one location and in one day, receive an examination, a mammogram (if needed), and a biopsy (should that be indicated), and leave at the end of the day with a diagnosis and a treatment plan—bypassing the typical delays as people went from one specialist to another, often having to carry their own medical records with them. Although this new arrangement might make sense for the patient and even for the quality of medical care (after all, coordination among medical specialists would be easier if they were co-located), the obstacles were enormous. Each medical specialty—radiology, surgery, pharmacology, and so forth—had its own department and its own budget, and the organization was a large, state-governed bureaucracy burdened with budget and employment rules that seemed to preclude any change. Nonetheless, Esserman did not accept excuses as to why something that made so much sense could not be done. With persistence and political skill, she created a successful center that has drawn national attention and has seen patient visits increase from 175 a month in 1997 to 1,300 six years later.

Break Through the Excuses

So how do leaders break through the excuses that seem so common in organizational life? The first and most basic principle is not to accept reasons for why things that need to be done can't be. Carl Spetzler, a founder and former CEO of the consulting firm Strategic Decisions Group, told me that when he was still at SRI International in the early 1970s, he made a presentation to Merrill Lynch for the product that eventually became the Cash Management Account. At that time, interest rates were still regulated, the discount brokerage business was just beginning, and the idea of having one account that linked a credit card, check writing, money market funds, and securities trading together was extremely novel.

After Spetzler's presentation, Donald Regan, the CEO at the time, went around the room and asked for comments. The head of operations noted that with the average securities commission at that time of over \$100, the fact that it cost more than \$10 to process a transaction was not a problem—but Merrill would go broke with that cost structure if it got into the business of processing credit card receipts and checks. The head of marketing noted that banks were among Merrill's most important customers, and by issuing its own credit cards and processing checks, the company would be going into competition with those banks. The corporate counsel noted the many state and federal regulations that this new product would run afoul of—this was before all the deregulation that occurred in the 1980s. And so it went around the room.

Then Regan said to his team that he had heard all of their issues and he believed they were all both accurate and important. But it was also important strategically for Merrill Lynch to be the first to come to market with this innovative product. So he would now go back around the room and let all the people who had described problems describe how they and their teams might attack those problems. Of course, faced with the need to not just identify some issues but to fix them, the executives were remarkably creative with proposed plans and solutions. Merrill Lynch was the first major brokerage to launch an integrated financial package like the Cash Management Account, and it gained enormous business and profits by doing so—mostly because its CEO would not accept excuses for why things that were important to business success couldn't be done.

Articulate a Vision That Inspires

The next thing to do in the process of getting people to go beyond reasons why important things won't work or can't be accomplished is to articulate a vision that can inspire the effort required to overcome seemingly impossible obstacles. In the case of Laura Esserman, that involves keeping the patients in focus, because who can look a breast cancer patient in the eye and tell that woman that she has to settle for how things are currently being done? So Esserman invariably invites patients or their families and friends to dinners and even staff meetings to tell their stories, as a way of maintaining the emphasis on the quality of care and the compassion with which medical services are delivered.

Rudy Crew inspires commitment by expending boundless energy in giving voice to the issue of urban education in America and being an advocate for the children who are left behind when and if it fails. One of the powerful metaphors Crew frequently uses in his many talks and speeches is that urban education is America's hill to climb. And while it might be interesting—and people have built quite successful careers—describing the hill, measuring the hill, walking around the hill, taking pictures of the hill, and so forth, sooner or later, someone needs to actually climb the hill. It is simply unacceptable to leave children not reading at grade level, because if kids can't read, they can't learn other subjects. And failure in school consigns them to failure in life, including in many instances going to jail. Crew talks patiently and endlessly to meetings of administrators, teachers, parents, the business community, and school board members to explain to them what must be done to provide opportunities for the children and how the school system can tackle what looks like a set of insurmountable obstacles.

Lead by Example

Rudy Crew has a final word of advice for overcoming excuses: lead by example. Near the end of his time in New York, to keep himself focused on the work of education as contrasted with the endless politics that so frequently bedevil it, Crew visited a fourth-grade classroom. There he saw a little boy struggling with his math assignment, erasing his work, trying again, and erasing once more. Crew spent time with the boy, admonishing him to not give up and telling him that with persistence, he would

eventually succeed. “Keep at it, you’ll get it,” he said. When he went to leave the room, the little boy came up to him and asked him who he was. When Crew replied he was the chancellor of New York City’s schools, the boy was impressed. As only a young child can, he then asked Crew if he was any good at his job. Crew replied that sometimes he felt like he was doing a good job but other times he wasn’t so sure. The boy smiled and told him, “Just keep at it. You’ll get it.”

Similarly, although it takes time away from her administrative and research work, Esserman continues to provide care to patients. Besides keeping her connected to what she is trying to do and letting her make a difference one person at a time on days when the administrative obstacles seem insurmountable, her personal involvement in patient care gives her credibility with others she is trying to influence to change how that care is organized and delivered.

As the saying goes, the definition of insanity is doing the same thing over and over again while expecting different results. Many organizations understand that they need to change, why they need to change, and even how and in what direction they need to change. But they have all the excuses in the world about why they can’t really do things differently. Excuses, therefore, drag organizations toward failure and mediocrity—toward an insane pattern of behavior in which the same mistakes get made again and again. As a leader, your job is to counteract the tendency to let excuses substitute for action. Or don’t, and you and your team can trade excuses about why your company failed.

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