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Organization Practice

For smarter decisions, empower your employees

Fully empowered employees make good decisions and resolve problems. We explore how various leadership and management styles can best support them.

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Meet Jackie, a business-unit leader who spends the majority of the workday making the operational decisions, large and small, that land on her desk. These keep her busy but leave little time for important strategic decisions, such as what product lines to prioritize, which acquisitions to pursue, or how to expand the business and meet its targets. So Jackie decides to make a change and tells her team to expect more delegation and more responsibility.

Within days, however, problems arise. Many decisions that Jackie had delegated boomerang back to her, either directly or by team members asking questions like "What would you do in my shoes?" Decision-making committees suddenly materialize, requiring even more of Jackie's time and input. Some decisions that do get made aren't good for the business. Others take longer than usual because so many people become involved. Jackie is as busy as ever and also misses a number of her own targets. How did things go so wrong?

As business becomes ever more complex and dynamic, managers and leaders like Jackie have to make more decisions, under time pressure, and often with too little or the wrong kind of data. We found that decision making takes up a huge proportion of management's time—as much as 70 percent of it for some C-suite executives. The opportunity costs are staggering: for the average Fortune 500 company, they typically equal more than half a million days of managers' time, or $250 million a year in salaries.[1] What's especially troubling is the fact that, despite this massive investment, a majority of respondents to a McKinsey Global Survey said that their organizations do not spend that decision-making time well.[2]

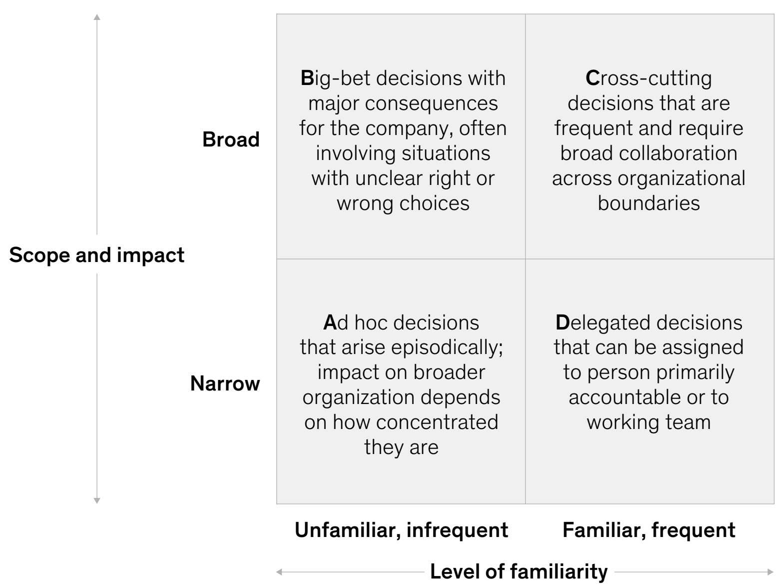
Delegated decisions

As we've discussed in previous articles, not all decisions are created equal, and organizations should treat different types of decisions differently.[3] We've written about the value of classifying decisions according to their frequency, risk, and importance and organized them into four broad categories (Exhibit 1).

Exhibit 1

Understanding different types of decisions can help people act on them.

The ABCDs of categorizing decisions



[1] For highlights from a February 2018 McKinsey Global Survey of 1,259 participants across a range of regions, industries, company sizes, functional specialties, and tenures, see Aaron De Smet, Gregor Jost, and Leigh Weiss, "Three keys to faster, better decisions," *McKinsey Quarterly*, May 2019, McKinsey.com.
[2] De Smet, Jost, Weiss, "Three keys to faster, better decisions."
[3] Aaron De Smet, Gerald Lackey, and Leigh Weiss, "Untangling your organization's decision making," *McKinsey Quarterly*, June 2017, McKinsey.com.

In this article, we address one of them: delegated decisions. These are familiar, everyday decisions, with a relatively narrow scope and organizational impact, that are typically delegated to the person or team closest to the core question or problem. While these are not the biggest or most complicated decisions organizations make, their frequency means that their cumulative impact can be significant. An individual hiring decision, for instance, might not seem like a big deal. But over time, hiring decisions determine the talent you have and shape your organizational culture.

We find that organizations often underestimate both the hidden value of getting delegated decisions right and the difficulty of uncovering this value. Most companies have formal processes for broader "big bet" and cross-cutting decisions, but delegated ones often fall through the cracks. Too few decisions are explicitly delegated—meaning that too few employees know what they can and cannot decide. Even when they do know, their managers don't understand how to support their decision making. As a result, the percentage of our survey respondents—just over a quarter—who said that their organizations made good (high-quality and speedy) delegated decisions was comparatively low.

The key to achieving better delegated decisions is to empower employees by developing their managerial capabilities to give them the authority or power to act. It's easy to tell employees what decisions they can or can't make, but our research says that this alone is not enough. Empowerment requires managers to give their employees both the tools they need to make high-quality decisions and the right level of guidance and involvement from above as they do so.

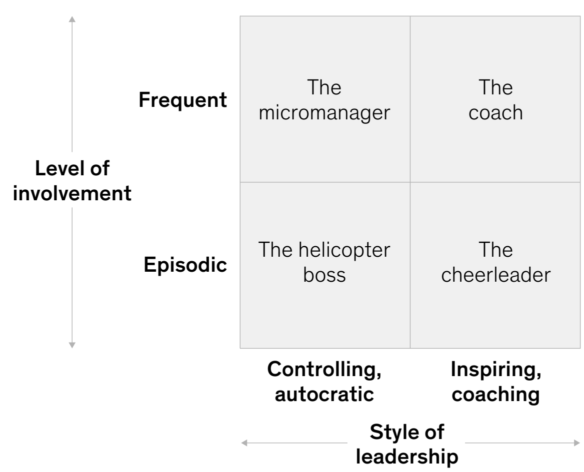
Providing the right level of guidance at the right times is a critical leadership skill, but one that doesn't often come naturally to managers. The matrix of managerial archetypes illuminates the struggle, and the journey, that managers face when they attempt to empower their employees (Exhibit 2). You may recognize a former boss, friend, colleague—or even yourself—in these archetypes.

Most managers start out as either helicopter bosses or micromanagers. Both are typically hands-on and controlling, likely to overrule an employee's decision if they don't like it. High-involvement management types emerge for many reasons—often, from the norms and expectations of their organizations: role models, attitudes toward failure and accountability, or corporate priorities. Some managers feel that subordinates don't have the abilities or skills to make good decisions themselves or are not sufficiently accountable. If capabilities truly are lacking, the micromanager approach may indeed be the best fit for a decision. In the longer term, however, both these approaches make employees unaccountable and lacking in responsibility, so that they become inefficient, overload senior management's time and attention, and feel undervalued, unmotivated, and disengaged.

Exhibit 2

Providing the right level of guidance at the right time doesn't always come naturally to managers.

Managerial archetypes



Leaders in another archetype purport to empower employees by being less involved and cheering from the sidelines. Cheerleader managers step back from decisions, intervening only occasionally to boost morale. Many leaders and employees assume that empowering employees involves moving from the micromanager to the cheerleader corner of the matrix. Overloaded and experienced leaders are often inclined to make that transition. Cheerleaders are the managers most likely to delegate decision-making authority to their best people, freeing up more time for themselves. And, indeed, if such managers have identified the best people for their roles, shouldn't they need less support?

The answer is no. The cheerleader approach is a dangerous trap for leaders and employees alike. When leaders engage infrequently, they can seem to undermine or question an employee's decision-making capabilities when they do step in: if managers engage with their people only as a last resort, coaching becomes a negative exercise reserved for those who are struggling. The knock-on effect is to leave protégés who make the decisions—often the company's most talented employees—without the benefit of time for coaching and grooming by senior leaders who could prepare them for further advancement. Meanwhile, cheerleaders distance themselves from important work and from opportunities to enhance their own growth by coaching talented junior colleagues. Over time, the muscles that support an inspiring, positive, involved management style begin to atrophy.

In fact, successful empowerment, counterintuitively, doesn't mean leaving employees alone. The managerial archetype that truly empowers people to make delegated decisions well is what we call the coach. Hands-on but not directive, coaches don't tell people what to do—rather, they provide guidance and guardrails for decisions and ensure accountability, while stepping back and allowing others to make them. This approach may seem like common sense. But there is a wide gap between understanding what to do and being able to do it, and this management style comes with some common challenges (Exhibit 3).

Exhibit 3

Challenges can arise for managers in the gap between a conceptual understanding of what to do and the ability to do it.

Common challenges	Challenges for managers	Challenges for those they manage
Shared hierarchical norms of accountability	• Overcoming perception that delegating is a weakness, not a strength • Allowing others to make and learn from (acceptable) mistakes	• Stepping outside the safety provided by the cover of an accountable manager • Having confidence to try new things, knowing that mistakes will be tolerated
Low commitment to investing in coaching time	• Devoting additional time and effort to help others do what you already know how to do • Avoiding the temptation to "lead the witness"	• Overcoming the temptation to slip back into the comfort of a codependent relationship by playing a support role rather than taking the lead and learning through feedback and coaching
Lack of capabilities, skills, and support	• Performance-management systems that reward and support top-down leadership style • Valuing avoidance of failure much more than innovation, learning, coaching, and servant leadership	• Lack of problem solving, risk assessment, and other decision-making skills • Risk of getting penalized for failure disproportionally greater than prospect of being rewarded for success

Managers and employees will need significant support to get comfortable with failure.

For starters, the coaching management style doesn't come naturally. The ability to empower others is a capability, and it's more than just agreeing to a clear framework for RACI.[4] The coaching style requires a balance between frequency of input and level of involvement. Entrenched norms often make empowerment difficult. Some organizations view it as a sign of weakness, a relinquishing of control. In organizations where the rewards for success pale in comparison with the punishments for failure, empowerment can be genuinely risky for employees and managers alike.

What's more, high-quality coaching is, quite simply, time-consuming. Getting employees ready to take on decision-making responsibilities requires a considerable up-front investment of managerial coaching. Managers and employees both need time to learn how to operate in these new relationships. This requirement can temporarily slow down decision making and increase the workloads of managers who want to coach, tempting them to step back in and speed things up—only to find themselves reverting to codependent relationships.

Our research shows that withstanding the temptation for instant gratification and working through these challenges pays off. Organizations whose leaders successfully empower others through coaching are nearly four times more likely to make good decisions than those whose leaders don't and to outperform industry peers financially. Empowered employees are also more engaged, work harder, and become more loyal to the company. Their delegated decisions typically deliver faster, better, and more efficiently executed outcomes.

How to support delegation and employee empowerment

In our experience, five actions are essential for organizations to empower their employees and improve everyday delegated decision making:

1. *Ensure that your organization has a well-defined, widely understood strategy.* Empowerment is much easier if the strategic intent of the organization is clear. If everyone knows what the organization is trying to achieve, teams can pull in the same direction without requiring the leader's constant supervision. A clearly articulated endpoint and touchpoints along the way provide the guardrails for empowerment, keeping things on track.

2. *Clearly define roles and responsibilities.* The foundation of all empowerment efforts is for everyone to know exactly who is responsible for making which decisions, who has some other form of input—and, equally important, who doesn't. When roles and responsibilities are murky, decisions end up back on the senior manager's desk or are endlessly delayed. Significantly, once decisions are made, teams should adhere to the "disagree and commit" management principle: everyone, regardless of their initial perspective, must back the final decision.

[4] RACI is a team framework in which R = Responsible: Who does the work? A = Accountable: Who has the final say? C = Consulted: Who is smart on this topic and might be helpful to consult? I = Informed: Who needs to be updated?

3. *Invest in capability building (and coaching) up front.* Organizations must deliberately cultivate decision-making skills, such as solving problems, assessing performance, and analyzing risk. Managers need to spend meaningful time coaching and upskilling employees and giving them step-up opportunities. To help managers do so, the organization must also invest in efforts to build their leadership and coaching skills.

4. *Build an empowerment-oriented culture.* The empowerment mindset needs to be instilled into an organization's culture. Leaders should role-model mindsets and behavior that promote empowerment; managers should role-model, communicate, and build the coaching skills they want to see. In particular, managers and employees will need significant support to get comfortable with failure. To accommodate and even celebrate it as a necessary step on the way to success, leaders should make significant efforts to rework performance-management, investment, and training processes and structures.

5. *Decide when the other managerial archetypes are appropriate.* Managers don't have time to be highly involved in every business decision. We encourage them to spend effort up front to decide what is worth their focused attention. If they can delegate important decisions to a highly capable person, they should play the role of coach. If they can't, the only option might be to micromanage or even to make the decision themselves. They will need to make the tough decisions, acknowledging that less important ones warrant less involvement.

Back to Jackie. After receiving some training on how to coach, arranging problem-solving workshops for her team, and rethinking the way she delegates decisions, she again tries to delegate them. She encourages team members to resolve problems on their own but makes herself available to guide people—short of stepping in and making decisions for them—when they fear going off track. At each of its meetings, the team identifies which decisions must be made, by whom, and with what input. Team members regularly report back on the decisions they are assigned, specify the action taken, the outcome, and any further actions that are needed. The performance of Jackie's business unit improves, she gets a promotion, and a member of her team fills her former role.

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