

Why Empowerment has never been more important

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Traditional governance models of command and control are no longer effective. Recognising this, organisations are increasingly empowering their employees to make decisions autonomously. Empowerment and agile innovation are no longer confined to startups, but are finding their way more and more into mature organisations. New ways of working pioneered by companies like Google and Netflix have proven to remain effective even as those companies have grown to become very, very large. Seeing this, and appreciating the power of these new ways of working, other large organisations are reinventing their governance frameworks to follow suit.

One of the primary new ways of working is empowerment – giving more employees greater autonomy to make decisions quickly. This has never been more important, due to the convergence of a number of macro trends:

- People, especially millennials, want to work in an environment where they can make a difference and feel valued. For that to occur, they need to feel that they are trusted to make decisions and act in the best interests of the organisation. In a traditional command and control environment, the opportunities for this are limited to a handful of senior executives and take many years to earn. People are no longer willing to work for many years feeling disempowered and not trusted or valued, before finally earning the seniority to make decisions.
- The pace and volume of change is increasing exponentially. Big data and how it can be used are evolving rapidly and disrupting more and more industries. To keep abreast of rapid changes in the external environment, organisations need to listen and respond to their customers. The best way to do this is through the people who are closest to the customers, empowering them to innovate and continuously improve the organisation's offerings to meet customers' needs.
- Power has shifted from organisations to the general public. Information is now immediately available via smartphones, and everyone has a voice through social media. The public is no longer reliant on organisations for information. They can source it via the web, often almost instantaneously. The public also expects much more from organisations can also organise quickly and easily to campaign against an organisation that does not meet their expectation. To cope with this, organisations should empower their employees to monitor, understand and respond quickly to external stakeholder expectations.

- Organisations have lost the trust of the general public. Edelman’s 2017 Trust Barometer¹ clearly shows that:
 - public trust in institutions is in crisis throughout the developed world, and
 - people are more likely to believe what they hear from someone who is like them than what they hear from the CEO.

Edelman concludes that “To rebuild trust and restore faith in the system, institutions must step outside of their traditional roles and work toward a new, more integrated operating model that puts people ... at the center of everything they do.”

Empowered, valued employees are an organisation’s most powerful ambassadors to regain public trust. Conversely, disempowered, mistrusted employees have unprecedented and growing power to harm the organisation’s reputation.

Reframing the governance model to empower employees has many benefits, including:

- Employees feel valued and engaged, leading to higher motivation and better performance. Research by Peter Barron Stark Companies found that “there is a direct correlation between how involved employees are in the decision making in their department or team and their overall morale, motivation, and satisfaction with their jobs.”²
- Employees take personal accountability and make better decisions. Empowered employees feel more responsible for the organisation’s performance. Instead of blaming their managers when things don’t go well, empowered employees focus on how to make things better.
- The organisation can innovate and respond to customer needs quickly and continuously. The people who are closest to customers best understand their needs. Appropriately empowered, they can respond quickly and empathetically to customers. If decisions need to be relayed to more senior managers for approval, response times are far slower and decisions are made with less understanding of the customer. In that environment, innovation is less effective because ideas are concentrated in the minds of relatively few people who have less contact with customers.
- Senior leaders can focus on what’s important. Command and control executives get bogged down in the many operational decisions that are brought to them for approval. By empowering their teams, executives will be freed up to focus more on strategy and direction.

¹ <http://www.edelman.com/trust2017/>

² 6 Reasons to Involve Employees in Decision Making <https://www.peterstark.com/key-to-engagement/#>

Truly empowering employees requires six core elements:

1. Decentralised decision-rights, so that authority is delegated to employees with absolute clarity about who participates in what decisions and how,
2. Clear accountabilities for teams, so that all employees know what they are accountable for,
3. Simple rules, so that all employees know which requirements apply to them and when, and why they are important,
4. Regular context from leaders about short and long-term objectives, so that all employees know what they are striving to achieve, and their efforts are aligned,
5. A clear purpose and values, translated into observable behaviours and embedded into routines and processes, so that the stated values align with what is actually valued,
6. Leaders trusting the people in their teams.

Each of these elements is important, and a good place to start is to decentralise decision-rights by delegating authority to the employees who are closest to the action. Without this, attempts to empower employees will almost certainly fail. Delegating authority is also a good place to start. Clarity about which decisions are being made by whom forms an anchor or skeleton for the other elements, such as what rules should apply (to manage risk) and what each team should be accountable for.

Trust is the most difficult element to put in place and to measure. It is behavioural and subjective and cannot be mandated, but must be earned slowly over time. Building trust requires a sustained effort. It also requires clarity about what the people in the team are being entrusted with. In other words, the other five elements must all be in place before the team can fully gain the trust of its leader: decision-rights, accountabilities, rules, objectives and values. All of these are inter-related and co-dependent. To empower its employees, an organisation must first take a holistic view of its governance framework and proactively change the framework to produce the desired outcomes. It must also require its leaders to invest in their teams, providing high levels of context and feedback.

There is a clear pathway for mature organisations to follow if they wish to be more innovative and agile, with engaged, motivated employees – empower your people. It's never been more important.