LOL Journal - Accountability: Don’t take the Sucker’s Bet

Many investment firms are taking the sucker’s bet on accountability. Is yours? Let’s define the sucker’s bet. It’s an either/or choice, in which both options are bad ones. A little like, “Have you stopped beating your spouse?” Either answer condemns you. The good news with accountability is that a wise choice does exist. But many firms don’t see it.

Accountability is a core value for investment firms. We know this from our survey work. Often it is subsumed in “integrity” or “professional,” but it always rises to the top of the “must have” values. Accountability is linked to fairness. If people are falling short of their goals or shirking their duties altogether, then it seems unfair to let them off the hook (i.e. NOT hold them accountable). In the ideal firm, everyone knows their role and their responsibilities and is properly held accountable for fulfilling them.

Recently FCG has worked with three excellent investment firms, all with good track records and known brands. In each case, we asked the leaders of the firms, “What values would help eliminate sludge and improve results for the firm?” We showed them a list of the most common values at investment firms and asked them to vote (using clickers). Here is the vote from one firm, its 50 leaders:

Which behaviors/attitudes below would best help your firm eliminate sludge and achieve better results? (3 votes)

A. More appreciation
B. More candor
C. More respect
D. More accountability
E. More curiosity
F. More excellence/cont. improvement
G. More caring
H. More clarity and precision
I. More listening
J. More discipline

Sure enough, accountability is the top vote-getter at 24. (Meaning half the room chose it.) You will notice that the voting candidates are alternately colored blue and black. That’s for a reason. In FCG’s experience, values fall into one of two broad categories, “tough love” or “TLC: Tender Loving Care.” In
other words, some values are the tough side of leadership, like holding people accountable, or pushing for more excellence. While others are the supportive side of leadership, like caring and listening. In our “crayon simple” way, FCG has labeled these sets of values the “fist” and the “open hand.” A sample list is shown below:

<table>
<thead>
<tr>
<th>Open Hand</th>
<th>Closed fist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listening</td>
<td>Discipline</td>
</tr>
<tr>
<td>Appreciation</td>
<td>Accountability</td>
</tr>
<tr>
<td>Caring</td>
<td>Clarity</td>
</tr>
<tr>
<td>Respect</td>
<td>Directing</td>
</tr>
<tr>
<td>Forgiveness</td>
<td>Excellence/demanding</td>
</tr>
<tr>
<td>Safety</td>
<td>Candor</td>
</tr>
<tr>
<td>Feedback: encouraging</td>
<td>Feedback: critical</td>
</tr>
<tr>
<td>Trust: caring</td>
<td>Trust: competency</td>
</tr>
<tr>
<td>Focus on process</td>
<td>Focus on results</td>
</tr>
</tbody>
</table>

In our view, good leaders understand and practice both sides of this chart. Leadership is situational. Sometimes a staff member needs to feel supported, other times they need a push. Good leaders know when to use each.

So, what is the vote above telling us? (And remember, this result was nearly identical for three different firms.) Add up the “fist” votes and the “open hand” votes and you get these results. 90 votes for the fist, and 44 votes for the open hand. More than double for the tough love. Note: all three firms are really good places to work. Two have won the P&I award for being a “great place to work.” And in FCG’s opinion, they are indeed populated with smart, decent, good people. (The kind of places I would want my daughters to work. 😊)

Back to the sucker’s choice. Why don’t these firms simply turn up the volume on the “fist” in order to achieve the proper balance between fist and open hand? A comment from a participant captured the sucker’s choice nicely. He said, “So what you are telling us is that we can choose the candy bar in the open hand, or the whip in the closed fist?” Bingo. There’s the sucker’s choice. To put it in cultural terms: we can be a nice place to work, where people are polite and civil, or we can be an abusive sweatshop.
where people get lashings when they don’t perform. And there it is: the sucker’s choice. The nice place to work has little accountability and operates sub-optimally, whereas the “fist” shop whips people into shape, but is a nasty place to work.

What’s the solution? It requires a re-frame on what it means to use the fist. The fist is not whipping people. It’s a culture in which the values of precision, discipline, excellence, and candor are understood and practiced. Instead of a whip, picture the fist holding a scalpel. (No! Not for slicing up people!) The scalpel represents surgical precision. Most firms are using butter knives which make for sloppy agreements, fuzzy roles, and blurry decision rights. The surgical scalpel is used to make precise agreements, specific roles, and clear decision rights. An example? After a lengthy discussion, a leader will say, “Okay, will one of you follow up on this as soon as possible?” Everyone nods. (It would be rude to do otherwise.) This approach is the butter knife. Imprecise and fuzzy. The scalpel approach is different. It follows the “Who will do what by when?” formula. And it sounds like this: “Sarah, will you summarize this discussion on one page with a recommendation at the bottom and send it around to us by 5 pm tomorrow?” Now, the candor part of the fist leadership is when Sarah responds, “I have three client meetings between now and tomorrow at 5 pm, so unless you want me to reschedule one of them, I am not available to do it.” Notice, no one is getting whipped or sliced open, but they are operating with precision and candor.

Far too many firms consider this fist approach to be rude. Again, that’s the sucker’s choice: “We can be a nice place to work with decent people, or a rude place with hostile people.” Wrong. You can be a very nice place to work that also take seriously the values of: accountability, precision, candor, and clarity.

So, how could you as a leader move your team or firm in this direction? You first identify and agree on the problem: we are out of balance. We are too much the open hand vs. the closed fist. (Like 12 step: “My name is John and I’m an open hand leader.”) Then you start to leverage the open hand values, like appreciation and respect, to highlight and promote the fist values. How? By putting your attention on the examples within the firm that demonstrate good fist behavior. When someone makes a very clear agreement, you acknowledge them publicly: “John, I want to appreciate you for that clear agreement you just made. The “who, what and when” were all identified with precision.” Or on the accountability front, you recognize a team member for giving direct feedback about a missed deadline. It might sound like this: “I’m aware that we made an agreement to have the RFP ready for this meeting so we could review it. The proposal is not ready. I’m curious. What happened?” Again, no whipping, no blaming, but clarity around the missed deadline. And curiosity around, why? In these conversations, watch for the appearance of victims, villains and heroes. They sound like this:

**Victim:** “I wasn’t given enough time to finish the RFP. And no one gave me any help. I was left to do it all by myself.” (Poor me)

**Villain:** “Why did you accept the assignment if you knew damn well you weren’t going to get it done? How do you expect to raise our accountability if you keep acting like this?” (It’s your fault, you idiot)
**Hero:** “Now, wait a minute. He gave it his best shot. We’re all busy, and sometimes things fall through the cracks. Give us another day, and I’ll help him get it done.” (Let him off the hook; I’ll do it)

These behaviors are common in cultures dominated by the open hand. They reflect the fact that no one is taking 100% responsibility for the work. The villains and victims each take 0%, they blame others or the circumstances. While the hero takes 200% responsibility, covering for others and taking up the slack. A culture that properly balances the fist and open hand sees less and less of these behaviors and much more candid and clear conversations about accountability. A move towards the fist is a move towards a more mature and courageous culture.

So, there is a way to balance the fist with the open hand. And a move towards more accountability does not mean that the culture has to become nasty or mean-spirited. Rather, a move towards accountability is a move towards clarity, precision, candor and excellence. FCG recommends that you talk about this shift openly. Explain to the team what you are trying to do: create a culture of accountability. This goal requires a balancing of the two forces: the fist and open hand. Research on great leaders indicates that they practice two fist traits—integrity and responsibility—and two open hand traits—compassion and forgiveness. That is the goal of strong leaders. Have both tools in your kit and know when to use each.

Three important tools must be sharpened if you wish to become a truly accountable organization. First, roles and responsibilities must be clear. Second, the goals for each role must be negotiated and agreed on. Third, feedback must be used to close any gaps. Skillful delivery and receiving of feedback is necessary to close accountability gaps. In one of the firms mentioned in this piece, a senior PM told us, “I’ve stopped giving candid feedback because when I do it shows up in my year-end review as being hostile. I get docked in my bonus for not being a team player.” Here again is the sucker’s choice: polite (but sub-optimal) vs. rude (but more effective). Good leaders will not take the sucker’s choice of either/or. Instead, they will opt for both/and. We can be a great place to work with genuinely good and caring people AND create a culture of accountability through practicing candor, precision, and excellence. We can choose the fist AND the open hand.

Curiously and candidly yours,

JW