



SOCIETY OF ACTUARIES

Article from:

# Stepping Stone

January 2009 – Issue No. 33

# Managerially Speaking: The Power of Empowerment

by Marcel Gingras



Marcel Gingras is an actuary who retired in 2008 after a career as an executive in the insurance and benefits consulting industries. He is the author of the book *Managerially Speaking—A Common Sense Approach to Business Leadership*. He can be reached at [marcel.gingras@cogenco.ca](mailto:marcel.gingras@cogenco.ca)

**A**lthough it may sound phonetically funny, one of the most powerful tools at the disposal of managers is the power of empowerment. It is one of the ways that managers can really add value to the organization—enlisting large numbers of people to behave as if they owned the company rather than blindly following orders. Yet, many leaders and managers do not understand the true meaning of empowerment or don't know how to really empower people. This article is an attempt to discuss the concept and practical ways to apply it.

## WHAT IS EMPOWERMENT?

The dictionary defines the word 'empower' to mean 'to give power or authority to; authorize'. In simple words, it is to transfer the authority to act to somebody else. In a work environment, empowerment is a transfer of authority to subordinates to make decisions and take initiative in order to conduct the business more effectively. It is much deeper than simply authorizing people to sign checks or authorize clearly defined transactions. It has to do with sharing a meaningful portion of the action with other people in the organization. A lot of managers are not comfortable with this latter part, as it is not very well defined.

## HOW DO YOU EMPOWER PEOPLE?

Empowering people requires quite a bit more than just telling people that they should feel empowered. Empowering people in a meaningful way requires a lot of hard work and it does not happen overnight. It has to become a way of life in a disciplined environment where all the players understand their roles and the boundaries of empowerment. In my view, to create an empowered environment, the following elements are needed:

1. A shared vision and mindset, so people are not left guessing the leader's expectations.
2. A shared mindset that is not the sole creation of its leader but rather the sum total of everything that is good within the organization.

3. Ongoing communications so people understand what is an acceptable range within a continuum of reasonable solutions.
4. A focus on results, not just actions. People must be made to feel like owners and entrepreneurs despite the fact that large organizations need structure to operate effectively.
5. Multiple solutions. For most leaders, empowering people means being prepared to widen the tolerance zone of what is acceptable. Forcing people to land on a single solution representing THE solution favored by the leader is not conducive to empowerment.
6. Tolerance for some mistakes, especially mistakes made because people are trying hard. It does not mean that tolerance should extend to sloppiness. However, mistakes need to be used as coaching opportunities to enhance a shared mindset.
7. A funnel perspective. Empowerment should be looked at as a funnel. Initially, it has to be wider as it is difficult for people to guess what is within the tolerance zone. As people get more accustomed to working together, the tolerance zone will narrow.
8. Reinforcement. When people act in an empowered way, they need to be told that the leader is happy with the way they are acting. This can be a very strong message.
9. An incentive compensation plan that is aligned to support the vision of empowerment, so people are rewarded for running a piece of the business as opposed to following instructions.

## THE ULTIMATE TEST—OR, WHEN THE RUBBER HITS THE ROAD

Most managers I have dealt with are generally supportive of empowering their people and they genuinely try to do so. However, the real test is when people who have been empowered do not deliver in a manner deemed acceptable or when actions being taken do not conform entirely to the



views of the leaders. This is typically when you see who can talk about empowerment and who really means it. I want to share a few ideas and provide a real-life example.

1. Empowering people can be a trial-and-error process. Initially, people lack the exposure to determine precisely what is going to be acceptable. So, it may not work all the time and it may require some adjustment.
2. In my view, expecting people to come up with the only solution acceptable to the manager is not empowerment; it is called politics and it is counterproductive. I see solutions as being a range of potential courses of action as opposed to a discrete point. Leaders who don't see it that way are generally not very successful at empowering their people.
3. It is important not to confuse empowerment and anarchy. Empowerment is not a license to act outside generally accepted boundaries and it is not the authority to disregard what is happening outside the person's primary area of responsibility.
4. Empowering people does not remove the responsibility to have controls in place; however, controls need to be on results as opposed to day-to-day actions. Needless to say, results are more than just bottom-line results. They must include meeting compliance, internal audit reviews and other internal controls.

When I speak about empowerment, I always remember the time one of our senior people had discussed the possibility of closing down an area in our office that had been set aside as a lunchroom with outside catering. It went from a potential course of action discussed at a management meeting to an e-mail announcement to all employees with no prior communication to the senior team, including myself. I had a friendly chat with the person to determine what had happened and his reaction was that we needed to clarify his area of authority as he felt empowered to do what he did. I was able to retrieve

a note where I had specifically requested that any such initiative should follow its own due diligence process and should have a proper implementation plan; hence this was a short discussion, as this had nothing to do with empowerment. We ended up with a major problem with our employees and luckily we were eventually able to extricate ourselves from the problem. Extricate ourselves was the easy part; the difficult part was to do it in a manner that would save face for the executive and would not send the signal that people around me were not really empowered.

### SOME ADDITIONAL OBSERVATIONS

Before concluding, I would like to share the following observations, presented in no specific order of importance:

1. It almost goes without saying that you need the right people around you to feel comfortable empowering people; hence, selecting the right people comes before empowerment.
2. If you inherit an operation where people were not empowered to act under previous leadership, there may be a reshuffling of the deck; i.e., some very good people will emerge from the group and some others who had done well will struggle.
3. Some people can't be empowered. They might say they want to, however they may have grown comfortable operating under tight guidelines and will be unable to cope with this new freedom to act.
4. If you inherit an organization that has not been operating at a satisfactory level, you may need to postpone full empowerment for a while; people selection and cohesive mindset creation should come first as initially people may be incapable of guessing the right direction and an acceptable range of solutions.
5. Sometimes leaders may have to allow actions that they may not feel entirely comfortable with in order to send the right message around. A group reporting to me had decided to change

**... expecting people to come up with the only solution acceptable to the manager is not empowerment; it is called politics and it is counterproductive.**

**Empowering people is one of the most powerful ways to obtain performance; however, it requires a lot of work before it is effective.**

their titles to reflect more closely what they did and how they wished to portray themselves in the marketplace. Titles became things like ‘Chief Imagination Officer’ for the VP of Marketing and Chief Excitement Officer for the head of the division, etc. I can’t say that I was entirely thrilled with the idea at first; however, the market loved the creative titles. More importantly, I wanted to send the message that it was OK for people to be somewhat unconventional in an otherwise very conventional environment as long as we all understood that meeting business objectives was critical. Titles were just an instrument to get there. In the end, I did not care what titles were, as long as we performed.

6. Although there may be an impression that empowerment operates at the individual level, it is probably even more important at the team level.
7. Empowerment works better in non-political environments. In political environments, people are too concerned with watching their backs and avoiding mistakes; reducing politics is almost a must before empowering people will produce optimal results.
8. Moving into an empowered type of environment will make some managers feel uncomfortable; good leaders will likely love it as it will allow them to leverage their team, but weak leaders may well feel that they are losing control. This issue should be addressed with these managers.
9. Finally, empowerment should be looked at as a key ingredient in creating pride. People will feel more pride in results if they feel they own a piece of the action as opposed to simply executing somebody else’s master plan.

## CONCLUSION

Managing and leading is a multi-faceted undertaking. There are many tools available to leaders to influence how they can optimize the performance of people under their responsibility. There is no single element that can work in isolation of the rest. Empowering people is one of the most powerful ways to obtain performance; however, it requires a lot of work before it is effective. It requires the right environment, the right people with the right attitude, a cohesive mindset, good communications and a group of leaders willing to share a piece of the action. Finally, it requires patience, as this is not something that will always produce the right results right away. However, there is high payback for those who use it effectively. ●