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SUPERVISING FOR RESULTS: A CASE STUDY FROM THE BUSINESS WORLD

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For a long time, I have been curious about how managers supervise teams of semi-autonomous professionals, especially within the context of education Supervising professionals who are protected by seniority or tenure has always seemed to me to be a relatively difficult, if not impossible, task. I have wondered how a manager could possibly encourage his or her subordinates to perform consistently at a high level of excellence over a long period of time My curiosity about these questions leads me to this case study.

Two years ago, in the course of my consulting practice, I became friends with a highly successful manager of a team of insurance agents within a large, national level, multiline insurance company. The friendship opened up doors to this manager's value and belief system. Having access to his values and beliefs allowed me to study his behavior in an effort to understand what he does to shape his team into a highly productive sales force.

I also studied this manager's behavior because the milieu that he manages in has characteristics similar to the environment in which education managers work. Specifically, in this insurance company new agents have a two-year probationary period as "trainee agents." This probationary period is analogous to the probationary period that teachers and professors must work through During this time, the trainee agents are carefully supervised by the manager and must respond to the manager's expectations in much the same way that new teachers and new professors strive to meet expectations held for them during their probationary period.

Another similar characteristic is the significant milestone of finishing the probationary period. In this insurance company, trainee agents who successfully meet all expectations are allowed to "come off contract"; the agents are no longer paid a salary by the home office and are now official independent contractors who are allowed to sell the company's insurance products Coming off contract is a significant milestone for trainee agents because it marks the completion of a challenging two years of training and the beginning of a career from which they cannot be fired (except for a few specific reasons). In education, we award tenure. In elementary, secondary, and higher education, teachers and professors usually earn tenure after a probationary period After

receiving tenure, educators generally cannot be fired from their positions (except for a few specific reasons).

A third characteristic is the agents' relative autonomy. Once trainee agents become full-fledged agents, they are considered independent contractors, they do not have to comply with management directives, nor do they have to respond to any expectations set by the manager. Agents do not have to meet any productivity quotas, they work a self-determined schedule and sell as much insurance as they desire. In education, tenured teachers do not enjoy this much autonomy, but they still have the opportunity to comply or not comply with their principals' or supervisors' sagacious advice. Many professors, on the other hand, have freedom similar to insurance agents. Tenured professors often set their own nonteaching schedules, work when they feel like it, and have the option of complying or not complying with directives from their chairs or deans.

Fourth, although the insurance agents are relatively autonomous, they still meet monthly as a team. During these meetings, the manager encourages them to set production goals (although no one is obliged to reach the goals) In education, we have department meetings, grade-level meetings, team meetings, and one-on-one meetings. During these meetings, supervisors encourage teachers to move toward production or process goals. For example, a production goal might be "We want to see the kids' achievement test scores increase by at least 10 points by the end of the year, I'm counting on you to help meet this goal." Or, in higher education, "We expect you to be published in at least two refereed journals each year." A process goal might be "Right now you are relying on the small-group discussion technique, I would like you to experiment with using at least one other model of teaching."

Because of the similarity of managing relatively autonomous insurance agents and managing relatively autonomous educators, I developed this case study about an extraordinarily successful manager who supervises a team of 19 insurance agents. Here I describe management behaviors that I believe at least partially account for his notably productive team.

THE METHOD

The customary data-collection methods for case studies are observations, interviews, questionnaires, and artifact analyses. For this case study, I relied primarily on observations and informal interviews but was able to use, from time to time, artifact analyses to supplement my primary sources of data.

My observations focused on the manager's directly observable behavior in business and social settings as he interacted with members of his team individually and in groups. I informally interviewed the manager and his agents. Artifact analysis consisted of reviewing newsletters and magazines from the insurance company's regional office that had articles about the manager and his agents and by analyzing production bulletins prepared and

distributed by the manager. An off-spin of artifact analysis consisted of listening to and analyzing war stories about the manager and his team. These stories, in fact, substantially enriched the data collected through other sources by adding color and depth to the data.

THE CASE

The Organization of the Insurance Company

The company has divided the United States into several regions that are usually organized by grouping states together. Sometimes a state is large enough to be a region by itself. A national central office is located in one state, and each region has its own central office.

Each region is subdivided into areas. Managers for each area work out of the regional office. Each area is subdivided into many districts. Each district has a manager. In this case study, the manager is one of these district managers Each district manager is assigned a group of independent agents; the group size averages 12 agents. This manager has 19 agents, one of the largest teams in his region.

The insurance agents work for themselves, not for the company. The company grants the agents the right to sell its insurance products. The agents write the insurance, collect the premium, and return the premium to the company. The company then remunerates the agents with commissions.

Remuneration is supplemented, rather significantly, by a system somewhat unique to the insurance industry. This system is called renewals. Whenever a customer renews his or her insurance, a percentage of the renewal premium is returned to the agent who first sold the insurance. As an agent's book of business grows in size, the number of people renewing their insurance each month also increases. With these renewals, an agent can earn a large amount of money without writing any new insurance policies. For example, some agents on this manager's team receive end-of-the-month renewal checks in excess of $10,000. Also, mid-month commission checks for new business may exceed $10,000.

The company also prides itself on providing its district managers with a good salary plan. This manager earns a salary calculated as a percentage of the total insurance premiums generated by his agents. Besides receiving this income every two weeks, he also receives a once-a-year bonus. This manager, for example, earns more than $200,000 per year and last year received a one-time bonus check of $63,000.

The company also remunerates its agents handsomely with commissions on new insurance sold and a percentage of the premiums for insurance renewed. The combination of commissions plus renewals generates some whopping salaries for the agents. For example, the 19 agents who work with the manager in this case study will gross $3.5 million in personal income this

year. The highest paid agent will earn $322,000; 7 others will earn more than $200,000; 10 will earn more than $125,000; and only 1 will earn $87,000. The average income is $194,444 for this year (of course, the average would be higher without the one $87,000 salary figure).

As independent contractors, however, the agents must pay for their own expenses out of the income they earn through commissions. Typical expenses include rent or mortgage, furniture and equipment, staff salaries and fringe benefits, telephone, postage, and transportation. In a small office with 1 agent and 1.5 staff members, annual expenses can run as high as $50,000. In a larger office with 2 or 3 staff members, annual expenses can run to $100,000 or more These expenses are paid from the agents' commissions Thus, if an agent grosses $194,000 per year and has $50,000 in expenses, the personal gross income is $144,000 per year.

Most agents on the team have been working for more than 15 years; 17 of the 19 agents are men, and 1 of the men is Afro-American. The 2 women are new to the team; 1 just finished her probationary period as a trainee agent, and the other woman is an experienced agent who transferred into the team from another state.

The Manager and His Team

The manager in this case study has a significantly superior track record for encouraging his agents to sell insurance. The agents are independent contractors and do not have to respond to production quotas. In fact, they can make a reasonable living just on their renewal commissions, and therefore, they do not have to sell a lot of new insurance policies—but they do Not only do they sell insurance, but they have broken sales records as well:

- This manager's team has sold at least $1 million of new life insurance every month for the last 16 years—a national record for the company.
- This manager is ranked third in the nation from among 1,192 managers.
- Last year, this manager was able to motivate his agents to sell enough life insurance so that all 19 qualified to win a trip to Maui, Hawaii, with flight and hotel accommodations paid by the company for the agents and their spouses—a "first-ever" national record for the company.

The Manager's Behaviors

During the last two years, I have identified behaviors of the manager that I believe account for his highly successful track record. To corroborate my findings, I shared them with the manager and asked him to confirm the validity of my observations. I also discussed my findings with selected members of the manager's team. I observed seven primary behaviors that I believe contribute significantly to his success:

1. *He helps his trainees to succeed.* The cornerstone of this manager's success is that he unfailingly helps his trainee agents to become successful

during their probationary period so that they come off contract financially successful. He often verbally expresses this behavior: "If you help enough people get what they want, they will help you get what you want." Stories about this manager are full of examples of this behavior. I have observed him in planning sessions with a trainee agent trying to figure out tactics to help the trainee achieve productivity goals, tactics that included having him go out on sales calls with the trainee. He is involved.

2. *He relies on and values loyalty.* A direct consequence of helping his agents, as trainees, to get what they want is that they each have a strong sense of loyalty to him. For example, some call him every Thanksgiving Day to express their heartfelt thanks for all that he has done for them. The agents' loyalty motivates them to help the manager achieve production goals for his district. His use of loyalty to achieve production goals is a hallmark of his management style. He relies on loyalty.

3. *He builds trust.* This manager speaks bluntly and in plain English. He says exactly what is on his mind. If an agent has bad breath, he tells him. If he thinks an agent is doing something wrong, he confronts her. If he thinks an agent is a one-of-a-kind jerk, he says so—right to his face.

Although he sometimes hurts feelings with his confrontations and blunt communication style, a somewhat unexpected outcome is that his people trust him because they know exactly where they stand in his eyes. They can predict his behavior, knowing how he will react in any given situation because he is so open in sharing his feelings and thoughts. He is authentic.

4. *He manifests an extroverted personality with a great sense of humor* This manager is significantly extroverted. He is a talker. He is constantly upbeat and full of energy when around people. In Myers-Briggs terms, he is an ENFJ (which means, among other things, that he is extroverted, depends on his intuition to understand and manage his world, bases his view of the world on personal feelings and values, and makes decisions quickly and without a lot of remorse). He is always moving among people—touching, teasing, verbally pushing. No one is a stranger to him. I have seen him warm to waiters, bartenders, and people sitting at an adjacent table; they, in turn, warm to him. I have never seen anyone quite like him when it comes to interacting with people. He is extraordinarily skillful at bringing people close to him, and this closeness makes people feel good about themselves and about him. The positive feelings that he generates, then, become somewhat addictive as indicated by some observable interpersonal jealousies among his team members when they see him spending more time with another agent. He thrives on interaction.

5. *He applies knowledge of the business.* This manager has been in the insurance business for more than 30 years. He knows the business. But more important, he knows the process by which the business is conducted: He

knows how to sell. He applies his knowledge of selling to the task of helping his agents to become successful.

He also loves the business. On more than one occasion, I have overheard him describe with much passion his devotion to the insurance company. He often speaks of his humble roots and impoverished job experiences before working for this company. He speaks of where he came from, relating it to where he is at and to where his agents are at (all are financially successful and profoundly better off than they were before they became affiliated with this insurance company). God protect the person who tries to denigrate the name of the insurance company within hearing distance of this manager.

He also uses his knowledge of the business to compile and maintain up-to-date production figures for each of his agents. He keeps the latest figures on a slip of paper in his wallet. Whenever he is socializing or in a meeting with an agent, he frequently brings out the paper and begins reviewing the agent's production to date. He also points out to the agent how other agents (unnamed, of course) are faring. Every month, he mails each agent a list of who is doing what in terms of production and projected income (income projections are anonymously listed, but the agents make a game of trying to figure out who is earning what). Thus, everybody tends to know what the others are doing in terms of production and income. The manager believes that this knowledge motivates the agents to sell more insurance. He really loves and knows the business.

6. *He creates an incentive to sell.* He uses a system of external rewards to motivate his people. One of his primary rewards is a yearly trip for agents meeting production quotas. He pays for agents' airfare and hotel room for a week in a select resort. If an agent has a superior level of production, he also pays for the spouse's airfare. He often slips a $100 bill to the spouse of a qualifying agent to be used as spending money. He usually takes 10 to 12 of his agents and their spouses each year to such places as the Cayman Islands and Aruba. Last year's trip took qualifying members of his team to the Crystal Palace in the Bahamas. (The cost of this trip, by the way, is not reimbursed by the company. It comes out of his personal income as a manager.)

Another reward he uses effectively is himself. His agents enjoy his company—they like having him around, and he likes being around. He'll take them to lunch or out for drinks. He'll visit their homes and bring small gifts for their spouses and children. He makes people feel good, and this feeling becomes addictive.

Because some agents have become addicted to his presence, however, when he is not with them some agents become jealous or develop hurt feelings. Thus, his agents often perceive his absence as a form of punishment. When agents do not produce as well as he thinks they should, he unconsciously punishes them by not socializing with them. As an extreme form of punishment, the manager has had an agent transferred from his team. One

transfer happened last year. He used the transfer as a last resort to remove a troublesome agent from his team.

His reward system works because his agents know what he is capable of doing. They know that he is generous and willing to help. They know that he will recognize superior achievement. They enjoy being around him. But they also know that he is fully capable of not rewarding them if their production does not warrant it.

7. *He maintains excellent relationships with his superiors.* This manager carries the same behavior seen with his agents over to his superiors. He teases them, verbally pushes them, jokingly insults them—and they, for the most part, love it. No other manager seems to have the same kind of panache that this manager has when interacting with his superiors. But the key to his superiors' acceptance of his personality is the documented fact that he produces results

THE MANAGER'S BEHAVIORS AND EDUCATION SUPERVISORS

This manager's behaviors are characteristic of effective leaders. The literature on leadership in education (e.g., Sergiovanni and Starratt; Alfonso, Firth, and Neville; Tanner and Tanner; Pajak; Hoy and Forsyth; Sullivan) suggests the importance of excellent interpersonal communication skills for supervisors.[1] The several beginning-teacher programs throughout the United States (e.g., the one in Florida) imply the importance of helping teachers to become successful before they finish their probationary period. In *Leaders: The Strategies for Taking Charge*, Bennis and Nanus discuss one characteristic of effective leaders. managing trust (which is related to relying on loyalty).[2] They also discuss how all the participants in their study had a commanding knowledge of their business.

Argyris and Schön espouse the value of communicating by using confrontation, meaning open and honest communication to point out issues or concerns.[3] Almost all the literature on the psychology of human needs (e.g., Maslow; Herzberg) points out that the key to intrinsic motivation—often

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[1]Thomas J. Sergiovanni and Robert J Starratt, *Supervision. Human Perspectives*, 4th ed (New York. McGraw-Hill, 1988), Robert J Alfonso, Gerald R. Firth, and Richard F. Neville, *Instructional Supervision: A Behavior System*, 2nd ed (Boston Allyn & Bacon, 1981); Daniel Tanner and Laurel N Tanner, *Supervision in Education Problems and Practices* (New York· Macmillan, 1987); Edward F. Pajak, *The Central Office Supervisor of Curriculum and Instruction Setting the Stage for Success* (Boston. Allyn & Bacon, 1989); Wayne K. Hoy and Patrick B Forsyth, *Effective Supervision. Theory into Practice* (New York. Random House, 1986), Cheryl G Sullivan, "Supervisory Expectations and Work Realities. The Great Gulf," *Educational Leadership* 39 (March 1982)· 448–451.

[2]Warren Bennis and B. Nanus, *Leaders The Strategies for Taking Charge* (New York Harper & Row, 1985).

[3]Chris Argyris and Donald A. Schön, *Theory in Practice Increasing Professional Effectiveness* (San Francisco: Jossey-Bass, 1974).

considered the only true motivation—is need recognition that, in turn, creates an incentive to act.[4] Similarly, change theory (e.g., Burke, Kanter) consistently identifies an early step in the change process as the "recognition of need."[5] Change agents are advised either to help their clients to perceive their needs and then help them take action based on those needs—which is a contingency approach to change (e.g., Lawrence and Lorsch)[6]— or to create a need, thus moving the client toward preselected and desirable goals—which is a normative approach to change (e.g., Likert, Blake and Mouton).[7] This manager based his behavior soundly on what we know about managing people.

Although the manager works in the business world, I believe I could magically transplant him into the shoes of an instructional supervisor, a school principal, an assistant superintendent, or a university dean or provost and he would manifest the same behaviors with comparable results. Not all the results, however, could be measured in dollars and cents.

CONCLUSION

This manager has motivated a large team of semi-autonomous, independent contractors to sell insurance at record-breaking levels for 16 years in a row. Seven observable behaviors largely explain his success. The related literature clearly substantiates this manager's behaviors as characteristic of effective leaders. In fact, only the behaviors manifesting his personality—the extroverted, outgoing people person—are not always consistently linked to effective leadership.

This case study illustrates basic principles of effective leadership being applied by a manager with 19 people under no obligation to listen to him or to respond to his expectations. Yet they do respond in record-breaking ways. I remain curious to know whether education managers could, or should, learn similar behaviors, apply them in their settings, and achieve similar quantitative or nonquantitative results.

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[4]Abraham Maslow, *Motivation and Personality* (New York. Harper, 1954), Frederick Herzberg, *Work and the Nature of Man* (New York: World Publishing, 1966).

[5]W. Warner Burke, *Organization Development. Principles and Practices* (Boston Little, Brown, 1982); R. Moss Kanter, *The Change Masters* (New York. Simon & Schuster, 1983).

[6]Paul R. Lawrence and Jay W. Lorsch, *Organization and Environment. Managing Differentiation and Integration* (Boston. Division of Research, Harvard Business School, 1967).

[7]Rensis Likert, *The Human Organization* (New York. McGraw-Hill, 1967); Robert R. Blake and Jane S. Mouton, *Corporate Excellence through Grid Organization Development* (Houston Gulf Publishing, 1968).