

NEW YORK TIMES AND
WALL STREET JOURNAL BESTSELLER

GETTING RESULTS THROUGH
INDIVIDUAL *and* ORGANIZATIONAL
ACCOUNTABILITY

REVISED
and
UPDATED

The O Z
P R I N C I P L E

Roger Connors, Tom Smith
and Craig Hickman

around in the direction we wanted and we're now making the progress we've been trying to make for years."

—Bill Smith,
Vice President,
Global Corporation Manufacturing Services,
Eli Lilly

"*The Oz Principle* has inspired our people at every level to rally around an easy-to-understand approach for creating accountability throughout our organization. Simply put, *The Oz Principle* has helped us get even better at 'doing what we say we are going to do,' with a measurable impact on results!"

—Michael E. Woods, Senior Vice President, and
Eric Houseman, Vice President of Operations,
Red Robin Gourmet Burgers

"*The Oz Principle* has really made accountability very easy to understand and has improved our effectiveness in obvious ways. Our entire organization has not only embraced the concept but has also made it our culture to operate Above The Line. Most important, *The Oz Principle* made it very easy for a new representative joining the organization to quickly understand what Pfizer Pratt Pharmaceuticals is all about, both in terms of our culture and how we operate as a group."

—Dick Reggio,
Senior Vice President,
Training and Development,
Pratt Pharmaceuticals,
A Division of Pfizer, Inc.

"*The Oz Principle* is very easy reading and practical in its content. The message is so straightforward that it is many times overlooked. . . . We are totally accountable for making things happen. It was extremely well received."

—David Grimes,
Vice President, Sales, AT&T

"The concepts in the book are practical and are the things we are living day to day. It is well written; in plain talk like face-to-face discussion. Less theory and more examples and approaches that are immediately usable. We have applied *The*

Oz Principle concepts and empowered the people in our whole facility toward the objectives we need to accomplish. The concepts have really served as motivation tools and closed the gap between management and the line workers.”

—Vincente Trellis,
Vice President, Surgical Operations, Allergan

“Our success rests in our strong culture developed over the years. Our recent addition of new cultural language, i.e., ‘Above The Line, Below The Line’ from The Oz Principle Accountability Training, has enabled our company to be more aligned and riveted us on the targeted results.”

—Richard Methany,
Vice President, International Human Resources,
Carlson Restaurants Worldwide

“It will help you to approach any new idea or problem and impact your ability to be successful. . . . *The Oz Principle* hit the punch line early and then supported it. It introduces a global concept right away, and then the components of each chapter give you a better understanding of that global concept. After our clients’ reorganization, we had the worst month we’ve ever had leading into January (typically a low recruiting month in our industry). We required everyone to submit an Accountability Plan and we beat our projected hires by 20 percent—a direct result of implementing *The Oz Principle* in our organization.”

—Mark Wortley,
President,
Beverly Care Alliance

“*The Oz Principle* unlocks your potential and helps you think differently about the way you approach both your personal and your professional life. The language is easily adopted and you can readily identify with the stories and the principles that are taught. If you embrace *The Oz Principle* and you really apply the points that are made, you will change your behavior and become more successful in achieving the results you want.”

—Kelli Fitten,
Vice President, Human Resources,
Brinker International,
On the Border Cafes Division

“*The Oz Principle* shows how to create a sense of urgency and accountability for change that unleashes a power that only comes when each employee, at every level, fulfills his obligation and realizes the opportunity to participate in creating solutions.”

—Ginger Graham,
President and CEO,
Amylin Pharmaceuticals, Inc.

“The language introduced in *The Oz Principle* is powerful. The principles are time tested and when implemented the impact is immediate. The learning we acquired from this book is universally applicable.”

—Chuck Rink,
COO, El Torito Restaurants

“From the way we give and receive feedback to how we conduct our weekly staff meetings to basic performance management, we have begun the journey of bringing *The Oz Principle* to life within our organization. *The Oz Principle* provides powerful concepts and a common language, which we rely on daily to remind one another that we can’t afford to wallow ‘Below The Line’ and substitute excuses for results.”

—Fred Wolfe,
President and CEO,
El Torito Acapulco Restaurants

“It has made a lasting impression on my career and in my personal life. *The Oz Principle* has made a very positive impact on the way I try to interact with individuals and deal with myself and my interactions, both professionally and personally.”

—Dennis Antinori,
Senior Vice President,
Corporate Accounts/Sales Operation,
Guidant Corporation

“All year long we struggled to show some increase in store sales with no real success. However, after applying The Oz Principle Accountability Training, store sales climbed and continued to climb for the next eleven weeks thereafter. Nu-

merous obstacles presented themselves throughout the year, but the team remained Above The Line and nailed our year-end budget.”

—Kenneth White,
President,
Smith’s Food and Drug

“A penetratingly insightful book that exposes and examines the essence of personal and corporate success.”

—Joseph A. Cannon,
Chairman and CEO,
Geneva Steel

“Simply shatters shopworn ‘I’m the victim’ excuses with a yellow brick. A lucid assessment and on-target plan for restoring accountability, personal success, and organizational vitality.”

—Paul R. Trimm, Ph.D.,
Professor of Organizational Leadership and Strategy,
Brigham Young University

“We had a history of entrepreneurial success, but we weren’t satisfied with staying in place. In order to step up to the next level, we needed to be more results oriented. *The Oz Principle* was the cornerstone to achieving this objective.”

—Paul J. Byrne,
President,
Precor, Inc.

“*The Oz Principle* eloquently captures the secret to overcoming obstacles and achieving success. It is filled with practical insights essential to the personal and organizational journey of getting results. The book explains an enduring principle that will long outlive the supposed wizardry of the many management fads that melt away with time. I would personally recommend this book to everyone who has tired of wizards and who is eager to get results.”

—Dorothy Browning of Kansas

Chapter I

OFF TO SEE THE WIZARD: SEARCHING FOR GREATER ACCOUNTABILITY IN BUSINESS

"Who are you?" asked the Scarecrow when he had stretched himself and yawned, "and where are you going?"

"My name is Dorothy," said the girl, "and I am going to the Emerald City, to ask the great Oz to send me back to Kansas."

"Where is the Emerald City?" he inquired; "and who is Oz?"

"Why, don't you know?" she returned, in surprise.

"No, indeed; I don't know anything. You see, I am stuffed, so I have no brains at all," he answered sadly.

"Oh," said Dorothy; "I'm awfully sorry for you."

"Do you think," he asked, "if I go to the Emerald City with you that Oz would give me some brains?"

"I cannot tell," she returned; "but you may come with me, if you like. If Oz will not give you any brains you will be no worse off than you are now."

"That is true," said the Scarecrow.

—*The Wizard of Oz,*

L. Frank Baum

Like all powerful literature, *The Wizard of Oz* continues to enthrall audiences because its plot strikes a nerve. The book recounts a journey toward awareness; and from the beginning of their journey, the story's main characters gradually learn that they possess the power within themselves to get the results they want. Until the end, they think of themselves as victims of circumstance, skipping down the yellow brick road to the Emerald City where the supposedly all-powerful Wizard will grant them the courage, heart, wisdom, and means to succeed. The journey itself empowers them, and even Dorothy, who could have clicked her red slippers and returned home at any time, must travel the yellow brick road to gain full awareness that only she herself can achieve her desires. People relate to the theme of a journey from ignorance to knowledge, from fear to courage, from paralysis to powerfulness, from victimization to accountability, because everyone has taken this same journey himself. Unfortunately, even the most ardent admirers of the story often fail to learn its simple lessons: Don't get stuck on the yellow brick road; don't blame others for your circumstances; don't wait for wizards to wave their magic wands; and never expect all your problems to disappear. In today's complex environment, the temptation to feel and act like victims has become so pervasive that it has created a very real crisis.

BUSINESS CHARACTER IN CRISIS

Most companies fail because of managerial error, but not many CEOs and senior executives involved will admit that fact. Instead of taking responsibility for shortfalls and failures, far too many of today's business leaders offer every conceivable excuse from a shortage of resources to inept staff to competitor sabotage. From presidents in the Oval Office to entrepreneurs in the garage, no one wants to take responsibility for their misjudgments and mistakes. Yes, shortfalls and failures occur every day. This is a natural part of business and life, part of the human experience, but attempting to duck responsibility for such shortfalls and failures serves only to prolong suffering, retard correction, and prevent learning. Only acceptance of greater accountability for results can get a person, a team, or an organization back on the path to success.

Unfortunately, no one wants to hear the brutal facts associated with bad news, especially Wall Street. No wonder the public's confidence in the economy, the stock market, business in general, and CEOs in particular, has plummeted

to new lows. After Lucent's stock price dropped in value by more than 80 percent, CEO Rich McGinn was replaced because he had listened and responded to Wall Street rather than to his own company's scientists and salespeople. Lucent scientists were telling him that the company was losing its position in new optical technology; his salespeople were telling him that sales were being propped up by deep discounting. But that wasn't the sort of news that Wall Street wanted to hear, and McGinn knew it. McGinn had gotten very good at delivering unwavering growth, and stock analysts loved it. As a result, Wall Street glorified McGinn and his executive team. McGinn and Wall Street, it was a match made in economic heaven. Sadly, however, it was a fool's match made in a temporary heaven. Lucent's scientists and salespeople were eventually proven right. Competitor Nortel eclipsed Lucent by introducing improved voice and data transmission technology with huge market success, leaving Lucent lagging far behind, and the deep discounting eventually devastated the bottom line. McGinn was finally replaced by Henry Schacht, who spent his first few months on the job reminding Lucent shareholders and the rest of the world that a company's stock price is a byproduct, not a driver, of success. When the entire global economic system seems to favor rhetoric and excuses over results and accountability, the problem threatens us all.

It threatened Xerox, even though Xerox CEO Anne Mulcahy finally faced reality and told Wall Street analysts that the company had an "unsustainable business model." Her acceptance of that reality came too late, as Xerox teetered on the brink of bankruptcy. For years, Xerox executives had been blaming the company's poor performance on everything from international politics to economic fluctuations to market upheavals, never facing the bad news of the company's deeply flawed business model. Management wizard Jim Collins, best-selling author of *Good to Great* and *Built to Last*, argues that what must glaringly separate great companies from mediocre ones is the latter's tendency "to explain away the brutal facts rather than to confront the brutal facts head-on." Companies such as Lucent and Xerox sank into mediocrity because they attempted to avoid accountability for the underlying causes of their bad news. They're not alone. The list of well-known companies that encounter problems, fail to face bad news and deal with it, and waste time justifying and explaining inadequate performance continues to grow. Enron, Arthur Andersen, Global Crossing, Kmart, Sunbeam, Tyco, WorldCom, AT&T, Polaroid, and Qwest all became slaves to Wall Street, turned a deaf ear to bad news, oversold their

strategies, dumbed down their cultures, glorified their bosses, and made countless other mistakes that destroyed value.

Even though Wall Street sends its share of wrong messages and certainly needs revamping, that's no excuse for any company to sit back and wait for the government to fix the system, or to blame others or circumstances beyond their control for poor results. When bad things unexpectedly happen, as they always do, or when serious errors in judgment occur, as they do more often than most of us wish to admit, accountable companies and their executives take action to control the damage and set a new course for achieving results. Much of Intel's current success dates back to a pivotal moment of accountability almost two decades ago. Japanese companies were pushing Intel's main line of business, memory chips, into the realm of cheap commodities. In a now famous interchange that still guides Intel's culture, CEO Andy Grove asked COO Gordon Moore, "If we got kicked out and the board brought in a new CEO, what do you think he would do?" They answered that question by acknowledging the hard facts, facing reality, and taking decisive action. They got out of the memory chip business and into microprocessors. After that, they did what they had to do to redirect the company, and that has made all the difference. Andy Grove's and Gordon Moore's decision to face some harsh realities and take their company in a whole new direction showed their employees, shareholders, and those on Wall Street who were willing to face reality that accountability pays, and pays handsomely, if you can only muster the necessary courage, heart, and wisdom to accept it.

Most people in organizations today, when confronted with poor performance or unsatisfactory results, immediately begin to formulate excuses, rationalizations, and arguments for why they should not be held accountable, or at least, not fully accountable for an organization's problems. Such cultures of failed accountability or victimization have weakened business character, stressing ease over difficulty, feeling good over being good, appearance over substance, saving face over solving problems, and illusion over reality. This trend toward victimization will only further weaken business character, deluding business leaders into providing quick fixes over long-term solutions, immediate gains over enduring progress, and process over results. If left uncorrected in an organization, victim attitudes can erode productivity, competitiveness, morale, and trust to the point that correction becomes so difficult and expensive that the organization can never fully heal itself or its people.

CAN THE WIZARDS HELP?

Global business leaders have long been searching for management wizards who will magically bestow greater productivity, lower costs, expanded market shares, world-class competitiveness, swifter speed to market, continuous improvement, and instant innovation. With great excitement and fanfare, these wizards have taken the world's largest corporations on breathtaking adventures down attractive, but imaginary, paths to Oz, where the leaders eventually discover more make believe than make it happen. When you pull back the curtains you discover the incontrovertible fact, as did Dorothy and her companions, that success springs not from some new-fangled fad, paradigm, process, or program but from the willingness of an organization's people to embrace full accountability for the results they seek.

Do all the new management solutions bring an organization great success and force its competitors to their knees? Hardly. Such solutions fall by the wayside in a year or two in favor of the next wave of management wizardry, bringing with it the hope of undiscovered improvements, profits, and growth. Moving from one illusion of what it takes to achieve organizational effectiveness to another, executives never stop long enough to discover the truth, that when you strip away all the trappings, gimmicks, tricks, techniques, methods, and philosophies of the latest management fads, you find one clear and compelling fact: The results you seek depend on shouldering greater accountability for those results. Regardless of the shape and texture of your organization's structure, the scope and sophistication of its systems, or the completeness and profoundness of its latest strategy or revitalized culture, your organization will not succeed in the long run unless people assume accountability for achieving desired results. Unless executives stop fooling around with the symptoms of organizational malaise, abandon their preoccupation with new-fangled philosophies that emerge each season, and start uncovering and putting to work the fundamental cause of success, they will simply continue to wallow in one distraction after another.

In our view, the quest for greater results has, for too many business organizations, culminated in little more than a series of smokescreens and mirrors because it has failed to follow The Oz Principle. Like Dorothy and the Scarecrow and the Lion and the Tin Man, the power and ability to rise above your circumstances and achieve the results you desire resides within you. It may be a long journey of self-discovery, but in the end, you'll find you possessed that

power all along. In this book, we want to go beyond current management and leadership fads, trends, and philosophies by focusing on the very heart of what it takes to attain success in business. This anniversary edition of *The Oz Principle* will draw upon more than a decade of experience at Partners In Leadership implementing the concepts and ideas presented in this book in hundreds of organizations. We will draw upon the experiences of thousands of individuals and hundreds of teams from a wide variety of both established and emerging companies whose stories will, we hope, strike a nerve the same way *The Wizard of Oz* has for generations.

For instance, you'll meet an executive who tells how he and his associates consciously ignored the eroding competitiveness of their company's products and marketing programs over the years, pretending that things would get better without investing a huge amount of effort. He describes in his own words how the company finally came to face reality and began fighting for its life, the first step toward getting the results it once took for granted. Many of the best-run, most-admired corporations succumb from time to time to attitudes of victimization, failing to understand and apply the basic principles and attitudes that get results. Even the brilliant Jack Welch, Chief Executive Officer of General Electric for twenty years and font of wisdom for many American executives, failed more often than many people realize, but, like all truly accountable people, he accepted responsibility for overcoming any setback.

You'll also hear from people at lower levels in their organizations, who, while experiencing genuine obstacles to performance, allowed themselves to get stuck in attitudes of victimization when only they themselves possessed the power to break the pattern and get results. For example, you'll meet a man who claims he can't advance within his company because his boss won't provide the coaching he needs; a director of financial analysis who worries that she's been taken off the fast track because she's a woman and needs more time with her children; a cake decorator who becomes distressed when her boss tells her to "get the lead out" and "get yourself into high gear," prompting her to sue the company; a marketing manager who blames R&D's late product introduction for his division's loss of market share and his own flagging performance; a CEO who argues that too much shareholder oversight has stifled the risk-taking of companies like his; and a department store buyer who fumes daily because it's just too hard to get anything done in a bureaucracy totally tangled up in red tape.

Then you'll meet people with attitudes of accountability who work hard to hold themselves and others responsible for achieving the results they want. For example, at AES, the builder and operator of electricity-producing cogeneration plants, CEO Roger Sant implemented a "they busters" campaign with all the necessary buttons, posters, and flyers to help workers stop blaming the elusive "they" who always seem to stifle results. "They" represent all the finger-pointing, denying, ignoring, pretending, and waiting habits that grow up in organizations and keep people from taking charge of their own destinies. It worked, and AES's productivity has been climbing ever since. It's hard work. Even in this era of high-performance teams, people at super-companies such as General Electric, Rubbermaid, and Microsoft may on occasion point the finger at "them," blaming their own teams for chewing up time, thwarting career advancement, and making it difficult to get the "real" job done.

The latest, most up-to-date management concepts and techniques won't help if you've neglected the basic principles that empower people and organizations to turn in exceptional performances. With humor, satire, and war stories so close to home they'll shock you with recognition, this book explores the very foundation of every organization's productivity woes, providing insight into the undernourished business character and presenting a proven program for rebuilding business from the bottom up. In addition to its case studies, you'll find valuable lists (such as *Twenty Tried and Tested Excuses*), self-tests, salient tips, and one-on-one feedback exercises all designed to keep you off the road of victim thinking and on the path toward full accountability. First, however, you must recognize and appreciate the basic difference between victimization and accountability.

THE DESTRUCTIVE FORCE OF VICTIMIZATION

The world's societies suffer from the current cult of victimization because its subtle dogma holds that circumstances and other people prevent you from achieving your goals. Such an attitude prevents a person from growing and developing. In Charles Sykes's book on American society, *A Nation of Victims*, he says,

A society that insists on stressing self-expression over self-control generally gets exactly what it deserves. The sulking teenager who insists, "It's not fair!" is not referring to a standard of equity and justice that any ethi-

cist would recognize. He is, instead, giving voice to the vaguely conceived but firmly held conviction that the world in general and his family in particular serve no legitimate function except to supply his immediate needs and desires. In a culture that celebrates self-absorption and instant gratification, however, this selfishness quickly becomes a dominant and persistent theme. No wonder, then, that the range of the external victim—majority and minority, male and female, “abled” and “disabled”—is so often expressed in the plaintive cry of disappointed adolescence. When I refer to America’s youth culture, I do not mean merely one that worships the young. I mean a culture that refuses to grow up.

A thin line separates success from failure, the great companies from the ordinary ones. Below that line lies excuse making, blaming others, confusion, and an attitude of helplessness, while above that line we find a sense of reality, ownership, commitment, solutions to problems, and determined action. While losers languish Below The Line, preparing stories that explain why past efforts went awry, winners reside Above The Line, powered by commitment and hard work. The Accountability Chart on page 11 will help you visualize the difference between Below The Line victimization and Above The Line accountability.

People and organizations find themselves thinking and behaving Below The Line whenever they consciously or unconsciously avoid accountability for individual or collective results. Stuck in what we call the victim cycle or the blame game, they begin to lose their spirit and resolve, until, eventually, they feel completely powerless. Only by moving Above The Line and climbing the Steps To Accountability can they become powerful again. When individuals, teams, or entire organizations remain Below The Line, unaware or unconscious of reality, things get worse, not better, without anyone knowing why. Rather than face reality, sufferers of this malady oftentimes begin ignoring or pretending not to know about their accountability, denying their responsibility, blaming others for their predicament, citing confusion as a reason for inaction, asking others to tell them what to do, claiming that they can’t do it, or just waiting to see if the situation will miraculously resolve itself.

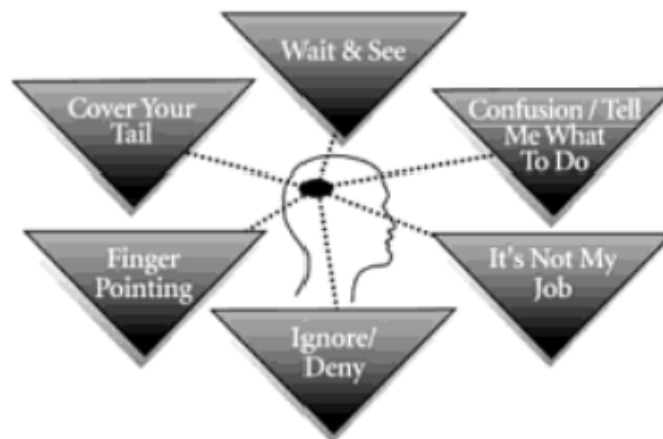
The crucial element of personal and corporate accountability should be woven into the very fabric of the business character, process, and culture of organizational life. At Enron, Arthur Andersen, WorldCom, any number of dot-

THE OZ PRINCIPLE

ABOVE THE LINE STEPS TO ACCOUNTABILITY



THE LINE



THE BLAME GAME BELOW THE LINE

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coms, or anywhere Below The Line behavior exists, you will find victims—and victims of victims. In business, the descent Below The Line usually begins with creating an environment where no one acknowledges the truth and people don't speak up. In their article, "Why Companies Fail," Ram Charan and Jerry Useem offer a description of one company's demise:

The descent occurred because of what one analyst calls “an incremental descent into poor judgement.” A “success-oriented” culture, mind-numbing complexity, and unrealistic performance goals all mixed until the violation of standards became the standard. Nothing looked amiss from the outside until boom. It was all over. It sounds a lot like Enron, but the description actually refers to NASA in 1986, the year of the space shuttle *Challenger* explosion. We pull this switch not to conflate the two episodes—one, after all, involves the death of seven astronauts—but to make a point about failures: even the most dramatic tend to be years in the making. At NASA, engineers noticed damage to the crucial O-rings on previous shuttle flights yet repeatedly convinced themselves the damage was acceptable.

Charan and Useem go on to say, “Companies fail the way Ernest Hemingway wrote about going broke in *The Sun Also Rises*: gradually, and then suddenly.” Nonaccountability can creep into any organization. First it may come unannounced as a reasonable excuse; then it may escalate into the more aggressive blame-oriented accusation; then, finally, it just becomes the way we do things around here. The price paid by such inaction does not become clear until you see its opposite: accountable people getting results. Then, you can actually calculate the value of accountability in terms of profit gains and market share expansion.

Cisco Systems provides another example of the cost of living Below The Line in the victim cycle. Cisco Systems, by no means a failing company, suffered a market-value drop of nearly 90 percent. After forty straight quarters of growth, the company’s managers got soft and neglectful; success often does that to people. Evidence of customers going bankrupt, declining demand, and rising inventories wasn’t enough to cause CEO John Chambers and his executive team to change their rosy assumptions and projections. The company had never worried about what might happen if its assumption of growth ever faltered. When the signs of slowing growth began to emerge, Cisco’s managers stayed Below The Line, ignoring and denying the problem. Forced to face reality, the company finally had to write down \$2.5 billion in excess inventory and lay off 8,500 people. Cisco shares lost 90 percent of their value almost overnight. To its credit, the company has now begun modeling what might happen when

growth assumptions show initial signs of faltering. Sometimes, getting Above The Line means anticipating and preparing for worst-case scenarios.

To get Above The Line, and out of the blame game, you must climb the Steps To Accountability by adopting See It, Own It, Solve It, Do It attitudes. The first step—See It—involves recognizing and acknowledging the full reality of a situation. As you'll soon see, this step poses the greatest hurdle because it's so hard for most of us to undertake an honest self-appraisal and acknowledge that we can do more to get results. The second step—Own It—means accepting responsibility for the experiences and realities you create for yourself and others. With this step, you pave the road to action. The third step—Solve It—entails changing reality by finding and implementing solutions to problems that you may not have thought of before, while avoiding the trap of falling back Below The Line when obstacles present themselves. And fourth, the Do It step entails mustering the commitment and courage to follow through with the solutions you have identified, even if those solutions involve a lot of risk. Happily, these four steps make enormously good sense—common sense. Ultimately, your common sense can propel you Above The Line.

THE TRANSFORMING POWER OF ACCOUNTABILITY

However much we may try to ignore the fact or try to shake it off, we all know that we remain on the line for results. We know our responsibilities and that we must accept them and perform at expected levels. While we all have our bad days, when we feel down or sick, we still know intuitively that our work in this world must still get done. Much of the work that gets done in this world gets done by those who don't feel well. Down deep, we know that we shouldn't blame others when we make mistakes or "drop the ball." And we know ever so poignantly that, ultimately, we alone determine the course of our lives and the measure of happiness we achieve. In our own work, we have spent years studying, writing about, and struggling to improve the ways individuals and organizations get results. Since the first edition of *The Oz Principle*, we have witnessed countless organizations create greater accountability by applying the lessons of *The Oz Principle* to move from Below The Line to Above The Line and thereby produce such results as a 200 percent increase in pace-setting profit margins, a 50 percent reduction in customer handling time, a 900 percent increase in stock