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Driving Performance



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Andy Grove has demonstrated that, to flourish, the best and highest technology needs the best and highest standards of leadership. A manager's most important task is to get peak performance from staff. They need to be selected, motivated, trained, set stretching aims, appraised, and rewarded by leaders who set a powerful personal example.

MODELLING THE ROLE

Motivation and training — the two key means to the end of peak performance — are both demanding tests of leadership. The more you participate as face-to-face motivator and trainer, the more effective your leadership will be. Every leader is a role model, for better or for worse. You must show the same drive for high achievement that you demand of others.

Above all, concentrate on creating an environment that values and emphasizes output. High motivation and training are useless if they do not advance the output of the unit and the individuals in that unit. Cross-examine yourself regularly with these three questions:

- Have my actions contributed to higher output?
- Is my contribution visible to others?
- Have I shown commitment to higher output still?

GETTING YOUR MESSAGE ACROSS

Being a visible role model is easier in a small organization. But even in a small unit, where contacting people face-to-face is easy, you still need to find a way “to project your determination, will, and vision”. You can never, says Grove, overclarify or overcommunicate.

PROJECT YOUR VISION

- Give a lot of talks to employees.
- Visit them where they work.
- Explain over and over again.
- Answer employees' questions.
- Do not be afraid of repetition.

WORKING ONE-TO-ONE

Personal interviews are crucial to leadership. Grove singles out two especially difficult tasks — selecting the right employee and keeping somebody who wants to leave. But one-on-one meetings are essential tools for other purposes, too, and the same three rules always apply.

THREE RULES OF ONE-TO-ONE MEETINGS

- 1 Have a clear purpose.
- 2 Use the interview to learn.
- 3 Make use of what you have learnt to achieve your aim.

APPLYING THE RULES

In a job interview your purpose is to discover all you can: about the candidate's technical knowledge and skills; how well the person used those abilities in the past; any discrepancies, failures, and problems; how well the candidate will fit the organization and its needs. Get the candidate to speak for 80 per cent of the time.

When someone you value says they want to quit, use the three rules to persuade them to stay. Follow Grove's approach:

- Drop what you are doing and deal with the issue at once.
("Your initial reaction... is absolutely crucial.")
- Let them talk — do not argue, lecture, or panic.
- Look for and learn the person's real motives.
- Buy as much time as you can and need.
- Seek help and advice as required.
- Make an offer that the person cannot refuse.

GIVING INTERVIEWS TOP PRIORITY

Candidates at Intel may be interviewed by as many as half-a-dozen people. The interviews are always given top priority.

One interviewer would not stop to take a phone call from the chairman, Robert Noyce, because "I have a candidate". Even Grove gets involved in hiring new graduates. When one star seemed likely to accept an offer from any of a dozen other would-be employers, Grove signed a personal letter telling the young man why he should join Intel - which he did.

1. Management by Objectives

Andy Grove ardently practises Management by Objectives (MBO), an idea originally conceived by management guru Peter Drucker. Use MBO as a control mechanism to raise everyone's performance.

ESTABLISHING THE SYSTEM

MBO is about setting yourself objectives and then breaking these down into more specific goals or key results. To get the whole process rolling, you need to answer only two questions:

- Where do I want to go? (What is the objective?)
- How will I pace myself to see if I am getting there? (What are my milestones, or key results?) Make sure that the answers are precise.

As Grove says, "The one thing an MBO system should provide is focus." So keep the number of objectives small. Most people disobey this rule, try to focus on everything, and end up with no focus at all.

Start with a few well-chosen overriding objectives. Next, set your subordinates objectives that fit in with your overriding objectives. Allow your subordinates to set their own key results to enable them to meet their objectives. At Intel Grove tells his managers to give "the key results very specific wording and dates, so that when deadline time arrives, there is no room for ambiguity".

MBO IN ACTION AT INTEL

- 1 Intel manager adopts overriding objective: Ensure that plant expansion projects stay on schedule.
- 2 He gives subordinate executive particular objective: Obtain decision on Philippine plant expansion by October.
- 3 Subordinate sets four key results to attain:
 - Study suitable land availability by June.
 - Complete financial analysis of alternatives.
 - Present results to steering group for decision.
 - Get Grove to ratify by October.
- 4 Grove ratifies, and all objectives are met.

AIMING HIGH

Grove uses MBO to drive exceptional performance by setting exceptionally high targets. He sets objectives at a point so high that even if individuals push themselves hard, they will still only have a 50—50 chance of hitting the target. He maintains that output will tend to be greater when everybody strives for a level of achievement beyond their immediate grasp.

A high-performance system will function best in an organization that consists mostly of people who are not easily deterred and want to maximize their achievement. To determine whether you are an achiever place yourself in this situation. You are sent into a room where pegs are set around the floor. You are given a set of rings but no instructions. Which of the following would you do?

- Throw the rings at distant pegs (A).
- Drop the rings over the pegs (B).
- Walk back enough to test your throwing skill (C).

If you chose A, you are a gambler, who takes high risks but does not control events. If you chose B, you are a conservative, who takes very little risk. If you answered C, you are an achiever, one of those who must always test themselves.

TAKING ACCOUNT OF THE CUA FACTOR

Grove lays stress on the degree of Complexity, Uncertainty, and Ambiguity, “the CUA factor” in a company, unit, or job. If CUA is high and individuals are motivated by self-interest, chaos will follow. Promote group interest to reduce CUA, and stress cultural values.

2. Appraising achievement

Appraisal, or performance review, plays a crucial role in improving the performance of subordinates. It has two key aspects: actually assessing performance and then delivering the verdict.

MAKING THE ASSESSMENT

Grove stresses that you should tie an employee's performance to the workings of the organization. "If performance indicators and milestones in a management-by-objectives system are linked to the performance of the individual, they will gauge his degree of success and will enhance his progress."

Use output measures and internal measures to assess an individual's performance. Output measures "include such things as completing designs, meeting sales quotas, or increasing the yield in a production process', internal measures survey what is being done to create output now and in the future. The relative significance of output, and internal measures will vary from time to time, as will that of short-term and long-term needs.

CARRYING OUT THE APPRAISAL

Choosing the right measures will not save you from having to make and deliver personal judgements — which is "why most managers so dislike doing appraisals. You are very probably managing the subordinate wrongly if your comments during the review come as a surprise or shock. Follow the principles of effective appraisal.

APPRAISE EFFECTIVELY

- Make review comments specific, not general.
- Deliver messages consistent with rating or pay increase.
- Indicate how to improve.
- Criticize fairly but bluntly.
- Be fully informed about subordinate's work.
- Consider more than recent performance.
- Do not deliver too many messages.

REWARDING PERFORMANCE

Andy Grove looks at money and other rewards as a key means of getting high performance. That means dispensing, allocating, and using money to deliver “task-relevant feedback” - the award tells the recipient how well he or she has performed.

Bonuses have to be linked to performance, although not necessarily to that of the individual alone. A bonus scheme might base the payment on three separate factors, each of which would account for a third of the potential total bonus payment.

THE THREE BONUS FACTORS

- 1 How well the individual has performed, as judged by the supervisor.
- 2 How well the team has done, as measured by objective results.
- 3 The overall financial performance of the company as a whole.

Grove suggests paying senior managers a bonus of up to half of base salary and middle managers between 10 to 25 per cent.

REVIEWING SALARIES AND PROMOTION

Under any system, there is a ceiling for the base salary of every job: what the job is worth. Do not pride yourself on paying below market rates: remember “the labourer is worthy of his hire”, especially a good worker. You can set the base salary on the basis of experience only, merit only, or (as most companies do) on a combination of the two. Given Grove’s basic principle — using pay to boost, performance — merit must come into the reckoning.

Like it or not, any linkage of salary to merit means that you have to accept the need for a competitive, comparative evaluation of individuals. This is also inevitable in another vital means of reward: promotion. Do not consider people for promotion unless their performance exceeds the requirements of the present job: meeting the requirement is not enough. But do not leave an exceeeder unpromoted for long. If you do “in time he will atrophy, and his performance will return to a ‘meets requirements’ level and stay there”. That is bad for the employee — and for you.