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inside

leadership

Employee Ownership

Make employees psychological owners.

It was probably true in the last century, and it's certainly true in this century. The key to effectively leading an enterprise will be knowing how to instill psychological ownership in those who labor on the company's behalf. Sure, we have seen all kinds of variants on the "give 'em stock" programs; ESOPs (Employee Stock Ownership Plans) have been around for more than a decade. But owning stock — and acting like an owner — are two different things. The former requires a legal transfer; it's an exercise in accounting. The latter, psychological ownership, is a state of mind. It's an attitude. When done successfully, it's a real feat.

So, for now, forget the libraries-full of articles and research briefs on employee stock-option plans. I've visited dozens of companies where stock in the pocket did not equate to caring and hustle on the job. _It's psychological ownership that makes the competitive difference._

Psychological ownership is having a team of employees truly working as a team because they know that conflict is disruptive to both an organization and its customers.

Psychological ownership is waking up to a pre-dawn, hurricane-like deluge of rain, poking your way through gridlocked traffic, and getting to the plant only to find out that everyone else is already there.

Psychological ownership is having an employee pound his fist on the table, demanding that quality not be sacrificed to an overly ambitious shipping schedule.

Psychological ownership is when everyone inside a business feels a sense of responsibility for what's being done — and holds himself or herself duly accountable for delivering on an organization's pledges.

Psychological ownership is people working "as if they owned the place."

Nice words, eh? But what, precisely, builds psychological ownership? As I see it, three ingredients are required:

1. People must be able to find meaning in their daily tasks.

Only when people comprehend that, within a business, no one is truly an island, does conduct becoming a group of owners start to emerge.

Remember all the "It's not my job!" jokes? Some of those jokes are now working the 8:00AM to 5:00PM shift, strapped to workstations, and with little or no understanding of what their performance means to the rest of the enterprise. Managers must provide workers some sense of the "big picture," a sense that a job becomes a profession only when a worker's efforts measurably help to build a better company and society.

2. People must feel a sense of security beyond their paychecks.

The classic management writer George Odiorne proselytized a generation of managers with his cogent appeals for management by objectives. In a pamphlet, writing about his first job, he recalled waiting with dozens of other people outside a loading dock — hoping to be picked by "the boss" for work. When he got inside, he found a Neanderthal manager: "His style was based on fear. Fear of losing one's job. Fear of having one's income cut off. Fear of being thrown back into that group of unemployed and purposeless persons."

But even when "security" is provided in the form of a regular paycheck, the psychological cables that link worker and company can be frail. Managers must reinforce the value of employees to the company. Such recognition builds a sense of ownership.

3. People must possess a sense of corporate spirit.

Roger Smith, the one-time, failed CEO of General Motors, was widely quoted after he told *Fortune* that much of the momentum behind his "new and better" GM was lost because people didn't feel part of the plan:

"There we were, charging up the hill right on schedule, and I looked behind me and saw that many people were still at the bottom, trying to decide whether to come along. I'm talking about hourly workers, middle management, even some top managers. It seemed like a lot of them had gotten off the train."

Spirit starts with management's determination to convince everyone that he or she is participating in a special moment in corporate history.

Not by holding pep rallies, but by creating a frame of mind.

Many corporate leaders still define their jobs as a variation of "King Arthur and the Square Table." They preside over a realm where only the few and the powerful occupy a limited number of seats of organizational responsibility.

Encouragingly, however, some enlightened corporations are pioneering a path toward full attitudinal ownership of the quest for success.

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