APPLYING MBM®

Challenge, Knowledge Seeking, and Collaboration
THE CHALLENGE PROCESS

APPLYING MBM IS DESIGNED TO HELP INDIVIDUALS UNDERSTAND AND APPLY MBM TO GET RESULTS.

Definition and goal

We define the challenge process as using the best available knowledge to continually question and brainstorm to find a better way. When applied well, the challenge process will lead to more effective outcomes than could be realized by any individual acting alone, and will help an organization learn and improve over time. Our goal for the challenge process is to enhance innovation and improve work methods, processes, decision-making and value creation.

Background

The challenge process is based on important characteristics of our business environment, the way individuals acquire new skills, and human nature.

- Our businesses face on-going change; changing opportunities, changing competition, and changing customer needs and preferences.

- There is always a better way of doing things. Improvements are always possible.

- Although some of the knowledge needed for decision-making is captured in reports and formal measurement tools, much is not and, as a practical matter, never can be.

- The knowledge and insights needed to optimize the present state, to respond to change, and to innovate are widely dispersed both within and outside our organization.

- Making better decisions and acquiring new knowledge and skills often requires contributions from, and collaboration with, individuals with differing knowledge, perspectives, skills and backgrounds.

- As individuals, we all benefit and derive satisfaction from actively participating in decisions rather than passively following directions.

Because no one has all the needed expertise, optimizing the present state, optimally responding to change, and driving creative destruction can never be achieved by a single individual, however able and energetic. It requires a team effort where input from everyone with relevant knowledge and insights is pooled. We use the challenge process to try to achieve this outcome by improving the efficient sharing of relevant knowledge. Similarly, innovation usually requires collaboration. The challenge process can support innovation by assisting new idea generation, the appropriate screening of new ideas, and the effective implementation of those initiatives that are targeted for further development.

In addition to improved short-term decision-making, the challenge process can help to improve employees' skills as they learn from one another and can increase motivation as more people feel connected to decisions. As a result, by consistently applying an effective challenge process, we believe that over time the quality of decision-making and the effectiveness of execution will continue to improve.

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> "Facts are stubborn things, and whatever may be our wishes, our inclinations, or the dictates of our passions, they cannot alter the state of facts and evidence."
>
> *- John Adams*

Prerequisites for a successful challenge culture

Consistently and successfully applying the challenge process to realize our goal is not easy. It does not occur automatically and it requires that we have established an appropriate culture based on trust and teamwork. In particular it requires:

- A common vision and shared objectives
- Evaluating feedback from others objectively and avoiding being defensive
- Respecting decision rights and accepting accountability
- Recognizing that decisions do not necessarily require consensus
- Challenging the idea, not the person, with the objective to improve the decision, not to show off or get what you want
- The courage to do the right thing and to speak up when appropriate, no matter who you would be challenging
- Being proactive and challenging without being asked before the decision is too far along and before you are 100% certain
- Seeking out situations where our expertise and knowledge would be useful, and sharing information with others in a way that is timely and constructive
- Proactively seeking out those with the best knowledge and an independent perspective as well as soliciting challenge early in the decision-making process
- Seeking out new information, especially information that may contradict our current assumptions, and responding constructively to the contributions of others

- A willingness to commit and contribute to a course of action once a decision has been made, even when it is different from our own recommendation
- Respecting intellectual property and confidentiality

If any of these prerequisites are partially or entirely absent, the effectiveness of the challenge process will be diminished.

Behaving in a way that is consistent with our Guiding Principles will facilitate the challenge process. In particular, respect and humility are necessary for an individual to participate in the challenge process in a way that is effective and that will encourage the participation of others.

The desired culture of trust will be encouraged if constructive feedback is balanced by appropriate and genuine positive feedback. If people are told what they are doing well, they will be more confident and receptive to constructive feedback and more likely to speak up.

> "Many ideas – probably most – will have to be discarded somewhere in the process of producing authenticated knowledge. The important point [is to distinguish facts from] consensus, emotions or traditions."
>
> *- Thomas Sowell*

Some examples of what the challenge process could be

- Peers debating how to proceed with a bid for a new contract

- A supervisor asking an employee who has remained silent during a meeting whether she has ideas or information she should contribute

- Seeking the views of outside experts on industry trends and market developments

- Periodically re-evaluating current business assumptions and practices even in the absence of any apparent problems or shortcomings

- An employee respectfully raising concerns about potential integrity, compliance, or safety issues even if he is uncertain of all of the facts

- A supervisor providing constructive feedback to an employee about ways to improve his performance

- Direct reports and peers providing honest and forthright feedback as part of a 360 degree feedback process

- A supervisor sincerely asking her reports for feedback on her skills in allocating responsibilities and being prepared to listen to what they have to say

- While continuing to follow existing procedures, questioning whether the detailed steps to comply with a government mandate can be changed in a way that is less cumbersome but still meets the government's requirements

- A group of employees discussing the qualifications and fit of an individual they have interviewed for a position in the company

- An employee asking his supervisor why particular work procedures are followed and offering reasons why he believes an alternative approach might be preferable

- As part of a discussion about the business or a project, offering a point of view or analysis which is different from your supervisor's or the project manager's

- A decision-maker inviting feedback on a proposed process improvement at a plant while being open to understanding the comments and prepared to revise the proposal based on the ideas that are offered

- An employee noticing changes in the marketplace and raising questions with his supervisor and peers about the group's point of view and vision

THE CHALLENGE PROCESS AND COMPLIANCE

As required by our Guiding Principles, compliance with the law is always necessary. In fact, employees who believe that we are not meeting our legal obligations have a responsibility to raise concerns, even if they do not have all the facts and particulars. Although compliance with the law is not open to debate, compliance procedures can be subject to challenge. We must continually look for better and more cost-effective ways to comply with the law. For example, if a plant worker believes that it may be possible to revise specific procedures intended to meet government mandates and save money while still complying with the law, the individual should raise the idea with a supervisor while continuing to apply existing procedures.

What does an effective challenge process NOT look like?

"Shredding" other people's ideas.

An effective challenge process may involve disagreement. However, it is not a contest to discredit ideas or individuals. Certainly not all ideas are useful but disagreeing with a contribution in a way that demeans the person who offered it, or in some other way discouraging future contributions, will be counterproductive.

Second-guessing all decisions.

The role of devil's advocate can be a useful one. As ideas are discussed, having someone questioning the conventional wisdom can help to ensure that alternatives are fully evaluated and can improve the quality of decision-making. Once a decision has been made, new information may be uncovered that calls the original decision into question and may mean that a course correction should be made. However, habitually questioning and re-questioning decisions that have been reached even in the absence of new information can be destructive.

Withholding support for initiatives which you did not propose.

Part of being on a team with shared objectives involves honestly raising concerns and issues when appropriate. Once a decision has been made, it may also involve implementing a plan that is different from the one you recommended. Subverting an agreed-upon initiative by withholding information or providing only half-hearted support is not the challenge process. It is sabotage. It is inconsistent with our Guiding Principles and leads to value destruction.

Avoiding accountability.

Using the challenge process as a way to avoid making a clear decision can be wasteful and demoralizing. The challenge process is intended to improve the quality of decision-making. It does not absolve the individual with the decision rights from responsibility for making the decision and for being held accountable.

Failing to respect decision rights.

If the supervisor holds the decision rights, once he has reached a decision he should make this clear and, if appropriate, articulate his reasoning. If the employee holds the decision rights, once the supervisor has made his contribution the employee should be allowed to make the decision.

Avoiding sharing bad news.

If bad news such as poor performance, potential compliance violations or poor product quality is hidden, the underlying problem cannot be addressed and is likely to reoccur. Failing to share this type of information for whatever reason, whether it is a concern about how it reflects on your own performance or out of a perceived loyalty to others involved, is not acceptable.

Keeping quiet if you do not have all the facts to support your point of view.

So long as they are offered with respect and honesty, hunches and suspicions can be useful contributions. Combined with what is known by others, they may improve decision-making directly or indicate areas where additional information should be sought. Failure to share this type of insight may prolong the time until an issue is uncovered and resolved, and could result in a problem turning into a disaster.

Not involving others and then blaming them for speaking up late in the process.

A decision-maker has an obligation to seek out challenge and to find people with an independent point of view and to ask them to provide ideas and information at an appropriate early stage of the process. So long as it is offered in a constructive way and is focused on improving the quality of the decision, input from others should always be welcomed.

Failing to provide positive feedback.

Constructive feedback and challenge will be better received and will more likely be acted upon if it is balanced with appropriate positive feedback. Failing to provide recognition when it is due will have a chilling effect on the development of a culture based on trust and teamwork that is needed for an effective challenge process to flourish.

Routinely postponing decision-making until consensus is achieved.

Waiting for consensus on all issues is inefficient and could paralyze an organization. Individuals with decision rights are accountable for recognizing the diminishing marginal benefit from further consultation and for striking the appropriate balance between seeking more knowledge and making a timely decision.

"If people only communicate good news, or if everyone pretends to agree, much less knowledge is generated and fewer discoveries are made. To be most effective, a challenge process must include people with different perspectives, kinds of knowledge and expertise."

– Charles Koch

Encouraging the Challenge Process

Overview

Leaders and supervisors have a critical responsibility for helping to encourage effective challenge. This requires developing a culture based on trust and teamwork. Leaders and supervisors must not only be willing to hear challenge but must proactively seek and encourage it, especially from team members. An appropriate environment will encourage people to participate in the challenge process and will mean that they feel uneasy if they choose not to participate when doing so would be advantageous.

Considerations for leaders and supervisors

- People can be afraid to challenge, especially when it has not been the norm in the past. A leader must develop the skills to be aware of those who are not comfortable speaking up or, if the leader is not able to develop these skills, that individual should partner with someone who can. It is a mistake to assume that everyone will challenge as instructed. Courage is required and it may not occur automatically.

- Providing appropriate positive feedback can help to develop a culture of trust that facilitates the challenge process. Supervisors who fail to provide recognition when it is due will have a chilling effect on the challenge process since people may be less confident and therefore less inclined to speak up.

- Leaders' interpersonal skills are critical to developing an effective challenge culture. This may require speaking less and listening more, being prepared to explain the reasons for decisions that are made, and using good judgment in deciding whether it is most effective to provide feedback in public or in private. Leaders should seek feedback on their performance and they should remember that it is easy for them to believe that they are more approachable and better listeners than is actually the case.

- While near-term outcomes are important, we must think long term. This includes accounting for the fact that employees' development will be better achieved by encouraging them to speak up, express their perspectives, advocate a position, and actively participate in decision-making through the challenge process.

- If a supervisor always presses ahead without consultation, it will have a chilling effect on the challenge process. Although at times a supervisor may have to direct activity with little or no discussion, for example to address an urgent safety issue, a supervisor is wrong if he or she believes this is true of all decisions. A supervisor must remember that jumping to the answer and simply issuing directions will make it more difficult for employees to challenge in the future and will result in lower-quality decisions and less-effective execution.

- Leaders must exhibit humility in admitting what they do not know and in acknowledging their mistakes. Hypocrisy and hiding mistakes will discourage future challenge and make it less likely that we will learn from the past.

- In developing the desired culture, words will be important but a leader's actions, in particular consistently modeling the desired behavior, will have a greater impact. The consistent application of the challenge process by leaders and supervisors will build comfort and will make it easier for people to make challenge a routine part of their work. Supervisors are responsible for ensuring that success in applying the challenge process is appropriately reflected in performance reviews and in compensation decisions.

Motivating Questions

FOR EVERYONE

- Do I understand the objective of the challenge process?
- Do I understand what the challenge process is and is not?
- When did I last share knowledge with others in my group?
- When did I last change what I do based on a suggestion from a colleague?
- Do I seek out input from others and am I open to their suggestions?
- How do I encourage effective challenge?
- Are there things I do that have a chilling effect on the challenge process?
- What are the obstacles in my group to a more effective challenge process?
- When have I recently challenged something in my area? How was it received? If I had to do it over again would I do it the same way?

FOR SUPERVISORS

- Do I spend enough time listening to what members of my team have to say?
- Do I make my expectations regarding the challenge process clear?
- When was the last time team members disagreed with me or advocated a position different from my own?
- Are standard operating policies and compliance issues seemingly beyond challenge? If so, why?
- Do I find myself always questioning my team members' decisions?
- When questioning the way an employee wants to do something, or a decision he has made, does my question add value, or might ego play a role?
- How do I make it easy for people to challenge me and others on my team?
- Do I provide appropriate positive feedback to people on my team in a way that helps to build trust and confidence?
- How do I identify, reward, and encourage effective challenge in my group?
- How do I incorporate people's success in participating in the challenge process into performance reviews and compensation?
- Do I allow a few experienced members of my group to dominate meetings while newer members speak up less than they could or should?
- When talking with employees, do I spend time acknowledging their successes as well as talking about areas for improvement?

Examples of possible approaches to encouraging challenge

- Seeking challenge on a proposal or idea and being prepared to listen to the feedback offered
- A hiring manager waiting until others have provided their feedback before offering an opinion in a knowledge-share session
- Asking probing questions around a deal, proposal or idea
- Asking people to question their own work methods and approaches
- Publicly recognizing and praising effective challenge when it occurs
- Appropriately challenging and recognizing effective challenge of compliance-related procedures
- Sharing a story of a successful challenge situation you were a part of
- Admitting mistakes

POSSIBLE ACTIVITIES TO ENCOURAGE CHALLENGE

Review of past problems

- Openly discuss and analyze past problems or failures
- Identify how an effective challenge process might have helped to avoid the problem
- Discuss why the challenge process failed and identify potential improvements

Group checkup

- Review challenge write-up with your group
- Identify what your group does well and opportunities for improvement
- Seek feedback on your own performance
- Provide individual feedback
- Find ways to reinforce effective behavior
- Understand what stands in the way of making improvements
- For those items the group can control, agree how to remove the barriers
- For those items outside the control of the group, agree how they can be addressed

Anonymous group survey

- Use a survey to gather information about views on the challenge process
- Provide results to group members
- Use results to identify areas for improvement

Activity review

- Select a recent project or an ongoing process
- Discuss the nature of the decisions made
- Identify how challenge could improve decision-making
- Find ways to remove barriers to effective challenge

Challenge diary

- Maintain a challenge diary for a week
- Record your observations of effective, ineffective, and missed opportunities for challenge
- Reflect on what you could do to participate in the challenge process more effectively
- Discuss your findings with your group
- Collectively identify the need to change processes, procedures and behaviors to encourage challenge and make it more effective

QUESTIONS, COMMENTS AND SUGGESTIONS

Contact anyone on the MBM® Team or email *MISC MBM Training