“Talented employees need great managers.” This confident assertion launches an excellent examination of the “unconventional” thinking demonstrated by outstanding managers who break the rules of conventional wisdom in order to build highly-engaged, productive teams.

Chapter 1 – The Measuring Stick

Disaster Off the Scilly Isles:
What do we know to be important but are unable to measure?
Miscalculating his position, British Admiral Clowdisley Shovell led his entire fleet into the rocks of the Scilly Isles off the coast of England. In his defense, navigators in the early 1700’s simply did not have an effective mechanism for measuring how far east or west they had traveled. In the same way, companies that do not develop an effective means for measuring their ability to attract and retain extraordinary employees are destined for a collision of equally devastating proportions.

How can you measure human capital?
What does a great workplace look like? The authors suggest that we should consider Lankford-Sysco, a food preparation and distribution company with a focused and cheerful workforce. The key to their extraordinary employee and customer satisfaction is simple – “everything is measured; every measurement is posted; and every measurement has some kind of compensation attached.”

Reviewing more than a million employee surveys, Gallup identified a few questions that when answered positively by employees served as a predictor of outstanding performance and financial results.

1. Do I know what is expected of me at work?
2. Do I have the materials and equipment I need to do my work right?
3. At work, do I have the opportunity to do what I do best everyday?
4. In the last seven days, have I received recognition or praise for doing good work?
5. Does my supervisor or someone at work seem to care about me as a person?
6. Is there someone at work who encourages my development?
7. At work, do my opinions seem to count?
8. Does the mission/purpose of my company make me feel my job is important?
9. Are my co-workers committed to doing quality work?
10. Do I have a best friend at work?
11. In the last six months, has someone at work talked to me about my progress?
12. This last year, have I had the opportunity at work to learn and grow?

Putting the Twelve to the Test
In 1998, Gallup worked to establish the link between employee satisfaction and business performance. 24 companies representing over 2500 business units provided data regarding productivity, profitability, employee retention, and customer satisfaction. Correlating this data with employee responses to the 12 questions, the Gallup team made the following observations:
Employees who responded positively to the 12 questions worked in business units with higher levels of productivity, profit, employee retention, and customer satisfaction.

An employee’s immediate manager (not the pay, benefits, perks, or a charismatic corporate leader) plays the critical role in building a strong workplace.

People join companies, but leave managers – and no HR gimmick will overcome the negative impact of an ineffective manager. In that sense, managers trump companies.

Extraordinary managers focus on Q1-6 – these form the foundation of an extraordinary work environment.

**A Case in Point**
In 1997 Gallup measured the strength of the work environments of an extremely successful retailer. Employees responded to the 12 questions according to a 5 point scale. What is the impact of strong employee satisfaction?

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Top 25%</th>
<th>Bottom 25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Target</td>
<td>4.56% over their target</td>
<td>0.84% below their target</td>
</tr>
<tr>
<td>Profits</td>
<td>14% over their target</td>
<td>30% below their target</td>
</tr>
<tr>
<td>Retention</td>
<td>Plus 12 versus the bottom 25%</td>
<td></td>
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</table>

**Mountain Climbing**
Using the metaphor of mountain climbing, the authors illustrate how a manager helps more individuals reach the summit of engagement.

**Base Camp: What do I get?**
Employees’ basic needs have to be identified and met. Once they have answered how much they will earn, how long their commute will be, and whether they will have their own office and phone, they need to know what is expected of them and they need the tools to do their job. The questions that form the main focus of the manager are:
- “What is expected of me?”
- Do I have the materials and equipment I need to do my work right?”

**Camp One: What do I give?**
This stage focuses on the employee’s self-esteem and self-worth:
- “At work, do I have the opportunity to do what I do best everyday?”
- “In the last 7 days, have I received recognition or praise for good work?”
- “Does my supervisor or someone at work care about me as a person?”
- “Is there someone at work who encourages my development?”

**Camp Two: Do I belong here?**
Employees need to see themselves as important parts of a meaningful social system
- “Do my opinions count?”
- “Does the mission/purpose of my company make me feel my job is important?”
- “Are my co-workers committed to doing quality work?”
- “Do I have a best friend at work?”

**Camp Three: How can we all grow?**
Employees need the opportunity to develop:
- “In the last 6 months, has someone talked to me about my progress?”
- “This last year, have I had the opportunity at work to learn and grow?”

**The Summit**
If an employee answers all 12 questions positively, he or she has reached the summit. The longer their lower-level needs aren’t met, the more likely they will burn out, become unproductive and leave.
Just like a climber who experiences mountain or altitude sickness, they need to go back down to the lower camps to build stamina for the thin air near the summit.

**Chapter 2 - The Wisdom of Great Managers**

**Words from the Wise**
Gallup interviewed eighty thousand managers, from a broad range of professions and industries. While managers come in all shapes and sizes they share a common perspective – “People don’t change much. Don’t waste time attempting to put in what was left out. Instead, focus your effort on bringing out what was left in.” Great managers treat people as individuals with unique talents that can be discovered and deployed for the employee’s satisfaction and the company’s benefit.

Four principles guide the actions of these pacesetting managers.

**Select a person.** Managers distinguish between talent, skill, and knowledge. Know what can be taught and what you must hire.

**Set expectations.** Managers have an “outcome” focus.

**Invest time to motivate.** It really matters how you spend time and with whom you spend it.

**Develop people.** Managers spend time with individuals giving them feedback on past performance and future developmental opportunities.

Managers make a distinct contribution to corporate success. They are a catalyst for the effective performance of each individual on his or her team.

**The Four Keys**
Managers “break all the rules” of conventional wisdom.

<table>
<thead>
<tr>
<th>Conventional Wisdom</th>
<th>“Rule Breaking” Manager Wisdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select according to experience and intelligence</td>
<td>Select for talent</td>
</tr>
<tr>
<td>Set expectations by defining a repeatable process</td>
<td>Set expectations by defining desired outcomes</td>
</tr>
<tr>
<td>Motivate by helping people overcome their weaknesses</td>
<td>Motivate by helping people discover and maximize their strengths</td>
</tr>
<tr>
<td>Help people on your team get promoted</td>
<td>Help people on your team find the right fit</td>
</tr>
</tbody>
</table>

**Chapter 3 - The First Key: Select for Talent**

**Talent: How Great Managers Define It.**

*Why does every role, performed at excellence, require talent?*

The authors define talent as “a recurring pattern of thought, feeling, or behavior that can be productively applied.” Managers match talent and role. What talents must an employee have in order to function at a high level in a given role?

**The Right Stuff**

*You cannot teach talent.*

Talent is expressed on three levels – relationships, thinking, and drive. **Relating Talent** refers to how you relate to others. Who do we trust and who do we gravitate toward in building relationships? **Thinking Talent** refers to the way you process information. How do we make decisions? Do we think in a linear fashion? Do we identify patterns quickly? **Striving Talent** refers to what drives you. Why do we do what we do? These are factual realities that aren’t going to change much, if at all. Neuroscience has proven what great managers have concluded anecdotally – everyone is unique, and people don’t change much.
Skills, Knowledge, and Talents
People can gain new skills and acquire new knowledge. Talents are recurring patterns in relationships, thinking and motivational drives. Effective managers help employees discover their talents while giving them opportunities to develop skills and knowledge. Knowledge is acquired by exposure (factual knowledge) and experience (experiential knowledge). Now that you understand the difference between skills, knowledge and talents, you can distinguish other words used to describe human behavior.

Simple language, smart thinking.
1. Competencies – part skill, part knowledge and part talent. Knowledge and skill competencies can be developed. Talent competences, such as strategic thinking, cannot be taught.
2. Habits – not second nature, but first nature. More often than not, habits are better described as talents.
3. Attitudes – often expressions of Thinking Talents.
4. Drive – managers must learn what motivates an employee. Some employees will need to be of service. Others will be driven to compete and win. Managers don’t work at putting in motivations that were left out, but do work at discovering and drawing out the motivations that were left in.

The World According to Talent
Great managers dispel two pervasive myths.

Myth #1: Talents are rare and special. Talents are everywhere. A nurse has a talent for empathy; a surgeon has a talent for risk. Managers understand that everyone possesses talent that can be discovered and effectively deployed.

Myth #2: Some roles are so easy, they don’t require talent.
While interviewing outstanding hotel housekeepers, Gallup identified a set of talents that distinguished the exceptional from the average. Though from different races, ages, and both genders, they shared one talent – the ability to look at a hotel room through their guest’s eyes. Even roles at the lowest level of the organization are affected by talent.

Great managers share a belief that “every role performed at excellence deserves respect. Every role has its own nobility.”

Talent: How Great Managers Find It.
Great managers excel at the art of interviewing and make hiring decisions based on talent. Knowledge and skills are relatively easy to assess, but discovering talent can be a challenge because most don’t know their talents. Job candidates will blur their actual talents in an attempt to impress the interviewer. Therefore, the manager enters the interview with a few key considerations in mind:
- Know what you are looking for. What talents are required to perform with excellence in the role?
- Focus on one talent area during the initial interview.
- Study and benchmark according to your best. Avoid the trap of pursuing the average.
According to UCLA coaching legend John Wooden, “No coach can win consistently without talent.”

Chapter 4 - The Second Key: Define the Right Outcomes
Managing by Remote Control
Why is it so hard to manage people well?
Managing by remote control is attempting to influence behavior through external influences – defining fool proofed processes, verbally driving, etc. Great managers break this rule and manage by defining the right outcomes and letting each person find his own way to accomplish the desired results. Allowing a person to
find their own means to accomplish a standardized end, encourages accountability and learning throughout
the organization.

Temptations
Why do so many managers try to control their people?

Temptation: I must perfect people. Managers allow people to find their own way versus attempting
them to conform to the one perfect way.

Temptation: My people don’t have enough talent. Managers must value the position enough to select
for talent from the very beginning.

Temptation: Trust is precious. It must be earned. Great managers expect the best and trust people to
perform according to high expectations. Conventional managers hold trust out as a carrot that must be
earned by a few exceptional performers.

Temptation: Some outcomes defy definition. Even soft issues like employee engagement can be
measured. Work to define desired outcomes and then give people appropriate freedom to find their own
way in producing the desired results.

Rules of Thumb
When and how do great managers rely on defining processes? Not only are there temptations to avoid, but
there are also guidelines to be followed.

Rule #1: Don’t break the bank.
Employees must follow the required steps for all aspects of their role that impact accuracy and safety.
Nicholas Leeson of Baring’s Bank destroyed this 200 year-old British institution in 1995 due to his reckless
trading. He incurred losses that exceeded the bank’s cash reserves. Unrestrained empowerment can
destroy a company’s value.

Rule #2: Standards Rule.
Employees must follow required steps when those steps are part of a company or industry standard.

Rule #3: Don’t let the creed overshadow the message.
Required steps are useful only if they do not obscure the desired outcome. Never forget that the process is
a means to the end of the desired outcome.

Rule #4: There are no steps leading to customer satisfaction.
Required steps only prevent dissatisfaction, but do not drive customer satisfaction. There are four
identifiable, ascending levels of customer service:

1. Accuracy – providing the customer what they ordered. Friendly staff cannot overcome
the damage done by a lack of accuracy.
2. Availability – providing easy access to services.
3. Partnership – responsiveness to customer needs. Partnering with customers is
illustrated by the “staff picks” section at the local video store. This says to the
customer – “we want to partner with you to find something that you will enjoy.”
4. Advice – offering input and suggestions based on what you know to be true about the
customer. Knowing your interests based on previous selections, Amazon.com will
suggest other books that you might find interesting or helpful.

What do you get paid to do?
Managers are paid to identify the right outcomes by asking and answering the following questions:
1. What is right for your customers? Managers must understand the customers needs and desires so that outcomes can be defined consistently with customer expectations.

2. What is right for your company? Managers must understand the expectations of the company.

3. What is right for the individual? Managers must understand know the employee well enough to help them find roles that maximize their talents, skills and knowledge.

Chapter 5 - The Third Key: Focus on Strengths

Focus on each person’s strengths. Manage around weaknesses and do all you can to help each person cultivate his talents. It is tempting to try to fix people, but great managers resist this and focus on developing talents.

Casting is everything. Casting takes an employee’s strengths and turn talent into performance. Everyone can be exceptional at something.

Manage by exception. Managers don’t live according to the golden rule – treat others as you would want to be treated. Great managers treat people as they want to be treated and are not bound the notion of being fair.

Spend the most time with your best people. Normal, rule-keeping managers spent the majority of their time with underperformers. Rule-breaking, exceptional managers spend the majority of their time developing the talents of their strongest performers. “Investing in your best is the only way to reach excellence.”

How to manage around a weakness.

How do great managers turn a harmful weakness into an irrelevant nontalent?

Identify what is behind the poor performance. Is there a skills deficit? Is it trainable? Is it an issue of motivation?

When the issue is not related to skills or motivation, great managers help people compensate for weaknesses by…

1. …devising a support system.
2. …finding a complementary partner.
3. …finding an alternative role for the person.

Chapter 6 - The Fourth Key: Find the Right Fit

The Blind, Breathless climb

Laurence Peter, author of *The Peter Principle*, states that most employees are promoted to a level of incompetence. Great managers help people find the right fit, not the next rung on the corporate ladder.

One rung doesn’t necessarily lead to another.

Why do we keep promoting people to their level of incompetence?

Conventional managers are confused about what is trainable and what is not. You can help someone develop skills and knowledge. Talent is extraordinarily difficult to train. Excellence in a particular role requires specific talents.

Create heroes in every role.

How to solve the shortage of respect.

Great managers establish multiple routes to respect and prestige. Broadbanding is a way to accomplish
this. Define compensation ranges in broadbands. The top end of the lower-level role overlaps with the bottom end of the role above. Lawyers figured this out a long time ago and established graded levels of achievement. Broadbanding ensures every role, when performed at excellence, will be valued. During Gallup interviews with great managers, they found a consistent willingness to hire employees who, the managers knew, would soon be earning more than they were. The best managers create an environment that enables an employee to choose a career path true to their talents, rather money or prestige.

Getting to know you
Yes, build relationships with your people. No, familiarity does not breed contempt. Managers must demonstrate care for people. When asked how they would address the issue of an employee showing up late for work, the consistent response of exceptional managers was “I would ask them why.”

Trial Periods is another method to facilitate the process of finding the right fit. Great managers build a forgiving safety net by providing a trial period to determine whether this new role is the right one. Make it clear that the employee can return to his old role after the trial period if the new role is not a good fit.

The Art of Tough Love
How do great managers terminate someone and still keep the relationship intact?
Confront poor performance early. “Procrastination in the face of poor performance is a fool’s remedy.” Casting errors are inevitable. Effective managers are prepared to hold people accountable to performance standards and they care enough to find a role that sets the person up for success.

Manager-assisted career suicide
Keeping a performer who seems to be tempting you to fire him is management-assisted career suicide. The employee may not realize it now, but later some will thank you for letting them go and allowing them to go find new roles better suited to their talents.

Chapter 7
Turning the Keys: A practical guide
1. Select for talent
2. Define the right outcomes
3. Focus on strengths
4. Find the right fit

The Art of Interviewing for Talent
1. Make sure the talent interview stands alone. The purpose is to see if the candidate’s recurring patterns of thought, feeling, and behavior match the job.
2. Ask a few open-ended questions and then keep quiet. A person’s unaided response to an open-ended question is powerfully predictive.
3. Listen for specifics. A talent will be illustrated with specific examples and experiences.
4. Clues to talent. There may be an inclination towards certain activities. Analytical? Competitive?
5. Learning a particular role or set of tasks quickly
6. Finding satisfaction or fulfillment in a particular role or set of tasks
7. Know what to listen for. Pay careful attention to emotional responses such as “I really hate it when…” or “it really excites me to…”

Performance Management
How do great managers turn the last three keys every day with every employee?
They follow a performance management routine. The common characteristics of this routine are:

- The routine is simple. It comes in a simple format. No bureaucracy. No forms to fill out.
• The routine forces frequent interaction between manager and employee. Ask how did a particular meeting make him feel?
• The routine is focused on the future. What do you want to accomplish in the next few months? How can I help?
• The routine asks the employee to keep track of his own performance and lessons learned.

Three Types of Employee Interaction…

The Basic Routine: The Strengths Interview
- What did you enjoy most about your previous work experience? What brought you here?
- What keeps you here?
- What do you think your strengths are?
- What about your weaknesses?
- What are your goals for your current role? (Ask for scores and timelines)
- How often do you like to meet with me to discuss your progress? Are you the kind of person who will tell me how you are feeling or do I have to ask?
- Do you have any personal goals or commitment you would like to tell me about?
- What is the best praise you have ever received?
- Have you had any really productive partnerships or mentors?
- What are your future growth goals and career goals?
- Are there any particular skills you want to learn?
- Is there anything else you want to talk about that might help us work well together?

The Career Discovery Interview
- How would you describe success in your current role? Can you measure it? (Add your own comments)
- What do you actually do that makes you good as you are? (Add your own comments)
- Which part of your current role do you enjoy the most? Why?

The Performance Planning Interview
- What actions have you taken?
- What discoveries have you made?
- What partnerships have you built?
- What is your main focus?
- What new discoveries are you planning?
- What new partnerships are you hoping to build?

Every 3 months, ask them to answer these questions again and repeat the process until you have completed a year’s cycle. By year’s end you will see they may have changed their opinion on something. By meeting frequently, paying attention, advising, and planning in detail, you will develop a true interest in their success. Most importantly, you have it all on record.

Suggestions for those who work for a conventional manager:
- If your manager is just too busy to talk to you about your performance and goals, then schedule an appointment.
- If your manager forces you to do things her way, make polite suggestions.
- If she doesn’t give praise, or praises then puts you down, ask what she thought about your recent work.
- If she asks constantly about how you’re doing without going into specifics, then QUIT and MOVE ON. YOU DESERVE BETTER.

Master Keys
What can the company do to create a friendly climate for great managers?
• Focus on the outcomes. The role of the company is to identify the desired end. The role of the individual is to find the best means possible to achieve that end. Strong companies become experts in the destination and give the individual the thrill of the journey.
• Value world-class performance in every role.
• Study your best managers.
• Teach the 4 keys of great managers.

In this climate, great managers will thrive. Employees excel, the company grows, and conventional wisdom is uprooted once and for all.

_Gathering Force_

“The intersection of two forces – each company’s search for value and each individual’s search for identity – will change the corporate landscape forever.” World-class managers ride the momentum of these gathering forces by no longer trying to put in what was left out. Rather they work hard at drawing out what was left in.

**Integration Questions:**

1. What did you find most helpful as you read this review of _First, Break All the Rules_?
2. What questions or concerns did it raise?
3. What distinguishes an extraordinary “rule breaking” manager/leader from a conventional manager/leader?
4. Have you ever worked for an extraordinary manager or leader? If so, how did they or do they “break the rules” of conventional wisdom?
5. What strengths do you have as a manager and how can they be maximized as you lead your team? How have you applied “conventional wisdom” and how might you apply “unconventional wisdom” to challenges you are currently facing?
6. What weaknesses do you have as a manager or leader? Is it a skill issue, a knowledge issue, or a talent issue? Skills and knowledge can be developed. Talent is a fixed reality. How can you manage around Talent weaknesses (refer to Chapter 5) and maximize your Talent strengths?
7. How should this information shape the way you approach…
   a. Recruitment interviews?
   b. Performance reviews?
8. What are some questions that you want to include in your interactions with the people on your team that will enable you to help them bring the best of who they are to the workplace each day (refer to Chapter 7 and the various types of employee interactions)?