

Implementing and Sustaining Empowerment: Lessons Learned from Comparison of a For-Profit and a Nonprofit Organization

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This article explores the experiences of two organizations, one nonprofit and the other for-profit, seeking to create a culture of empowerment. Both organizations make a strong start and achieve significant change that is reflected in qualitative observations, quantitative measures of empowerment, and organizational performance results. The for-profit organization manages to sustain ongoing change in the direction of greater empowerment; however, the nonprofit loses focus and eventually drops the change effort. The article compares the two cases paying particular attention to contextual factors to better understand what may have lead to the different outcomes and then closes with ten lessons for sustaining empowerment efforts.

Keywords: *empowerment implementation; case study; comparison of for-profit to nonprofit; best practices*

In 1999, two very different organizations began a formal process of organizational change focused on helping their employees to become more “empowered.” Both embarked on this journey because of a desire to increase productivity and quality, and to enhance employee motivation and retention. Throughout the next 3 years, both made significant progress despite numerous challenges in their respective environments, including the pressures exerted by the events of September 11, 2001. However,

by 2002, one organization had successfully sustained its culture change and was continuing to experience positive business results, whereas the other had lost focus and all but given up on even sustaining the improvements it had once experienced. Given the fact that both organizations held similar goals and pursued similar organizational change strategies, why did one succeed and the other fail? What roles do context and the nature of the work environment play when managers try to create and maintain an empow-

ered workplace? What can be learned from these two organizations' experiences that might help other managers and consultants in their efforts to foster employee empowerment?

THE INTERVENTION MODEL

The intervention in these two consulting cases was built on the concept of organizational empowerment. Well-known management authors such as Block (1987), Byham (1988), and Blanchard, Carlos, and Randolph (2001) have popularized the idea of empowerment as a compelling leadership strategy that involves sharing control with employees to allow decisions to be made and actions to be taken at the lowest level in the organization that is appropriate. Randolph (1995) and Blanchard et al. (2001) identified three key management practices associated with empowerment. *Information sharing* refers to the managerial practice of giving employees information about such important issues as competitor activities, firm financial performance, problems and emerging opportunities, and new business plans. The premise is that providing people with more complete information allows them to better appreciate how their activities contribute to the attainment of organizational goals. It also communicates trust and a sense of ownership that should lead to more responsible goal-directed action. *Developing clear boundaries* refers to an unambiguous shared understanding of work unit goals, policies, processes, and operational values among employees. The purpose of clear boundaries is somewhat paradoxically—it is not to place limits on employees but to better enable employees to take autonomous action. Because employees know and understand the goals and procedures of their work unit and the parameters within which they may take autonomous action, they will, in fact, come to rely less on their manager for direction and more on their own initiative. It is also necessary to provide extensive training opportunities to ensure that employees have the right skills to do such things as manage a project team, set and follow a budget, or run information and decision making meetings. Finally, the *use self-managed teams* refers to the extensive use of teams at all levels of the organization to replace the traditional hierarchy. Within the self-managed team, team members take on many of the responsibilities formerly held by supervisors or work-unit managers. For example, the team will work as a unit that sets its own goals, makes

its own decisions regarding the allocation of team resources and workload, measures its own results, rewards and disciplines its own members, and even interacts with its own key suppliers and customers. The replacement of the traditional organizational hierarchy with self-managed teams serves to flatten the organization, redistribute power, and move decision making downward to the employees most immediately involved in the work of the organization.

Following a classic survey feedback approach to organizational change, we administered a questionnaire instrument to the employees of both organizations at the beginning of the interventions to motivate the change effort and followed up with at least one subsequent administration to assess progress and provide additional direction. The survey instrument we used was The Empowerment Barometer, a 30-item questionnaire developed by Blanchard, Carlos, and Randolph (1995) that is specifically designed to measure these three dimensions of organizational empowerment outlined above. Aggregated to the organizational level, the Empowerment Barometer can be thought of as a measure of organizational climate. *Organizational climate* has been defined as a set of shared employee perceptions regarding the policies, practices, and procedures of an organization (Schneider & Reichers, 1983). Recent research has shown the Empowerment Barometer to be a reliable and valid instrument related to individual attitudes and organizational outcomes (Seibert, Silver, & Randolph, 2004). We also followed up with a set of qualitative interviews of participants within the organizations. These interviews and observations were conducted by students completing their master's thesis with the first author in the area of human resource development (Keefe, 2003; Thompson, 2003).

THE NONPROFIT'S EMPOWERMENT STORY

The nonprofit organization is a 350-person blood collection group that supplies blood and blood products (e.g. platelets, apheresis, etc.) to hospitals and clinics in upstate New York in a geographical territory spanning almost 400 miles from east to west. The key jobs within this organization include the senior management team, collection supervisors who manage small teams of about 15, blood collection technicians who actually work with donors to collect blood, drivers who transport equipment and blood to and from

blood drives, account managers who work in the community to recruit donors and sponsoring organizations, and administrative assistants who work in an office capacity, at the Region's six district office locations.

When we first starting working with the nonprofit, it was ranked in the bottom quartile of the 39 regions that made up the entire organization. This performance rating was based on "production levels," that is, the number of units of blood collected monthly from donors compared to the general population of the region, as well as Food and Drug Administration (FDA)-mandated quality measures for the collection, processing, and storage of the blood and related blood products. The nonprofit's regional director, we'll call him *Mike*, had a vision of his group improving productivity to become one of the top-five producing regions in the country. His vision also included improving employee morale, which was mediocre at best, and decreasing union organizing efforts. He also wanted to decrease turnover among blood technicians and supervisors, which was disruptively high at about 25% annually. Mike initiated the empowerment strategy in mid-1999. He wanted empowerment to help change the culture so that employees were better at solving their own problems, teams were more cohesive, and people at all levels took more initiative and were more positive in their attitudes. Working with one of the authors, Mike sponsored a daylong senior management team workshop that was focused on understanding the theory, application, and implementation of empowerment.

Following the 1-day program for the senior team, Mike sponsored a half-day "kick-off" meeting, facilitated by the same consultant-author, with the 40 other managers, supervisors, and account representatives of the region. This meeting was specifically designed to introduce the participants to Randolph's (1995) model of organizational empowerment as outlined above and included three key components: (a) an opportunity for subgroups to define what empowerment would "look like" in their area if implemented well, (b) a chance to discuss how they would address the challenges of getting there, and (c) the opportunity to fill out the Empowerment Barometer.

At a follow-up meeting, each manager and supervisor was asked to set "empowerment goals," which identified key changes in their work processes that would encourage sharing information, establish and communicate boundaries, and clarify how to use teams to make more managerial decisions. Managers

and supervisors were also asked to summarize some of the training they had received on empowerment for their direct reports. Finally, in this first phase, the remaining 300 employees of the region were asked to fill out anonymously the Empowerment Barometer to establish a baseline set of measures for the Region and its respective job categories and districts.

Throughout the next year and a half, a great deal of effort and attention was focused on creating a culture of empowerment. Mike made a point of visiting each of the five districts quarterly to hold "Town Hall meetings" and roundtables with local managers and employees. These sessions were designed to allow Mike to share his thoughts on empowerment, provide recognition for accomplishments related to empowerment and other priorities, and answer questions and listen to ideas relative to the region or local district. Mike and the other senior managers preferred the word *ownership* when talking with employees, as opposed to *empowerment*, as they thought the *e-word* had fallen out of favor and that *ownership* better captured what they wanted from employees. They encouraged groups to solve problems on their own and come up with workable solutions; they encouraged supervisors to create new recognition strategies and use them more frequently; and they engaged a number of "empowered" committees to make recommendations on region-wide issues, such as donor satisfaction, facilities, blood drives scheduling, and inner-city donor recruitment.

In an effort to keep the process moving forward, Mike asked about "ownership" often, talked about it at communications meetings, and rewarded and sanctioned, in part, based on progress with empowerment. He also followed up and reviewed the empowerment-related goals set by the top 20 managers, and he sponsored a region-wide follow-up survey with the Barometer 1 year after the baseline survey. Based on their team's results, managers were then required to develop detailed action plans to address the weak areas. Mike continued to meet quarterly with the extended management group, sometimes with outside facilitation, to discuss empowerment-related process changes and to get updates from them on progress.

Progress

Without question, the nonprofit organization made progress implementing empowerment during this initial period. From a quantitative perspective, as seen

in Table 1, a comparison of Time 1 (Fall 1999) to Time 2 (late 2000) Empowerment Barometer results reveal statistically significant movement toward a more empowered culture. The mean scores for all three scales increased significantly, with the largest gain in the scale of Self-Managed Teams, followed by Sharing Information.

From a qualitative perspective, based on three research interviews (Thompson, 2003), with Mike, the human relations (HR) director, and one of the five district managers who reported to Mike, employees' day-to-day work behavior did change in the ways hoped for from 1999 to 2000. Problems were more often resolved by front-line employees instead of being passed up the hierarchy; communications increased across departments and up from employees to the senior team; people seemed more energized and enthusiastic; employee turnover fell below 18% among blood technicians and supervisors; two unionized areas were decertified, and union-organizing efforts essentially stopped in the remaining areas, reflecting, we believe, higher levels of satisfaction and positive morale among employees. In terms of organizational performance, this Region did become one of the top-five blood-producing regions in the country: the numbers of units of blood collected monthly increased by more than 15% on average; and quality compliance improved significantly based on National Headquarters Quality Assurance audits. It appears that sharing strategic and operational information and the development of self-managed teams created a greater sense of enthusiasm and problem ownership among employees. The employees exerted greater effort and worked more creatively to meet or exceed blood-collection targets and worked more carefully and cooperatively to conform to established quality standards. In short, organizational empowerment led to employees working harder, smarter, and more cooperatively. and the positive effects of the new culture were apparent in the performance of the Region.

Losing Focus

What happened next, from early 2001 to 2002 is, unfortunately, common for many organizations working with an empowerment strategy. Although progress was made, statistically significant behavioral results were recorded, and production and quality levels were up, the nonprofit began to decrease its focus on empowerment-related efforts. The leader-

Table 1

Comparison of Barometer Mean Scores on the Three Scales of Organizational Empowerment, 1999, 2000 and 2002 for the Nonprofit Organization

	Time 1	Time 2	Time 3	F Value	p Value
	1999 (n = 284)	2000 (n = 276)	2002 (n = 227)		
Sharing information	3.84 ^a (1.05)	4.14 ^b (.82)	4.23 ^b (.97)	12.64	< .001
Clear boundaries	3.75 ^a (1.09)	3.97 ^b (.80)	4.13 ^b (1.01)	9.50	.001
Self-managed teams	3.50 ^a (1.18)	3.99 ^b (.86)	4.03 ^b (1.00)	22.41	.001

Note: This table reports the results from a repeated measures ANOVA. Values are overall mean scores (and standard deviations) for each scale, aggregated for the six employee groups across the Region's five districts.

a, b. Indicate the results of planned comparisons. Means for the same scale with different superscripts are significantly different ($p < .01$), means with the same superscript are not significantly different from each

ship training and review sessions became more infrequent; managers' action plans, reviewed twice in 2000, were hardly checked in 2001; communication sessions with employees were increasingly cancelled as other priorities and crises emerged; and the senior team grew complacent with respect to empowerment. Perhaps not coincidentally, it was in summer 2001 that Mike was recruited by another region for the top position. After several weeks of discussion, he accepted the new job and was gone by early fall. Mike's former right-hand person, Jane, was promoted to take over his old position. During this transitional "changing of the guard," the tragic events of September 11, 2001, occurred. The crisis sent shock waves, operationally and politically, to all blood-collection regions across the country, leading to an intense period of chaos and high stress. National Headquarters dictates meant that everything was managed more tightly: budgets were frozen, scrutiny intensified on regulatory and blood safety procedures, work rules were strictly enforced, and training virtually ceased as people dealt with being in "crisis mode." Adding to the pressure, public trust in the national organization was at an all-time low, and collection goals in all regions became harder to meet. Employee turnover within the Region rose, and union efforts became active again, reflecting perhaps a lack of satisfaction on the part of employees.

By early 2002, when some of the pressure had calmed, Jane commissioned a third distribution of the Empowerment Barometer to all employees. As before, the surveys were filled out anonymously and analyzed by the consultant-author. As the third column of

Table 1 shows, scale means from Time 3 are significantly higher than they were in Time 1; however, they were not significantly higher than the Time 2 means. In other words, the empowerment change effort had reached a plateau. In one sense, this can be seen as an accomplishment, given the challenges of the previous year. Changes in management systems and practices instituted in 1999 and 2000 were apparently still evident to employees in 2002, suggesting a certain degree of robustness to the change effort. However, a lack of forward progress can itself become a source of confusion, fatigue, discouragement, and disillusionment. Randolph (2000) described this period in implementing empowerment as "Stage 2: making changes and dealing with discouragement." It is at this stage that managerial leadership becomes critical, supporting and role modeling the way that the practices of empowerment—information sharing, developing clear boundaries, and relying on self-managed teams—can be used to deal with emerging problems and used to extend the empowerment effort itself. However, if this period is not well managed, most organizations at this stage will revert back to the old ways of doing things.

The 2002 scores on the Empowerment Barometer were presented to Jane and her senior team at a 2-day leadership retreat in early 2002. The group dialogued at length on how to proceed with empowerment in light of the new September 11 realities. However, as other priorities and crises continued to emerge, and people adjusted to Jane's new role as leader, the nonprofit essentially dropped empowerment as an organizational strategy. No further training sessions were held, no empowerment action plans were required of the managers, and communications forums with employees became rare and largely crisis driven. When asked about empowerment in February 2003, a year after all formal empowerment change efforts from top management had ceased, Jane stated that she believed empowerment would always be difficult to achieve in this organization as the regulatory requirements related to collecting blood, dictated by the FDA, made meaningful employee discretion and responsibility quite limited, if not even unrealistic. She was resigned to the fact that empowerment was no longer a Region priority, and that it was probably an unreachable goal from the outset. The Empowerment Barometer was not administered in 2003, so we do not know how the Region would have scored at this point; however, the Region's production numbers had dropped,

moving it down from one of the top-five performers to the bottom half of the 39 regions.

THE FOR-PROFIT'S EMPOWERMENT STORY

The for-profit organization is a 90-person department in the engineering division of a *Fortune* 500 technology company. The key jobs within this department are the senior management team of 10, and the 80 software, hardware and computer engineers who report to members of the senior team. Since 1997, this group has been focused on the development and launch of a new advanced product, involving breakthrough software and the challenging integration of new and existing technologies.

From 1997 through 1999, the senior manager of the department, call him *Roy*, sponsored a number of half-day training sessions for employees on interactive and group process skills. These "interactive skills" workshops, delivered by one of the authors of this article, were focused on teaching concepts and behaviors related to communications, teamwork, problem solving, self-management, and negotiation. The sessions were designed to address the engineers' needs for improved "people skills," a key factor to the success of the "multifunctional teams" (MFTs) that constituted the organization. In many ways, these MFTs were a precursor to self-managing teams. In late 1997, in line with his interest on the success of MFTs, Roy volunteered his software group, about 30 at the time, to participate in some research on organizational empowerment using the Empowerment Barometer. The results of this research, and the related debrief session, were a catalyst for Roy to think about how to develop the managers in his group to become more "empowering," so that they, in turn, would help to create a more productive and "self-managing" work environment.

Although conversations about empowerment had taken place during 1998 to 1999, Roy formally began developing his team's change strategy in 2000. He decided to begin with a broad focus on leadership development, assuming that empowerment would naturally be one of the leadership competency areas to be developed. Roy had several goals in mind with this focus. First, he believed strongly in the personal value of continuous learning and wished to provide some form of ongoing leadership development for his immediate team, particularly given that Corporate had stopped its support for all management training

because of budget cuts. Second, Roy hoped that leadership excellence on the part of his managers would enable his organization to develop the new product and meet engineering targets related to quality, cost, and delivery, while maintaining high employee morale. Given that the larger company was well known for schedule slips (i.e., delays in development and launch), cost overruns, quality problems, and had been going through difficult layoffs during the previous 2 years, these were actually quite ambitious goals. Finally, Roy wanted the leadership development strategy to be a means of building teamwork and cohesion within his senior team. He believed that if his senior team was working well and had high trust in one another, then the rest of his organization would stand a better chance of success.

The process began in summer 2000 with a 360-degree feedback assessment of the leadership skills of each member of the senior team. A set of open-ended questions was asked related to each manager; for example, "what are this manager's three key strengths?" "what are this manager's three key development areas?" "what five adjectives would you use to describe this manager?" "what advice do you have for this manager to become a more effective leader?" A 2-day leadership training workshop followed, at which the individual feedback reports were presented, corresponding action plans were created, and key leadership concepts, including empowerment, were presented. Roy had each of his managers prepare detailed "personal leadership development action plans" to address weak areas identified by the 360 feedback, which then had to be reviewed by him.

In early 2001, as the next step in the leadership strategy, the Empowerment Barometer was anonymously completed by the members of the 90-person department. It was coded by the team so that each senior staff member could get the personal results from his or her team. Roy and the senior staff then attended a half-day workshop on empowerment that focused on understanding the theory and implementation of organizational empowerment, reviewing their Barometer results, and developing team action plans. To provide some context on the 2001 results, the 1997 Barometer results that were obtained from seven of the managers and their teams, were also presented for purposes of comparison.

Table 2 below presents the results from Time 1 (1997) and Time 2 (2001). Note that the same seven managers were now responsible for more than twice as many employees as the project had been scaled up.

Table 2
Comparison of Barometer Mean Scores on the Three Scales of Organizational Empowerment, 1997 vs. 2001 for the For-Profit Organization

	Time 1	Time 2	t	p Value
	1997 (n = 28)	2001 (n = 60)		
Sharing information	3.22 ^a (.96)	4.36 ^b (.75)	6.11	< .001
Clear boundaries	3.44 ^a (1.03)	4.34 ^b (.75)	4.79	< .001
Self-managed teams	4.01 ^a (.85)	4.50 ^b (.76)	2.67	< .01

Note: This table reports the results from a *t* test. Values are overall mean scores (and standard deviations) for each scale aggregated for all employees. The different *n* reflects that in 1997 the software group was smaller; in 2001 the same seven managers from 1997 were managing more engineers.

a, b. Means for the same scale with different superscripts are significantly different ($p < .01$), means with the same superscript are not significantly different from each other.

As can be seen, there was significant progress on the three empowerment dimensions from 1997 to 2001. These results are particularly interesting because, at this point in the consultation, the training and development activities were not specifically built around an empowerment framework. It appears that perceptions of organizational empowerment can be positively affected by working on related and important factors like "people skills," teamwork, and transformational leadership.

What is particularly noteworthy, however, is the way that the consultation progressed with the for-profit organization from this point on as distinct from events in the nonprofit. Instead of reacting to the initial positive results with complacency or discouragement, the senior team of the for-profit organization assumed that more progress was possible and necessary. During the next 2 years, Roy and his staff went through a number of training sessions and organization development interventions designed to foster learning and sustain progress on leadership development and empowerment.

First, Roy commissioned a series of three "keynote talks," 90 minutes each, presented during a 5-month period in 2001 to the entire organization. The first was on teamwork, the second on improving employee retention, and the third on empowerment, which was presented as a refresher for the senior team and an introduction for the larger organization. Concurrent with the keynote talks, Roy also commissioned quarterly "Bridge-Building" sessions with groups of employees. These Bridge-Building sessions were

forums in which 15 to 30 employees, facilitated by the consultant author, would prepare answers as a group to a set of open-ended questions designed to encourage upward communication, common understanding on key issues, and problem ownership within the groups. The groups developed responses to questions such as, "What is going well in our work? What is not going well?" "What can we, as engineers, do to address our own problems and concerns?" "What recommendations do we have for Roy and the senior team to help us become more effective and satisfied?" and "What questions do we have for the senior team?" The employees' answers were then presented to the senior team, who were required to respond to the group's output, with guarantees of no retribution or negative consequence for whatever was shared. The senior team also had to answer all questions posed as candidly as possible. These sessions were actually a good example of Randolph's (1995) first key, sharing information to build trust and responsibility, structured into a process that enabled the senior staff to learn what the "rank and file" were thinking and feeling, and that strengthened the relationship between the managers and engineers through dialogue, mutual feedback, and listening. The sessions also produced literally a hundred suggestions for Roy and his staff to consider relative to the operation of the department, and the behavior of his managers and himself.

It should be noted that although Roy initiated the leadership development strategy and "drove" the activities associated with it in the first year, it was the senior staff that later made most of the decisions about training and organization development; that is, by mid 2001, when the staff had "bought in" and experienced some of the benefits of becoming better leaders and empowering the engineers, it was the staff who determined what was needed next quarter, how much time would be allotted, who would be involved, and what follow-up was appropriate. Roy continued to lead by raising the issue, asking the questions, and offering his opinion as appropriate; however, the team made the decisions.

Progress

The overall strategy in the for-profit organization was simple: As the various sessions and interventions developed the managers, they in turn applied the ideas, concepts, and feedback within their areas, which in turn energized, engaged, and empowered

the engineers. Although Empowerment Barometer results were not available subsequent to 2001, other survey results and qualitative observations make it clear that this organization made progress toward a culture of empowerment. For example, the senior team of 10 managers has had no turnover in 5 years, which is virtually unheard of in high-tech organizations and certainly within this company. Roy's organization of 90 had the highest ratings in the entire company on the annual employee attitude survey in 2001 and 2002. Given that the company has approximately 70,000 employees, this was quite an achievement. These outcomes suggest that Roy's organization was one where the developmental needs of managers and employees were met.

To add descriptive detail to these outcomes, one of our graduate students observed empowerment-related management practices within Roy's organization during a 2-month period during 2002 (Keefe, 2003). She concluded that many of the senior staff routinely practice effective ways to foster the three key empowerment practices outlined above within their own teams. For example, consistent with the practice of information sharing, she observed that most of the managers dedicate a regular portion of their weekly staff meetings to sharing important performance information, reviewing and revising group goals and values, and soliciting reactions and questions. Most use a "round-robin" approach at their meetings, having each engineer share good news, bad news, and technical concerns that may affect others in the team. A technique related to the development of clear boundaries was practiced by two of the managers, who use a team Web site to list the responsibilities and tasks of their team throughout the upcoming 4 to 6 months, then allow the individual engineers to vote on-line for the activities they most wish to do. This version of "job-assignment democracy" allows the engineers to choose the top two projects they want to work on, within the boundaries of what the team is responsible for, thereby making them more committed and satisfied doing those tasks. Consistent with the goal of clear boundaries and greater team responsibility, some managers were observed to use a "team covenant" with their staff, a type of behavioral contract outlining mutual expectations and obligations between the team and the manager. Some of the managers send an engineer in their place to important meetings for purposes of development and to understand better the "big picture" and virtually all of the managers routinely use subteams, committees, and

group consensus to make critical decisions, rather than autocratically deciding on issues that could affect the whole group.

Finally, we can report several indicators that suggest that Roy's department was performing at a high level. Because the organization is working on the development and launch of a new product, such outcomes as revenue or profit are not relevant. We can, however, report that Roy's group is an outstanding performer on the measures that are considered the most important in this organization. For example, Roy's group is the only department associated with the new advanced product (there are about 800 people in total working on this product) that has consistently met its software deliverables on time, on budget, and within acceptable quality parameters. This department has the internal reputation of being among the best led in the company, and arguably of being the most desirable place in the company for engineers wanting to work on challenging projects, in an empowered environment.

SOME IMPORTANT COMPARISON ISSUES

The for-profit organization has clearly achieved and sustained something unusual in terms of empowerment and a commitment to continuous improvement, whereas the nonprofit organization stalled after a strong start. This leads to several important questions that are at the core of this article: how did the for-profit group sustain the process of learning and development while the nonprofit did not? Was it solely a function of the senior leader's continued commitment and involvement, or is there more to the story? How important is budget and the ability to pay for ongoing outside help? What role does context and the preexisting culture of the larger organization play? Does being a for-profit or nonprofit make a difference? And finally, what can be learned from both organizations to help others succeed in sustaining the empowerment process?

Summary Overview of Both Approaches

Before exploring the differences in approach that might have led to the different results noted above, it is important to note that there were many similarities in how the two organizations implemented empowerment. On the positive side, both had strong leaders

with a vision and set of goals, and both used outside expertise to help define, teach, and measure empowerment. Both organizations assumed the process had to begin with the senior team and that managers had to change first; hence, both required their managers to get involved, set goals, and develop personal action plans. The leaders in both organizations communicated often with employees about cultural changes and the "new way of doing things"; both used premeasures and postmeasures to assess progress and make changes; and both did a reasonable job at recognizing and praising employees as they advanced toward empowerment goals.

On the negative side, neither organization provided much training focused directly on empowerment issues for the employees. Neither organization used much in the way of formal rewards or incentives to encourage change. Both organizations may have placed too much accountability for the strategy on the leader and senior team as opposed to getting employee groups more involved. Both were negatively affected by September 11, one politically, the other more financially. Finally, incredibly, both leaders received essentially no recognition, reward, or even much praise from their management on the many productivity and morale successes that came from empowering employees. So, what were the differences in implementation and culture that made the difference?

Overcoming the Change of Leadership

The first obvious disparity was the fact that the nonprofit lost its visionary leader, Mike, after fewer than 2 years into the empowerment strategy. The aftermath of September 11 notwithstanding, Jane clearly did not seem as committed to empowerment as her predecessor. By contrast, in the for-profit, Roy has been in the same role for almost 5 years, with the exception of 11 months military leave, and apparently has not lost his commitment to improving empowerment and leadership.

It is tempting to conclude that the primary reason the nonprofit lost focus and derailed from its empowerment strategy was the departure of the visionary leader. Admittedly, this was a major event for the organization; however, could it have been overcome? The answer, we think, is yes. On examination, there were a number of other key factors that better help to explain how the for-profit sustained its efforts while the nonprofit did not.

Empowerment as a Part of Leadership

The first key difference in approach was that the for-profit did not explicitly aim to create an “empowerment strategy” per se. Their focus was always more broadly on leadership development, in which the knowledge and practice of empowering others was viewed as an important component. This wider focus was helpful because although implementing organizational empowerment may be sufficiently multifaceted and stimulating for those who have studied it, the reality for most managers less familiar with it is, “OK, three strategies, that’s easy enough. I get it . . . now what?” The fact that the empowerment effort in the for-profit was “bundled” into a broader change effort that had a number of dimensions added variety to what was being learned and measured, and helped to keep the group’s interest. As so often happens, a focus on one approach is quickly lost as managers search for the next new topic. Perhaps a broader array of topics helps maintain people’s attention for a longer period of time.

Senior Team Involvement

A second key difference was the role of the senior team. At first, Mike and Roy were the driving forces behind their respective empowerment and leadership efforts. However, as noted earlier, after the 1st year, Roy in the for-profit shared decisions on the leadership strategy with his staff, whereas Mike in the nonprofit continued to direct and decide on behalf of his organization. Both leaders would be considered highly intelligent, confident, and good judges of people. Hence, both may have made the right decision in terms of delegation, given the maturity and readiness of their staff and the culture of their organization. However, the fact remains that Roy involved his team, and this transfer of power has served to strengthen the staff’s commitment and energy to the process, and to lighten the load on him. By contrast, Mike did not involve his senior team to the same degree, and when he departed, his senior team was simply not as prepared or as committed to the change effort.

Employee Feedback

A third difference concerned the use of employee feedback. Feedback in this case does not refer to the scores on the Empowerment Barometer but rather to direct verbal feedback from employees on the behav-

ior and style of the senior team, and upward suggestions from the “troops” on the operation itself, empowerment issues, and the work environment generally. As noted earlier, the nonprofit leadership team did receive some employee feedback at the Town Hall meetings, through supervisors who reported up on ideas they received from employees, and they received some input from employee roundtables. However, this feedback was ad hoc, and not systematically or routinely solicited.

By contrast, the for-profit team proactively sought input on a regular basis. They used the Bridge-Building sessions to get opinions and suggestions from employee groups. Roy and the managers received outside executive coaching as a form of personal feedback and development, and the managers were asked to present their 360-degree feedback and action plan to their individual teams so that the engineers themselves could understand the plan and provide input on their boss’s development plan. In addition, most of the managers routinely asked their engineers at team meetings for comments and suggestions relative to the work of their team. For this senior staff, feedback was not viewed as something to avoid or fear but rather as something that could genuinely enhance satisfaction and the overall effectiveness of the organization.

Certainly, one factor that probably influenced employee feedback is the different size of the two organizations and, related to this, the hierarchical structure of the two organizations. The structure in the nonprofit was four layers of management between Mike and the front-line employees, thus making direct input from staff more difficult. By contrast, in the for-profit, all 80 engineers report directly or “dotted line” to members of Roy’s senior staff. Hence, their input could be received in a more direct and efficient manner. It may be that opening up more direct channels of communication across levels, and finding multiple ways to enable upward feedback to the senior team, regardless of the size of the organization, are key ingredients of establishing a culture of empowerment.

Continued Use of Outside Resources

A fourth difference relates to the use of outside resources. Both organizations used external consultants to advise the leaders on the empowerment strategy and provide training and coaching during the first 1½ years of the respective efforts. However, after September 11 and the change in leadership, the nonprofit essentially discontinued using the external resources.

By comparison, the for-profit engaged outside training, facilitation, and coaching for 2 years, "rode out" a 1-year budget freeze after September 11, and then resumed use of these services.

It may be tempting to assume that the reason for this difference is that for-profits have more funds for consulting services than do nonprofits. However, in this case, it was actually the for-profit that was in worse financial shape. After September 11, the budget freezes in the nonprofit were in place for a relatively short period of time and actually began to loosen by mid-2002. From that point forward, the nonprofit continued to be in good financial shape; after all, even in a bad economy, hospitals still buy blood. By contrast, at the for-profit company, revenues had been down considerably and spending very tight since 1998, well before Roy's leadership strategy began, and the reduced budgets continued well beyond early 2002. Roy, who was committed to using outside expertise, simply worked his budget out so that he could pay for the eight to ten consulting days a year to help his organization's leadership and empowerment efforts.

Preexisting Culture

Without question, the preexisting "culture" of the two organizations was quite different. The nonprofit's culture emphasized supreme concern for donor safety and public trust, strong identification with the mission of collecting blood, begrudging respect for National Headquarters and FDA rules, sincere appreciation of volunteers, professionalism among managers, and a noteworthy focus on effective budget management. Their culture also contained rigid deference to hierarchy, and feelings of entitlement, frustration, and overwork among front-line workers. There was an acceptance of poor customer service to donors and a certain bureaucratic style from the many managers who had never worked outside of this organization or other nonprofits.

The for-profit's culture emphasized teamwork and helpfulness, regular use of measurement, and TQM (Total Quality Management) principles; acceptance of disagreement and "push back" from direct reports; comfort with accountability, "taking ownership" and "driving the solution"; openness to outside suggestions and feedback; and a high respect for individual technical competence (Keefe, 2003). The culture also contained occasionally sharp teasing and condescending humor; obsession with detail and planning; an unhealthy praise for those who stay the longest,

work weekends, and make the greatest sacrifices for work; and some degree of sexism. There was also an odd tolerance for cynics who often said such things as: "this organization will never change," "we are not capable of delivering on time," and "once again we are too late to market."

In terms of developing and sustaining empowerment, the for-profit's cultural comfort with process improvement, measurement, feedback, and people being held accountable were huge assets. Certainly, some of these qualities existed in the nonprofit as well, but not to the same extent. Recall that the for-profit is an engineering department. It is part of their routine practice to share information regularly, establish decision boundaries for individuals and groups, assign work to teams, document processes, use project plans, measure progress regularly, and value structure. In this respect, organizational empowerment found highly fertile ground with these engineers. A culture without some of these preexisting practices and orientations might well find the transition much more difficult—not impossible, just more difficult. This observation suggests that basic accountability practices might need to be developed before introducing more advanced practices related to empowerment.

The Right Level of Leader

Finally, one other key difference between the organizations concerns the level of the leader who is seen as the "champion" and active spokesperson for the empowerment strategy. Some authors (Keefe, 2003; Silver, 1999) have suggested that a leader who is too high up the management chain, for example a division president or vice president in a for-profit, or the executive director of a larger nonprofit, may be too far removed from the day-to-day decisions concerning the three keys to empowerment. They simply do not have enough contact with front-line employees to be knowledgeable on the details of how empowerment can actually be applied. Meaningful opportunities to share information, set specific boundaries, and work with and coach self-managing teams are more frequently controlled by the second-level or perhaps the third-level manager. Hence these middle levels of management probably make the most effective change agents (Huy, 2001). By contrast, the first-level manager or immediate supervisor does not usually have enough authority to make many of the important decisions related to the three key practices of empowerment. So, if the champion is too low or too high on

the management chain, they are less likely to be effective.

In the nonprofit organization, Mike was the senior director of the 350-person organization. Although someone at his level could more easily change policy and direct resources, his role-modeling of empowerment and use of empowerment principles with his own staff largely went unnoticed by the “rank and file.” Furthermore, despite attempts to interact with front-line employees at various Town Hall meetings and focus groups, the reality is that these amounted to a few meetings a quarter. Most of his time was, legitimately, spent in high-level meetings unseen by most.

In the for-profit, Roy is a third-level manager, one step down from vice president. He is high enough to manage a multimillion-dollar budget, direct considerable human and capital resources, and have influence on organizational policy. However, he is close enough to the 80 engineers doing the work to know everyone by name, to participate in meetings with many of them over the course of a given month, to have his behaviors routinely visible for most to observe, and to know in detail about the work of each team and engineer.

Thoughts on Sustaining Empowerment

Despite the overall conclusion that the nonprofit work environment may be harder for empowerment, two key questions remain: Are there ways to make empowerment work in both types of organizations and what lessons can be gleaned from these two cases that can help any organization wishing to sustain empowerment? Based on the experiences of the two case organizations, we close with a “Top 10” list of important factors to consider.

- Lesson 1: Be clear on why empowerment is important, what improvements are expected, and use these to develop a working change strategy. Consider making empowerment a part of a broader strategy, such as leadership, quality, or customer service focus and include multiple metrics to assess progress.
- Lesson 2: Involve, if only for a defined period, external experts who can help the leadership team understand their role and what to expect from the “journey.” If possible, continue to bring them in at key points to provide feedback, training, and an objective perspective.
- Lesson 3: Start at the top. Train the senior managers first and expect behavior change from them. Establish baseline measures for the organization and set

improvement goals. Have the senior managers develop personal action plans.

- Lesson 4: Involve the senior team as early as possible. Push decision making for the strategy onto the senior team so that they come to model what is expected throughout the organization. Then if the visionary leader does leave, the team will be committed to continuing the strategy.
- Lesson 5: Train the employees. Although they may not need as much training as the managers, they will need to learn about the three empowerment keys for change, what new behaviors are expected from them and the managers, new skills to take on the new responsibilities, and why all of this is being done.
- Lesson 6: Solicit employee feedback and ideas. Have the senior team, or members of it, routinely meet with groups of employees to dialogue and obtain input on how the organization is doing and what needs to change at all levels. Bridge-Building sessions are a good approach to this.
- Lesson 7: Share the lessons learned, innovative practices, and successes that come from the group. Ensure every manager is engaging in new practices and behaviors that support the cultural change. Recognize achievements but do not overuse rewards lest they become the focus instead of the changes themselves.
- Lesson 8: Recycle. Retrain the managers, retake the Barometer, redo action plans, and continue with the regular employee forums.
- Lesson 9: Leverage the helpful aspects of the organization’s culture as much as possible. If the organization is in the service sector, use the language of customer care and loyalty; if it is in the technology sector, use TQM tools and processes.
- Lesson 10: Make sure the right levels are the champions. Although the initial vision may come from the very top, it is the middle level, that is second- or third-level management, that is best placed to actually lead and typically most knowledgeable about what needs to change.

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