

# 1. DISCRETIONARY EFFORT AND THE CASE OF THE MYSTERIOUS MR UNDERHILL

'The difference between what we do and what we are capable of doing would suffice to solve most of the world's problem.'

*Mahatma Gandhi*

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**L**ike many people, I opened a bank account when I was a teenager. I still bank with the same business decades later. Relatively few people switch bank accounts. It is called customer inertia. Or status quo bias, if you are a behavioural economist. Apparently, the statistics say that divorce is more likely than changing your bank. Yet on one occasion my dealings with the bank became so difficult over such an apparently small matter, that I very nearly did this most unlikely of things.

I considered myself a good customer, and I was well served with bank accounts. I already had a current, a business and a savings account. Now, with my work regularly taking me abroad, I decided to open a foreign currency bank account as well. As a long-standing customer the initial process was straightforward and I was quickly allocated an account number. However, when my new cheque book arrived at home, I noticed one surprising feature: it had the name Mr Underhill printed on it. Not Mr Woods. I was mystified.

Never mind, I thought. This will not take long to sort out. So I called customer service:

‘Yes it has the correct account number printed on it,’ I responded to the bank representative.

‘And you received it at your home address?’

‘I did.’

‘Well you must have filled in the wrong name when you originally completed the paperwork and applied for the account.’

Hmmm. Okay, I hadn’t expected the operative to take personal responsibility for the mistake, but I wasn’t expecting the bank to blame me either, to the point of suggesting that I had somehow forgotten my own name. And why Underhill, anyway?

Over the next few months I telephoned, emailed, faxed, telephoned, made personal appearances at my bank, and telephoned, all in an effort to fix the issue. Nothing, however, seemed to penetrate the mysterious Kafkaesque procedures of the bank. I couldn’t even cancel the account. And in the meantime the letters to Mr Underhill kept arriving . . . and arriving.

So there it was. I had apparently reached an impasse. There was nothing for it. Time to bring my long-standing and, until that point, happy relationship with the bank to an end. And then, at last, an epiphany.

I was at the bank where a bank employee was processing a number of transactions for me and, as she went through the process, efficiently and politely, I commented that it was a shame that not everyone in the bank did their job as well. Showing some concern, she asked me if I’d had some issues, and so I explained the difficulties I’d had and the frustration I felt that no one seemed to want to take responsibility.

In just five minutes this helpful person ended six months of unbelievable aggravation. She wasn't sure what had caused the initial error with my new account or of the process required to fix it. She called several departments explaining that Mr Underhill really didn't exist, and she reassured colleagues that common sense should prevail, commenting to them that it was highly unlikely that it was the customer's error.

It wasn't her job, and it certainly wasn't her fault, but she fixed the problem anyway and retained a customer. She went beyond the call of duty. She went the extra mile.

Some months later I was doing some work for the same bank and shared the story with a senior director. He was mortified that their processes had failed and that their staff had let both the business and me down. I told him that he had at least one employee he could be proud of. And I told him her name and where she worked.

This person wasn't expecting any reward when she helped me, and I'm sure this level of customer service wasn't an isolated incident, but six months later I was delighted to hear that she had been promoted.

## **Roman taxis**

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Many people will recognize the phrase, 'to go the extra mile'. A few will know that the phrase has its origins in the Bible, and in particular the Sermon on the Mount. At the time, around 28BC, your average, feeling slightly puffed out Roman centurion, could compel a random passer-by to carry the centurion's belongings for a *mille passuum* – 1000 paces – also known as a Roman mile. Understandably, people were not that happy at having to take an unplanned detour as a

human taxi, carrying someone else's belongings. Hence the resonance of the part of the sermon where Jesus, according to Matthew 5:41, advises onlookers: 'If anyone forces you to go one mile, go with them two miles.'

Over the centuries the phrase 'going the extra mile' has become common parlance for doing that little bit (or a lot) extra, going out of your way to be helpful. Just as the employee at the bank had, thankfully, in the case of the mysterious Mr Underhill.

Until my unfortunate experience with the bank, I had given little thought to the notion of going the extra mile. But, having suffered the frustrations of organizational bureaucracy, at first hand, as well as the redeeming power of employee intervention, I began to give the idea more consideration. I paid much more attention to interactions with shop staff. I listened to the way call centre staff dealt with my queries when I needed to speak to them. I observed the way that airline, hotel, restaurant and other service centred employees treated me when I was travelling. And, in particular, I asked other people that I met in the course of my work to tell me about any relevant or related experiences in business.

So, for example, I learnt about the document delivery company where the manager of the local branch has a customer living some distance from the nearest mail collection point, but in the same village as the manager. And every evening the manager drops the customer's post off for them. The manager doesn't have to. They just do.

In that same company, people often go out of their way to stop by a person's house to pick up an item if that customer has missed a collection. And, in extreme winter weather conditions one year, with numerous communities snowed in across the UK, the business managed to keep its operations

running; partly because people made the effort, often to their detriment, to get to the company's premises to pick up the mail. In fact, in some instances, it was more of a challenge to stop employees coming in to work, as the weather was so desperate that the firm wasn't sure it would be able to get its lorries back out of the depot.

As one company member described it: 'If something is happening, they will pick up the situation, they will own it. It doesn't even matter if it is on a weekend, in the middle of the night, whatever it is, this really isn't a company where you just put your shoes on, turn up at nine o'clock and go home at five.'

## **Leveraging your human capital**

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It is easy to see why the idea of employees going the extra mile might interest senior executives, and other managers in organizations. Over the last few years, businesses have battled through some of the toughest trading conditions since World War II. Possibly the most difficult. Many of the developed western economies are overburdened with debt. Attempts to deleverage have weighed heavily on economic and corporate growth. The debt crisis in Greece and fears over the indebtedness of other European countries, for example, has had a negative impact on sentiment both in the Eurozone and further afield.

Over the decades business has been through distinct stages of competition. Back in the early 20th century, companies competed using mass production techniques – interchangeable parts, continuous assembly lines, and division of labour – to produce high volumes of standardized products. Millions

of identical Ford Model-T automobiles rolled out of the Highland Park plant in Michigan, for example. And, from 1914 onwards, they were available in any colour you wanted, so long as it was black. Later on, product variation, marketing and branding became more important factors in obtaining competitive advantage. More recently companies have sought to beat their rivals on price, outsourcing elements of the value chain, and through knowledge and innovation – in the so-called knowledge economy.

Today, it is widely accepted that human capital is one of the most valuable assets an organization possesses. Increasingly it is the quality of the people working in the organization that determines whether it outperforms its competitors and succeeds or fails. Not the price of its products, its manufacturing techniques, or its distribution network – although these are all an important part of the competitive mix.

Organizations are doing business in highly competitive global markets. They rely on the efforts of their staff to build and maintain relationships with their stakeholders, including their customers. Employees have a significant role to play in creating customer loyalty. Talented staff are the catalyst for change in organizations, they help detect threatening market signals, and reshape business models through innovation. An organization's people are the key to competitive survival and its ability to evolve and create sustainable success.

Capitalizing on human capital is not easy, though. For a start there is the challenge of attracting talented people. It is over a decade since global management consultants McKinsey, predicted a war for talent in business. That prediction has come true, and on a huge scale. Today, the talent wars are waged globally. Even at times of high unemployment, many firms still say that they cannot get the right mix of talented



people that they need. Most organizations have acknowledged the importance of human capital, in driving innovation, organizational effectiveness and competitiveness. Many have developed a strong focus on recruiting, nurturing, developing and retaining talent. Some have appointed specialist officers – chief talent managers.

The idea that organizations could unlock additional effort from their people, can play an important role in leveraging an organization's human capital. For example, when people want to do that little bit extra it sends the right signal to potential recruits. If people are willing to go the extra mile in an organization it suggests that they are happy with their work. Personal fulfilment through work seems particularly important for the most recent generations to enter the workplace.

This was brought home to me during one particular dinner in 2010 that I had with a senior partner from a large financial services firm. My dining companion explained to me how their firm had missed its target of graduate intake numbers. For this firm it was an extremely unusual event. Given the depressed jobs market I assumed that this must have been because the company were unable to find enough graduates of the quality that they were looking for. But apparently not. Instead, the hiring dynamic had changed. The graduates were, in effect, interviewing the financial services firm, and many graduates decided that what this firm had to offer did not match their expectations.

These young people were prepared and expecting to work hard for their eventual employer. But not unconditionally. They wanted the business to explain to them why they should give their precious time to this company, and not to another organization. It seemed to me then – and still does – that if

an organization could show that the people in the organization were fulfilled enough in their work to want to go the extra mile, it would persuade more graduates to sign up. (In conjunction with a clearly thought out CSR programme and a well signposted career pathway, that is.)

Not forgetting the need to get the most out of the existing workforce. Against a backdrop of stalling economic growth at best, and stagnation recession at worst, organizations are reducing headcounts, cutting overtime, and limiting worked hours, as they pare back costs. Few organizations are hiring in any number. At these times, more than any perhaps, organizations need every talented person they employ contributing at their maximum.

And there are many other benefits. A good example is the innovation impact. Innovation is another route to competitive advantage. Traditional in-house research and development is no longer enough to confer competitive advantage on firms. The pace of change is too quick, the resources required to make significant breakthroughs often too great for individual organizations to bear. Instead, companies are embracing cross-boundary networked innovation with a range of innovation partners. Here again, individuals who are willing to go beyond the compass of their normal activities – in order to search out novel value propositions, and build innovation relationships – are highly sought after and valuable to the firm.

## **Action beyond engagement**

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There is a specific term to describe the idea of additional employee input – Discretionary Effort – although it is a rela-

tively unexplored concept in academic research literature. Of course discretionary effort has always existed. When the master craftsman employed by Egyptian Pharaoh Khufu was giving the marble casing stones covering the Great Pyramid of Giza a little extra shine in 2560BC, he didn't realize he was dispensing 'discretionary effort' as such.

And so it has been ever since. In the meantime the management literature has picked up on associated ideas like employee engagement – very popular with HR directors more recently – while discretionary effort, a key employee behaviour, remains comparatively uncharted territory.

For a sense check, I canvassed the opinions of numerous senior executives, many in very well-known organizations. Was discretionary effort a concept they recognized? How important was it? The majority of responses backed up my hunch that this was an area well worth further investigation.

'Do I think it's important?' said one executive I spoke to, in a huge global organization. 'I think it's very important, and I would say, in our organization, we almost assume it. The organization relies on it and counts on it, and it's a source of competitive advantage. If you've got people who believe in a cause and will go above and beyond, whether it is hours worked, quality, determination when things go wrong, whatever form it takes, it's crucial. When I recruit people, that's what I'm looking for. It's as important as IQ, EQ, skills and competencies. So you look for it. When it's missing, it really shows.'

Or, as a senior manager in a large global business service organization explained: 'I think it's absolutely essential. Without discretionary effort, I think most organizations

would have major problems, and I think it's both a differentiator and it's increasingly an essential. Thinking of our own organization, the number of potentially tricky situations that we get into, that we then get out of, consistently, because either people or teams go the extra mile, it's phenomenal. If we didn't have people that were prepared to give discretionary effort, then we'd be failing as an organization. The number of times that it's a special effort, an extra effort, that makes a difference for our customer, and either remedies the situation, or wins a piece of revenue. It happens every day. So you can't do without it.'

A small number of organizations both recognized the importance of the concept and were taking steps to see if they could find ways of encouraging employees to give discretionary effort, or at least make it easier for them to do so. This might, for example, be tied to their existing employee engagement policies in some way. Or it may be connected to the company's values and vision, or other of its HR practices.

Some organizations linked the concept to their Corporate Social Responsibility agenda. Others were unfamiliar with the term, but thought the idea was a valuable one. As one person said: 'As a leader or manager of people, I've always tried to make sure that those people are working to their maximum potential, and then some. But I guess I've never really thought about it as discretionary effort.'

## **People power**

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Clearly, discretionary effort is a topic that deserves greater attention. After all, imagine if all employees behaved like the woman in the bank who finally fixed my problem, or the

company employees who battled through the snow and ice to make their deliveries. How powerful would that be? How much would that boost the reputation of a company? Think how it would raise performance across an organization.

Unfortunately, in most organizations, not everyone behaves this way. As many managers will recognize, getting some people to do even the simplest tasks is like pulling teeth, whilst other individuals surprise you with their passion and desire to deliver more than expected. One bunch of employees will go the extra mile for the business, are a pleasure to work with, and provide an extraordinary customer experience, yet others do just as much as is expected of them and not a bit more, or even less if they can get away with it.

These were the kinds of comments I heard repeatedly on my business travels supporting organizations at their leadership, sales and training events. The stories were in many different forms. They were told by people working in different sized companies, in dissimilar industries, across continents, in all kinds of functions and roles. Yet, despite their differences, the tale that they told was a broadly similar one.

Yes – there were people in their organization that frequently went the extra mile at work, while others didn't. Why was that? What makes the difference between semi-reluctant compliance and willing extra effort?

## **Engagement, discretionary effort and coercion**

It is important at this point to distinguish discretionary effort from employee engagement, a concept many companies have begun to take more seriously over the last decade. Commissioning an employee engagement survey to determine how

engaged your workforce is, is a fairly common practice in organizations these days. Many of the companies I spoke to do a lot of work around employee engagement.

Invariably, employee engagement survey findings confirm that the majority of employees are fairly engaged in the business. Great news for the organization in question. And usually the survey results also reveal that there are some areas that could be improved on, which in turn would increase employee engagement. Yet often there remains a sense that employees could contribute a lot more. That they want to contribute more, but maybe there is something holding them back.

It makes sense that organizations take measures to improve employee engagement. But maybe engagement is not the complete picture. What if employee engagement doesn't necessarily translate into productive useful action and behaviour? It seems perfectly possible to have an individual who is highly engaged in an organization, and yet does nothing more than what's already asked of them. The components which drive engagement do not necessarily encourage or lead to additional effort.

Discretionary effort is different. What if we could identify specific drivers that feed into discretionary effort; the factors that encourage people to go the extra mile? Then organizations could act on those drivers. For a start, they could measure their performance with respect to the different drivers of discretionary effort. They could identify those drivers where their scores were below par, and that would allow them to focus on improving those particular drivers. Equally, they would be able to identify areas where their performance was already strong and required less attention.

As well as identifying the drivers of discretionary effort it should be possible to construct a way of assessing an organi-

zation's overall discretionary performance. Then that organization could be benchmarked itself against other organizations, both in the same sector and outside.

I should emphasise at this point that I'm not interested in coercing people to do more. Of course it is often possible to squeeze a little bit extra from people under duress. But while the threat of the stick – whether it relates to job security or reward or remuneration – may work for a while, it is no recipe for creating a high performing organization. For most managers, it's neither desirable, nor sustainable. So it is not a question of *forcing* more from your people, and in the current difficult economic climate, organizations probably could not force much more from their staff anyway, even if they tried.

I'm also less interested in the direct encouragement of people to do more than usual through overt rewards, such as bonuses, prizes, rewards for targets and so on; although these definitely have their place in maximizing an organization's performance.

What I am interested in is whether it is possible to create the conditions within an organization that mean that people will do more than they are asked to, of their own volition. They behave in ways that go over and above the behaviour they are mandated to display. They do that little bit (or a lot) extra, without the overt promise of some organizational reward. In short, they give discretionary effort because they want to.

## **A different perspective on performance**

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I'm not alone in thinking that by improving the environments in which people work, we can improve performance – both for the individual and organization – over a range of measures. Or that some of the metrics we use to determine an

organization's performance, particularly some of the hard financial data, are not necessarily the most suitable for this purpose. In fact, when it comes to thinking about the well-being of a workforce, or a nation even, I'm in good company. Increasingly, policymakers and practitioners are engaging in a new debate, looking beyond the numbers when considering what constitutes success, whether that is at the level of the organization or national economy.

In France, for example, the government has been investigating ways to shift from measuring economic production to measuring well-being as a determinant of the prosperity of a nation. The government in the United Kingdom has also moved to include questions about happiness and well-being in the national household survey conducted by the UK's Office of National Statistics. And then there is the kingdom of Bhutan in the Himalayas, which has been measuring its nation's Gross National Happiness since the 1970s.

The recognition of academic excellence also reflects this change in thinking and attitudes. For example, Daniel Kahneman, a psychologist at Princeton University in the US, was awarded the Nobel Prize, partly for his expertise in hedonic psychology – studying what makes us happy or sad.

With this book I hope to add to the debate about how best to improve performance in organizations, and the wider economy. By focusing on discretionary effort and the factors that make discretionary effort more likely, *Beyond the Call* will enable organizations to create the conditions where people want to give their best at work, rather than just turning up because they have to. It provides organizations with the tools to achieve greater success, and with new ways of thinking about and measuring performance.