

E.C.

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Subject: RISK TAKING

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I have a friend who is Chief Executive Officer of a company. He is one of the best Chief Executive Officers I know. He has a system which holds people strictly accountable for their goals in every measurable detail. This accountability is so clear and so severe that it has changed the company for the better--in most ways.

The result is people become very conservative in their goals, promises, and commitments. It is very risky to do something bold because the results are so clear if you fail.

Like everything in life, there are paradoxes and conflicts. The goal has to be to hold people responsible for their results, not only financial results and technical results, but also the training, nurturing, and developing of people, both as parts of the Company and as human beings.

Somewhere a compromise has to be developed where people set their goals in a way which challenges them to strive harder, challenges them to put more effort, work, time, energy, and creativity into their job than normally is expected and yet, hold them responsible, and on the other hand, tolerate certain levels of failure.

The failures, of course, which cannot be tolerated are those which were the result of dishonesty, misleading statements, promises that knowingly could not be made, or politics.

People should be encouraged to really do new, dramatic things and

take chances and not worry about punishment if risks are taken with intelligence and honesty.

In our modern world, status goes to those who criticize and complain about others who take responsibility. The result is the highest status in an organization, society, or in a college, goes to those who are most articulate and clear thinking in their criticisms.

KHO:dao
KO:7555
(DICTATED ON 8/1/92, BUT NOT READ)

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