Guarding the Guards: Crushing the Bureaucratic Rules that Limit Success | Tom Rieger

Fear is destroying companies.
Or more specifically, fear of loss is causing companies to destroy themselves.

As managers are forced to do more with less, contend with limited resources, or battle for head-count and budget, many will begin to build walls to help protect their ability to meet their own local goals. Unfortunately, sometimes those walls become so high that those inside lose sight of the ultimate outcome. Their world becomes defined by the piece, and not the puzzle. With the best of intentions to protect their people and their projects, barriers are born—particularly if the rules that are created make it difficult for others outside of the silo to succeed. When this happens, an organization falls victim to parochialism, the first level of the pyramid of bureaucracy.

On the surface, many of the rules that stem from parochialism appear to make no sense. In 2005, on ABCNews.com, Bob Rosner asked viewers to submit examples of ridiculous rules their companies enforce. Some paraphrased examples include:

➔ In one company, employees were required to agree in writing that they would keep working in the dark if the power went out. This was in a building with no windows and dangerous gases.

➔ One business denied rental car expenses if the receipt showed that the renter used the car for fewer than 50 miles. So employees would just drive around the airport until they hit the 50 mile mark.

➔ One company with remote workers required them to call their managers (on the phone) to report phone outages.

These rules are obviously absurd, but they originated from what someone thought was a genuine business need.

66 *With the best of intentions ... barriers are born.*

Of course, no organization can exist without rules. Sometimes, rules protect not just the company, but also the company's customers. Organizations in highly regulated industries have rules that enforce how business is conducted to ensure compliance with legal requirements. A rule may be in place to help ensure good customer service or a healthy, more productive workplace, or to improve the financial success of the organization. Other rules help to avoid liability or risk. Some help prevent catastrophic failures like a fire, factory shutdown, or plane crash.

Unfortunately, sometimes rules don't have anything to do with customer engagement, a better workplace, limiting risk or liability, or avoiding catastrophes—they exist to make life easier for a small part of the organization without any regard for other more important factors. These rules ensure compliance with the policies of a particular department. And those in that department often fiercely guard and protect their rules.

But who is guarding the guards?

Why aren't the rules ever audited—not the rules that are mandated by law, but the rules that are mandated internally by a particular silo, the ones that institutionalize parochial barriers? Conducting an audit of these rules is a critical part of addressing the symptoms of parochialism.

Obviously, auditing every rule and policy in an organization is impractical. So to identify the rules that you need to audit, start by asking which rules sometimes get in the way and are not mandated by law. Different people from different parts of the organization will have different views about whether a rule is good or bad. Those who benefit from the rule will like it. But those who have to live with its negative repercussions may have several examples of how the rule hurts the overall success of the organization more than it protects it against loss or liability.

One call center had a rule that representatives could not put customers on hold unless it was absolutely necessary. Each representative was held accountable for minimizing the percentage of on-hold calls. But no additional training was scheduled, and representatives had few opportunities to meet with their coaches. If they did not know how to handle a particular issue and couldn't put a customer on hold, they were stuck. So the representatives came up with a clever solution. Instead of putting customers on hold, they just hit the mute button. The on-hold levels dropped dramatically. But in surveys, the percentage of customers saying they were being put on hold actually went up.

Once the organization has identified the rules that may be acting as barriers, the audit can begin. It's best for an outside party to conduct the rules audit to avoid the traps of parochialism, as well as to maintain confidentiality and openness of responses.

> " *Once the organization has identified the rules that may be acting as barriers, the audit can begin.*

A rules audit follows six sequential steps:

1. Identify the need that the rule is supposed to fulfill, and evaluate the validity of that need.

2. Assess ownership of the rule.

3. Determine how effective the rule is in meeting its intended need.

4. Find unintended consequences of the rule.

5. Establish the type of rule it is and the type it should be.

6. Adjust and communicate.

Identify the need. Every rule should have a clear, established, and valid need that

it fulfills. No exceptions. Once you have identified the intended need, evaluate it in the same context as you would evaluate a rule: Does fulfilling the need help provide better service to customers, create a better workplace, improve financial success, avoid risk or liability, or prevent catastrophe? If the answer is no, then the rule should be eliminated. There may be resistance, particularly from those who benefit from the rule. If the answer is yes, the need is valid. Move on to the next step.

Assess ownership.

Assessing rule ownership should be easy, and in many cases, it is. Accounting owns accounting rules, customer service owns customer service rules, and so on. But for a surprisingly large number of rules we studied, nobody really owned them. The rules just grew organically. When no one owns a rule, no one is accountable for deciding whether it's good or bad.

Every fall, a national logistics organization had to update its computer database to identify the distributors that it was not renewing for the coming year. This process protected the company against having unauthorized distributors listed as active, which was a valid need because doing so avoided risk or liability. For several weeks during this update, the entire department's administrative staff would clear their calendars of all other work so they could change the status of every one of the thousands of distributors to "inactive." Then the administrative staff went through several screens for every active distributor to change "no" (inactive) to "yes" (active). Out of the thousands of distributors in the system, usually only a few dozen were not renewed.

For years, the administrative staff had asked why the default could not be "yes," which would enable them to update only the few dozen that were being cut instead of the thousands that weren't. According to their department head, the default option was "no" because the division president wanted it that way. When the division president was asked why the default was set

to "no," he said it was because the department head wanted it that way. The reality was that neither one cared as long as the database was updated accurately. So the division president made the call and asked the department head to change the default response to "yes." The process went from taking several weeks to several hours, saving the company a substantial amount of money in lost productivity.

If a rule or policy has no clear owner, the organization needs to assign one. Finding an owner should not be difficult. If no one wants to take responsibility for a rule and it does not represent a legal requirement, it could likely be eliminated if there's a better way to meet its intended need. When you have identified or assigned an owner for the rule, move on to step three.

Determine effectiveness. Just because an organization has identified a need and created a rule does not guarantee that the rule fulfills the need. Some needs are complex. It's human nature to try to find a simple, "elegant" solution. Sometimes that works; often it doesn't. There is a fine line between elegant and oversimplified. The most pervasive example of oversimplifying is legislating behavior. Rather than create guidelines and focus on outcomes, it is easier to mandate certain behaviors, even if those behaviors are not entirely justified in every situation.

A national home entertainment chain discovered that its customers tended to be more loyal if they felt that employees were genuinely happy to see them. So the CEO created an edict: Within the first few seconds of a customer walking in the door, an employee must greet the customer. From then on, whenever a customer entered the store, half a dozen teenage workers ran up to him, blurted out a greeting, and then ran back to what they had been doing. As a result, customers became more likely to feel that the store's employees didn't care about them. If anything, the rule made customers feel like employees were irritated by the interruption. So the CEO sent out a second memo, mandating that employees would sincerely greet every customer who comes into the store. You can imagine how that worked out.

> **"** *Just because an organization has identified a need and created a rule does not guarantee that the rule fulfills the need.*

The owner of the rule is not the only one who should answer the question of how effective a rule is at meeting a particular need; those the rule supposedly protects should as well. Does a particular set of behaviors make customers spend more? If not, adhering to a rule that enforces those behaviors might please supervisors and quality monitoring staff, but the rule is not meeting its intended purpose.

Most organizations already have the metrics to ascertain whether a rule is doing any good; such metrics are part and parcel of strategic plans that clearly outline goals and criteria for success. If success—as defined by measurable goals that contribute to the company's mission—has not been defined, all kinds of barriers are likely to spring up. Alignment cannot happen without a unified purpose.

The problem is that rules aren't measured that often. So find out if a rule makes customers spend more or not. Find out if employee engagement increases when employees follow the rule. Find out if you have reduced or avoided lawsuits, safety incidents, shutdowns, line interruptions, or other failures or risks since you enacted the rule.

Companies shouldn't guess at what makes them successful. If the rule doesn't demonstrate that it improves performance, then the rule needs to be scrapped in favor of a different one—or none at all—to meet the intended need.

Even if the rule does prove to be effective, the next step of the audit is still necessary: finding unintended consequences of the rule—namely, barriers that affect others' ability to succeed.

Find unintended consequences.

Parochialism controls how those inside a department interact with those on the outside. The needs of outsiders are of secondary concern, if of any concern at all, to the insiders. Specifically, those within the parochial walls lose sight of the outside world and as a result, they begin to define success locally rather than organizationally. In the most extreme cases, insiders don't even acknowledge outsiders' needs. It's not that the insiders don't know or understand organizational needs. They're just not connected to the day-to-day functions of that department. If these broader needs are not connected to local needs, they are not considered. If they are not considered, then unintended consequences are likely. Whether the unintended consequences affect those in the department that created the rules or their internal clients, those consequences can reach far downstream.

In an effort to stem abuse and unnecessary expense, one company instituted a rule for travel reimbursement. It would reimburse dinner expenses only for employees who had to stay somewhere overnight. If employees could get home and did not need to stay in a hotel, then they couldn't expense dinner costs for that evening. In many cases, employees could get home the same evening, but it might be very late. The company policy implied that they should go as many as 12 hours without food, if they had lunch at noon and got home at midnight.

So employees started to stay at hotels—not because they could not have gotten home, but because they were famished. Instead of just paying the $10 for a quick meal on the road, the company paid for a much more expensive dinner at a restaurant and $200 for a hotel. Wisely, the company changed its policy and found that the sales force was happier, hotel costs were reduced, and nobody went without dinner.

To determine if a rule has unintended consequences, auditors need input from a wide range of employees, inside and outside the department that owns the rule, as well as from internal and external customers. If, after a thorough evaluation, there are clearly no major harmful unintended consequences because of the rule, then it is probably fine. If the rule does cause harm downstream, the next step is to establish the type of rule it is and the type it should be moving forward.

Establish rule type. There are different types of rules. Rules that make up the bricks and mortar of parochialism are usually gospels, or rules that must always be followed without exception. But there are other types of rules.

Some rules are guidelines. Guidelines apply only under certain conditions—for example, waiving late payment fees only for customers who have had no other delinquent payments in the prior 18 months. Some rules that are gospels should be guidelines. Saying "Is there anything else I can help you with?" at the end of a call is appropriate only if the representative was able to solve

the customer's problem in the first place. If this rule is a gospel in your organization and representatives say that line even when they can't help a customer, the customer is likely to get angry and frustrated.

> " *Companies shouldn't guess at what makes them successful. If the rule doesn't demonstrate that it improves performance, then the rule needs to be scrapped …*

If a gospel forces behaviors that are inappropriate for some situations, then changing it to a guideline can effectively prevent any unintended consequences that the rule creates.

Some rules do not dictate specific behaviors. Rather, they establish a boundary that should not and cannot be crossed. These are ground rules. As long as employees or customers do not cross a particular line, they can do whatever they think is best. For example, drivers can drive as fast as they want on the freeway, as long as they go faster than 40 miles per hour and slower than 65. The minimum and maximum speed limits represent ground rules.

Ground rules are particularly effective in the customer service arena. Different customers have different needs at different times. Attempts to legislate behavior inevitably fail because it is

impossible to predetermine the ideal actions for absolutely every possible customer-employee interaction—though many companies try. Instead, if companies determine ground rules and employees focus on outcomes rather than processes, they encourage individualized service experiences, and for the most part, companies can avoid rules that cause inappropriate behavior.

The most elusive rules are ghosts. Ghosts are rules that are not really rules. For example, some believe that saying "bless you" or "God bless you" after a sneeze was originally intended to pro-tect the sneezer from evil spirits or the bubonic plague. Many believe this phrase originated with Pope Gregory VII who suggested saying it to protect a person who sneezed because sneezing at that time was an early symptom of the plague. Others once believed that sneezing temporarily forces a person's soul from his or her body. When this happened, saying "bless you" would prevent evil spirits or Satan from taking control of the soul.

Many people still use this phrase when somebody sneezes. The need that led to the rule became obsolete, but the rule—or in this instance, the practice—survived.

Most ghosts evolve the same way. They start off as a practice to cope with a specific situation. But over time, those situations change or simply cease to exist. And yet the rule survives because old habits can be hard to break. If not addressed, however, ghosts will continue to haunt a company forever.

In one sales organization, the reps occasionally needed or wanted to transfer inventory between two customers. Often, those customers were in the same territory. Sometimes the customers were right across the street from one another. However, to transfer the product, a sales rep couldn't simply carry it from one customer to the other. The rule was that the product had to be packed up and shipped back to the West Coast distribution center, put back on a truck, and then shipped to the next customer. The shipping costs were huge, and the process delayed sales. Everyone lost. The reason for this practice was that the original accounting system wasn't designed to deal with that kind of transaction. But with a few programming changes to the current system, the company was able to easily accommodate local transactions, eliminating the extra cost and loss in sales.

Adjust and communicate. Leaders must clearly communicate changes and adjustments to rule types, owners, needs, and other pertinent information to the entire organization. Some rules may survive the rules audit intact. For these rules, leaders simply need to communicate confirmation and support of the rules to preserve their original intent. Some rules may need slight adjustments. Others may mask deeper issues that the organization needs to resolve. Whatever adjustments the company needs to make, leaders need to clearly communicate all changes so that everyone knows about them.

To resolve opposition to changes, it is critical for managers and leaders to hear any objections to the changes and deal with them privately and fairly. But once that's done, it's done. When communicating changes, all leaders and managers should present a common, united front and describe them positively. They should not tolerate dissent and subversion after the "fair hearing" about the changes.

> 66 *Whether the unintended consequences affect those in the department that created the rules or their internal clients, those consequences can reach far downstream.*

Overcoming parochialism can have dramatic results in your organization. While at first glance, some rules seem to be iron-clad battlements protecting a parochial silo, a disciplined process such as a rules audit can dismantle the walls of that silo, brick by brick. This may hurt some feelings inside the castle, but there will be much rejoicing on the outside. And once the walls are torn down, you will have treated some of the most painful symptoms of parochialism. The next step is to cure the disease.

If those inside the silo are allowed to operate without being held accountable for what happens to others in the organization, then they have no compelling reason to care if they are creating barriers. Penn Station in New York City is the biggest railway station in America. Amtrak owns the station and leases it to the Long Island Rail Road and New Jersey Transit. Each entity has control over its own concourses. The reason it's so difficult to find where you're going in Penn Station is because none of those organizations has any incentive to coordinate signage. One wayfaring designer who worked with Amtrak asked why Penn Station doesn't have a unified sign system, and he was told it's because the three tenants of the building don't talk to each other.

Amtrak and its tenants aren't intentionally confusing 200 million annual customers. Each company is just displaying parochialism, though probably inadvertently, inside Penn Station. As a result, these companies have a negative impact on those 200 million customers. But when functional units have some accountability for the consequences of their actions, they will be less likely to create parochial barriers.

It's important to keep in mind, however, that an entire organization can act in a parochial manner and create barriers not just for its employees, but also for its customers. As much as possible, goals should be measurable, attainable, and focused on outcomes, including the ultimate impact

on the brand. Organizations should not eliminate local goals. They should align local goals with a broader stake in the organization. It is really just that simple.

Certainly, coming up with the right metrics, standards, mix of local and shared goals, and other related issues requires careful thought. It may require a complete reset of how an organization implements performance management. Simple does not necessarily mean easy. **An organization may never completely overcome all parochialism, but when the overall mission becomes perfectly aligned with local priorities and common sense prevails over local processes, the battle is largely won.** 𝕊

Info
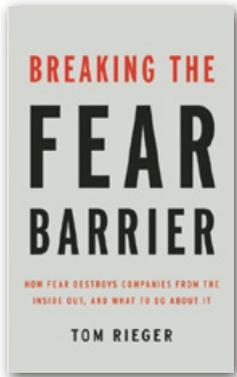
BUY THE BOOK | Get more details or buy a copy of Tom Rieger's [Breaking the Fear Barrier](.).

ABOUT THE AUTHOR | Tom Rieger, a Senior Practice Expert for Gallup, has pioneered the study and science of organizational barriers. Rieger is an expert in applying behavioral economic principles to uncover how complex systems self-destruct—and how to correct those problems. Through this work, he has become a recognized leader in developing methods and frameworks to identify and remove barriers to organizational and societal success.

➔ **SEND THIS** | [Pass along a copy](.) of this manifesto to others.

➔ **SUBSCRIBE** | [Sign up for e-news](.) to learn when our latest manifestos are available.

About ChangeThis

ChangeThis is a vehicle, not a publisher. We make it easy for big ideas to spread. While the authors we work with are responsible for their own work, they don't necessarily agree with everything available in ChangeThis format. But you knew that already.

800ceoread

ChangeThis is supported by the love and tender care of 800-CEO-READ. Visit us at 800-CEO-READ or at our daily blog.

Explore, gather, build, and put your knowledge to use with KnowledgeBlocks, a new project from 800-CEO-READ that lets you turn what you know into knowledge you can use.