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**BREAKING THE FEAR BARRIER:
How fear destroys companies from the inside out and
what to do about it**

By Tom Rieger

The recession may be over, but the anxiety and fear that has spread has firmly rooted itself in “the new normal.” Gallup has found that *half* of American workers feel like they are prisoners in their own company. Regardless of industry, company size, job level, or function, a vast number of employees feel caught in a tide and powerless to do anything about it. The resulting cost to organizations — in productivity, profits, and customer engagement — is exorbitant.

In his new book **BREAKING THE FEAR BARRIER: How fear destroys companies from the inside out and what to do about it** (Gallup Press; August 23, 2011), Gallup executive Tom Rieger draws on the company’s global research across a dozen countries spanning six continents to identify the “fear barrier” and to show how and why fear destroys companies. The book explains how to transform a fear-plagued organization into one that is courageous and unstoppable.

As Senior Practice Expert for Gallup, Rieger led the consulting effort to examine numerous companies that had, in their own words, “become stuck.” In these companies, whether they were banks, manufacturers, retailers, or call centers, the story was the same. Strategically, they were doing everything right, but something — a “barrier” — was getting in the way. No matter what these companies tried, no matter what they did, they just could not stop a slow downward slide. “It was like watching the same movie over and over again,” says Rieger.

Given the uncanny similarities, Rieger began documenting and studying the barriers in each company. His team dug into policies and procedures and interviewed people at various levels in the organizations. Their research spanned different industries, functions, and job types in both the public and private sectors and uncovered one overarching factor: “What we found was that ultimately, *fear* leads companies to self-destruct,” says Rieger.

With fear identified as the culprit, Rieger turned to psychology for answers — specifically, the work of Daniel Kahneman and Amos Tversky. Their research on the psychology of loss gave Rieger a breakthrough insight: Fear, specifically fear of loss, leads people to protect their entitlements, even if it clearly harms the overall organization. The best way to protect what's yours — whether it's a position of power, budget, or headcount — is to put barriers around it. It's human nature. And while those walls may shelter one person or group, they leave others in the organization out in the cold.

In **BREAKING THE FEAR BARRIER**, Rieger identifies the three levels of the pyramid of bureaucracy:

- ***Parochialism***: A tendency to force others to view the world from only one perspective or through a narrow filter, when local needs and goals are viewed as more important than broader objectives and outcomes.
- ***Territorialism***: Hoarding or micromanaging internal headcount, resources, or decision authority in an effort to maintain control.
- ***Empire building***: Attempts to assert control over people, functions, or resources in an effort to regain or enhance self-sufficiency.

Each level of the pyramid is a defensive response, and each creates rampant bureaucracy — which in turn limits success, crushes employee engagement, and infuses a sense of futility across an organization. Throughout his engagements with these companies, Rieger saw firsthand how easy it is for fear to crush people and break their spirits and how quickly barriers can kill enthusiasm and energy.

These may seem like insurmountable obstacles, but Rieger maintains that because these barriers were built internally, they can be destroyed internally. Before they figured out the root cause, his clients were convinced that these were problems they could never solve. But once they began dissecting and breaking down the fear, the changes were nothing less than extraordinary. Business results skyrocketed. Service rankings changed from worst to first, turnover dropped dramatically, sales increased, and morale improved.

In **BREAKING THE FEAR BARRIER**, Rieger offers a cohesive and groundbreaking process for breaking down each level of bureaucracy to remove the barriers. Next, by proactively fostering courageous behavior among employees and keeping insidious “courage killers” at bay, leaders can root out fear in their organizations and establish a culture of confidence, engagement, and long-term success.

BREAKING THE FEAR BARRIER:
How fear destroys companies from the inside out and what to do about it
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About the Author

Tom Rieger pioneered the study and science of organizational barriers and is an expert in applying behavioral economic principles to help understand how large complex systems self-destruct. Through this work, he has become a recognized leader in developing methods and frameworks to identify and remove barriers to success for societies and companies. He regularly consults for a variety of organizations across multiple industries and sectors. In 1994, Rieger joined Gallup, where he is the leader and chief architect of Gallup's worldwide consulting efforts regarding barriers. He is also an expert in international research and polling methods as well as in developing and applying statistical models to a variety of complex organizational issues.

Prior to joining Gallup, Rieger designed and ran a global customer measurement program for a Fortune 100 company and worked with predictive models for new brands and strategies. He received a Master of Science degree in Industrial Administration from Carnegie Mellon University's Tepper School of Business in 1986 and currently resides in Southern California.

The Key Concept of **BREAKING THE FEAR BARRIER**

Overcoming the Three Levels of the Pyramid of Bureaucracy

PAROCHIALISM

Managers create functional silos by instituting protective policies and rules. They define success locally rather than organizationally.

Overcoming Parochialism: First, you must treat the symptoms of parochialism — the rules. To get rid of rules that are hindering organizational success, conduct a rules audit. First, determine the need the rule is trying to meet and decide whether it's valid. Next, find out who owns the rule, how effective it is in meeting its intended need, and if there are any unintended consequences. Ask yourself what type of rule it is. Is it absolute? A guideline? Or not really a rule at all? Adjust the rule accordingly. And then, most importantly, communicate.

Once you have treated the symptoms of parochialism, the next step is to cure the disease. Those inside the silo must be held accountable for the consequences of their actions. Otherwise, they have no compelling reason to care if they are creating barriers. When the overall mission becomes perfectly aligned with local priorities and common sense prevails over local processes, the battle is largely won.

TERRITORIALISM

Driven by fear of losing control over resources to other departments, territorial managers seek to maintain absolute control over the people and resources in their department.

Overcoming Territorialism: Because territorialism is about maintaining control over people and resources inside a silo, overcoming it involves determining what people within that silo are — or more importantly are not — empowered to do and how they are held accountable.

Territorial managers use control to limit employees' empowerment, including taking away or restricting freedom to make decisions, time, training, access to information, employee participation and innovation, or managerial support. If the issue is time, make sure that mission-critical work takes priority over administrative tasks. If a manager is hoarding information or resources, bring in a third party to determine information rights by need. The goal is to empower employees to succeed and to hold them accountable for the overall success of the organization.

EMPIRE BUILDING

Often a defensive response to the territorialism of another department, managers attempt to regain or enhance their self-sufficiency by increasing their span of control and building an empire.

Overcoming Empire Building: Consequently, one of the best ways to prevent empire building is to overcome territorialism, but that may not be enough. Empire-building departments typically try to gain control in four areas: information, budget and resources, decision rights, and supervisory rights. Companies should base solutions to the different types of empire building on an objective assessment of each situation using a set of guiding principles to prioritize actions according to what's best for the entire company — not just one department. Decisions should be based on one or more of the following:

- Improving financial performance
- Improving the workplace
- Strengthening customer relationships
- Limiting liability
- Avoiding catastrophic failure

*Adapted from **BREAKING THE FEAR BARRIER**, published by Gallup Press, August 2011.*

An interview with Tom Rieger, author of BREAKING THE FEAR BARRIER

Q: What prompted you to write this book?

A: A few years ago, I was faced with a mystery. I'd been called in to help some companies that were, in their words, "stuck." They were doing all the right things but were still faced with high turnover, low customer loyalty, and a variety of other problems — for no apparent reason.

So my team dug in to see what was wrong. We looked at policies, procedures, performance management systems, and organizational charts. We studied every level from the C-suite to the graveyard shift as well as every aspect of every job — recruiting, hiring, training, discipline, advancement, attrition — you name it. Pretty soon, we realized that these companies had nothing in common except that all of them had erected thick barriers or collections of bureaucracies, and each was created from fear. We realized that fear was eroding all these companies in very similar ways — so similar, in fact, that the pattern could be easily recognized if you only knew what to look for. That's why I wrote the book — to help other companies identify that fear and to give them a way to break it down in their companies, level by level.

Q: Are bureaucracies and barriers inevitable in any company?

A: I think to a large extent, they are inevitable in any company that's growing. As companies grow and divide up responsibilities, people feel endowed with control over certain departments, and that endowment leads to a desire to protect, which leads to the barriers. In fact, often the biggest threat to a company's success isn't necessarily its competition. A lot of times, it's the fear that lives within its own walls. That fear causes people to believe that they need to create walls and barriers to protect themselves, even though those walls and barriers make it harder for others in the company to succeed.

Q: What did you learn about the psychology of fear and how it applies to organizations?

A: I started by observing, across various types of companies, how fear of loss compelled people to create walls that protected them but that created harm for the rest of the organization. After researching some of the psychology and behavioral economics behind loss aversion, it became clear that many of the same principles applied. Specifically, avoiding a loss can be more motivating than striving for a gain.

Q: What causes that fear?

A: It's caused primarily by a fear of loss — fear of not getting a bonus, not meeting a goal, losing decision rights, losing *something*. Sometimes it affects a single person, but sometimes the fear is a departmental issue. For example, you may have an inventory control group that's incented to make sure the warehouse is empty at the end of the month and a sales group that's incented to make sure there's always product in the warehouse to sell. One of the two will fail. And one of the two may be so scared to fail that it will create rules that make it easier for one group and harder for the other. Those rules may even make some sense, but in actuality, they're a barrier.

Q: Who starts building these barriers? Everybody? Or just people with power?

A: The root cause of the barrier is typically someone who has power and is out to protect it. The manifestation of the barrier is usually among those who are subject to it. But there is definitely a sequence to the building of barriers. It starts with division of responsibilities and control. As an organization becomes more complex, there are more demands on each individual department. That leads to what we call parochialism: when the view of success becomes defined not necessarily by organizational success, but only by what a department is asked to do. Departments begin to view their world as the piece and not the puzzle. That causes loss of connection to the overall outcome but promotes a connection to a small part of the process, and there is no regard for how decisions affect other departments.

In the face of that parochialism and as resources become tighter, some departments or individuals tend to want to exert an extreme amount of control over what they are able to influence, which leads to the second level of the pyramid of bureaucracy: territorialism. Territorialism is extreme control over resources and headcount.

The third and final level is empire building, which occurs when self-sufficiency becomes threatened, often because of all this territorialism and parochialism. Empire building is an attempt to seize control of others or decisions or resources to regain self-sufficiency. All of these things lead to waste, inefficiency, lost opportunities, and cost.

We studied a large financial institution that was a textbook example of this. They had struggled with tightening margins and increased competition, and all that fear led to the creation of all three levels of the pyramid. The result was disengagement, inefficiency, and — in the case of their customer service organization especially — very poor call resolution and customer satisfaction and loyalty. However, once these barriers were removed, we saw increases in engagement, increases in first-call resolution, and sharp increases in how customers felt about the bank.

Q: What is leadership's role in removing the root causes of barriers — of removing fear?

A: Leadership has to drive these improvements because doing so may require cross-functional authority. Beyond that, leaders need to create an environment where courageous behavior can thrive, where what's best for the individual is in perfect alignment with what's best for the overall organization.

Q: What does that environment look like?

A: An environment that is courageous has a few different characteristics. First, you need engaged employees. They create the energy required to drive the result that we're hoping for. Second, you need to make sure that you're rewarding the right things, that you're not inadvertently setting up systems that are too process-focused. The right incentives encourage people to do what's right for the broader organization, not necessarily just one individual department. And most of all, you have to work very hard to clearly define a mission that the entire organization can become aligned around. Your goals, your systems, your performance, your recognition all should tie back to the overall mission. The other side of the coin, however, is that you always have to watch out for what I call courage killers.

Q: What are courage killers?

A: Courage killers usually come from lower level managers and supervisors. For instance, managers can express that employees are empowered at their own risk, encouraging employees to take a risk and then punishing them if it doesn't work out. Managers may reward subjective metrics or subservience over service; the yes-man will win over the person who made a better decision. Managers can be inconsistent, not standing behind their employees even though they may have approved their actions, or they can overreact to problems instead of treating them as learning opportunities.

Q: So say you've done all the hard work of rooting out barriers but resources are still limited. How do you prevent fear from creeping back in?

A: Fear will always be there, and you always have to work to align the organization around what's most important. It helps to define a set of guiding principles based on overall success: financial success, a better workplace, better relationships with customers, the avoidance of risk or catastrophic failure, for example. Every resource decision should be made based on what creates the maximum return on those overall metrics of success.

Q: What does a company that has done all of this look like?

A: A company that has done all of these things, that has become, as much as it can, barrier free, is a much more dynamic place. People work cross-functionally, go out of their way to do the right things, and have absolute clarity about the ground rules and boundaries and absolute freedom within those boundaries. And then, of course, they're often much more successful. We've seen quantum improvements in engagement when barriers have been addressed properly. Ultimately, barrier-free workplaces just feel different — I've seen it happen. You can feel the energy and engagement as soon as you walk through the door.