

Jean-Francois Manzoni

How to Avoid the Set-Up-To-Fail Syndrome



“The point is that the set-up-to-fail syndrome is a joint process. It takes two individuals. They label each other, then they filter out the disconfirming evidence and retain only the confirming.”

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Introduction

In front of you there is already the 20th IEDC Book of the Year. This time it includes a lecture of internationally renowned professor of leadership, Prof. Jean-François Manzoni, who was a keynote speaker at the Annual Presidents' Forum, held at our school in October 2007.

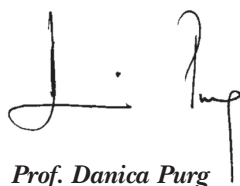
Our school is now 21 years old and we were hosting this forum for the 20th time. Right from the beginning, we realized that we should bring together leaders at least once a year to our school to let them hear about an actual topic from one of the leading international authorities in the field of management and leadership and help them to recharge their batteries. The Presidents' forums are attended by leaders from all over Europe; on this occasion, 11 different countries were represented this year.

In this Book of the Year, we can read the words of Professor Jean François Manzoni. He is a professor of Leadership and Organizational Development, and is involved in research, teaching and consulting. He holds Canadian and French citizenship, was formerly a professor at INSEAD, and is currently at IMD Lausanne. As you may know, IMD Lausanne is a role model to our school and we are grateful to their professors who supported our development from the beginning.

Jean François Manzoni is going to talk about the interpersonal side of leadership: preventing the set-up-to-fail syndrome. I am sure you are eager to read the book since it concerns something new, a topic for which we do not even have an adequate translation in Slovenian language, for example.

A book on the set-up-to-fail syndrome has been published and it explains how managers make people fail. The book has won two awards from two large international associations of human resource managers. This testifies to the excellence of the book, which deals with a very interesting phenomenon.

We hope that you will enjoy in reading this interesting and useful contribution.

A handwritten signature in black ink, appearing to read 'D. Purg', with a stylized flourish at the end.

Prof. Danica Purg
President

How to Avoid the Set-Up-To-Fail Syndrome

It is a great pleasure for me to be with you. Let me first introduce myself. I am Professor of Leadership and Organizational Development at IMD, in Lausanne. Demographically, I have dual citizenship: French and Canadian. What do I do for a living? I work with management teams to help them move from point A to point B. I expect the team to have defined point B with the assistance of an expert in competitive positioning and strategy. Since I am not one of those, I step in after the position of point B has been determined and the question becomes: *“How can we get there?”*.

The first thing we are going to do is focus on a boss's interaction with the people who report directly to him or her.

Look at these two words: *“boss's behavior”* and *“subordinates' performance”*. Which way does the causality go, at least in theory? Think of the leadership research that suggests a need for what is called 360-degree feedback. What is the assumption behind it? The assumption is that if I give you such feedback, you can adapt your behavior. And if you do that, your subordinates' performance will improve. Most research in leadership suggests that that is the way that it works. We send questionnaires to people and, once we have the results, we calculate *“average boss behavior”* across his/her group of subordinates. Alternatively, researchers ask one employee to report on the boss's behavior. [3]

However, there is a problem with this method. Take one study I conducted with 50 managers and their bosses. I interviewed the 50 subordinates and their bosses once. I then asked them to fill out a questionnaire. The subordinates described their bosses' behavior in a 20-page questionnaire. The bosses gave me a performance rating of their subordinates. I then interviewed everybody again.

I did not interview the subordinates on the same day, but I did prepare the second interviews together. And I remember very distinctly being in my study room, looking at the questionnaires that had been filled out by four people who all worked for the same person. Two of them described their boss as tough, yet supportive, encouraging, nice, and energizing. In a nutshell, he was a great boss. However, the other two described him as a mean and vindictive micromanager. It turned out that those two people had obtained the lowest performance rating from their boss. This made me wonder whether it could be that the boss had behaved differently, based on the subordinates' performance. This is a good question for a researcher.

Several years later, in 1998, to be exact, Jean-Louis Barsoux and I wrote an article in the Harvard Business Review entitled *“The Set-Up-To-Fail Syndrome”*. We coined the term for the purpose of that article;

it had not existed before. As a result, people started writing to us, saying that we had described exactly what had happened to them. Then, Harvard Business School Press asked me whether I wanted to write a book. My initial response was “no”. I felt that what had to be said on that matter had already been said. Then more people wrote to us and we continued working on the issue. Gradually, I realized that there was more to be said. Another Harvard Business Review article came out and it was followed by the first book.

As the lecture progresses, I will argue that beyond bosses and subordinates, the same dynamics can be observed in lots of other settings. Whether we are talking about horizontal relationships (with customers, peers, other companies or company divisions) or vertical ones, we often feel we have gotten stuck. How many of you for example have had a difficult relationship with a subordinate? We all have challenging relationships at least once in our careers. We also have difficult times with bosses, with our spouses, with children and other relatives. We have relationships where we feel stuck.

[4] What I will try to demonstrate to you is that when this happens, you normally have more responsibility in the process than you think. In other words, I am going to argue that we contribute significantly to our own misery. This may strike some of you as counter-intuitive. Therefore, I ask you to be open and at least try to entertain this novel idea which, I'm happy to say, is gaining popularity and is increasingly referenced in articles and textbooks.

One last point. This new perspective is not meant to replace your current outlook altogether. Instead, the idea is to give you an additional pair of glasses through which you can look at the situation around you in a new way.

I am going to talk about stronger and weaker performers. When I say “weaker” I do not mean the pathological 0.5 percent that is operating well below the minimum performance threshold and must be eliminated. There are a few people of that kind out there but they are a small minority and we are not talking about them today. I have done some research on abysmal performers who make a special effort to stay incompetent. However, I have also worked with 50 managers none of whom lost their jobs during the study. Most of my clients are reasonable people.

There was a book in France on “*harcèlement moral*”, that is “*bullying*”. Those bullies are bosses who are “*narcissistic perverts*”. There may be some of them out there but I do not meet many of them. However, I meet a lot of bosses who feel stuck in a relationship and, out of frustration, can occasionally start behaving in a way that is not too far from bullying.

I already mentioned this study of bosses and subordinates. One day, when I was well into the analysis of the results, I had an idea. I

decided to ask managers in a classroom to think of subordinates they'd worked with who were better-than-average performers, as well as some that were "*weaker performers*". In most organizations there is some sort of overall rating at the end of the year. If I asked you to compare the better and the worse performers, what are some of the generalizations that you would make? Would you be able to say that, on average, better performers tend to do certain specific things? What would be some of the things that would come to your mind?

One suggestion that you get when you ask people to describe better performers has to do with "*motivation*". Better performers are more motivated. They know their goals, are more proactive, more innovative, and more competent. They solve problems more effectively and efficiently. They are also more energetic.

As for the poor performers, they look for obstacles rather than solutions. They always look for excuses, get lost in details instead of focusing on the general picture, and do not have a good sense of timing.

I did this exercise with several classes. Over and over again, the same thing happened. There was very little variance in the answers. The better performers were consistently depicted as more motivated individuals who take charge. The poorer ones do not do much beyond the call of duty. The good ones are more proactive, whereas the poor ones are not even reactive; they need to be pushed.

[5]

Another difference concerns attitudes toward innovation: better performers are positive about it, poorer ones are more critical of it. The former look at the big picture, whereas the latter are more parochial and focus on their own thing.

Better performers tend to be good communicators - both upwards and downwards. Poorer ones hoard information. I also often hear statements like "*Good performers bring solutions, poor ones think of problems*". As one manager once put it, a weak performer will spend more time explaining to me why something cannot be done than actually trying to get it done.

Jean Louis Barsoux and I have worked on this for 10 years and we have surveyed more than 4,000 people. Basically, there seems to be a common experience. This is not a Slovene syndrome, or French, or Swiss, or Swedish. It is an international perspective: better and poorer performers seem to have similar profiles across national boundaries.

Now, let's look at how these differences affect the way managers behave toward their subordinates. Suppose I had an opportunity to follow you everywhere and observe all your interactions with your subordinates. Would I see you doing exactly the same things in exactly the same way to everybody? Or would I notice some

differentiation? I am not asking you what you should do or what you have read in the latest book on this subject. I am just asking what I would see if I followed you for two weeks.

Comment from the audience

“You would probably notice that we spend more time with the better performers.” Others disagree and say they spend more time with their weaker performers.

Jean-François Manzoni

Time spent is always an interesting dimension. In my own research, I did not find a statistically significant difference between the two groups. As we just saw here, some bosses spend more time with the better performers, others with the weaker performers, and as a result there is no clear difference between the means.

What else would I observe?

Comment from the audience

I would try to find out why the bad performers are not performing well. Is it because they do not have enough potential? Or are they simply unmotivated?

Jean-François Manzoni

[6] Fine, but you are telling me what is going on in your mind. You are not telling me what I would observe you doing.

Comment from the audience

I would spend more time with young managers who may need more coaching.

Jean-François Manzoni

What would your coaching consist of?

Answer from the audience

The good performers need encouragement so that they keep up the good work. As for the poor ones, the coaching should involve more instruction so that they know what to do.

Jean-François Manzoni

Anything else?

Comment from the audience

In the case of the better performers, it is enough for them to know what results we want to achieve, whereas the poorer ones need to be told how to achieve them. They should also report every time they have covered a piece of the road.

Jean-François Manzoni

So, here is what I am told: with the good performers, the focus is on “*what*” and “*why*”. With the poor ones, the focus is on “*how*”. You have to be more directive and give more specific instructions.

There is another difference. Good performers come up with interesting ideas. Their managers are not only open to them, they

may even solicit them. Being a boss sometimes feels like a lonely job and you need people to talk to. As for the weaker performers, managers say *"I'm trying to be open to their ideas but their ideas are simply not as good, and as a result maybe I'm pushing my own ideas a bit more"*. Or, as one manager once said, *"I always try to coach them but they don't always get it, and when they don't, I think I tend to spoon-feed them a little."*

Managers also tell me that they make themselves available to good performers: *"We have agreed on the goal and some basic parameters. If you need help, come see me."* But the problem with the bad performers is that they cannot be relied on to ask for help. Therefore, you need to monitor actions and results more systematically.

Naturally, you also give the best people in the organization the most challenging tasks.

There are a number of studies that look at how bosses react to problematic situations. What we find is that they tend to react in a more collaborative way with respect to good performers, whereas they tend to exercise more control with respect to weaker ones. For example, experimenters present managers with files of imaginary subordinates, some of whom are good performers, whereas others are *"less good"*. After they have studied their files, they meet real people, playing the part of one of the good performers who has done something wrong. The managers normally want to know why this has happened and how they can make sure it will not happen again. When the same individual is presented as a supposedly weaker performer, the managers' reaction tends to be more punitive and more along the lines of *"How could you let this happen?"*. [7]

Many managers also tell me that they are less patient with weak performers. One typical reaction is *"What has he done this time?"*.

How large is the overall difference? You might claim that although you may be frustrated with some people, you know how to hide your frustration so it does not show. Well, let us assume I have never met you or your subordinates, but they have given me a description of your behavior. They can do that by filling out a questionnaire and describe the way you behave. Let us also assume that you give me a performance rating of those people. Can I tell whether you would give them a high score? The answer is yes. In 88 percent of cases, I could predict whether subordinates would be evaluated as belonging to the top half or the bottom half of the distribution, simply based on how they describe their boss's behavior.

This result - almost 90% prediction accuracy - is very strong for a social science study. Remember that in social sciences, we face

enormous margins of error! For example, when one manager gives somebody a mark of 18 out of 20, another one may give him a different mark. Also, if you describe a particular behavior as “*frequent*”, “*frequent*” means different things to different people. In addition, I have only captured your view of the subordinates' performance, and not how nice or good-looking they are. It is a sad fact, but good-looking people tend to be more successful in life! They are more likely to be given the job they desire, get promoted more often and are paid more. This is a well-documented fact which I do not assess or control for in my study. There is also evidence that proximity between bosses and subordinates improves the quality of their relationships. I did not capture that, either.

However, I could predict boss's evaluations fairly precisely. This means that there is a pretty big difference in the way bosses behave toward “*better*” and “*weaker*” performers.

[8] It also turns out that this difference can be identified fairly early in relationships. There are studies showing that two weeks into the relationship you can predict what it will be like eight months later. Naturally, this depends on the setting. If you and your subordinate are at opposite ends of the world, it will take longer for the relationship to develop. Yet, in settings with intense interaction, this happens quickly.

Why should we care about all this? There are two reasons.

Reason #1: There seems to be a widespread theory about the way bosses treat good and bad performers and it is supported by a large number of studies. Weak performers “*need to be pushed. They are less innovative and have more negative attitudes.*” As a result, managers say, we monitor them more and spend more time discussing how things should be done.

The problem with this is that the causality can go in the opposite direction equally well. For example: We say that poor performers are not proactive. When there is a problem, they sit on it. The good ones will call you and tell you they have a problem, the poor ones do not do that. Suppose I work for you and you like me a lot. I call and tell you I have a problem. I have lost a client or missed a deadline. Would our conversation be painful? Probably not.

Now let us assume you do not like me that much, because I am not as good as the other guy. Now I call you and report a problem. How would you react? “*What has he done again this time?*” The evidence shows you are more likely to ask stupid questions. When good performers call, you do not ask “*Did you wake up this morning?*”, “*Did you remember to open the door?*”, “*Did you check this or that?*”. That is what we do with weaker subordinates. We ask much more basic questions that show we do not trust them much.

In many cases, weak performers do not even have the confidence to call you and report a problem. Why? Because they know it is going to be a painful discussion. So when we say that they do not call because they are not proactive, what I am suggesting is that one of the reasons they do not call is that if they did, it would be an unpleasant experience.

We say “*they do not get the big picture*”. But most managers I work with also say that they spend more time discussing the big picture with the “*better performers*”!

We also say that poor performers tend to be more negative and resist new ideas. But let us be frank. When you have a new idea, who do you discuss it with?

We say that they do not delegate. But to delegate authority, you need to have some authority in the first place. If I give you very limited latitude, how can you delegate latitude to your own subordinates?

What I am saying is that once you start treating me as a weaker performer, it is quite difficult for me to do anything except behave like one. I'm not saying it's impossible, but it's quite difficult.

By the way, how do parents tend to deal with kids who do not like school? Well, often with the same kind of controlling, pushy attitude managers tend to have with “*weaker performers*”.

[9]

Reason#2 that this situation matters: There is a line of research called “*the Pygmalion effect*”. No matter which image this evokes for you (the Greek myth, or Bernard Shaw's play), it has to do with helping people blossom. In the 1960s a Harvard researcher named Bob Rosenthal studied a class of American school children. He tested them and divided them into two identical groups with the same average performance. Then he lied to the teacher. He told her that one of the groups was “*average*”, whereas the other one consisted of “*late bloomers*”. That means that the children have high potential although that may not be obvious at the moment. Three months later, he tested the kids again and, this time, the “*late bloomers*” outperformed the “*normal*” kids. There was no difference between the two groups at the beginning of the study, but there was one three months later.

This study has been replicated a few times, and when the teacher's expectations are successfully manipulated (i.e., when the teachers accepts the “*information*” given to him or her by the experimenter), the Pygmalion effect works.

As you can imagine, such experiments can no longer be conducted. Parents would sue the university for the next 5 generations! But there are other ways to test the power of

expectations, including studies that focus on the performance of siblings who go to the same school, but do not necessarily have the same teacher. When the teacher is the same, the grades of the two siblings are more strongly correlated than when they have different teachers. Obviously, expectations matter a lot.

All right, but these are children. They are easier to influence, you might say. So another researcher decided to experiment with the Israeli Army. He took a group of soldiers who wanted to become officers. He split them into two groups and, once again, he lied to the instructors, telling them that *“these soldiers have been found to have outstanding command potential”*, while *“those have been found to have average potential”*. At the end of the training, the soldiers were rated by independent instructors, and the supposedly outstanding ones performed better on average.

Can this be done with a large group of soldiers, such as a platoon? Yes. It was tried again in the Israeli army, and the supposedly outstanding platoons outperformed the ones that were labeled *“normal”*.

[10] Some of you may be thinking that you could carry out your own experiment. You go to your office tomorrow and call your subordinates. You tell them that you have just come back from this forum where you listened to other managers talking about their people. And you have realized that the employees who work for you are much better!

If you try this, it will not work. The problem is that you do not believe it yourself. If you said it, you would be lying and your subordinates would find out, because while you say you now think highly of all of them, your behavior toward the *“weaker ones”* would still betray your lower expectations. In the experiments, the teacher and the sergeants had been lied to. They bought the lies and behaved in a way that showed greater confidence in some of the students/soldiers. But if you lied to your people and you knew that you were lying, they would find out. Your own behavior would not match your statements.

By the way, I asked my respondents how much confidence they felt they were receiving from their bosses. The poor performers clearly realized that the bosses had lower expectations of them. What this means is that people are reasonably skilled at interpreting your behavior.

In yet another study, the soldiers' performance was measured (by independent assessors) every week. Now, we know from previous studies that by the end of the training program there will be a difference in the performance of *“outstanding”* and *“average”* soldiers. The question is how long it takes for enough *“average”*

soldiers” to start “*giving up*”, thus showing lower performance to the point that the independent instructors notice it. The answer is: one week.

This is a special situation because the instructors and the soldiers are together all day long, whereas business managers and their subordinates do not necessarily interact that often. Still, the experiments demonstrate beyond any doubt that bosses can undermine the performance of their employees. It does not happen to everybody in the same way, but it happens to a significant number of people. The boss's expectations affect the performance of the subordinates.

What I am saying, then, is that some of your subordinates do not under-perform despite your behavior, but in part because of it. In many cases bosses contribute to having underperformers by mechanically constraining the behavior of the people who work for them and undermining their self-confidence and motivation.

This is a strong statement. And now I have to explain why this has not been observed before, why so many smart and well-intentioned bosses remain blind to their responsibility.

We do agree on the symptoms. For example, the experience of most bosses is that those who need advice the most listen to it the least! Most bosses find that weaker performers do not take advice very well. Most bosses have also found that when a relationship has started on the wrong foot, it's very hard to correct. There is not much disagreement on the symptoms, but the question is which way the causality goes. I'm arguing that bosses often contribute to creating, or at least to worsening the problem.

[11]

We do need to understand why we remain blind to this process, or we will reproduce the same pattern. We would be doing what Einstein defined as “*insanity*”: doing the same thing over and over again, hoping for a better result.

Danica Purg

I invited a female manager to this forum but she said, “*Why do I need to listen to this? When I have weak performers, I just dismiss them!*”

Jean-François Manzoni

Well, there are many parts of the world where firing people is not easy! Also, you sometimes have individuals that have unique abilities and you cannot find replacements.

Looking beyond subordinates, it is even more difficult to dismiss your boss, or your government, or your regulator. Your kids, for example, are impossible to dismiss. So your contact was right that in relationships that involve subordinates, we do have a “*firing*” option. It's not always possible or inexpensive, but it's often a possibility. But then you have lots of other relationships where it's

simply not an option. In these cases, you really have to understand the phenomenon in order to intervene productively.

To recap what I've said until now: managers tend to subscribe to a philosophy that advocates greater involvement with weaker performers, tighter control, and more specific instructions. They are also more likely to get impatient with these subordinates. Based on this, I argue that many bosses trap some of their subordinates in a low-performance mode and trigger a downward spiral in their motivation. The result seems to me like a setup, which explains why we call this phenomenon *"the set-up-to-fail syndrome"*. If this is true, why have we not noticed this before?

But before we go to the *"blindness"*, let's take a few questions.

Question from the audience

I wonder what would have happened if the soldiers in the Israeli experiment had been told that they were very good, but the instructors were not told anything.

Jean-François Manzoni

[12] A very good question. This was in fact done in one of the studies. The researchers formed two groups. They told the instructors that the data concerning the first group were inconclusive but they spoke to the soldiers and told half of them that they had excellent potential, half of them they had *"average potential"*. Do you expect any differences between the two groups? You might think that if you go directly to the soldiers, you are going to get a much more powerful effect because you're now *"tweaking directly into the soldiers' minds"*. But the results of the study only showed a small difference between the two groups. This means that if I try to enhance your self-confidence directly, it will only be a little bit more effective than if I had told your boss how good you were.

What has not been done is a study in which the boss was told one thing (e.g., this soldier has outstanding potential) and the subordinate was told the opposite. I have never seen such a study.

Question from the audience

If the direction of the causality is from the boss to the subordinates, what is it that makes the boss decide who is good and who is bad? Is it the subordinates' personalities that the boss assesses rather than their performance?

Jean-François Manzoni

Let me be clear: I am not saying that the boss's perception and behavior is the only thing that drives the subordinates' performance. I do not deny that, at any point in time, there are intrinsic personal differences in capabilities and motivation. So I'm willing to admit that the perceived weaker performers are in fact weaker performers, at least in some dimensions.

Now, I should also say that the evidence that I am aware of suggests that the correlation between boss's ratings of subordinates and key performance indicators is rather low. In fact in many cases that correlation is lower than the one between boss's ratings and what is known as organizational citizenship behavior, which is something profoundly subjective and exists mostly in the eyes of the boss.

At what moment do bosses decide that a particular subordinate is a “weaker performer”? In an organizational setting, after a couple of weeks they usually think they can predict what will happen nine months later. The evidence suggests it happens quite quickly.

Now, let's turn to the three mechanisms that explain why bosses tend to remain blind to their responsibility.

Mechanism #1:

As a boss, I expect a particular subordinate to be a little bit passive and reactive. I coach him in order to change that. This coaching is meant to help, but in a number of cases it will lead the subordinate to feel under-trusted and overmonitored. When people feel like that, some of them say, “OK, I am going to show this (bad) boss.” But many others do not resist very long and instead start displaying withdrawal symptoms, this being precisely the behavior I was afraid would be displayed! And of course if I observe the behavior I was concerned about and tried to avoid, then clearly it is not my fault, right?

[13]

Without realizing it, I have created a self-fulfilling prophecy.

Mechanism #2:

Some of you may be thinking: “But wait a minute! There are key performance indicators! These do not lie. I may have a subjective opinion of Bill, but the indicators show that he is a poor performer and that is objective.” Well, you may be right. But I would like to inform you about some interesting phenomena that may not apply to all of you, but do apply to a sufficiently high percentage of people and can therefore be captured in studies.

The first thing is that when you look at the indicators you tend to notice the good results of the “good performers” and the bad results of the “weaker performers”. The bad results of the “stronger” subordinates may disappear from your radar screen and the same happens to the good results of the weaker performers.

Take a very well-known experiment. You bring in a guest lecturer who will speak for a half hour. Before that, you circulate a one-page CV of that person. In the middle of the page there is a sentence describing the personality of the lecturer. Half of the audience learn that this person is “warm

and caring". The other half are told that he is "*cold and distant*". Of course, nobody in the audience knows about this manipulation.

After the lecture, you ask the audience to share their opinion of the lecturer. Those who were told that he was warm and caring will be more likely to have perceived him as such. Those who expected cold and distant have seen precisely that. This study has been replicated several times and the results are always the same. Why does this happen? Why do we get manipulated so easily?

The thing is that reality is too rich. There is too much information to process and we are not always good at that. As a result, sometimes we take shortcuts.

Have you heard of the gorilla-on-the-basketball-field experiment? You show people a video of six persons playing basketball. Three of the players are in white shirts and three are in black shirts. You tell your experiment subjects to count how many times the black shirts pass the ball to each other. Halfway through the video, a guy dressed in a gorilla suit shows up, pounds his chest for a few seconds and disappears. How many people notice the gorilla? Very few. Even more interesting: people cannot even get the number of passes right!

[14]

The point is that we fail at fairly easy perception tasks. If we fail at easy tasks in experiments, we will certainly filter out a lot of important information in our enormously more complex real life. We see what we expect to see. This is because we have limited capabilities and life goes too fast for us to make good sense of it.

But this can get even worse. Here is another study. You go to a university and take 1000 students. You ask them what they think of the death penalty and you pick the 20 subjects who are most convinced that the death penalty is a good solution and the 20 who are dead set against it. Then you give these two groups a balanced report on the death penalty. It contains some reports and studies showing that the capital punishment can be a crime deterrent, while mentioning other research that has arrived at the opposite conclusion. Then you measure the subjects' views again. You find that the report has only reinforced their beliefs. They have absorbed the evidence that supports their views and dismissed everything else.

One more example. In 1974 in France there was a political debate between Giscard d'Estaing and Francois Mitterrand. Not only did Giscard d'Estaing win, he literally shredded Mitterrand. He made him look like an old man, totally disconnected from the world. This is a debate that has gone down in French history

as an incredibly lopsided event. There was even a theatrical performance that reenacted it later.

Polls taken after the debate showed that it had swung a paltry 0.75 percent of the electorate. How come? The answer is that debates tend to come late in the process and by that time most people have already made up their minds.

Overall, there is an enormous amount of evidence confirming that we see and hear what we want to see and hear. We are especially likely to do this when a deeply anchored opinion is at stake. I am not telling you that you are totally disconnected and unable to perceive anything objectively. But we are all human beings and we have imperfect senses.

Now, what matters is not only what we see, but also what we make of it. I look at Mark's results and I see that they are good. Why? Because he is great. He works hard, he has a lot of internal motivation. And if he occasionally fails, who is to blame? Not him. He has failed because of external circumstances. A lot of studies have shown that bosses tend to attribute the successes of the *"better performers"* to internal factors whereas failures are ascribed to external circumstances. When Mark tells me that he has lost a contract because oil prices have gone up, I say *"Of course"*. When Bill comes up with the same explanation, my reaction is *"A goddamn excuse again!"* Why? Because I perceive Bill to be a weaker performer. (I am exaggerating a little, but I am doing that to enhance the illustration.)

[15]

Depending on the way you see your subordinates, you perceive different things. Suppose one of your decisions is challenged by a good performer. You tend to listen. Now, the challenger is Bill. How do you react? *"He is always complaining!"*

As if this were not enough, you may even remember things that never happened. There are lots of studies demonstrating that people store interpretations in their memories but delete the real events. Here is an example.

You take 100 Americans to Disney World. You ask them if they have seen Mickey Mouse, Daffy Duck, etc. They say yes. But you also ask them if they have seen Bugs Bunny. Some 30 percent will say they have. Now, Bugs Bunny is a Warner Brothers character. He cannot be in Disney World.

The next events I am going to describe happened to a colleague of mine and myself. We had sold a program to a client. On the opening day of the first program, the client told us *"and of course, the two of you will be here all week"*. We expressed surprise - my colleague and I intended to split the time - and

responded that no, we would not. And besides, the pricing of the program clearly indicated one, not two faculty members. The client went ballistic! He said we had clearly promised to be there the whole week, that this was unfair etc. To support his view he called two of our administrative colleagues and complained about the situation. The next day, the client told us: *"I remember! You made this promise during a meeting at IMD with these two individuals"*. After checking diaries and facts, we all realized this meeting ... never took place. Other meetings occurred with some of the protagonists, but the meeting the client remembered so vividly never took place.

What happened? Under a great deal of pressure, the client put together bits of conversation and organized them into a story line that he focused on. And that story line became real. Now, had the client given us signals that he expected us both to stay during the whole course? I'm sure he did. So why did we not pick them up? Because it was obvious to us that we would not stay. Similarly, I'm sure we gave the client signals that did not register on his radar screen, and hence were not stored in his mind.

[16] Let me reassure you: This does not happen to me 5 times per day! It is an extreme case, but that's what makes it interesting.

Mechanism #3:

The subordinate applies to the boss's behavior the same cognitive mechanisms the boss has been applying. The subordinate starts labeling the boss (unreasonable, biased, etc.), and then filters reality to *"observe"* examples of such behavior. And no matter how great a boss you are, if I watched you all day long for long enough I would be able to identify moments when you were not listening or when you were being stubborn.

If need be, the subordinate can even provoke the boss to display bad behavior. Some of us do not like it when somebody brings up a question that has already been settled. Others hate it when they hear an implicit challenge of their integrity. If I wanted to make you unreasonable, I would just have to press the appropriate button. Why would I want to make you angry? To confirm my bad opinion of you, and to be able to go home and tell my spouse: *"It's really not my fault!"*. This process is called self-handicapping. Adolescents do this when they do not prepare for exams. Why? It is more acceptable to prepare because you have been lazy than because you are dumb.

I have seen subordinates walking into their boss's office knowing that the boss will defend a particular position; nevertheless, they argue the opposite. Why? Because it is part of a recurring psychodrama where the subordinate can go home

and say that he never wins and there is nothing he can do about it.

The point is that the set-up-to-fail syndrome is a joint process. It takes two individuals. They label each other, then they filter out the disconfirming evidence and retain only the confirming.

What are the costs of these dynamics?

Some of the negative consequences include poor results and missed opportunities. Another result is stress and negative energy for the subordinate, but also for the boss. The boss is stressed because he needs results and when he does not get them, he is frustrated, dissatisfied, and irritated. This consumes a lot of energy.

Moreover, poor performers share their experiences with other people and undermine the group atmosphere. The human resource department spends time managing grievances and dealing with terminations, which is not what they want to do. They want to attract good people and develop them, not mop up after a bad situation. All this is not good for the better performers either. They may suffer because they may have to take on too much work.

Bosses who know they are going to spend only a limited time in their positions are more prone to creating a situation of this sort. They need to identify very quickly the subordinates that they think they can work with and those that are less likely to do a good job. [17]

We must also remember that some performance management systems encourage mediocrity. They rank employees on a scale and inform them of their position. After an employee has ended up in the same low category a couple of times, this becomes a self-fulfilling prophecy.

In a nutshell, we have to do something about this situation. But what? There are organizations that try to be fair and have come up with supposedly creative approaches if an employee is struggling. The recommended approach is to break down the task into smaller bits, spend longer times specifying what needs to be done, and monitor performance more carefully. Does this remind you of anything? This is precisely the management style that triggered the process in the first place.

Recap: At some point, bosses put labels on their subordinates and these become self-fulfilling prophecies. They are like glasses through which bosses filter reality. Also, the other party plays along and retaliates.

Now the question is how to prevent or at least interrupt this vicious circle, which creates increasingly difficult relationships.

Danica Purg

In our group, we discussed what we could do to help resolve the disagreements between Slovenia and Croatia concerning our common border. This is an issue that business would like to have resolved.

Jean-François Manzoni

There is this concept called *“biased punctuation of conflict”*. It means you have to identify who started the conflict. Sometimes you are not aware of the fact that it was you who triggered it, but you feel you have been wronged and are itching to retaliate. Unfortunately, you see this in the Middle East: they killed one of ours, so we kill ten of theirs. I imagine there are a few elements like this in your border situation.

What else can we do, either on the prevention or interruption side?

The first thing to avoid is to *“sit down to give the subordinate more feedback”*. *“Giving feedback”* is an interesting expression. It means that you are giving something and the other party is taking it. It is a unilateral intervention that more often than not does not work. Let's understand why:

- [18] Under what conditions are you more likely to accept critical feedback and act on it? If you respect the source as honest and fair. What would make it fair? If there is no bias; if the person who gives you the feedback has good intentions, looks at the whole picture, not just the negative aspects of the subordinate's behavior; and last but not least, if you feel the feedback source has been open-minded and has given you a chance to validate his/her opinions.

But of course, if you think of the relationship that exists between most bosses and their perceived weaker performers, these conditions are not satisfied. Then, it is not surprising that the feedback does not work!

If we want to avoid insanity - doing the same thing over and over again, hoping for a better result - we have to change the conditions.

Ultimately, boss and subordinate must sit down and have a productive discussion. The outcome of the meeting should be a shared diagnostic, where the two parties agree on the symptoms, on the causes and on the remedies, including how much monitoring the boss has the right to do.

This discussion is best triggered by the boss. It's not impossible for a subordinate to bring up the issue, but doing so risks making the subordinate come across as a whiner.

The key success factor, of course, is the preparation of the meeting. When the relationship between boss and subordinate has

been degenerating for a while, the two parties typically become prisoners of their own points of view and thus unable to discuss intelligently. The meeting must hence be prepared. The major objective of this preparation is to help the two parties to understand that (a) they are seeing only a part of the situation; and (b) they are probably part of the problem/have some responsibility in the way things turned out. If either party shows up convinced that the other is wrong, there is no chance of success.

Developing this more open point of view is difficult, but not impossible. A key component of the preparation is a process my colleague Martha Maznevski calls “*de-centering*”, i.e., changing the angle from which you are viewing a situation. One of the most spectacular cases of de-centering I have heard of is the one that led Hilary Clinton to become a Democrat. In her autobiography, she describes how she entered college as a Republican and, at some point, was given a term paper requiring her to analyze a difficult social issue from the Democratic point of view. At the end of the process, she did it so well that she ended up realizing they had a point.

Concretely, for example, you might give yourself the task of listing all the qualities of your subordinate; or to list all the things s/he did well over the last few weeks; or to write down what life feels like from your subordinate's point of view (including how s/he sees you behaving toward him/her). You might do this in writing, or you can do it verbally with the help of a sparring-partner.

[19]

The key is that you have to create enough openness in yourself. Otherwise you will be “*giving feedback*” and having the same conversation as the one before, hoping for a better result. Naturally, the other party needs to go through the same process and have the same amount of openness. Otherwise you've become a hostage to the other party, which is clearly not a solution either.

As you go through this reflection, a key question you will have to answer is: “*What are you willing to do differently in order to improve this relationship and the subordinate's performance?*” This is a fundamental question because, in some cases, your answer will be “*nothing*”. If that's the case, then you're better off moving directly to the “*interruption*” stage, because there's simply no way an intervention will be successful. And in some cases, this is clearly a better solution. I will certainly never argue that every relationship is salvageable, for that is nonsense. Sometimes you cannot save a relationship. There are subordinates who simply cannot reach the

required standards within the limited time that you can give them. Sometimes there may not be enough benefit in saving a relationship. It is just not worth it and it is better to interrupt it.

Moving now to the prevention of the set-up-to-fail syndrome, the good news is that prevention is easier than interruption. The latter is much more painful, like treating wounded skin.

Prevention should start at the recruitment stage. An individual may look promising but the chemistry (or the fit between the individual and the desired corporate culture) may not be right.

Prevention also requires you to challenge your labels and evaluations as they pop up in your mind. Ideally, we would stop our minds from producing these labels in the first place, but labeling is a functional activity that's probably hard-wired in our brains. What we can learn to do, however, is to become more mindful of this labeling process and thus learn to interrupt it and challenge ourselves. You think that a subordinate is a bad performer. What evidence do you have? How did you make that observation? Would the subordinate agree?

[20] When the subordinate does something you disagree with or find problematic, intervene sooner rather than later. As a feedback receiver, we all prefer to get the information right away. We are upset when we are told what mistakes we made six months ago and may not see the point in being told. As a sender, however, tomorrow often seems like a better time to share such information... We must correct that tendency.

To help subordinates make better use of such interventions, it helps to invest time and energy into developing a rapport with subordinates and, more generally, to learn to separate the person from his/her performance. One of the most striking examples on this front is that of Haier, a Chinese producer of electrical appliances that my colleagues Katherine Xin and Vlado Pucik have studied and written about.

Haier has some very *“aggressive”* performance management practices: Employees placed in the bottom 10% of the performance distribution will be trained. If a second year finds them in the bottom 10% they will be trained again, this time at their own expense. The third time, they're out. Every day the previous day's lowest performer is invited to stand on a pair of red footprints and explain to everyone how he will do better today. Haier also has relative performance evaluations, as well as a *“pay-for-performance”* system that features negative payments, meaning you might be required to pay Haier if your performance is too low!

This system works for a number of reasons, including Haier CEO Zhang Ruimin's strong belief that *“we should separate our performance*

from the person I am. I did not do a good job today. I can improve tomorrow. But that does not mean I'm a bad person. It doesn't mean I'm not smart".

Last but not least, subordinates should be encouraged to be joint owners of the relationship. They should be invited to speak up and help you be a better boss! This is not only an invitation: When you give your subordinates the right to talk, you also give them an obligation to talk, as absence of communication becomes a message in itself. This can be part of the expectations that we can set up together.

To wrap up, when employees underperform, bosses are often part of the problem. They tend not to notice their responsibility in the process because of all the biases that we have discussed.

The set-up-to-fail effect is observed in many different environments. One day I discovered that Afro-American lawyers had been discussing it. Labels can be based on racial, religious, or gender differences. As soon as you start using labels, the effect can be triggered.

Question from the audience

Is it a good idea to use an intermediary in cases of conflict?

Jean-François Manzoni

[21]

The available evidence suggests that having an intermediary, or a mediator, is (a) not necessary (I have seen cases resolved without any external help); (b) not sufficient (I have seen cases where resolution failed despite external help); but (c) can nonetheless be helpful, particularly at the preparation level.

What you really need is to be able to work on yourself so that you have enough openness for this process. Your subordinates should do the same. They should be able to say, *"I sense that I am not doing as well as I should and this is creating a certain malaise between us. Can we explore this together?"*

Instead of a mediator, you may need a facilitator - somebody that you can talk to. That person can help you vent your emotions and sort out your thoughts prior to the meeting(s) with the subordinate. That may be helpful.

Question from the audience

Suppose you have managed to work this out with the underperformer. However, labels sometimes stick and people keep carrying them. A boss may have gotten rid of a label in his mind, but the subordinate may still look like an underperformer to his peers. What do you do then?

Jean-François Manzoni

You can identify some opinion leaders in the organization and have

an honest conversation with them, where you explain the situation:
“I have been working with X, I think s/he is making progress but the team still seems to be harsh on the subordinate. Can you help me in this matter? Can you help the team give X a chance?”

Danica Purg

You presented a lot of research that demonstrates how you can get this wrong. Is there any research showing how successful the reconciliation tactics are?

Jean-François Manzoni

The last few minutes have been focused on “*getting it right*”. I also discuss this aspect extensively in my book. Clearly, there are no silver bullets that can solve every situation. Sometimes there are unexpected solutions. Once a boss decided to discuss a problem with a subordinate in an upscale restaurant. Do you know why? To show that he cared and that he respected the subordinate, certainly; but also because you cannot shout in that sort of place. I would have never opted for a solution of that kind. Still, it worked.

The number of ways to address this is limitless. I just wanted to share some basics with you. I hope I have supplied you with a new pair of glasses to look at difficult interactions.

Jean-François Manzoni

Jean-François Manzoni is Professor of Leadership and Organizational Development at IMD (Lausanne, Switzerland). His research, teaching and consulting activities are focused on the management of change at the individual and organizational levels.

At the organizational level, he studies the content of change (including the use of levers such as strategy, structure and systems), the management of the change process and the role of leaders therein. His work in this area has appeared in a number of articles and books, including *Performance Measurement and Management Control: Improving Organizations and Society* (Elsevier Science/JAI Press, 2006, with Marc Epstein). He has written over twenty cases, four of which received Case of the Year Awards (most recently, the 2007 Award in the “*Strategy and General Management*” category). He also acted as content expert in the development of a groundbreaking computer-based change management simulation, the Change Pro Simulation®.

At the individual level, Professor Manzoni studies how leaders can create a high performance climate and what they can do to modify their leadership style in that direction. This stream of research has led to several articles and a book entitled *The Set-Up To Fail Syndrome: How good managers cause great people to fail* (Harvard Business School Press, with Jean-Louis Barsoux), which received two Book of the Year Awards. It has just been released by Harvard Business School Press in paperback format, and another book exploring the set-up-to-fail syndrome in other interpersonal and organizational settings is in progress.

[23]

A citizen of Canada and France, Professor Manzoni worked with Ernst and Young before receiving an MBA from McGill University (Canada) and a DBA from Harvard Business School. Prior to joining IMD, he also served on the faculty of HEC-Montréal and of INSEAD (Fontainebleau, France). The recipient of several awards for excellence in teaching, Professor Manzoni is a frequent keynote speaker at conferences on leadership and change, and performs coaching, training and consulting work for several large international organizations.

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- 2007** Jean-François Manzoni: *How to Avoid the Set-Up-To-Fail Syndrome*
- 2006** Ichak Adizes: *What is a Leader?* (a video lecture)
- 2005** Peter Drucker: *Manage Yourself and Then Your Company: Set an Example*
- 2004** Manfred Kets de Vries, *The Bright and Dark Sides of Leadership*
- 2003** Fons Trompenaars, *The Challenge of Leadership - Visions, Values, Cultures*
- 2002** Milan Kučan, Jean-Philippe Deschamps, William George, *Leadership for Innovation*
- 2001** Milan Kučan, Peter Kraljič, Peter J. Rohleder, *Competitiveness of Companies in Central and Eastern Europe*
- 2000** Paul Strebel, *Focusing on Breakthrough Options*
- 1999** John M. Stopford, *Harnessing Organizational Knowledge for Strategic Innovation*
- 1998** Pedro Nueno, *Maintaining Your Personal Value*
- 1997** Lecture by Peter F. Drucker on the occasion of the 10th IEDC Anniversary: “*Manage Yourself and Then Your Company: Set an Example*”
- 1996** 10 years of IEDC
- 1995** George Taucher, *How to Succeed with Strategic Alliances*
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