

THE ENTREPRENEURIAL REAL ESTATE
DEVELOPER'S USE OF DELEGATION

by

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ABSTRACT

The successful real estate development firm typically started with the ideas and energy of one or two entrepreneurs. The principal managed every detail of early projects, from market research through construction management to marketing. Staff was added by necessity, as the principal's ventures required more time than could be personally contributed. The entrepreneur was soon devoting as much time to managing the staff as to developing real estate.

Good professional managers delegate both responsibility and authority to their staffs in order to free up their own time for other activities, and also to develop and motivate their subordinates. However, the costs involved with delegation include the consequences of subordinates' errors and time spent to train the subordinate to do the task. Delegation is emotional; personal gratification may be foregone and egos bruised in developing others to carry out one's own proficiency. However, risks can be mitigated through proper monitoring and control techniques.

This thesis analyzes the entrepreneurial real estate developer's attitude towards and use of delegation within small firms. Interviews and survey questionnaires were used to gather data from four Boston-area development firms. Profiles of each firm are developed, and consistencies and contrasts within and among the firms are analyzed. Delegation is found to be strongly correlated with planned and effective strategies for company growth. Prior work experience is also found to influence the use of delegation. Management hierarchies are necessary for proper delegation. Where hierarchies don't exist, teamwork is used to achieve benefits similar to those possible through delegation.

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CHAPTER 1

INTRODUCTION

Real estate is often described as the last bastion of entrepreneurship. (Pyhrr and Cooper, 1982, p. 8) They state that

the inherent characteristics of real estate present the entrepreneur with numerous opportunities to generate extraordinary profits. If the entrepreneur can learn to carefully analyze and assert some degree of control over the physical, legal, social, and financial aspects of real estate, then a strategy that will increase returns relative to risks can be developed. (p. 7)

Pyhrr and Cooper identify three major roles within the active real estate investment process: builder/developer, packager/syndicator, and property manager. Although some development firms, if not most, involve themselves in each aspect of the process, this paper focuses on the first role. The primary objective of the builder/developer is "to realize a profit from the sale of real property, where the profit is measured as the difference between the sale price and the costs of producing the product sold." (Pyhrr and Cooper, 1982, p. 13)

Due to the greater risks involved at the earliest stages of the real estate cycle, development, as it includes land acquisition, zoning, or rezoning, has the greatest attraction for risk-seeking individuals. Typically, property development companies are thought to be the greatest risk-takers. (Byrne and Cadman, 1985, p. 7)

In "The Heart of Entrepreneurship," Stevenson and Gumpert (1985) note that entrepreneurship is not an all-or-nothing trait that some people or organizations possess and others do not.

Rather, they suggest viewing entrepreneurship in the context of a range of behavior. Pressures for the extension of entrepreneurship, they contend, tend to be external to the company. Limitations on entrepreneurial behavior tend to come from inside, the result of high-level decisions and the exigencies of hierarchy. (p. 86) They also see the commitment of resources as a major differentiation of entrepreneurial behavior. They note that

few successful real estate developers have architects, contractors, or even space salespeople on the payroll. Yet many of these organizations rack up extraordinary ROIs and ROEs. ... Entrepreneurs who are effective make the sparsest allotment of resources. (p. 88)

They further state: "Entrepreneurs learn to use other people's resources well while keeping the option open on bringing them in-house." (p. 91)

The principals or founders of the entrepreneurial development firms are considered by their staffs to be "visionaries" for their company's growth. These individuals do all the work in their early days of development, enjoying the detailed tasks and laboring long hours. Their roles change as the company grows, and difficulties are encountered in the creation and maintenance of a staff to carry out these same tasks. The visionaries adopt with varying degrees of comfort and ability the increasing role of manager and the decreasing role of doer. The firm may outgrow its entrepreneurial orientation and take on bureaucratic tendencies. When the staff which has been delegated increased responsibility and authority, their success may depend on the extent to which the principal is aware of this transformation.

This thesis focuses on development firms that espouse the

technique of maximizing the use of contractors and consultants while keeping a small in-house staff. The four Boston-area development firms that were chosen for analysis have small autonomous development staffs, although the corporate entities might be larger and comprise other, more labor-intensive divisions. All four firms use contractors and consultants to a great extent. Staffing is generally built as an extension of the principal's real estate activities, primarily in the areas of site acquisition and project management. The central focus of this paper relates to the principal's management of this small in-house staff to achieve the company's goals. It addresses the following questions:

- Are "textbook" delegation practices used in entrepreneurial development firms?
- What influence does the educational or professional background of the principal have on his* use and style of delegation?
- Does the existence of a well-defined business plan encourage the use of delegation?
- Does the growth strategy of the company influence the use of delegation?
- Can a firm's success be correlated with it's use of delegation?
- Does the principal consider the professional development of his subordinates in his use of delegation, and if so is this reflected in his daily work practices?
- What effect do the perceptions of the supervisor's use of delegation by the staff have on their own performance?

Chapter 2 is a survey of the relevant business literature. The

issue of what constitutes an entrepreneur and the general topic of delegation are reviewed. Chapter 3 outlines the field research methodology for this paper, detailing the selection and interview process for the firms chosen for investigation. Chapter 4 presents the results of the field research. The four companies' use of delegation are individually presented and analyzed. Chapter 5 compares and contrasts the four companies, using the literature as a framework for analysis. Chapter 6 presents the conclusions of the paper, answering the above questions. Appendix A includes the four survey questionnaires used to gather data from the subject companies.

* References to managers in dated literatures are almost always in the male gender. For that reason, and for the sake of editorial efficiency, male pronouns will be used in this paper to represent both male and female individuals.

CHAPTER 2

LITERATURE SURVEY

ENTREPRENEURSHIP DECANONIZED

"en-tre-pre-neur - n [F, fr OF, fr.

entreprendre to undertake] : one who organizes, manages, and assumes the risks of a business or enterprise." Thus does Webster's New Collegiate Dictionary (1979) define this recent trend in business management. This trend is explained by Kaplan (1987) in a Harvard Business Review article:

Entrepreneurship, as we all know, is in vogue. The 1980s have been a boom time for free enterprise, and the hero of the boom is the self-made man, the intrepid capitalist, the person who gets rich -- and makes everyone a little rich -- gambling on a new product or an innovative service. (p. 84)

As the 1980s close, the inevitable swing of trendy management theory builds momentum. In the series of articles collectively entitled "Entrepreneurship Reconsidered," both Reich (1987) and Kaplan (1987) attempt to downplay the importance of the maverick capitalist and elicit support for more focus on the organization. They point out the confusion and ignorance of reality that dramatized the role of the entrepreneur during the media blitz on capitalism in this decade. Kaplan comments that "[m]ost unfortunate is the notion that seems to have taken hold that entrepreneurship and management are in opposition to each other." (p. 84) He adds that it "might be conceded all around that the CEO manages a company that started out as the dream of some maverick entrepreneur." (p. 85) He quotes noted management specialist Peter Drucker:

"Entrepreneurship requires above all application of the basic concepts, the basic *techné*, of management to new problems and new opportunities." Kaplan continues that "the controversy over what entrepreneurs are is far more than a debate about how to run a business. It is about how to lead and who is to lead." (p. 89)

George Gilder, in his 1984 book The Spirit of Enterprise, defines the American entrepreneurial heroes: "Fighters, fanatics, men with a lust for contest, a gleam of creation, and a drive to justify their break from the mother company." (Reich, 1987, p. 79) Yet Reich claims that while Gilder is not exactly *attacking* management, "the books throws off, reflexively, an antimanagerial bias." (p. 87) Valentine (1973) adds:

In the days when an enterprise was dominated by a few powerful men, their reluctance to delegate authority in depth did not hamper the organization's effectiveness. But in today's typical company, inadequacies exist in the process of delegation that tend to magnify the harmful effects of an impersonal climate and indifference to ambition often found in the enterprise. (p. 4)

Stevenson and Gumpert (1985) note that "Managers describe entrepreneurship with such terms as innovative, flexible, dynamic, risk taking, creative, and growth oriented," while "the popular press" often describes the term as "starting and operating new ventures." (p. 85) For the purposes of defining entrepreneurship for this thesis, a combination of the two ideas are used. As explained in Chapter 1, real estate development attracts risk takers. Also, developers generally contract out the specialties of the business and maintain no in-house staff for tasks such as legal, design, engineering, and construction services. Thus, meeting these

two criteria qualifies the firm as entrepreneurial, unless a predominance of other non-entrepreneurial factors exists within the firm. These might include the inability to set the firm's own course, or employing a strategy to joint venture or otherwise sell off the riskier aspects of development. An orientation towards growth is the next important criterion for inclusion.

SMALL BUSINESS GROWTH

Development firms may lose their entrepreneurial orientation as they grow. Accumulated wealth may discourage the principals from risking capital on development projects, and may decrease risk through joint ventures and changes in business strategy and structure. The organization becomes more bureaucratic through the expansion of the development staff. This may require establishing levels of middle management, writing job descriptions to prevent duplication of activity, and divisionalizing the company. In "The Five Stages of Small Business Growth," Churchill and Lewis (1983) define the distinct phases through which a small enterprise progresses:

- I. Existence
- II. Survival
- III-D. Success - Disengagement
- III-G. Success - Growth
- IV. Take-off
- V. Resource Maturity

They explain that the management factors crucial to the company at the Existence stage include the owner's ability to perform the business tasks, the matching of business and personal goals, and

access to business and financial resources. Management needs during the Survival stage do not change significantly, but do so during the Success stage. At this stage a company either marshalls its resources for growth or maintains its market position. The owner's ability to perform tasks becomes less critical, while his ability and willingness to delegate becomes more critical. Likewise, the quality and diversity of the staff, strategic planning, and systems and controls become more important. These trends continue through the Take-off stage. Churchill and Lewis (1983) continue:

Small businesses are built on the owner's talents: the ability to sell, produce, invent, or whatever. The owner's ability to delegate, however, is [not critical], since there are few if any employees to delegate to.... As the company grows ... [t]he inability of many founders to let go of doing and to begin managing and delegating explains the demise of many businesses in substage III-G and Stage V. 'Doing' versus 'delegating' also requires a flexible management. Holding onto old strategies and old ways ill serves a company that is entering the growth stages and can even be fatal. (p. 42)

Rimler and Humphries (1980) concur, noting that "the imaginative qualities in the individual may become seeds of self-destruction as the business develops and grows." (p. 6)

DELEGATION - BRIDGING THE GAP

Delegation is a management practice which fills the pages of textbooks and articles. All managers delegate to some extent, but their style of delegation and the attention paid to it vary considerably. Delegation entails two aspects: delegation of responsibility and delegation of authority. We shall see later that the delegation of authority is the more difficult of the two. However, Valentine (1973) points out that the "most striking

characteristic of authority is that it can be multiplied by the act of delegating it to others" (p. 11). Proper delegation of authority is credited with enabling managers to work efficiently, productively, and towards a more successful future.

A few definitions are necessary at this point. Although many versions are found in the literature, Gardner and Davis, in The Art of Delegating (1965), define a set of related ideas which will be useful later in analyzing the research data.

DELEGATION: Giving others the authority to act in your behalf, accompanying it with responsibility and accountability for results.

RESPONSIBILITY: The job you and your organization are given to do -- as one company phrases it, 'the duties of a position.'

AUTHORITY: The right to make decisions, take action, and give orders.

ACCOUNTABILITY: Your liability to your superior and your obligation to accept responsibility and use authority. (p. 2)

Business success can be and has been achieved despite poor management practices by many companies, including real estate development firms. Can companies exist and even grow, then, without utilizing textbook levels of delegation? Is it just a matter of personal style for the top and middle managers? The following section surveys the literature on the issue of delegation.

A series of books and monographs addressing the issue have been published by groups such as American Management Associations and The

Presidents Association. In addition, journal articles have discussed the topic in varying degrees of complexity. I will first discuss these books and articles, grouped in "tiers" by their level of complexity. I will then present examples of the practical use of delegation by successful executives, both in and outside of real estate.

The management literature contains scores of short articles preaching the use and tenets of delegation. Articles with titles like "The Art of Delegation," (Sheppard, 1984); "Delegation: Key to Management Success," (Kelly, 1986); and "How to Delegate Successfully," (Caruth and Middlebrook, 1983) regularly appear in various trade and management journals. These first-tier articles stress the benefits of delegation for time-management and staff development reasons. "Everyone wins as a result of effective delegation" (Huffmire, 1984, p. 32), is a typical conclusion drawn from these articles. The company, the manager, and the subordinate all win. No attempt is made in these articles to differentiate the level of either the manager or the subordinate. The assumption is made that delegation can work effectively at any level.

A second-tier of articles appears in these same journals. These begin to address the complexities and difficulties inherent in trying to implement the first-tier articles. "Why Supervisors Don't Delegate...," (Hollingsworth and Al-Jafary, 1983); "Delegation: It's Harder Than it Looks," (Brill, 1979); and "Ineffective Delegation: Symptom or Problem," (Savary, 1985) study examples of poor or non-existent delegation. Conclusions are generally no different than those of the first tier. Hollingsworth and Al-Jafary quote

Andrew Carnegie: "When a man realizes he can call others in to help him do a job better than he can do alone, he has taken a big step in his life." (p. 12) These articles begin to get into the psychology of managers and subordinates, personal goals, and corporate culture.

Michael (1979) succinctly summarizes basic pros and cons of delegation:

If we ask why some managers are reluctant to delegate decision-making power to subordinates, we can only assume that they must perceive the costs involved in delegating -- the consequences of subordinates' errors -- as being higher than the benefits -- an improved managerial division of labor, more time for the superior to control operations, higher motivation for subordinates, development of subordinates' decision-making capabilities, etc. (pp. 41-42)

Very little emphasis in this literature is on the entrepreneur. Authors imply that managers at all levels should delegate authority, although references that this is more difficult at the higher levels of management are not uncommon. The entrepreneur is very different than the bureaucratic manager, however. Rimler and Humphries (1980) proffer that "delegation is seen as essential to large companies but often appears optional to small business people." (p. 18) The motivations, skills, and open-mindedness are especially varied. Rimler and Humphries (1980) also point out the emotional nature of the entrepreneur's use of delegation:

[T]o the small business person, delegation is not merely a job description phenomenon -- it is a very personal process. For the small business manager is not delegating job duties; he is, in a sense, delegating part of himself. (p. 18)

Literature constituting the third tier delves more deeply into the subject of delegation. It investigates the mindset of the

managers, either through personal experiences, or through case studies or statistical survey and analysis. Derek F. du Toit (1985), who ran his own company for 12 years, related how his strong enthusiasm about the business may not have been shared by others, and so the personal motivations differed:

As I became more and more aware of my entrepreneurial orientation toward the task at hand rather than toward the finer feelings of the people I worked with, I concluded that I would have to reduce the intensity that everyone but I saw in my approach to getting the job completed. (p. 55)

Timothy Firnstahl (1986), a successful restaurant entrepreneur, encountered four problems in trying to delegate. He noted that these were "my" problems, not his company's. The first "and most obvious problem was watching someone mess up a task I could do easily in half the time." The remaining three were: shifting from the role of specialist to that of generalist, thereby "surrendering the greatest pleasures of my professional life"; restraining his competitiveness by teaching and letting others become the experts; and learning the new, uncomfortable job and art of leadership. (p. 14)

In their classic 1958 article, "How to Choose a Leadership Pattern," Tannenbaum and Schmidt describe a continuum of leadership behavior. The range of behavior runs from the manager making a decision and announcing it, to subordinate-centered leadership where subordinates are given almost free reign to decide on a solution. They contend that a manager decides on a strategy after considering three forces:

1. Forces in the manager;

2. Forces in the subordinate; and
3. Forces in the situation.

Their 1973 update to the article described a fourth set of forces, those lying outside the organization.

Matthews, in his 1984 article "Run Your Business or Build an Organization?," points out that delegation is not vital to the success of all companies. However, he discusses the importance of delegation to growing firms.

Delegation is one of those tasks that breeds guilt feelings in managers of smaller, growing companies. Managers know that, as their businesses increase in size and complexity, delegating is a key to effective management. At the same time, principals of smaller companies who have tried delegating also know how difficult it is to carry out successfully. So, rather than press ahead with the task, many managers simply fret about the need to delegate and do nothing about it. Often their businesses continue to provide comfortable life-styles.

But ... there is a significant difference between running a business and building an organization. The business owner who doesn't delegate effectively is essentially a prisoner -- as soon as he or she steps away, the business crumbles. The owner who entrusts authority to others creates opportunities to expand the business materially or to start new ventures. (p. 34)

So delegation is seen as necessary for growing firms. However, Valentine, in "Initiative and Managerial Power," (1973) notes a major difficulty in utilizing it:

[B]asic human traits often are in conflict with the act of delegation. Giving up one's authority to a subordinate is by no means a completely natural act; having contrived to secure it, our instinct is to hold on to it, even though we may concede to the logic that the delegation of authority will result in benefits. (p. 3)

The concept of running a business or building an organization

is crucial for firms of all sizes. It forces the principals to focus their thoughts on what are the goals of the company, and to what end they might be expanding their staffs.

Once the need to delegate has been established, articles on styles of delegation provide further analysis. In "How to Stay on Top of the Job," James Harrison, Jr. (1961) analyzes the behavioral styles of delegators. He begins with the premise that all executives delegate, but with varying degree of success. He professes that auditing the delegated job is critical to its success, and that "...only by selecting a style of delegation that [works] can an executive keep his hand in sufficiently to protect his accountability." (p. 103) He identifies nine methods whereby a manager can follow the progress of his subordinate. His survey of successful executives revealed that the choice of method(s) is situation-dependent. Whereas lower-tiered articles discuss the time savings of delegation, Harrison relates the style of delegation to the time or resources that the manager chooses to allot to the auditing task:

The final selection of a method of auditing, then, is a matter of compromise, a matter of weighing the following five considerations and resolving them to a solution:

- How important is this job? What are the costs of imperfect final results?
- How much time and money will it take to make the optimum measurements and audit?
- Do I have this much time? Must I make the time available?
- Can I interrupt this project to make an evaluation? For how long? How important is the deadline for completion?
- How much faith do I have in the man carrying out this project?

The successful executive, he continues, asks himself the

following:

What compromise, if any, must I make between the optimum style of delegation and other effective methods because of limits of time, effort, or money? Or, in other words, how important is it to do this project perfectly? (p. 106)

Charles Perrow, in "The Bureaucratic Paradox: The Efficient Organization Centralizes in Order to Decentralize," (1977), addresses the three levels of control in an organization that managers have over subordinates. First-order controls comprise rules and regulations; second-order controls entail standardization and specialization; and third-order controls are the shaping of premises. He notes that "the more bureaucratized an organization, the more possibilities there are for decentralization of decision making." (p. 9) He feels that third-order controls are more crucial at upper level tasks:

[S]omething special is required at this level, and it is perhaps one of the most powerful of all control devices -- indoctrination into the values of the large systems that sustain the particular organization.... [T]op management relies on a host of scattered traces of the employee's life and values -- social background, speech patterns, lifestyle, house, ability to drink or graciously decline. Sheer technical competence is not enough, perhaps not even important ... whenever these general premises are at stake. (p. 13)

Only with these controls in effect, he claims, can and should delegation occur. When the manager is comfortable with the values of the subordinate, he should trust him with decision-making authority:

The problem with most organizations ... is that at every level management is not aware of the potential it possesses for extensive

control, so it is afraid to delegate. But the very failure to delegate erodes that control. (p. 14)

McConkey, in his book No-Nonsense Delegation, (1974) provides some of the framework for analysis of the field data that is presented in Chapter 4. Four steps of the delegation process, loosely modeled after the teaching process described by Day (1983, p. 919), will be analyzed for each task delegated. These steps entail:

1. Instruction and shaping the task;
2. Monitoring;
3. Critique/Feedback; and
4. Results.

McConkey (1974) relates that agreement is necessary on six facets of the task being delegated:

- A. Scope of the job (responsibility);
- B. Specific results to be achieved (accountability);
- C. Time schedule;
- D. Authority needed to carry out the delegation;
- E. Means used to measure performance (control and feedback); and
- F. Superior and subordinate each accept the duties. (p. 47)

McConkey (1974) also provides a framework for evaluating results, which also should be used by the supervisor in monitoring and for critique/feedback. The following aspects should be included in the evaluation.

1. Quantitative aspects.
2. Qualitative aspects.
3. Deadline considerations.
4. Proper allocation of time given to objectives.
5. Type and difficulty of objectives.
6. Creativity in overcoming obstacles.
7. Additional objectives suggested of undertaken.
8. Efficient use of resources.

9. Use of good management practices in accomplishing objectives.
10. Coordinative and cooperative behavior. (pp. 202-203)

These items will also be used in the analysis of the managers in Chapter 5.

WHY CROSS THE DELEGATION BRIDGE?

As the small firm grows in staff and in number of projects, the entrepreneur no longer contrasts his job situation with that of working for someone else, but rather looks at his duties as a manager versus a doer. Figure 1 presents the characteristics of the person who works for himself, and of the person who works for others. The fourth column in the figure presents reasons why the entrepreneur may not want to delegate -- as he crosses the bridge from his one-man show to managing in an "organizational" world.

One notices from Figure 1 that the process of delegation takes the individual across the bridge from the entrepreneurial framework to the organizational framework. Except in the areas of risk and venture, which are discussed below, the entrepreneur who has grown his firm exhibits many of the characteristics of one working for others. If delegation does in fact "bureaucratize" the entrepreneur, why then should the person feel comfortable acting in this mode?

The difference may lie in the risk parameter. The risk of spoiling one's reputation, or losing one's capital or job, are not lessened through delegation. We first define risk as the variability of an outcome with a consequence. The risk can only increase, then, as the variability of outcomes is increased as a different, less experienced person assumes responsibility for the

Figure 1

ENTREPRENEURIAL CHARACTERISTICS
(modified from Rimler and Humphries, 1980, p. 3)

	Works for oneself	Works for others	Delegation -- Crossing the bridge
Achievement	Depends on one's own ability	Part of "system" that may be more important than individual ability	Dependent on others' ability
Risk	Reputation, capital	Relatively small when one conforms to the system. Dismissal in extreme cases	Reputation and capital at even greater risk as control decreases
Attention to detail	Ultimate responsibility [necessary]	Controlled, to some extent, by those above in the hierarchy	Pass responsibility to others
Commitment	Total, always on call	Limited (9:00 am - 5:00 pm)	Desire to lessen commitment
Time management	Left to one's own devices	Controlled by company policy	Free up time to develop company policy
Control	Wants to control one's own activities	Willing to allow control by others	Should not control subordinates' activities, only their goals
Venture	Looks for fresh ideas and new ways of doing things	Often depends on tradition; not usually willing to experiment	Free up time to think up new ventures

outcome. The consequence generally remains the same: some degree of failure.

The decision for an entrepreneur to delegate is thus made in the face of two unappealing prospects. The first is the "bureaucratization", the fear of building a staff large enough to require management, reporting and feedback systems, and impersonalization of the work environment. The second is the fear

of failure. The challenge for the small developer is to develop a management style which avoids both traps and thus excites the entrepreneur and at the same time keeps him out of bankruptcy court.

The true entrepreneur may not be comfortable managing the organization he has set up. It is indeed difficult to maintain entrepreneurship in a larger company, as Churchill and Lewis (1983) note:

The corporation must expand the management force fast enough to eliminate the inefficiencies that growth can produce and professionalize the company by use of such tools as budgets, strategic planning, management by objectives, and standard cost systems -- and do this without stifling its entrepreneurial qualities. (p. 40)

Perhaps the framework for entrepreneurship is wrong. Returning to Reich, perhaps the spirit is already captured in the company:

The entrepreneurial organization is both experience-based and decentralized, so that every advance builds on every previous advance, and everyone in the company has the opportunity and capacity to participate. (p. 80)

Two statistical studies which investigated the process of delegation. The authors of both studies point out how little empirical research has been done on the subject. Cosier and Aplin (1980) studied the effect of delegated choice on performance. They examined two hypotheses:

H₁ Individuals who are delegated choice over their work schedule will make higher quality decisions (greater accuracy) than those who are assigned their work schedules.

H₂ Individuals who are delegated choice over goals will make higher quality decisions (greater accuracy) than those who are assigned goals. (p. 583)

Their research methodology entailed using voluntary subjects in a modeled business environment. Subjects could choose or be assigned goal choices ranging from "not very challenging" to "very challenging". Scheduling choices could also be made by subjects. A control group of subjects was assigned goals and schedules. It was found initially, "subjects who were given a choice over the type of goal predicted significantly better than subjects who were assigned a goal." They found, however, that "over time, information from the task itself became more important than the delegated choice over goals." (p. 592) The choice of scheduling tasks had no correlation with performance. The fabricated business environment in this study and the methods used to measure performance were very crude. The following study better measures delegation practices in the office.

In "Predictors and Consequences of Delegation," Leana (1986) developed and statistically tested seven hypotheses. Five made predictions about the level of authority that might be delegated to subordinates, while two concerned the consequences of delegating tasks. She surveyed 19 branch offices of a national insurance company through questionnaires and archival performance records. Degree of delegation was measured by the settlement authority levels assigned to all claims adjusters by their supervisors. "These settlement authorities represented the dollar amounts for which they could award damages on claims without consulting their supervisors and obtaining approval." (pp. 762-3) Subordinates' performance was measured by their settlement ratios and their average cost of claims.

Leana found that supervisors' characteristics contributed

little to explaining variance in levels of delegation. She did find, however, that supervisor's perceptions of subordinates and two situational characteristics, decision importance and supervisors' workload, were significant predictors. Together, though, the five hypotheses explained only 15 percent of the variance in the levels of delegation. (p. 766)

Leana was able to explain 51 percent of the variance in job performance. Previous job performance was strongly correlated, as was the congruence of the subordinate's goals with his supervisor's. Her conclusions bring new insights into the study of delegation. Two areas of her focus are included in Chapters 5 and 6 of this thesis. The first is that situational constraints, rather than the predisposition of the supervisor including his need for dominance and role perception, influence the supervisor's delegation traits. The second area was in the organizational distinction between delegated authority and participative decision making. While past research has shown a positive relationship between subordinates' participation in decision making and their satisfaction, while no effect on performance has been clearly shown. Leana's research has shown the opposite: delegation was a significant predictor of subordinate's job performance, while no relationship was shown to exist between delegation and job satisfaction. (p. 770)

THE BUSINESS LEADER AS DELEGATOR

This section contains quotations from and about successful business leaders. After studying chief executive officers, Levinson and Rosenthal defined leadership as follows:

The leader: (1) is able to take charge;
(2) has a strong self-image and a powerful ego

ideal: (3) interacts with customers, employees, and other constituencies supportively; (4) provides permission to take risks; (5) is a thinker as well as a doer. (Horton, 1986, p. 5)

Bennis and Nanus describe the four areas of competency that leaders share:

[T]he management of attention (each having a vision for the future); the management of meaning (each presenting his or her visions with great clarity); the management of trust (by demonstrating their reliability and tireless persistence); and the management of self (viewing themselves positively and inspiring positive feelings in others). (Horton, 1986, p. 5)

Although these traits do not include delegation specifically, the presentation of the vision implies execution by others. Let's look at the attitudes that these business leaders have towards delegation. In his book, "What Works for Me", Horton profiles sixteen chief executive officers of corporations and institutions. Their insights into motivating and developing people provide clues as to how they got to the top of their organizations. Although not all sixteen concur on delegation techniques, the following excerpts provide a baseline against which to contrast the styles of the development leaders surveyed in Chapter 4 of this thesis.

James Burke, CEO of Johnson & Johnson:

[With] top management people, [I hope] that they will make the right decision...and...that I will not have to make that decision...It has to be their choice. Your people [need to] believe and know that they're running their own operations. If you don't encourage this kind of environment, then when you do get tough, your people will say, 'Well, that's the way they want me to do it, so I'll do it that way.' But if they know they have the right to fight back, you're much less apt to get into a position of dominating their decision,

and that's the real key. If you do become too dominant, more than once or twice, your best people will go somewhere else." (Horton, 1986, p. 32)

Marisa Bellisario, CEO of Italtel:

[O]ne should be careful not to reduce the responsibility of those who have it. I believe that my general manager ... should be responsible for giving direction and control over its own operations, and therefore I do not change any decision which they have made.... (Horton, 1986, p. 51)

[P]eople are more important than organization, and smart people are very important. It is really the most frustrating thing to have to deal with boring and stupid people. As long as you can operate with smart people and with efficient people ... you can deal with almost any problem.... (p. 52)

I have tried to decentralize the organization. I believe that I delegate, but many people tend to believe that I do not delegate as much as I think I do, for in some ways I stay very close to many problems. I try never to take decisions with people who do not report directly to me, but sometimes people feel I am giving them direction. (p. 54)

Peter Scotese, Chairman of Springs Industries:

I believe also in delegation. I used to attend division manager meetings but decided that they were affecting me too much. I would think, 'If I were running this meeting, I would do it in a different way.' So I just stopped going, because I did not want to tempt myself to second-guess the division president. I believe in letting people have lots of freedom in their operations. But at some point I have a tendency to come down pretty hard and sometimes irrevocably. That goes back to my old trait of directness. (Horton, 1986, p. 149)

Theodore Hesburgh, President, University of Notre Dame:

What I tell each vice president is this: 'I want you to find the very best people you can find, but you're going to have to choose and appoint them, since you are going to work with the people you select. If they're successful, you're going to get the credit for the success of that operation, and if you pick the wrong

people, who are unsuccessful, you're going to take the blame for it. I'm not going to take credit from you, and I'm not going to take the blame for you.... (Horton, 1986, p. 161)

I try to delegate everything that should be delegated, right down through the organization. I swear I could leave this place today without notice and be gone for two weeks, and the place would be running like a top on my return. Everybody is doing his own job. (p. 162)

These business leaders, then, understand the value of hiring good people. The ability to delegate flows from their confidence in their staffs. Rimler and Humphries (1980), concur:

Successful small business managers solicit decision input from employees, and they also rely on the judgment of subordinates wherever and whenever it is practical. A willingness to rely on others springs from faith in one's own judgement. A small business entrepreneur who believes in his or her own decision-making ability is in an excellent position to rely on the legitimate judgment of others. (p. 8)

As will be seen in Chapter 4, developers often compare themselves to high-tech firms. Many mentioned Digital Equipment Corporation. In his speech "Entrepreneurship does not Preclude Integrity," (1987) president Ken Olsen discussed delegation of responsibility. "When people have complete responsibility for their part they do very well. [T]he effectiveness of people in charge feeling responsible, feeling creative, is truly impressive. (p. 7) He noted that "[f]ew entrepreneurs survive very long, either because of success or because of failure.... people start companies and success almost completely destroys entrepreneurial spirit." (p. 7) He suggested that "one of the most satisfying things is to pass on to others, to help others to be creative to take responsibility, to be challenged in their jobs ..." (p. 7)

Donald Trump, the reigning real estate magnate, presents a different persona. "He is a very hands-on manager," said his senior vice president. "His attitude is that when you're too busy to handle the details, it's time to close the store." (Norman, 1987, p. 95) He was described as being "an entrepreneur and a dealmaker caught in a quagmire. He gets into [details] that take too much of his time. He'll grow out of it. But he's got to make that quantum leap while he's hot." (p. 94) His associates say that "his detail-oriented management style will limit his ability to grow." (p. 94) "His name is on the [Trump Parc] building, and he takes it personally." (p. 99) We shall see in the following chapters whether this style is more typical of real estate developers than of corporate business leaders.

CHAPTER 3

RESEARCH METHODOLOGY

The intent of the field research for this thesis was to document and analyze the use of delegation in a small number of similar entrepreneurial development companies. No one hypothesis was created for testing. Rather, organizational research with no predetermined answers was employed. Daft (1983) noted that "landmark studies" in behavioral science "often approached the problem as an open-ended question to be answered rather than as an hypothesis to be tested." (p. 540)

In developing a research strategy, two different research techniques were considered and rejected. An objective data collection survey of a statistically significant sample of firms was rejected for two reasons. The availability during the summer months for personal interviews at some twenty firms seemed unlikely, and mail-in or telephone interviews would not likely be answered. The feeling of the company's culture would not be captured in this way. On the other extreme, the concept of researching only one or two companies in depth was also rejected. This would require many hours of on-site interviewing and observation; developers would not make this time available. In addition, a fine-screen pre-selection process to identify an ideal, "representative" firm had not been established.

The technique of researching a small number of firms was thus chosen. Daft (1983) notes that "contact either in the form of visits and observations or perhaps through descriptive case analysis

provides the intellectual raw material for useful theory." (p. 544)
This thesis describes the use of "textbook" delegation and compares and contrasts it to the practices in entrepreneurial development firms.

A list of 25 real estate development firms in the Boston area was developed for potential field research. The list included 15 past or current members of MIT's Center for Real Estate Development, and 10 non-affiliated firms. The geographical restriction was chosen to make data collection easier, and also to preclude differences in management styles due to local or regional influence. Firms where contacts existed and those known to be receptive to educational research were contacted first. If they were unavailable or refused, other firms on the list were contacted. In all, fifteen firms were contacted in order to secure interviews with four.

Firms were required to either be independent businesses or be branch offices of larger firms with enough local autonomy and entrepreneurial direction to behave as an independent business. Firms were further screened to include only those whose primary business was development, although they also may be active in property management, brokerage, or syndication. Firms involved in these other areas were required to have a formalized Development Division or similar group. Managers who had jurisdiction over more than one group were asked to focus on their development activities and staff.

Preliminary attempts to restrict the interviews to nearly identical firms failed due to lack of similarity among firms. Attempts to match the size of firms willing to participate, the

dollar volume of their work, and their product mix proved impossible. Firms were screened to identify those which had a three-level hierarchy, comprising:

1. A strong, "visionary" leader, preferably the firm's founder and/or long-time partner;
2. A development director or project manager reporting directly to the above; and
3. A junior or assistant project manager, research assistant, or analyst who reports directly to the middle manager.

The primary emphasis in this thesis is on the first two of these levels. As discussed later in this section, the use of this hierarchy in the surveyed firms did not develop as originally hypothesized. Data on the assistant project manager level is presented only for companies where a true hierarchy exists and delegation to that level was demonstrated.

Once the firms were identified, the format of the organizational research was decided. The research would be qualitative; subjects would be interviewed about the use of delegation within the firm. Delegation profiles would be developed, similar to the "action profiles" developed by Ramsden (1973). While she constructed these profiles through qualitative analysis, the profiles developed in this thesis used quantitative inputs. Questions which could be scored to determine the level of delegation were assembled into three questionnaires.

These questionnaires were assembled from the many checklists contained in the literature. Each checklist was intended to help

the manager determine whether or not he was an effective delegator; all questions had a yes or no answer which indicated good or bad delegation tendencies. The surveys contained in Appendices A2 and A3 were assembled from the questions thought most provoking and most relevant to the current research. These would be asked of both the supervisor and one or two subordinates in each firm. Two results were desired for analysis: The total number of responses indicating good delegation practices, and agreement between the supervisor and the subordinate that good delegation is occurring. The hypothesis was developed that this agreement between supervisor and subordinate may be more critical to a firm's success than the absolute level of textbook, "good" delegation practices.

Separate interviews with each of the twelve participants were conducted. Interviews took place at the home or local office of the firm. One interview was conducted at a restaurant. Most participants were aware of the thesis topic beforehand, although an absence or the selection of a more suitable person for interviewing occasionally brought an uninformed individual into the process. All participants were told that the topic of the thesis was the use of delegation in entrepreneurial real estate development firms.

Interviews lasted from one-half hour to one-and-one-half hours, and were tape recorded with the subject's permission. All subjects consented. All questions were read to the subject, and a response requested. Although the interviewer's intonation or other unavoidable personal influences may have biased responses, it was thought that better cooperation would be achieved through structured conversation than by leaving the individual to fill out the

questionnaires themselves.

First, questions from "Specific Delegated and Non-Delegated Tasks" (Appendix A1) were read one at a time. Managers were asked to relate a specific instance of delegation to the subordinate in question. The task was requested to be something which would not automatically fall within the subordinate's job description, but rather something the manager thought about and made a conscious decision to delegate. Occasionally, suggested tasks were rejected because they did not meet certain criteria, and subjects were prompted for another task. These rejection criteria included: the task was not development related, not substantially completed, or too trivial for analysis. Only key ideas were written down at the time in order to effect smoother conversation. Second, the questions from "Are You an Effective Delegator" (Appendix A2) were read to the subject, and yes-or-no answers requested. Answers were checked yes, no, or neither when the subject was undecided, or when elaborations made the answer too subjective for definitive recording. Third, the items from "Possible Reasons for Minimum Delegation" (Appendix A3) were read, and answers on a 1-to-5 scale were requested. Subjects were prompted with choices where definitive answers were not immediately provided.

Finally, three quotes from the literature (Appendix A4) were read to the subjects, and they were asked to comment or react to the quotes, either in the context of their firm or generally. Again, key notes were recorded by the interviewer; other comments were tape recorded and later transcribed. The free flow of ideas was encouraged at this point in the interview; the more objectives

questions had been answered without previous consideration of delegation activities which might influence a subject's response.

Subordinates underwent interviewing similar to the managers, but generally to lesser depth. Occasionally, the subordinate was interviewed before the manager, and therefore supplied the task to be discussed under "Specific Delegated and Non-Delegated Tasks. Questions from "Are You an Effective Delegator?" were posed and asked to be answered in reference to his supervisor. "Possible Reasons for Minimal Delegation" questions were similarly framed. Questions from Appendix A4 were asked only of subordinates thought to understand management's philosophy of business. The four individual survey results are presented in the Chapter 4. Chapter 5 summarizes the results and compares and contrasts the four firms.

In "Learning the Craft of Organizational Research," Daft (1983) dispels the myth that successful research should come out as predicted. True to his notion, many surprises were encountered in this research. The original idea to investigate three levels of hierarchy within firms proved difficult. Even firms that asserted that this structure existed were not always conducive to such analysis. The idea that "A delegates to B, and B delegates to C", seldom materialized. Quantitative data concerning the second level of delegation ("B delegates to C") could not be consistently obtained. Instead, attitudes about this level of delegation were discerned through interview responses. The focus shifted to the corporate culture which pervaded the firm. Thus, Chapter 4 presents this information only where the second level of delegation existed, and is presented qualitatively.

Each firm is described in the next chapter as follows. First, a brief summary of the firm is presented. To ensure confidentiality of the subject firms, fictitious names are used for both the firm and the individuals. All individuals are presented as males to further obfuscate identities. Company histories may be modified somewhat, but care was taken to ensure that facts relevant to the thesis, such as an individual's work history or length of time with the organization, are accurate.

Second, a section on the company culture is presented to familiarize the reader with the spirit observed and discussed during the interviews. Third, the company's goals, as disclosed during the interviews by all subjects, are described. In both of these sections, conflicting testimony is presented where it occurred. This is due to the personal nature of the responses; no one individual could be expected to accurately represent the firm.

Fourth, the specific task discussed in response to the questionnaire of Appendix A1 is presented. The task is broken down into the four steps of the delegation process derived from Day (1983; see Chapter 2). Fifth, more general comments about delegation are presented. The data are grouped under the headings abbreviated from the four thought-provoking questions that were read to the subjects (Appendix A4). The comments were not necessarily in response to the question in the heading, but may have surfaced at any time during the interviews.

Finally, a delegation profile for the company is shown. This table is a tally of responses to the questionnaire in Appendix A2. Fifty-two questions were asked of the supervisor about his feelings

and his work practices. The same questions were asked of one or two of his subordinates about their perception of the supervisor's feelings and work practices. In two cases, the supervisor profiled was the top man in the firm, and in two cases, he was the second-in-command. For each of the 52 questions posed, each party responded either true or false, or their response could not be categorized, or the question was inapplicable. Applicable responses were distributed into four categories. (In the two cases where two subordinates from the same company were queried, the responses were similar enough to be averaged into one "subordinate's" response.) The responses to each question were either in agreement, or in disagreement. For example, the supervisor and subordinate might have both responded "yes" to the question, "Are needed decisions postponed while [the supervisor] is away?". This indicates agreement that the supervisor is a "bad" delegator. Two "no" responses indicate agreement that he is a "good" delegator. However, if the supervisor answered "no" while the subordinate answered "yes", this indicates disagreement, where the supervisor felt he was a good delegator and the subordinate thought otherwise. Each of the applicable responses were thus distributed among the four profile categories.

The following example shows how a profile is constructed and analyzed. Larry is Mike's supervisor. Each was asked the 52 questions about Larry's delegation attitudes and practices. Larry answered 25 true and 25 false, and twice could not decide. Each of these questions had a predetermined answer which indicates whether the supervisor is a good delegator or a bad delegator. For example,

Larry's true-and-false answers may have translated to 35 "good delegation" responses and 15 "bad delegation" responses.

Next, Mike was asked to respond to the same questions about Larry's delegation tendencies. He also answered 25 true, 25 false, and twice could not decide. Of course, many questions were answered differently than Larry. After comparing Mike's answers to the predetermined responses, Mike judged Larry a good delegator 28 times and judged him a bad delegator 22 times.

Each of the 52 questions was now looked at separately. Starting with question #1, the following analysis was made: Did both Larry and Mike give the same answer to the question? If so, did the response indicate that Larry was a good delegator? If yes, score one point in the upper left box of the profile -- "agreement/good delegator. The profile, after only one question, would look like this:

	Agreed	Disagreed and the supervisor felt he was a:	Total
<u>Supervisor is a:</u>			
Good delegator	1	0	1
Bad delegator	0	0	0
Total	1	0	1

If they agreed and gave the same answer, but the joint response was that Larry was a bad delegator, score one in the lower left box -- "agreement/bad delegator"

	Agreed	Disagreed and the supervisor felt he was a:	Total
<u>Supervisor is a:</u>			
Good delegator	0	0	0
Bad delegator	1	0	1
Total	1	0	1

Now, suppose that Larry and Mike had disagreed. Larry's "false" response indicated that he was a good delegator. Mike, however, responded "true", indicating that Larry was a poor delegator. Score it "Disagreed, and the supervisor felt he was a good delegator":

	Agreed	Disagreed and the supervisor felt he was a:	Total
<u>Supervisor is a:</u>			
Good delegator	0	1	1
Bad delegator	0	0	0
Total	0	1	1

Finally, if Larry had responded "true" and Mike "false", the final case occurs. Score this one, "Disagreed, and the supervisor felt he was a bad delegator":

	Agreed	Disagreed and the supervisor felt he was a:	Total
<u>Supervisor is a:</u>			
Good delegator	0	0	0
Bad delegator	0	1	1
Total	0	1	1

Only 48 questions have valid responses, because Larry and Mike each failed to respond to two questions. The remaining 47 questions are scored similar to question #1, and the profile is constructed,

with the sum of the four cells equalling 48. The final profile might look like this:

	Agreed	Disagreed and the supervisor felt he was a:	Total
<u>Supervisor is a:</u>			
Good delegator	26	9	35
Bad delegator	7	6	13
Total	33	15	48

The analysis of the actual profiles for the four firms focuses on the relationship of the scores in each cell. Both horizontal and vertical relationships are analyzed. A high score in the upper left corner, "Agreement/good delegation" is thought to be desirable. The 26 score above represents 26/48, or 54% of the total responses -- a fairly high score. Likewise, disagreements are expected, but are best thought to be equally distributed, rather than have a supervisor who feels that he is a much better delegator than his subordinate thinks. The 9-to-6 split for Larry and Mike above is moderately distributed -- Larry thinks that he is a slightly better delegator than Mike does. Each company's analysis includes a discussion as to whether the profile accurately reflects the data gathered through qualitative interview questions.

Responses to specific questions proved more discerning than was expected. Many questions that were thought to be easily answered, perhaps transparent and would elicit "programmed" responses, induced great pensivity and heartfelt responses. Subjects frequently commented that "that's a real good question," or "I've thought a lot about that." Conversely, one subject was thought to have responded instinctively with the "correct" responses, without much regard to

his current situation. No correction can be made for this.

In retrospect, the key areas of focus changed somewhat during the interview process. A shift of emphasis during the interview process from "how" one delegates to "why" one delegates put more "meat" into the interviews. The idea of "how" stemmed from the concept of a hierarchy. The "why" concept developed as managers discussed their business goals, and trends among managers came into clearer focus. Thus, as the research process progressed, less attention was given to third-level subordinates and more attention was placed on company business plans. Daft (1983), however, would approve:

One should start with incomplete facts, with ambiguity, and plan experiments on the basis of probability, even bare hunch, rather than certainty. Then look for surprise. (p. 540)

CHAPTER 4

RESULTS

This section contains the results of the interviews with the four subject firms. Each firm is presented separately in the format described in Chapter 3. The four firms presented are:

Anthem Properties

The Cross Company

The Diamond Group

Beachmont Development Company

Anthem Properties

Anthem Properties is a development firm with a strong marketing orientation, and has been in business over forty years. The firm has developed a number of commercial properties in recent years, and has extensive involvement in the leasing of their own as well as other properties. The firm is headed by Herb, the chairman. Curt, the president of the firm, worked with the chairman but did not directly report to him. Curt started with Anthem ten years earlier as a one-man marketing and leasing operation. Steve was the vice president of marketing, and was responsible primarily to Curt but on some tasks reported to Herb. He had been with Anthem for a year. Stan was a leasing agent for the firm. Separate interviews were conducted with Herb, Curt, and Steve. Stan was not interviewed, but is mentioned by Curt.

Company Culture

Curt had difficulty when asked to describe the structure of the company. He saw it as "a matrix", although this structure was not formalized by any divisions or titles. There is not much hierarchy at Anthem, and reportability does not follow established lines. Curt added that "I don't really think there is a structure. Herb would tell you there's a structure, and he's in charge.... If there is a structure, I'd have trouble drawing it."

Herb spoke extensively about the high level of teamwork within the firm. He seemed content working to control the team, and got involved in details "only when it's necessary for me to do them. If somebody else can do something, I'm perfectly happy to have them do it." He had successfully divested himself of the responsibilities

which he previously enjoyed doing: "I used to read the [project] spec books very carefully, but now I don't read them so carefully. He could do this, he explained, because "other people probably do it better."

The chairman may soon be passing the reins of the firm to the president. Herb said, "I think Curt would like to be where I am, and he probably should. Except that he doesn't want to do the details and some of the work that makes these things happen. He's a much more broad-brush person." Curt did not address the succession of the company.

Company Goals

Herb spoke about his personal goals in relation to the size of the company.

I think I'm not excited about expanding. The more people you put on your staff, the more people you have report to you, and the more work you have to do. I don't know that I am really that eager to have a higher work load. Both my family and my wife feel that I don't take enough leisure time as it is.

Specific Delegated Task

Curt's suggestion for a specific task that he delegated to Steve was the task of putting together "an event", or a party for area brokers, to publicize the firm's new office building. Curt felt that with all the broker's parties given by the competition, he wanted to do something different, something that might be remembered longer than the typical event. "Is it something I can do myself? Yes. Is it something I have time to do? No, which is why you have people to delegate to."

Instruction and Shaping the Task - Curt commented that the task

was "a little bit outside of what Steve has typically been doing." Curt said that he gave Steve the "freedom" and flexibility" to hire outside consultants to assist in the event. Curt remembered that "we reached a consensus" in putting the idea for the theme and the party details together. It was not a democratic process, however, as Curt admitted that "Steve had an idea, and then I inflicted my idea on him." Steve reiterated that he had come up with the idea but that he generally "bounces ideas off" of Curt. Curt summed up process: "We talk about things, and then I decide, and he agrees with me, or he argues with me, or I argue with him." All this arguing implies that Curt really just delegated to Steve the implementation of details. The sharing of ideas did not encourage Steve to develop his own ideas and recommend them or implement them without approval.

Monitoring - Curt spoke of Steve as having come from "a big company ... there's a conflict of cultures" between the way tasks are delegated. Curt described his monitoring of the delegated task as oral and informal; he would frequently ask Steve, "How are we coming along?" Overall budget guidelines were established for the event. He felt that financial constraints served a self-auditing function. However, Steve recalled that there was no monitoring, only final signoffs at certain stages. Steve kept the signoffs on file as documentation in case memories ran short. Although Curt reads all the copy, Steve felt that "he pretty much lets me run with it." Steve also spoke of keeping some of the event material that he had prepared away from Curt to avoid his getting involved: "I think he should become less involved in the minutia."

Feedback - Feedback on the task was not specifically discussed. The sign-offs of the draft event material served as approval of Steve's work and implicit positive feedback.

Results - The event had not yet been held at the time of the interview. Curt described what his concerns were with the delegation on the task.

The two concerns [I had about delegating the task] are that it look right and that it be done in a timely fashion. I think that's the fear of anybody who delegates, that if I'm delegating something, is it going to be done as well, and as quickly, as if I did it myself?

He noted that, so far, Steve's performance of the task was up to his own standards. Curt rated Steve very competent: "If he wasn't a 10 out of 10, he wouldn't be here." He was responsible for Steve's hiring, and Curt described the delegation of this task as typical of his style.

Supervisor's Adoption of the Managerial Role

The following sections present information about the manager and his attitude towards and comfort with his managerial responsibilities. The headings in this section are abbreviated forms of the quotations read to the subjects. The subjects' comments may not have been in direct response to the quotation under which it is presented, but rather gathered during the course of the interviews.

"The New, Uncomfortable Job and Art of Leadership" - Curt has been involved in marketing for 17 years, only having supervisory authority the last five or six years. He described his transition from being a one-man operation to managing a small staff. As the company grew, "and as there was more marketing to do, there was need

for more brokers. I do marketing, so I was doing the delegation." He was thus thrust into the role, and he freely admitted his difficulty with the duties.

I think generally it's been hard... I don't think I'm a good delegator. I guess I always have the nagging feeling that I could do [a task] better and do it quicker. Maybe even cheaper, though money is not one of my big concerns.

Curt then described the role of manager as he viewed it. "Being a sales manager is a lot like being a babysitter, doing a lot of handholding." He felt that subordinate's requests of him drew out his experience. They would ask 'I'm showing such-and-such a property, what should I do next,' or 'I'm having this kind of problem with this deal, what should I do?' Curt described these as "situational kinds of problems that you have to solve." He also likened the role to that of a cheerleader, and spoke openly about his view of leadership:

I guess it becomes the whole issue of whether you're a leader or a manager, or whether you're a quarterback or a cheerleader. I guess I'm more interested in the marketing organization and being a cheerleader rather than a manager. Managers seem to me to be the people who went to Harvard Business School. A cheerleader is somebody that can get people to do things that they might not normally do or want to do, and ultimately, I can benefit from it personally but they can probably benefit from it more. I think the trick is convincing them that they could benefit if they did something or tried something or did more than they were doing. I guess I have a problem with the word leadership. I view my role more as a cheerleader than as a manager, and I think I'm continually put in the position of people wanting me to be a manager, and I'd rather be a cheerleader.

"Surrendering the Greatest Pleasures of my Professional Life" -

Curt discussed how frequently he makes conscious decisions not to delegate tasks, but to do them himself. Curt sounded as though it was a difficult surrender: "I can't cite a specific example, but I know [these situations] come up a few times a week, where there's an opportunity." Even describing the situation as an "opportunity" implies that he still desires to do detailed tasks. He gave an example of his inability to "let go" of a project. Prospective tenants are given tours of the leasable building. He usually delegates the task, but occasionally intrudes on and takes over the tour. He related how one subordinate feels when he does that. "Stan has an interesting line. When [I] do that, Stan says, 'What do you have me here for, if you do this?'" Curt admitted that Stan made a good point. He noted that he gets too involved when he's

...in a particular mindset or mood. Somebody's walking in, they need to lease 50,000 feet, and I say to myself 'Gee, I really want to do this [deal]'. Or 'Gee, we've had ten of these [prospects] through here. Half of them have leased somewhere else, and the other half haven't decided, so maybe we ought to have another perspective.'

So when the bigger-money deals were on the line, Curt believes he should get involved. He claimed to have "total confidence" in Stan's ability to show the building, and was responsible for Stan's hiring.

Steve stated that although Curt "delegates freely, he may not be comfortable with the way that things are done." He commented that for Curt to "see the forest, he needs to stop looking at the trees." He also felt that it was somewhat up to the employees to keep their managers away from the detailed issues, and to keep them focused on the "big picture."

In discussing his personal enjoyment in the development business, Curt related the motivations of a real estate entrepreneur to that of a high-tech computer entrepreneur.

I'm continually amused and interested in the high-tech entrepreneurs locally that start companies and watch them grow incredibly fast. Then you pick up The [Boston] Globe and you see that they've left. I think real estate is very entrepreneurial. I see the same thing here in that the excitement of facing a new piece of land, finding architects, hiring contractors, designing buildings, getting property zoned -- the chase is terrific. But when you start the implementation process of gearing up with a staff that has to monitor construction, has to market space and manage buildings, you're starting to build an organization. And then things start to get institutionalized and much less entrepreneurial. That end of the business is less exciting to me than the creation.

I don't think it's real hard to hire good property managers, pay them enough money, and create an attractive working environment. But it's not particularly personally rewarding. Maybe to some people it is but it isn't to me. It's much more exciting to see a piece of land, create a new project, see an old building and you want to redo it or rip it down ... create value ... those early decisions on finding something... I find that very exciting.

"Teaching and Letting Others Become the Experts" - Herb, as the elder statesman, had developed a delegation style according to his time constraints and talent.

I think I'm probably less good at detail today, and I have more things to do than I did years ago. Therefore, I try to let people that are on the scene try to decide what they want to do.... I'd just as soon let everybody do everything, but it doesn't work that way.

Thus, Herb worked towards sharing his expertise with his staff. Curt did not address the issue of teaching others.

"How Important Is It to Do this Job Perfectly?" - Herb, as chairman of the firm, was very concerned that the company produce a

top-quality product: "I have a very strong belief that anything we touch we should do as well as we know how. And if we can't do it well, we shouldn't do it." Curt, Anthem's president, responded in kind.

I think it's always important to do it perfectly. I guess I'm continually frustrated because things aren't done perfectly, or what my vision of perfect is. I know what the solution [to the frustration] is. Do everything yourself, do fewer projects, do smaller projects. If I was buying three-deckers in Cambridge, I suppose I could do it all myself. But as the buildings get more sophisticated, and the projects get more complex, you have to delegate the responsibilities. I probably know a couple of dozen people who are in either the same or very similar position to me, and I would say the frustration is equally felt. At that level I think there's a frustration or a desire for perfection, whether it's picking the right facade or making sure that the grounds are always right or that the grass is green. When real estate gets institutionally held, I think it's an 9-to-5 job and they don't care. I mean they might say they care, or care a little, or they might care for an hour, or for one day, but I don't think they really care, because it's a job.

"Running a Business or Building an Organization" - Curt was

asked if he was running a business or building an organization:

I don't see Anthem as a business. I see it as a series of investments that we own that are linked by the commonality of marketing, management, finance, and debt/equity, but typically they all have to stand alone. The organization grows as the portfolio grows and as the business gets more complex. The investments ... could be bought or sold, traded, remortgaged. They could be all sold, leaving very little need for the organization... The development side of the business is really a series of investments [that] come together [with the rest of the firm's services] and constitute a business in a sense that there are people that are managing, people that are delegating, people that are performing tasks. Believe me, there a lot of successful people who create businesses

out of this, and create large organizations. But I don't know if ultimately that's as successful as people who find the right investments... If we sold all of our investments, and decided to stop [our other services], there'd be no business. I guess you could say the same thing about a hamburger stand. If you stopped selling hamburgers, you wouldn't need any cooks.

Analysis

The delegation profile developed from the questionnaire in Appendix A2 is as follows:

DELEGATION PROFILE

Anthem Properties
Curt and Steve

Number of questions about delegation that the supervisor and subordinate:

	Agreed	Disagreed and the supervisor felt he was a:	Total
<u>Supervisor is a:</u>			
Good delegator	18	7	25
Bad delegator	12	6	18
Total	30	13	43

This profile shows a low degree of delegation between Curt and Steve. Only 18 questions out of 43, or 42%, resulted in agreement that Curt was a good delegator. However, the profile also demonstrates that Steve is aware of Curt's shortcomings in the area of delegation. Although the two disagreed on 13 questions, or 30% of the time, the 7-to-6 split shows that the two perceptions of Curt as a delegator are generally similar. The profile does appear to reflect the actual behavior, as described by the specific delegated task and by the qualitative comments included above.

Curt's view of the nature of the business as a series of

investments explains a great deal about the use of delegation at Anthem. His unwillingness to help his subordinates grow by delegating authority and responsibility to them is evidence that he does not feel that he should be developing an organization. He interferes and restricts both their authority and their responsibility. His "delegation" of the broker event to Steve did not constitute complete delegation. Rather, Steve made inputs to Curt's major decisions about the event, and then Steve implemented the details. Even the implementation was not totally delegated, as approvals were needed along the way. Thus, Curt restricted Steve's authority to approve event material. Even the easier function of delegating responsibility was difficult for Curt, as demonstrated when he intruded on Stan's job functions. Stan's comment, "What do you have me here for if you don't let me do it", reflects the frustration felt by both him and Steve. The fact that Curt told the story indicates that he is aware of his tendency to get too involved and not delegate.

Curt enjoys firefighting and problem solving. He encourages his subordinates to ask him for solutions to their own problems: 'What should I do next?' Proper delegation techniques would encourage him to train his subordinates in the company culture, so that they could make those decisions themselves.

Does the style work for Anthem? It appears so. Steve and Stan might leave the firm out of lack of professional growth potential, but as long as Curt does his subordinates' work for them, they are replaceable by others. Since Herb is "not excited about expanding", this staffing method should suffice for Anthem. Curt's view of the

"investment portfolio" implies a buying and selling operation. The selling phase would not leave much for a staff to do. Curt can continue to "cheerlead" his staff, but the goals are not set ambitiously high. There is no need to delegate authority, or even responsibility.

Interestingly, there does not seem to be a consistent company culture. Herb speaks differently of delegation than does Curt, and in ten years of working together, Herb's approach did not rub off on Curt. This conflict of management styles can be confusing for Steve or other employees. If and when Curt takes over the company, the message from the top should become clear. Curt's specific goals for the company were not stated. If, however, they do not extent beyond that which Curt can personally involve himself in, they may be attainable.

The Cross Company

The Cross Company is a small, Boston-based developer of middle-income housing. The firm was started less than five years ago as a three-person partnership. Projects undertaken by Cross are on the order of one-hundred to three-hundred units, and entail extensive rezoning and permitting. Will, the firm's president, had substantial previous experience with a large developer. He eventually headed up a division there, and had control over as many as thirty individuals. He was an equity partner in the firm, and has an advanced business school degree. The vice president and partner, John, was with Will from Cross' inception. During the five years at Cross, a major restructuring took place, whereby the company's goals were clarified and a stronger commitment to the firm's success was made. This entailed the hiring of two younger individuals at the project manager level. Both Tim and Tom report directly to Will, and also support the firm's other partner, John. Ken, a secretary, was promoted to assistant project manager. He supports the activities of all three and reports directly to each as the task requires. Separate face-to-face interviews were conducted with Will, Tim, and Tom. John and Ken were not interviewed.

Company Culture

Will spoke of the company being "deluged" with projects. "What I'm worrying about is how we are going to handle all the details and the implementation with all the projects. We have too many projects. We're overwhelmed with projects." Will views his role as to "ask questions that [Tim and Tom] haven't thought about and point out problems that they just haven't encountered before."

Both Tim and Tom had problems with the management techniques that Will had employed at Cross. "I think its tough for Will to conceptualize the management issues in relation to people, resources, and managing the process." Tim felt that Will understood "the development product" better than he understood "the organization." Tom was frustrated by Will's technique of monitoring and advising his staff:

He just makes lists and lists and lists of things for every project that he constantly asks questions about.... He makes lists for himself constantly, and then he runs in and says 'Do you have a few minutes to talk?'. It's very disruptive. We try and have regular project meetings but he also, for some reason, insists on doing this other stuff too.

Tom explained one of his major dislikes with the operation at Cross. He felt that even if you do a task, and do it well, it is never complete:

[The organization] doesn't function well. One of the most frustrating parts of being here is that a decision will be made based on a lot of analysis and thought, and three months down the road, as something sparks Will, he will start again reinventing the wheel on the same issue. You can never move ahead and put something behind you to get to a goal.

The two project managers spoke at length of Will's desire to stay abreast of the detailed work that they themselves were doing. They recognize that this limits his ability to expand the business:

I think he's finally gotten to the point where he recognizes that the delegation of things is a huge issue with this company and something that really needs to be addressed.

Tom considered the role of "visionary" as split between Will and the other two partners. Will felt that recently, as he thought more and more about the long-range program for Cross, that his

"visionary quotient had gone up dramatically." Nevertheless, he admitted that the company's vision currently comes from "John, and it comes from serendipity." Tim felt that John was the visionary, but that Will used his "brute force intelligence" to envision opportunities for the company. "He's so smart that when he gets the chance to step back, he sees efficiencies and relationships that other people don't see." Tim felt that all the professionals at Cross were 'generalists', adding that they all "started as developers with training and background in the other fields."

Will is not competitive with his staff, and enjoys teaching them his specialties. Tim felt that Will "tries to debate you into his position", but conversely could be convinced of the merits of an opposing viewpoint. Will gave an example which bears this out.

[A]lmost invariably, Tom does three or four things that bother me, or that I think are wrong. And of those three or four things, he'll come back and say 'You're wrong on one or two items, I did it for a reason.' And we discuss it, and maybe he's right.

Will stated that one of his goals "was to try to improve the team spirit of the company." He would like to be able to derive "collegial satisfaction" by working together, but did not feel that Cross had achieved that. "It's a source of distress to me that it hasn't happened. And I don't know why it hasn't happened. It did happen in my other job." He felt that the staff was intellectually stimulating.

Company Goals

The original firm was founded with the goal of not having to work very hard and to "have a lot of fun." The concept did not work: "Everybody just said 'this whole fun thing isn't that much fun. We

should really be running a business." The principals "started to organize a kind of business strategy" and overhauled the firm, hiring the two project managers.

Will had spent time recently thinking about "where we are in the product cycle, and who we are, what possibilities are out there, keeping in mind that we want to increment up in terms of size." He felt that he was "clearly running a business," not building an organization. The organization is there, he stressed, "to build the net worth and to generate the profit."

As an example of the company's lack of focus, Tom related a recent incident. Will had recently spent two days developing ideas for a site acquisition. Tom, upon learning of the proposal, convinced Will that it was not what the company should be doing. He was concerned of the waste of those two days. Tom then spoke of the need for a business plan for their entrepreneurial firm.

The business plan will force the people in the company to sit down and think about where the company is going, and not just react, react, react to opportunities... It has to force us to sit down in a disciplined way and think about what it is that we want to look for.

Tom thought that "we are unclear about where we're going now," and felt it would eventually be a mutual decision by the staff to develop a direction.

Tom related the discussion the staff had about expanding their project expertise into a new line of business. He personally felt that the existing management style at Cross was preventing the company from doing this.

If we wanted to do a [project as large as] 75 State Street, there's no way we could do it with our existing organization. This was an

issue when we started thinking about alternative business lines. Can Will and John delegate sufficiently to give their resources to this new business line? Because there was no way they were going to be able to do it and still maintain the level of involvement that they said they liked. I think it was a lot of people's thoughts, primarily the subordinates, who thought that would be a tough line to toe because the [management] systems weren't there. The [existing] projects had not been run in a way in which we could continue to run them and still have this associated business line. They were demanding too much control, too many details go through them.

Tom continued with his thoughts about delegation as a means toward achieving the company's goals.

There needs to be proper delegation so that the people, Tim and I, grow as people in this job, and take on more and more responsibility, and have more and more authority, and experience more and more things. And that has to come with delegation to us. We, on our end, pull as hard as we can for more of that. But on the other hand, it has to be a two-way street.

Tim wondered what would happen if Will died suddenly. He thought that Will must have delegated sufficiently because he felt that Cross could continue operations under such circumstances. Tim remarked that whether a business can survive an owner's absence "depends on who's left behind when he's not around. It wouldn't crumble here, and it doesn't crumble here, when he's not around." Both Tim and Tom expressed a confidence in their own work that was not respected by Will.

Tim felt that the closer that items were to Will's area of expertise, "the more control he exercises over whether or not he has final say. He felt that the decision-making process at Cross was "generally very democratic, for better or for worse. It's not

delegating: 'You do this and I'll make the final call' because he's very open to input."

Tim said that John claims that the eventual goal is for the senior partners to phase out of the daily operations at Cross. "I think that the goal is to try to get the machine running smoothly enough that the operator can step away for a little bit and tinker with something else."

Tim gave a strong reason why Will was not easily delegating authority to the project managers:

When you get right down to it it is [Will's] firm. It's some part his money and certainly his signature on the line. So if you just stand back you say 'Christ, this guy should really be entitled to make the decisions. If he wants to hang himself, he should be able to hang himself.'

Tim felt Will did not need to have "extensive control" in most areas of the company's work. Tim feels that Will is "reasonably good" about recognizing when his own viewpoint is wrong.

Specific Delegated Task

Tom chose the following task as an example of specific delegation at Cross. The development of an apartment complex by The Cross Company entailed a series of meetings with neighbors to explain the project and "turn them around to support the project." Tom "wanted very much to be the one to run the neighborhood meetings, and speak to them, and have all the consultants and Will and everybody else just sit and chime in when it was necessary." Will had always run similar meetings at his previous job. Tom felt that Will agreed to let him run the meetings because of the quality of the work that he had done in the past; he believed that they had

built a relationship of trust in the year since Will had hired him. Will was doing many projects, and said that Tom had a better grasp of this project's details than he had, and agreed to delegate the job to Tom. Will also recognized that Tom had built up a relationship with the neighbors.

Instruction and Shaping the Job - Will and Tom met often beforehand to prepare strategy for the public meeting. There was also a mock meeting held in which the presentation was rehearsed. Tom supplemented the preparation by introducing ideas and strategies beyond those which Will had requested. Will spoke of Tom's bringing in a lot of consultants to the meeting "because he wanted to do a great job," but Will later regretted the cost of bringing them. Will agreed that Tom was "very important" in putting together the meeting.

Monitoring - Preparing for the actual meeting, Will "figured the worst that could happen is that Tom could start out badly and I would jump in." Will was concerned about the cost of conducting the meeting, but acknowledged that he had passed on the opportunity to veto Tom's plan to bring in the consultants at considerable expense. Tom thought that after the first meeting, Will "backed off, because he felt, OK, well he can handle it, so I don't need to worry about it any more." Tom added that Will "constantly asked questions and asked for updates on everything." Meetings were ad hoc.

Feedback - Tom recalled Will telling him in a chance parking-lot meeting the morning after the public meeting: "You did a great job last night. It would have been a great job for someone who had been in the business twenty years." However, he described

the feedback differently:

During the one-hour ride back from the meeting, I told him what was the matter with the project. Forget about all the stuff I did later. Really, the feedback was in the hour drive in the car. And it was mixed with complements. Somebody can't work that hard and not get complemented.

Tom had only recalled the positive feedback. He described it as

not a typical thing that happens around here. It was one of the very few times, at least at that stage of me being here, that he really said anything absolutely positive like that.

Typically, Tom said, "there is very little feedback. It's the kind of feedback where if you get 98 percent of [a task] correct, the question is 'Well, what about 99 and 100 [percent]?'"

Results - Will described Tom's performance on the delegated task of running the public meetings as "spectacular". Will also rated Tom's overall competence as "good".

The Second Hierarchical Level of Delegation

The organizational structure at Cross permitted research into delegation practices and attitudes between the second and third levels of hierarchy. Both Tim and Tom were asked about their interface with Ken, the recently promoted assistant project manager. The two project managers drew a distinct line between professionals and non-professionals. What would work between Will and themselves would not work between themselves and Ken. Both Tim and Tom expressed concern over Ken's abilities. However, to motivate Ken and to help themselves out, they together recommended that Ken be given extra responsibility, and a "garbage title", assistant project manager, "which we thought was a perk."

Tim remarked that Ken was not always eager to accept responsibility. He related how Will would ask Ken to research something, and would ask him to "tell me what you think." Tim said that Ken doesn't like to take on that duty and would tell Will, "I'm a Spanish major, and not a statistician.... I'll get the data; you interpret it." Tim thought that "that's the position Ken is comfortable in." Tim described a recent task that he had delegated to Ken; the quality was "well monitored". He described the quality of the work as "well presented, well received." The results were up to Tim's standards; he rated Ken's overall competence as good to fair.

Tom contrasted his own style of delegation to Will's:

Will does not ... explain things to people ... the way I do. I tell them why, and I tell them the context, and where I'm trying to get, so when they come across information that we may not have thought about that relates to it, they won't discard it. If all you say is 'Do X, Y, and Z', they'll do X, Y, and Z and they won't look at U, V, and W because it's not part of the task.

Tom admitted that delegation was often difficult:

It's something that I have a very hard time with myself. That's because, bottom line, I'm responsible for it as a project manager. I'm dealing with a different kind of person who is a subordinate to me than he is dealing with me. I'm dealing with someone who's not a real estate person, who does not have the same career commitment that I do, is not interested in working past 9-to-5. It's a whole different ballgame. Will and I are in this together. I have a great sense of responsibility to my projects and I don't know that my subordinates do.

Tom remarked that "it should be easier for someone in Will's position to delegate to me, than for me to delegate to somebody

else." But Tom seemed unable to step outside his own framework within the company. What applies to Will as a delegator most certainly applies to Tom himself.

If Will delegates to me and I screw up I'm responsible. If I delegate to somebody else and they screw up I'm responsible. I'm always responsible. I have a different attitude about the company, about my career, about my business, about my responsibilities here, than the people that I delegate to.... There will always be a tension between staff and support people and the professionals in a company. The best thing you can do is try and hire somebody that will really have a commitment to what they're doing, ... and are willing to learn. The only other way you can ever get around this is to build up this relationship of trust over time.

Tom is thus unable to see the contradiction in his own behavior and attitudes towards delegation.

Supervisor's Adoption of the Managerial Role

The following sections present information about the manager and his attitude towards and comfort with his managerial responsibilities. The headings in this section are abbreviated forms of the quotations read to the subjects. The subjects' comments may not have been in direct response to the quotation under which it is presented, but rather gathered during the course of the interviews.

"The New, Uncomfortable Job and Art of Leadership" - Will continually expressed his interest in learning the new role of manager.

Increasingly, I'm struck by the fact that if you're going to run anything other than a one-project company, one has to depend on highly skilled subordinates to implement all the details of the projects that you find.... The president of the company is also identifying new profit opportunities; he can't do that and run

projects.... It also means training the subordinates to analyze the projects in a certain way, to report them in a certain way, and schedule them in a certain way. You need meetings twice a week to help them because they just haven't bumped into all these problems.

In this role as trainer, Will wants to impart his ideas of reporting and scheduling, developed primarily at his last job. Tim felt that Will delegated a good deal of responsibility.

On the thing Will's focusing on, he still gives you the opportunity to make mistakes, but the magnitude of the mistake is much more narrow. There's more direction, there's more feedback, there's more order. He lets you fall down the stairs, not fall off a cliff.

Tim felt more freedom to work in areas in which Will was less familiar:

On things that he has a better grounding in, he still delegates, but he is able to more effectively constrain the process so that the potential size of the mistake is smaller. In the other areas [that he doesn't know as well], he'll let you fall off the cliff because he'll be falling off the cliff, too.

So an anomaly existed: the more expertise that Will had in an area, the worse he was at delegating and in letting others learn these skills through practicing them. Will said that "increasingly, in every project the project manager knows more about the project than I do." He noted that he delegates after assessing how well the subordinate could do the task.

Tom then discussed how Will's style intruded on his own. He feels the conflict of styles destroys any potential synergy from better using each staff member's respective skills.

Will has a really hard time delegating it and then staying out of your hair so that you can get it done. That's the worst. If there has been a discussion and a decision made about

a way to proceed, and then I am going to implement that.... countless times I have had an end run performed around me. When I am about to implement it by delegating certain tasks to somebody below me, he will bypass me and go directly to them. It happens all the time. It's incredibly frustrating. I have discussed this with him many times, but he does the same thing over and over again.

Tim and I are in a bad position. We're responsible but at the same time we're not left alone to make our own independent decisions. At times when that does happen, where he is not around to screw up the implementation phase, things get done a lot better.

The reason he's so extraordinarily busy is because he doesn't back off on a lot of this stuff that he should back off on and let other people do it. You kind of have these parallel things running all the time, because he's doing it at the same time you're doing it.

One thing that we have tried to tell [Will] over and over and over again is that he cannot just tell us 'Do this or do that.' He has to tell us why he wants it. Otherwise, he loses any input from us. We may have an opinion that what he's trying to get at is ridiculous, and a waste of effort. Or that we've done it already.

"Surrendering the Greatest Pleasures of my Professional Life" -

Will was extremely provoking on the issue of his having to change from the role of specialist to that of generalist.

I feel like I'm caught in a metamorphosis. At first I hated it. Now I like it. I think it's one of the hardest things for somebody who started a business where he [had been] a specialist... I spend half my time thinking about how to be a more effective generalist, how to be a more effective leader.

He spoke of liking the challenge of the task:

I had gotten so good at what I was doing that it got boring. I could do the stuff in my sleep.... When I started [The Cross Company], I spent all my time thinking of how we would get our jobs. Now I spend 90 percent of my time thinking about how I am going to lead the company. And I find it very interesting and exciting. I enjoy the learning experience.

Tom, however, saw Will's transition in a much less positive light. He could not understand how Will could espouse the desire to build a staff if he wasn't ready to accept the managerial duties inherent in building a staff:

Will has not made the transition to being a manager. He is a really bad manager. He is a great detail person.... He probably likes [the details] better than being a manager and dealing with all the people issues and all this organizational crap. If you want your own company, and you want all the 'hands-on', you've got to be by yourself. Because once you start hiring subordinates that you have to look over ... so you can handle more projects, you don't have any choice. That's the role you picked for yourself.

Tim added that company growth is hindered by Will's love for the tangible, detailed facets of the development business.

As the projects move further down the pike, the number of decisions that have to be made increase exponentially, and as we take on more projects, there's just more minutia, but he's reluctant to give up the details, because he said, 'I want to need to talk about the details because that's the fun stuff, that's what's nice, that's the tangible part.'

"Teaching and Letting Others Become the Experts" - Tom had given a good deal of thought to why Will insisted on involving himself in the details of his project managers' work. He wondered if work background was responsible or whether it was innate to the individual.

It depends on how you were brought up through the ranks [of a large corporation]. You get exposure to being a manager. They train managers. In entrepreneurial companies nobody ever trains managers. In a real estate development company people rarely train managers. So then it goes back to what type of personality are you. Are you a perfectionist yourself? Are you somebody who always wanted to

do things yourself because you never thought anybody else could do things as well as you could? That's the worst possible thing.

Tom wondered what would effect a change in Will's style:

You put somebody like that into this kind of situation -- there would have to be an enormous desire to change on his part before that would happen. In addition, he would have to build up enough trust in people to be able to back off. I don't know what would force him to do that.

"How Important Is It to Do this Job Perfectly?" - Will

discussed the time and money constraints that forces you to come up with "an 80-percent solution." He admitted to being "increasingly comfortable" with this 80-percent solution. He spoke of "trying to get over" feeling that you get more from the 100-percent solution than you would from the 80-percent solution. He had always insisted on perfection when he had more time. "Time, more than anything else, becomes the determinor of what you can do."

Tom related his own personal feelings on the issue:

I do everything in my life with the idea of, there's X amount of resource, and if a 3.8 is good enough, you don't need a four. If you can do three things at 3.8 and one thing at a 4.0, it's better to do three things at a 3.8. I constantly have a tension with Will over this, because he wants all the questions answered, thought about, and finished at a stage that does not need that amount of effort.

He then gave a detailed example of how Will does not properly prioritize the company's work.

On this project that we are doing, we have a sixty-day time period before we are at risk for \$50,000. There are certain things that I want to know in those sixty days. I want to know if the site is half wet.... I want to know if there's a toxic waste dump on site. All I need to know about the market right now is that there aren't [m]any lots in town, and the for

the few that are selling, the absolute minimum [they will] get is \$70,000. Will wants to know why did this lot go for \$250,000, how many bathrooms should we build. It absolutely drives me crazy to spend my time and energy on that. I like to prioritize things. It's very difficult to do that with Will... I think that's why he ends up working seven days a week, why he's always trying to play catch-up. He never stops to think about the broader implications of things, the policy, the long-range issues. And he gets fewer projects done.

You really need to make a decision. Which is more important to me? That this one thing be done 100 percent perfectly, or I do three things that are done 97 percent perfectly. It's his company. If he wants that goal to be one [project] at 100 percent, then it can be one at 100 percent. But I probably wouldn't be here. I wouldn't stay. I can't work like that.

Tim felt that "Will looks at every detail to be perfect," while he and Tom "know that every detail doesn't have to be perfect." He spoke of his own technical background, where he learned about significant digits and orders of magnitude. He felt that perhaps Will's non-technical background did not provide this training. Tim described how he liked to work:

You do the big things first, and you delegate the big things. You make the big decisions right, and then you can hemorrhage on the little ones and it still doesn't matter. We work by necessity at the project level, and Will has his lists of outstanding ticker items that are never prioritized.

Tom related his view of the difficulty and the need to delegate.

I don't think anybody that is motivated and smart and good at what they do likes to see somebody else screw something up that they've given them to do. I certainly don't like it when I'm responsible for it. But it's like raising children. You can't do everything for them all the time. If you do you might as well not have them do anything because they'll never get it right if they never try it. So the issue

is giving them stuff they can mess up on when it won't really count. Maybe you figure out a way to give them something that you know you're going to do yourself anyway. And then sit down and go over it with them.

Analysis

The delegation profile developed from the questionnaire in Appendix A2 is as follows:

DELEGATION PROFILE

THE CROSS COMPANY

Will, Tim, and Tom

Number of questions about delegation that the supervisor and subordinate*:

	Agreed	Disagreed and the supervisor felt he was a:	Total
<u>Supervisor is a:</u>			
Good delegator	17	13	30
Bad delegator	15	3	18
Total	32	16	48

*Note: This profile averages the two subordinates, Tim and Tom.

This profile shows both poor delegation characteristics and very disparate opinions as to Will's style of delegation. The very high score in the "agree/bad delegation" of 15 of 48, or 31%, reflect Will's need to pay personal attention to detail. However, the most striking aspect of the profile is the manner in which the subjects disagreed. Will felt he was a good delegator ten more times than did Tim and Tom. Much of this difference reflects Will's ongoing attempt to change his management style and approach to delegation. Will had extreme difficulty answering many of the true-false survey questions. He deliberated at length before answering, and many times the answer included "I'm working on that"

or "that's increasingly true." The delegation profile reflects the desired change that Will is trying to implement. This change will be no easy feat. McConkey (1974) quotes Laird and Laird as estimating that "it takes five years to change from underdelegation to adequate delegation." (p. 82) Will's answers project an optimistic future, while the subordinates' reflect their perception of Will's current behavior.

Will claims to have faith in the abilities of his staff, but notes that they're young:

To the extent that I say they're good, it means not that they don't have potential -- they have tremendous potential and intelligence -- it's that they're slowly developing the experience to make them extremely good developers. The improvement in the last year has been just astonishing.

He did feel a tension between what he expected of the project managers, and what he was getting.

If there's a misunderstanding or a psychological conflict or dissonance, it's the fact that I still view them as junior project managers and they view themselves as senior project managers. When I view them as junior project managers, that means that I'm going to be much more involved in what they do and how they do it, and give them more feedback. It's a problem.

The hard feelings caused by the distinction between the two levels of project management seem unnecessary in the Cross environment. Will's withholding of trust and confidence until the project managers reach some undetermined skill level was demonstrated in his unwillingness to let them handle the project details. The hiring practice at Cross, therefore, comes into question. Will hired two young development professionals, and had

certain expectations of their abilities. Perhaps Will does have a more accurate picture of their actual competence. What becomes clear, however, is that there exists misunderstandings as to what the project managers' levels of authority and responsibilities should be. Tim and Tom no doubt had expectations of entrepreneurial freedom in a growing, four-person organization. Will carries with him his ideas of bureaucratic management, where subordinates do what the manager tells them to do, and are motivated by promotion or other organizational rewards. The expectations should be discussed and resolved. Chapter 2 presented McConkey's (1974) six areas of agreement that should be reached in delegating tasks; these included agreement on job scope, results desired, level of authority, time schedule for completion, control and feedback mechanisms, and both parties' acceptance of their duties. The Cross group fails the test in at least four areas.

Interestingly, the hiring practice also applies to the second level of delegation. Tim and Tom both have difficulty delegating to Ken. Neither was responsible for Ken's hiring, although they did recommend he be delegated additional duties. The problems they encountered are very similar to Will's, only exacerbated because Ken had no stated desire for increased responsibility, and also because Ken was "inherited" and was not their chosen assistant. Again, matching subordinate and supervisor expectations is critical to successful delegation. Leana (1986) found that congruence of the supervisor's and subordinate's goals affected performance. (p. 770) Subordinates with goals similar to the managers' are the "right people" to delegate to, as Bellisario and Hesburgh referred to in

Chapter 2 (Horton, 1986). They found it easier to trust people they hired themselves, partially because of perceived goal congruence.

The Cross Company was first formed without a clear statement of objectives; even after restructuring, no business plan was created. The formulation of a business plan would help Will identify the project goals for the company, as well as indicate criteria for hiring people to accomplish the goals. With a clear plan, Will could focus his attention on reaching both project and company goals, and could establish milestones within the schedules. Without a plan, Will is able to reach back into any project and pick up some of his staff's missed details. Tom had indicated that he couldn't work under those conditions. Let the business plan dictate whether or not to pursue "one project at 100 percent or three projects at 97 percent." Then build the staff to suit the predetermined choice and management style.

The Diamond Group

The Diamond Group is a national developer of land for industrial, commercial, and residential use. It focuses its efforts on the acquisition, assembly, and rezoning of large parcels. The Boston office of the firm is autonomous within its northeast region, but its strategic goals are developed within the framework of the parent firm. The Boston office was created 25 years ago, and has been headed the last 15 by Rudy, the company president. Alan, the Development Manager, has been with the firm for one year and reports to Rudy. He had prior experience with a number of small real estate firms. Stu, the Development Supervisor, has been with Diamond for ten years and supports the activities of both Rudy and Alan. Two other lower-level professionals round out the staff. Separate face-to-face interviews were conducted with Rudy, Alan, and Stu.

Company Culture

Rudy describes his firm as entrepreneurial because he has "control over our own destiny. We go out and find our own projects. We're not taking direction from any hierarchy." However, he does not have his own money invested in the projects; the projects are financed by the parent firm. Incentives for all the professionals are dependent on the success of the projects. Rudy saw himself as the "visionary" of the company; Alan and Stu agreed with this assessment. Rudy has no advanced business degree; Alan has.

Rudy exhibits a paternal feeling towards the group, and takes full responsibility for everything that the firm does.

It's my vision, and the staff is here to help me bring that vision to fruition. And I hire people and train people with that in mind. Usually when I don't [achieve the goal] it's not

the fault of the staff or anybody else. Usually the blame lies right here.

Stu commented that Rudy is "not looking to build an empire. What he's looking to do is satisfy the needs of the company." He felt that Rudy had "genuine concern for his subordinates. He tries to get them to develop to their potential without causing them undue hardship." Stu felt personally motivated by what Rudy had delegated to him, although he spoke of the "personal satisfaction of being able to take on these additional duties and responsibilities and not have to bother him with all those details that he used to take care of."

Alan used a baseball analogy to describe the way in which Rudy motivates his staff: "Rudy is the pitcher in the ballgame, and I think all of us step up to the plate, and he throws the balls and we try to hit them out."

Alan spoke of the environment in which he likes to work, and felt that Rudy had created that environment at Diamond.

In the development business, people I know are pretty much free wheelers. Not erratically irresponsibly free-wheeling, but with enough freedom to go explore, and to become creative. To do that, you have to have a style that allows someone to do something more than come in sharply at 8:00 am, do specific tasks, have lunch, and come back and finish those tasks, and leave at 5:00. The job requirement is whatever it takes. For me, it ends up being more than 8-to-5.

Alan discussed the open nature of the project work at Diamond. There was no internal competition, and felt that Rudy encouraged the use of delegation with no reservations about losing one's own special competence. Alan noted that he had worked for large corporations

where you cubbyhole your information because you want to prove yourself, and you prove it by being the only person that knows what's in that cubbyhole. Here, it's a group effort... Rudy has opened up the concept of sharing [to me] again. [Delegation] is primarily the reason why I left my previous company. It's a sizeable company, but it's stifled from growth because the owner has to make every decision, all the way down to the wine glasses for the most recent condo reception. I think that stifles. I think the exact opposite occurs here. Rudy sets the organizational tone. Rudy is not fearful at all. Should I be fearful of passing the baton [to our new well-qualified hire]? Absolutely not. This company has a group effort [which] can only succeed if it's an open system where things are passed down, or passed around.

Alan spoke of a competitive spirit at Diamond, but that it was directed outside the firm.

I say to myself, 'Do I want to keep a competitive edge?' In a lot of big companies you surely would want to keep a competitive edge.... You want to have that little closet feeling that 'I'm the only one who knows the absolute everything about this project' attitude. But I think that Rudy clearly sets [a different] tone.

Alan mentioned that people participate in compensation "as a group." This was not always the case, however. His predecessor at Diamond was a "cubbyholer" who leapfrogged over Stu in the hierarchy. The predecessor was described as having an "I" attitude. Alan felt that everyone there today had a "we" attitude.

Alan described the importance of having quality people in the organization who can work together to complete successful projects.

In this industry, to be successful you don't have to be bloodthirsty. You have to be aggressive ... taking a creative approach to see if a particular product is successful. Any fool can pick a project and make a deal. The question is, is that the right deal and can you make it successful? And even if you can make it successful, the biggest bottleneck here is

people.

Company Goals

Rudy spoke frequently of his patience in the development industry. The financial backing of the parent firm enabled Diamond to hold land longer than might an independent developer. Projects were carefully chosen to fit the existing staff's capacity to perform.

Alan spoke of putting together a more updated and comprehensive business plan than the one which is existence at Diamond. However, he said that there was no question as to what their goals were. "The corporate mission is well defined and the statement of philosophy is there, too."

Alan related that growth plans for the company were modest.

We can grow profit-wise and activity-wise, but [we would then] have to grow people-wise. I think Rudy likes a closely held organization that can produce a reasonable amount of profit. Diamond itself does not have to be a billion-dollar company. We're part of a national real estate group.... We can grow a sizeable amount before Rudy can't get involved in a project.

There was a definite operational style whereby Rudy maintains close control over all project activities. Alan attributed the ability to delegate to the small size of the company. He felt also that Rudy wants to hire the best available person.

Rudy compared the entrepreneurial developer to the founder of the high-tech computer company. The success of the person who starts and develops a small firm depends on the ability to share authority. Rudy describes the computer entrepreneur who sells his company:

He goes back to the garage to invent the next new widget. And he can only bring it so far, because he can't delegate well. And that's the same in our business. There are a lot of very successful people out there, small entrepreneurships, that will never grow because nobody can ever do it the way the boss wants it done. He can never delegate it out. Consequently, he is a prisoner.

He doesn't see these founders "bailing out", but just sees the companies "not going anyplace."

Specific Delegated Task

Rudy described the task that he delegated to Alan when Alan first joined Diamond one year ago. The looming task was one of the key reasons why Rudy hired someone at that time. Alan was to supervise the post-sellout of a condominium project, working out the "punch-list" problems; he would be clearing up the defects that the new owners may have found with their condominiums. Alan would investigate any complaints, and take action on them. Action ranged from doing nothing, to repairing workmanship, to offering cash settlements to the owners in lieu of repairs. Alan was not authorized to make cash settlements without Rudy's approval. Rudy hired Alan to do this task because he found "it got difficult to deal directly with an apartment owner at my level. It's a lot easier having a buffer in between, where Alan can take the hard-nosed approach." Alan described the job as being the "pooper-scooper man at the end of the parade." Alan said that he was delegated the task because Rudy did not have the time to do it himself, and because at Rudy's position as president, he should not be doing this level of work.

Instruction and Shaping the Task - Rudy enlisted not just

Alan's help, but opened the issue up to the whole staff. He asked, "How do you see solving the problem?" Instructions to Alan were "to take a fairly tough position" with the condo owners. Alan said that Rudy gave him general guidelines, but "basically all I had to do was answer the phone. It was that simple."

Monitoring and Feedback - "Formal" monitoring of Alan's progress was through weekly staff meetings, but they "sat and talked on a daily basis." Rudy feels that he generally provides a lot of critique and feedback: "It's the way I've learned to train people.... I've got a major investment in these people. I chose them because I thought they were capable." According to Alan, "monitoring ... could be a yell from the office next door." The smallness of the company was used to explain the informal monitoring and ad hoc feedback.

Results - Rudy's prime concern with delegating the task was that Alan was new to the firm, and Rudy "just didn't know how well he would be able to handle some of the more difficult people. As it turned out I was very pleased with the way he handled things." The results were up to his own standards.

The example just described is a case of incomplete delegation. Alan was given the responsibility to solve the problems, but authority was not granted to him to make decisions involving cash settlements. Rudy rationalized this method: "Ultimately, it's my responsibility. [Diamond] is such a small group. If it were a larger group, then yes, he'd have the authority to spend up to a certain amount, but there'd always be a cap on it." The buffer system can be effective, but might better be described as only a

smokescreen. Diamond's hierarchy might imply to condo owners that decisions could not be made at Alan's level, when in fact they could. That would be the best of both worlds for Diamond. Rudy would not have to bother with each authorization, while Alan could deflect many of the requests by claiming that Rudy would have to decide.

The "emotional" nature of dealing with the client affected Rudy's decision to delegate. He would have dealt with industrial or commercial tenants himself because, he said, that would entail "business" transactions, dealing with "business people." Again, delegation is seen as a way to avoid unpleasanties: "I shouldn't waste my time doing that. People love to talk to the president of the company." Proper delegation techniques do not entail delegating just the unwanted tasks. But Rudy favors a hands-on approach to commercial or industrial buildings where

any problems that somebody would have, in my opinion, would be legitimate problems. I would meet with the individuals to discuss the problem, would come to a resolution of the problem, then I'd delegate to Alan or Stu to get that particular thing done.

Here too, we see Rudy's interpretation of delegation to only include responsibility and not authority. Rudy therefore termed delegation of the condo task atypical, as compared with his usual style of dealing directly with "business people". Alan felt that this delegation was typical of Rudy's style. Rudy rated Alan's overall competence as "very good".

Supervisor's Adoption of the Managerial Role

The following sections present information about the manager and his attitude towards and comfort with his managerial

responsibilities. The headings in this section are abbreviated forms of the quotations read to the subjects. The subjects' comments may not have been in direct response to the quotation under which it is presented, but rather gathered during the course of the interviews.

"The New, Uncomfortable Job and Art of Leadership" - Rudy's style of and comfort with delegation as he practices it developed as Diamond grew beyond himself as a "one-man show" and as a one-project company.

I really have to work with someone closely for a period of time before I can get the comfort level where I can say, 'OK, you go and do it'. I gained a lot of confidence when Stu would come back and in talking about a particular situation, I'd ask him 'What's your recommendation?', and 90 percent of the time it was the same action that I would take. The more I started to see that, the more my confidence grew. [Delegation] wasn't a conscious thought. It was that I was going to get involved in everything, and I'd delegate some really minor things to him, but as things really started to heat up, and I gained confidence in him, I started to delegate more to him.

Alan felt that Rudy allowed him a good deal of freedom in his daily activities. He said that "we're pretty much allowed to walk down the road a little. Not so much that you get lost, but walk down the road, see where you go."

He spoke of developing a comfort level with the people he delegates to. He feels that very few people can make the transition from specialist to generalist.

A lot of people are asked to do it, and they do a lousy job of it. I don't know if there is a way to do it. I think everyone realizes that they have to delegate when they accept the transition. But they don't; they don't know how to.

Stu felt comfortable with Rudy as a teacher, and as a leader.

He described Rudy's approach to delegating tasks to him:

'Here's the task, here's where we have to be, if you run into any problems let me know. If you need any assistance let me know.' I think if he delegates the job he expects you to be able to handle it. If you can't handle it, he does not have a problem with you going in and asking him questions as to how to get there or how to obtain that objective.

Stu, however, also understood delegation to be something different than both "textbook" and what Rudy defined it to be. To him, goals-setting is neither participatory, nor delegated, but rather centralized and then shared. He commented:

Rudy has a keen sense of what people can handle and handles the delegation of those responsibilities to those individuals very well. And I think he keeps us informed very well on what our goals are, what are targets are, and what our objectives are."

"Surrendering the Greatest Pleasures of my Professional Life" -

Alan described his own managerial talents. He explained that he had the fear of watching someone else mess up a task that he delegated to him. "That's why I probably spend more hours here than anybody else," double checking the work of others or doing it himself.

If I'm scared of 'mess-up', I have to analyze if it is because I'm scared of the employee, or am I just insecure that anyone can't do it as good as I can. And I don't think that's true. A hell of a lot of people can do it as good or probably better than I can. I used to be a specialist in several different areas, and I still hold those areas as my fortes. But my job now, especially as a manager, is as a generalist. It's kind of funny, because I like to be in the trenches a lot, but I can't.

He spoke further of his own love of creating a building:

It's like taking a piece of clay and playing with it.... The project manager, the guy in the trench, really has a lot of fun there. It's something that I like to stick my nose in, but I shouldn't all the time, and can't if I'm doing my job.

Alan may find that this "love" keeps him too involved in project details.

"Teaching and Letting Others Become the Experts" - Rudy clearly wanted to develop the professional skills of his staff members: "I hope they all become better than me, because that's what it's all about." Rudy spoke of Alan's predecessor:

I felt terrible about him leaving. But then I also felt good. I was proud of myself that I was able to take this guy who was somewhat of a novice and bring him along.... I like to think of myself as a trainer of people. I find it somewhat challenging.

In discussing tasks which he felt he should do himself and not delegate, Rudy mentioned the sale of a building in Diamond's portfolio. "I made the decision after talking to the rest of the staff here. I think most everyone concurred that we should sell it." Rudy would personally inform tenants and limited partners. "I think they should hear the news from the president of the company and not from anybody else."

Rudy felt restricted in his ability to delegate because of the accountability to his business associates which he felt lay solely with him. "I have the ultimate responsibility for everything and everyone that works for this company. Any individual working for this company who goes out and does something, it's a reflection on me and the company." He sees costs incurred here only by delegating these tasks:

I think it would not speak well of me or speak well of the company to have somebody other than the president be the bearer of those kinds of things. It was my decision to get involved in the project in the first place. Therefore it is my responsibility to get us out of it.

This responsibility concept could create an unending loop which would prevent his staff from gaining full authority and becoming expert in certain areas. Alan pointed out earlier that the firm would not grow beyond that which Rudy could get involved. If Rudy feels responsible for resolving those matters in which he immersed the company, then all projects will fall under his purview.

"How Important Is It to Do this Job Perfectly?" - Rudy related his approach to training his employees, which included the idea that mistakes are a natural outgrowth of the learning process.

I think it's important to delegate even though you may not get perfect results because I see it as a teaching tool. If you don't delegate certain responsibilities and tasks, the subordinates will never learn them. The only way they're ever going to learn how to do something is to get out and do it themselves. You have to be willing to accept sometimes results that aren't quite what you think you would have achieved. But hopefully that doesn't happen all the time.

But Rudy retreated from his position when questioned about the quality that might result from delegated work.

I'd rather have [the mistakes committed] in-house... We have a reputation as a company of performing quality work, and I won't accept anything but quality work. I would never delegate a project to somebody entirely where I run the risk of them doing a less-than-quality job. There are many degrees of delegating.

He spoke of "holding the hand" of a project manager "to make sure he doesn't really stub his toe". He felt it was his job as president to keep communication lines open so that a subordinate

could ask for direction. He rationalized his style of staying close to as task, despite delegating the responsibility for it: "I don't know what ... letting someone swing out there in the breeze ... achieves. It certainly doesn't achieve the objectives of the company."

Alan added that "once we go for a project, it's got to be done perfectly. And that's why we're a small company."

"Running a Business or Building an Organization" - Rudy claimed that he was building an organization, rather than running a business. He said,

As the organization has grown, a lot of the day-to-day running of the business has been delegated out. My responsibility is to grow the company, and the only way you can grow a company is through building the organization.... [I don't] necessarily mean adding bodies ... but either training the people you have, or improving the people you have.... Usually the projects I select are selected because of the capabilities of the staff.

Analysis

The delegation profile developed from the questionnaire in Appendix A2 is as follows:

DELEGATION PROFILE

THE DIAMOND GROUP
Rudy, Alan, and Stu

Number of questions about delegation that the supervisor and subordinate*:

	Agreed	Disagreed and supervisor felt he was a	Total
<u>Supervisor is a:</u>			
Good delegator	33	4	37
Bad delegator	7	2	9
Total	40	6	46

*Note: This profile averages the two subordinates, Alan and Stu.

This delegation profile reflects a very high degree of delegation, and a very high degree of agreement between supervisor and subordinate. Alan and Stu both agreed with Rudy that Rudy is a good delegator 33 times out of 46 -- agreement on over 72% of the questions. The small number of disagreements (six) renders analysis of their distribution meaningless. The high score for total agreement indicates that there is a clear understanding of Rudy's style. His style is that of a strong delegator.

However, we then compare the delegation profile above to the profile painted in the previous sections. Rudy is not exhibiting "textbook" delegation, yet interestingly Alan and Stu, as well as Rudy, believe that he is. Rudy is very good about delegating responsibility, but not authority. He defines delegation as input from subordinates, but he makes all the key decisions:

I run a very open situation. I reserve the right to make all the decisions, but if we discuss a particular point of action that I'm going to take, and somebody around the table thinks it's the wrong one, I want them to speak up about it. They may not sway me or change my mind, but I want them to voice that. I appreciate that. I look for that. What you don't want is a lot of yes-men.

Both Alan and Stu are very comfortable with the authority and freedom they have been granted, as indicated by the high scores they gave Rudy in the survey for his use of delegation. Apparently, there is a misperception across the board as to what delegation really is. As long as it is across the board, however, the group appears to work in harmony. Therefore, caution must be used when

interpreting the delegation profile.

Also, Rudy had difficulty answering survey questions relating to his influence on his subordinates' work methods. Questions on delegating details (Appendix A1, #37), improving on their work (#22), and forcing things to be done his way (#28 and #6) all drew unrecordable "it depends". These questions forced him to consider his approach, and perhaps their omission from the delegation profiles paints a rosier picture than truly exists.

The growth plans for The Diamond Group are modest. Rudy has learned the art of patience in his 15 years with the firm. His management style seems to work for him: quality is maintained, and subordinates are developed in a comfortable work environment. Rudy's goals are satisfied. One doubts, however, that the current company structure could adapt to a more rapid growth. As long as Rudy needs to stay "hands-on" in all aspects and approvals, the company will not grow through the use of delegated authority.

Beachmont Development Company

Beachmont Development Company is a young, aggressive developer of quality, middle-income housing in the New England area. The firm was created less than ten years ago by two business school graduates who had spent their early years in the financial consulting field. Their goal in starting a company was to create an asset-based business which had an annuity, providing them passive income. They knew little about real estate or the Boston market when they began. Since Beachmont's inception, numerous managerial and structural changes have occurred. Matt remains as the active owner and manager of the firm, which has grown to almost one hundred people. Art joined the firm two years ago, coming from the construction industry. He heads up Beachmont's Development Division, a group comprising seven development managers. Typical of the development managers, Jerry has been with the firm one year and has no staff support. Separate interviews were conducted with Matt, Art, and Jerry.

Company Culture

A "corporate culture" statement was devised at the same time as the name of the firm, at its creation. Each year, the business plan is revised, with the "final message" being to "become the preeminent multi-family developer in New England, and to have a good time getting there." The firm's founders took on their first employees five years ago. Matt's partner set about to find equity for the company, while Matt undertook to find deals. Today, Matt is devoting his time to dealmaking.

Matt had recently bought out his remaining partners of the firm

in an effort to "consolidate both the vision and the focus of the firm to go forward." This effort also included the creation of a more formal hierarchy and structure which was being created as this interview took place. Matt's comments, therefore, reflect what he envisions the new organization to be, while Art's and Jerry's comments may reflect their past experiences with Beachmont.

Art related that the partners once asked everyone in the firm to draw an organization chart of the firm as they saw it. Submitted were "about 100 different versions." Art tried to describe the organizational structure:

In our business structure, we try to have a flat organization, very little hierarchy. We think we have a lot of self-starters here, a lot of people who are motivated, and all we [the top management] want to do is direct people in a consistent manner.

Matt noted that now "people's job definitions are being clearly defined. We used to be a flat organization. Three or four people reporting to me. That's tough when I have 25 people reporting to me. They report to other managers now."

Jerry took his turn at describing the daily operation of the firm. "The whole firm is sort of, in theory, run on a group approach, where everything is done, in essence, by committee. Ultimately, one person leads." He enjoyed the team spirit and commitment from the top to effect the "have fun" portion of the business plan:

We're a very open firm here. We literally spend hundreds of hours discussing the process, discussing how to go about creating the best job, the best work environment, the best compensation, the best new offices. We're very open about dealing with company problems and interpersonal relationships.

Art took pains to point out his discomfort with the hierarchical distinction in classical management roles:

I resent, in our entrepreneurial firm, the description of supervisors and subordinates. It is in direct conflict with the type of corporate culture that we have attempted over the years to put together. I don't feel that I'm his superior. The way I feel is that it's a flat organization, with a couple of bumps that are equivalent to the executive committee, and we have the right of veto. With our top professionals, everyone's equal.

Company Goals

Matt divided all entrepreneurial real estate development firms into two types: the small entrepreneur, and the Beachmont type.

Matt described the leaders of the latter:

These people decided that they want something more than being just an entrepreneur. They want to be an organization that someone takes recognition of, and they want to leave their mark. They have built organizations that are capable of achieving greater things than they are themselves capable of achieving by themselves. There are about four or five firms [like us in the Boston area] that people say are going through major organizational change, as the entrepreneurs are being led to doing visionary, management, and dealing with organizational-type issues.

Matt discussed what it took to establish the current track for the company:

I've structured an organization which I'm not completely comfortable with, but which is right for the future. It has layers. But I recognize all those things are true for a growing organization, and I've done it.

The addition of Art to the staff is indicative of the firm's growth strategy:

The Board of Directors felt that the errors being committed on the construction staff

needed to be solved. They dictated to Matt that 'either you buy the expertise or you develop the expertise. At the rate that Beachmont is growing, you're going to have to buy the expertise.' So we bought Art and his construction firm.

The company grew substantially in the last year. The growth occurred both in its asset acquisition and in

broadening our development skills by gathering people like Jerry, who are junior-type professionals in the development arena, but have a bigger picture of what development means. They may not have all the skills, but they can draw upon people like Art, who has tremendous sophistication in one of the skills.

"Today I'm building an organization," Matt declared. "A year ago I was building an asset base. Today my total focus is on building an organization." He reiterated the message of his business plan:

My strategy is always focused: Preeminence in the multifamily housing market, and to have a good time. So as long as I have a good time, I'm going to continue building this organization. And the day I don't, I'm going to close this firm down.

He suggested that a four- or five-fold increase in assets would constitute preeminence. Matt described the two constraints to the growth of Beachmont: lack of capital, and the time of the principals.

I hold many of the broad-based skills in this firm that the staff wants to learn. As I hire more and more experienced professionals, I am able to transfer those skills at a more rapid pace. As more and more people try to vie for my time, my time availability is spread so thin, that I can't transfer both the responsibility and the knowledge fast enough that the firm can grow.

Jerry agreed with Matt, but gave a little insight into what

this "transfer of knowledge" looked like:

I spend a lot less time with Matt than I would like for two reasons. One of which is he doesn't have the time. Secondly, because of his personality. If he is not in touch with my project on a day-to-day basis, we run into his jumping in and saying 'Oh, do this and this and this' without really understanding the process. Whereas, Art, even if he isn't in touch with the project on a day-to-day basis, doesn't wield a club like that.

Jerry compared Beachmont's entrepreneurial venture to a high-tech firm.

The development side of our business is not unlike a high-tech start-up company, where a very bright person had some good ideas, and put together a team of people, half of whom could do the job, half of whom could pay for the job. We are growing very, very rapidly, and being very successful, as many high-tech start-up companies are.

Matt also discussed the "risk" of moving to become a "technocratic organizations whose products just happens to be real estate." Some of these firms, he felt, could just as well be producing cars. He worried that pursuing his expected five-fold increase in volume would run that risk.

Specific Delegated Task

Art conferred with Jerry in choosing a delegated task for this example. They agreed to discuss the task of interviewing candidates to hire as a development manager for a new territory. The task was too large to be handled personally by Art in a reasonably short time. Art made the assignment to Jerry, who he personally had hired as a development manager the year before. Art felt that Jerry knew what the job entailed, perhaps better than he did himself, according to both Art and Jerry. Art mentioned the one-year relationship they

had had, as well as the line of authority in place to facilitate the assignment. Jerry described this feeling of trust. "If we didn't have the relationship we have, he might not have felt that he could have sort of come in and say, 'I really need you to take this, can you do it for me?'" Both parties mentioned the trust factor.

Instruction and Shaping the Task - Art and Jerry concurred on the way the assignment was broached: "If you have the time, can you do me a favor?" The instruction was simple: Jerry was to go through a stack of resumes, pick out and interview the candidates he thought were good, and run the best ones by Art.

Monitoring - Both Art and Jerry agreed that no monitoring was necessary, nor was formal monitoring provided. Art commented: "I trust him. He does a good job. I believe he knows what I want." Jerry said that typically, "for any delegating there is no predetermined monitoring." Jerry did note that "I initiated [any feedback to Art on the progress], yet if it hadn't been there, Art would have forced it to happen, by saying, 'Could I have some feedback on the people you're looking at?'"

Feedback - Both parties also agreed that feedback was neither offered nor was it necessary. Art stated that "we're results oriented," implying that the results of the job search would speak for themselves. Jerry noted that this was not the usual way at Beachmont.

On other projects there is a tremendous amount of feedback. On things where there are preestablished goals, and deadlines, management is very good across the board at sitting down and going over what has happened, and giving praise where it's due.

Results - No satisfactory candidates for the position were

found. Both Art and Jerry agreed that the pool of candidates with the requisite skills was sparse. There was no "blame" for not finding anyone. Art described Jerry's overall competence as excellent, and noted that this delegation was typical of Art's style.

Supervisor's Adoption of the Managerial Role

The following sections present information about the manager and his attitude towards and comfort with his managerial responsibilities. The headings in this section are abbreviated forms of the quotations read to the subjects. The subjects' comments may not have been in direct response to the quotation under which it is presented, but rather gathered during the course of the interviews.

"The New, Uncomfortable Job and Art of Leadership" - Matt summarized the real estate development industry as a great place for people who aren't good managers:

You can control such a large net worth, and such a large capital base, with such a few number of people. Why do you have to become a professional organization? Why do you have to become a professional manager? You don't. You can obtain all that people perceive that the entrepreneur is seeking, which is some great wealth or reward, in a very short period of time. You can do this with large amounts of capital, with few number of people. If they can do that, they don't have to be very good managers.

Matt described his own transition, saying "it had to happen, and it had to happen quickly." Jerry felt that Matt has taken a true leadership role in the firm:

It's at a point at which Matt does not really control the process now. He oversees it, he directs it, he does not control it. The

process is controlled one level under that, across the board. The spiritual leader should really just be out there overseeing all the projects, charging up all the people, and giving them ideas that they can then carry out or work with.

Art used to work in the construction industry, "where you delegate similar to the military: Do this." He describes his career as a developer, which is "a higher caliber professional, where delegation, in our atmosphere and corporate culture that we're trying to encourage, is one of discussion and teamwork." He contrasted the two fields:

In the construction business you have to threaten a lot and demand. This leaves little room for expressive thinking. In development you don't control the atmosphere that you're in as much as you have to react to outside influences.

Art described his own transition to the development environment as "conscious, difficult, frustrating, parts were natural." Does he think he succeeded? "I think I want to do better."

Matt described the transition to leadership that he had made, and discussed the onus that he put on his managers to do the same.

The type of people that I think you hire as an entrepreneur are not those you look to hire as an organization. The people I brought in as specialists, can they be managers in an organization which is now looking to have a management organization? The entrepreneur has already said, 'I'm getting out [of the details]'. I'm going to create the message that the managers are going to implement.

Art discussed his discomfort with the leadership role, referring instead to the team approach to problem solving.

Delegation, to me, is more geared towards the structured organization, where it comes from top down. In my position, I don't delegate the specific tasks. I say, 'Here's the development;

what do we have to do to get from point A to point C?' Maybe you can call that delegation; I call it working together.

Art showed another misinterpretation about true delegation.

When negotiating with people, it sometimes helps to give the impression that final authority does not lie with the negotiator.

Art explained his use of this tactic:

It's important to have someone you can delegate to [when dealing with outside parties]. Because if the [subordinate] doesn't like the way the negotiations are going, he can always defer to me, and I'm not there. The final authority is not there, if we don't [want to accept the offer on the table].

This technique is useful in negotiations. However, it does not constitute the delegation of authority, because authority is specifically withheld from the subordinate. The same strategy can be bluffed, where the subordinate does in fact have the authority and doesn't need to check back for approval but pretends that he does not have to. This delivers the same effect but does not get the manager involved. Art's use of the subordinate as a buffer does not represent the use of delegation.

"Surrendering the Greatest Pleasures of my Professional Life" -

Art touched on the issue of surrendering the duties and responsibilities which he enjoyed, in favor of management tasks.

There are a lot of things that I left behind that I miss very much. Nevertheless, if I wanted to stay there I would have stayed there, in that job. It's necessary to delegate those things that I used to enjoy, in order for me to get to the next rung on the ladder.

Matt admitted that he had a problem surrendering his greatest business pleasure, which is dealmaking. He found one solace in this delegation: "I transfer it to people that I see enjoy it as much as

I do." He felt that he was frequently asked to choose between being the company's dealmaker or its visionary, and wrestled with which duty to delegate.

I think in real estate you're always entrepreneurial. So to a degree I can balance those somewhat. More and more I find I have to give up the dealmaking, and move into being the visionary and letting someone else execute the visions.

He spoke of the recent restructuring as having to make a transition. "We're either going to be a professional institution, or we're going to suffer remaining a small firm for the rest of our lives." He viewed delegation as a means to achieve the former, even if it meant forgoing the specialist activities which one most enjoyed.

He clearly sees the agenda for one's work day being dictated by corporate necessity, rather than by what one had grown accustomed to. For himself, his role has been thought out and implemented.

The overriding concern is that each of us do the best job we can. My best job is to be a visionary, which everybody tells me I am. I might as well spend my time doing that, as opposed to spending my time buying an apartment house, where I add less value to my life and to others'.

Thus, the economics of what one is most efficient in performing dictates how one spends the day. For Matt, it meant forgoing the dealmaking activities.

"Teaching and Letting Others Become the Experts" - Art ventured that "one of my objectives is to train someone to take my job. I want someone to be able to take my job." This feeling was echoed by Matt:

I think it's only a matter of time after

I delegate skills that the person learn them as well as I do them, if not better, because they become focused professionals. I'm a generalist now. I don't think a generalist does anything as well as a specialist. If you were a dealmaker here, and if I gave you six months where you were totally focused as a dealmaker and I was doing dealmaking part-time, you'd have all the idiosyncrasies of a dealmaker that I might have. You may also learn some things I haven't thought about in the last six months, because the market is forever changing. By the end of the year you could probably do it as well as I can do it.

Team spirit and support was evident at Beachmont. Matt explained that there was no peer competitiveness or jealousy.

The faster I can [eliminate internal competition], the more competitive our firm will be. It's very hard to be competitive with someone if you're supposed to have as one of your two most important statements of strategy, 'Having a Good Time'. It's very hard to say 'I'm not going to share everything with you' if I'm going to have a good time. If I want to have a good time and you want to have a good time, you want to learn and I want to give it up, because that's the most important objective for me is to give it up and get into something new.

Matt addressed the issue of "cubbyholing" information:

That's usually why most real estate entrepreneurs get stuck being an entrepreneur or a small organization. Because they don't want to give up that competitive angle. They're attached to what they know. I'm not. I'm happy to transfer it.

He said that Beachmont was having a hard time finding people who could be externally competitive but did not mind sharing their special skills with colleagues. Matt felt that most people wanted to be "one better" than the next guy, and make it tougher for the next guy to get ahead.

[Competitiveness is] a great skill to have to get ahead. But I'm not happy having

those people here. I want those people to say 'I want to get ahead, but not at your expense. I want you and me to get ahead simultaneously.' Those are very unique people to find.

Jerry offered this description of Matt's ability to let go of the details of the development work.

He's getting much better at [leaving details to others]. He would go to a building that they had just finished painting green and say, 'No, I don't like green. Blue.' And it would get painted blue, and it would cost the company \$15 or \$30,000. Now, he's getting much better about that, and the people in the ranks have changed so that now they don't go 'Yes, sir'; they go 'Are you out of your mind?' He's really beginning to see now ... that he can have more effect on the bigger picture. Like having a meeting and giving his input and saying, 'I've seen these units, I really like them. Let's try to get the architect to work out this kind of scheme.' To hell with the details. 'You and the architect have to figure out how to do it.' That's the way it should be. Matt spends a lot of time out there talking to people about what sells and what gets financed. That's very valuable information, but we don't want him in there with a little pen and trying to detail exactly how to do it because he just doesn't know. He has a tremendously firm grasp on the industry, but there is someone in this firm who knows more about any particular area that Matt does.

How Important Is It to Do This Job Perfectly? - Matt claimed that "mess-ups" didn't bother him. "Everybody makes mistakes in life, and I'm happy to understand that. Making mistakes is not problem for us." Art's feelings on the issue of perfection mirrored Matt's: "We all live with sacrifices. Part of the business is giving up, negotiating, and melding the final product." Matt spoke at length about this issue in making the transition from entrepreneur to professional organization.

For Beachmont, that's probably the toughest one. I think people can do things

perfectly. But as you go through growth and transition, you have to give up a lot; you have to give up some attention to detail and to perfection. But as you obtain more capital, [as Beachmont has], you can go back and get more people executing smaller number of functions. You can get back to detail again.

For the individual entrepreneur, Matt feels that the transition is similar. He stretches himself to learn new skills, and the quality of his output suffers. As he develops sufficient cash flow to hire specialists to do his tasks, perfection is possible again. Matt feels that if the objective of the entrepreneur is to grow his firm, and go through these transitional stages, he must accept the swings in quality. Art had a similar philosophy:

I let him mess it up once; it's all part of learning. Someone let me mess up. I always say to people, 'If I have to do your job, I don't need you. So learn your job.' It's that simple. If you don't know, ask me and I'll tell you.... I don't want a clone of myself, I want free-thinking people. But don't make the same mistake twice.

"Running a Business or Building an Organization" - Art

discussed his philosophy on the question of building an organization.

In order for me to run my business, the organization has to be in place to accept and direct the load. So you have to have the organization prepared to accept the challenge, before you go out and find the challenge and then build the organization around that.... In order for us to accomplish our goals of creating net worth through real estate, you have to have the organization in place.

He envisions a four-fold increase in staff in three years.

I don't think delegation can be isolated, because you have to delegate to someone who is going to pursue or do towards a common goal what you expect.... If I could delegate to myself all day long the tasks that I know I'm good at,

I'm going to be on a treadmill going no place.... The opportunity to find people who know more than I know, who complement what I know very well, can only strengthen what we do. Just to delegate could put me in the ruins in a very short period of time. I could delegate to the wrong people, or the people could screw up without me knowing it. I want to delegate [development] to a professional who has all the tools to get a project done.

Jerry agreed with Art: "We're building an organization.

Everything is futures here. All we talk about is five years away."

"It's important to have someone you can delegate to [when dealing with outside parties]. Because if they don't like the way things are going they can always defer to myself, who's not there. The final word is not there, if we don't like what they give us."

Art discussed the importance of finding the right people for the organization, and entrusting them to use their skills:

We try to find people who care, who have some vested interest, who have some desire to share or be part of a common goal. We create in-house excitement that goes up and down [the organization]. Delegation is a word that denotes a one-way direction. For our business, and a successful business, there has to be two-way communication. We promote not up-down, but sideways, laterally. Nevertheless, I will listen to one of the gardeners who has a better idea about how to take care of the building than I do, because he's there. I want them to feel that the lines of communication are open both ways. Delegation is, from my perspective, a little bit of a negative term, because it says: 'Do this. I'm delegating. Here's your task. Do it.' Instead, I'd like to think of the smart people, the people with intelligence, the people we just open opportunities to... If they screw up, they say, 'Well, I think it should be this way, because that's what my gut tells me.' I have maybe a stronger gut so I say, 'You're wrong, do it this way because I don't agree with you, and I'll tell you five reasons why I don't agree with you... I still reserve the option to veto ... And I also reserve the option to say, 'Well, if you really think that, go out and

prove it.' So, delegation is not a great word in our company; I think it's communication, up and down, left and right, all over the place.

Analysis

The delegation profile developed from the questionnaire in Appendix A2 is as follows:

DELEGATION PROFILE

BEACHMONT DEVELOPMENT COMPANY
Art and Jerry

Number of questions about delegation that the supervisor and subordinate:

	Agreed	Disagreed and the supervisor felt he was a:	Total
<u>Supervisor is a:</u>			
Good delegator	26	4	30
Bad delegator	10	3	13
Total	36	7	43

This profile shows a fairly strong orientation towards good delegation. It also demonstrates a high degree of consensus as to Art's style of delegation. The low total of 7 for disagreement, which was even split between good and bad delegation, is a result of the open communication at Beachmont. The "hundreds of hours" spent discussing the work environment paid off in consistency and unity of thought.

There were, however, ten questions where Art and Jerry agreed that Art was a bad delegator. The responses signal a management style favoring teamwork. The questions included assigning jobs both above and below the subordinate's abilities (#17 and #18), giving unrealistic deadlines (#21) and improving on what they do (#22), and

not clearly defining their authority in writing (#42 and #43). These responses indicate that Art truly rejects the notion of hierarchy that these questions imply exists. The questions were designed to identify traits in managers which indicate good delegation practices. Jerry in no way lacked authority or responsibility. The dedication that he and other staffers had to the job was evident. The team concept was used at Beachmont to teach, motivate, and extract quality work from the staff. Delegation is seen as having some very different attributes than teamwork, or participative decision making. The team system worked well under Art.

Although both Art and Jerry see the organizational structure as very flat, Matt has other ideas. The recent growth has expanded the staff to the point that Matt has instituted a level of middle management. Job definitions are being written. The "group approach" of which Jerry speaks may soon be replaced by hierarchical decision making. The teamwork concept worked in the small firm; will it yield to delegated authority in the expanded version?

As Matt focuses his activities on bringing the company to its stated goal of being the preeminent developer in its market niche, he is growing the staff and changing its structure. A key concern of his is whether or not it will remain entrepreneurial.

Matt shed some interesting light on the definition of entrepreneurship. He detailed the problems and thought processes of the leader as he takes his company through stages of business growth similar to Churchill and Lewis (1983). He identified the transitions between the phases, where entrepreneurship ends and what

Matt calls a "professional organization" begins. The authors explain that the owner's need to delegate varies across the phases, and Matt identified how he responded to those needs by delegating away his detailed development activities.

He intends, in addition, to take his employees through the same transitions. Art was a good construction specialist, and is now a strong delegator in his role as manager. Art is learning to delegate through Matt's insistence; his job depends on his ability to bring good people into the company. Jerry is the new specialist. He is learning teamwork, but not delegation. Matt's technique is to let the bottom rung people be specialists until it is time to promote them. The the exigencies of goal-striving force them to learn the managerial role, including delegation. It has worked so far.

Matt clearly has visions bigger than just development. The annual revision of the business plan will reflect this, and the corporate goals and strategies for Beachmont will evolve while Matt is at the helm. This entrepreneur is like the computer whiz. His effective delegation is a product of his desire to achieve his goals. Having the goals thought out and formalized in a business plan certainly help to focus his actions towards these goals.

Two other points deserve attention here. The first is Beachmont's goal of "having fun". If this is interpreted to mean professional learning and growth, this can be accomplished through good delegation practices, as well as through teamwork. Either management technique would provide the subordinate the experiences to satisfy these needs. However, the delegator is faced with

"having to surrender the greatest pleasures of my professional life". How does one compensate for these pleasures? Matt does it through accepting even greater challenges, and by delegating to those he thinks enjoy the tasks as much as he did.

The second point is the ease with which Art delegates development tasks. Art only had construction experience and is not fully facile in all aspects of development. It may be easy for him to delegate because he truly believes that others know more than he does in those areas.

CHAPTER 5

ANALYSIS

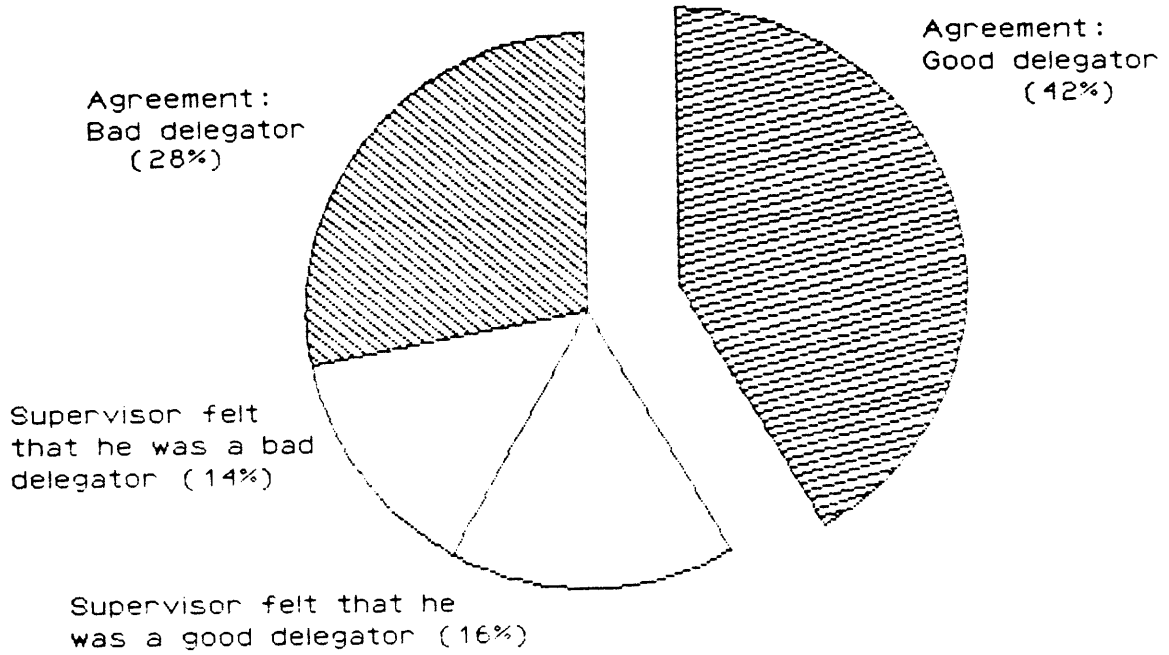
The four firms chosen for field research spanned a range of business strategies as well as delegation practices. Although all firms were real estate development companies, they differed in locality, size, product mix, tenure, growth strategy, management structure, and staff organization. The inability to control for all but one or two of these criteria makes it impossible to prove or disprove theories about delegation. This chapter, therefore, describes themes found among the firms; it compares and contrasts actual practice with the theory in the literature; and it provides rationale for the behavior identified. Most of all, it provides a framework to which a real estate development entrepreneur can relate himself and his firm. The entrepreneur should use introspection, and ask himself:

Who in these examples am I most like?
What's going on in my organization? Is it successful? Is it an enjoyable work environment? Would I change anything in my style of delegation? And finally, should I and can I change my own style after evaluating it objectively?

Figure 2 presents a graphical representation of the four companies' delegation profiles. The profiles were developed from the responses to the questionnaire in Appendix A1, "Are You an Effective Delegator?" Each graph, or pie chart, represents the total number of valid responses to the questions asked. The pie is divided into four sections; each section represents one of the four categories of responses listed in the delegation profiles.

Figure 2
Delegation Profiles

ANTHEM PROPERTIES



THE CROSS COMPANY

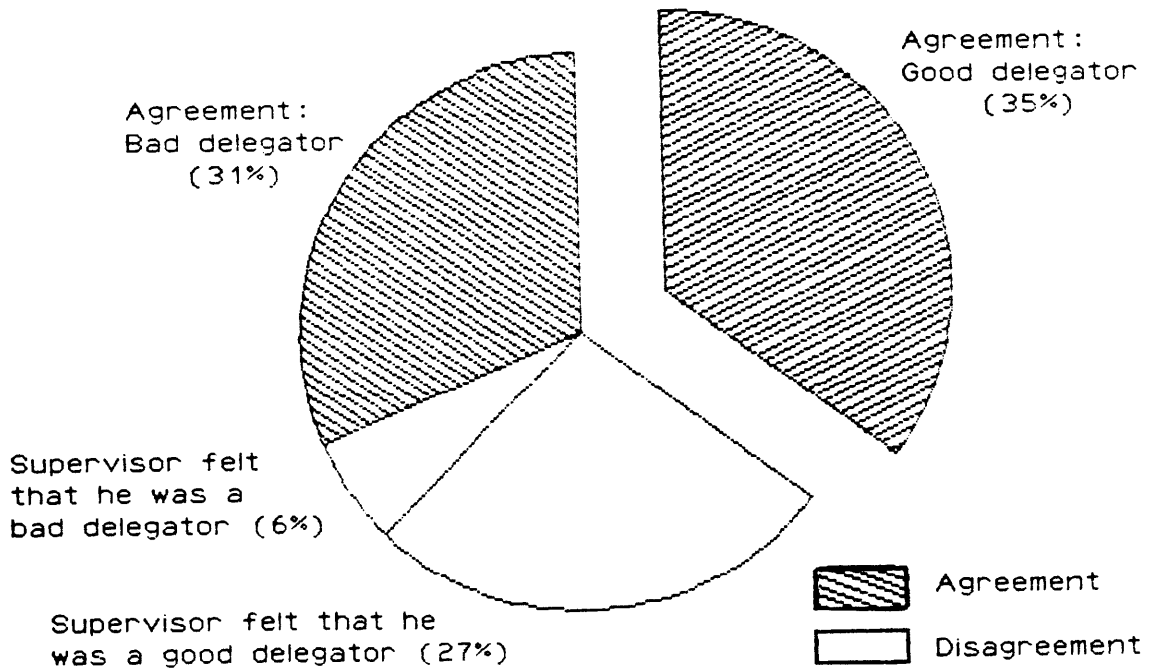
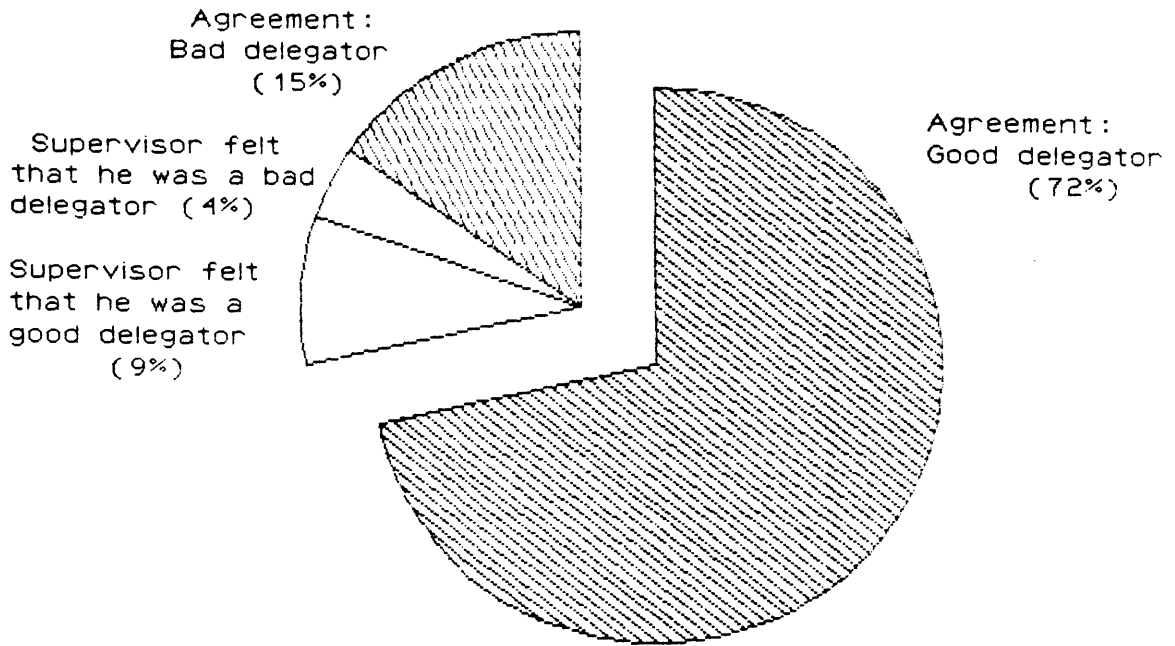
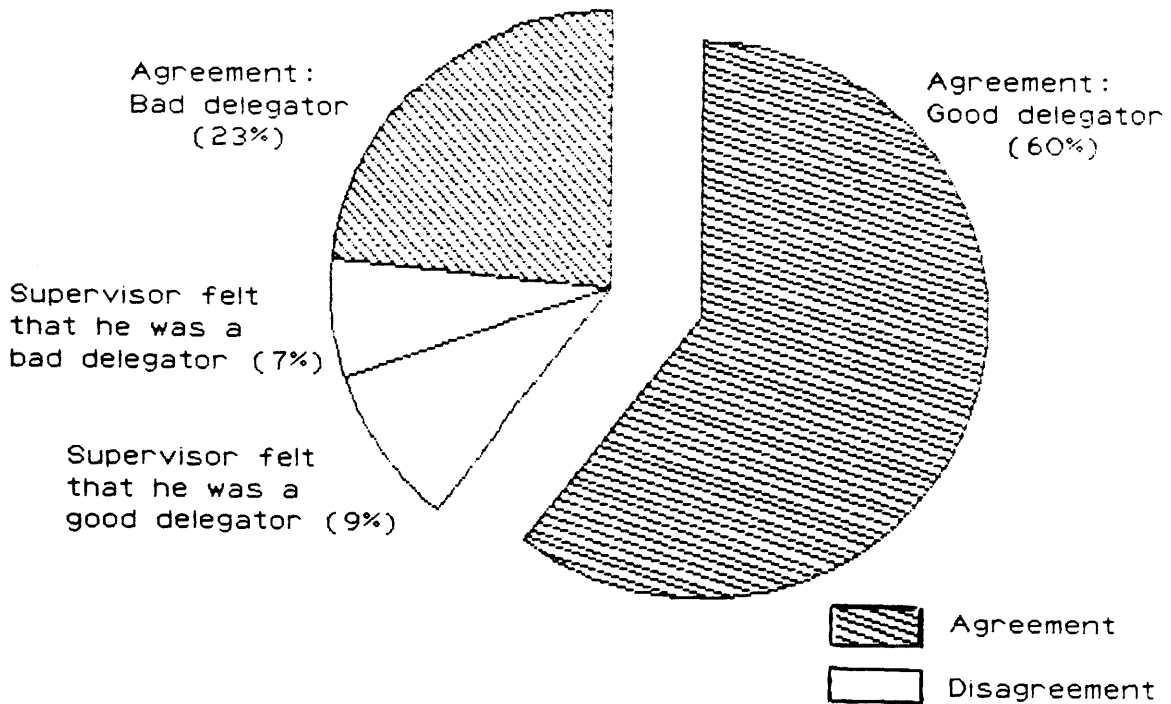


Figure 2 (cont'd)
Delegation Profiles

THE DIAMOND GROUP



BEACHMONT DEVELOPMENT COMPANY



The size of the slice indicates the portion of total responses that each category received. The two categories showing agreement between supervisor and subordinate are shaded; the two categories where the parties disagreed remain unshaded. To analyze the results, let us examine the range of responses.

Agreement between the supervisor and subordinate on good delegation practices runs from a low of 35% at The Cross Company to a high which doubles that, or 72%, at The Diamond Group. Agreement on bad delegation practices at the same two firms runs converse, diminishing by half from 31% to 15%. Total agreement on delegation practices, good or bad, ran from a low of 67% at Cross to a high of 87% at Diamond.

Disagreement responses were usually evenly divided between the two categories, except at The Cross Company, where Will's responses indicated that he believes that he is a much better delegator than his subordinates do. (Reasons for this are given in Chapter 4.) Cases where the supervisor felt that he was a better delegator than his subordinate ranged from 9% at both Diamond and Beachmont to 27% at Cross, as mentioned above. Cases where the subordinate felt that the superior was a better delegator than he gave himself credit for ranged from 4% at Diamond to 14% at Anthem.

The data collected from the entirety of the subjects will now be analyzed, without regard to company affiliation. Are there trends and consistencies within the development field? The two quantitative surveys provide the basis of this analysis.

Seventeen of the 52 questions from Appendix A2, or one-third, were "motherhood" questions: "My employees are self-starters";

"Employees frequently give me good suggestions"; and "Do I reward based on results?" These 17 received a total vote majority of over 85%. That is, of the potential ten respondents, zero or only one respondent dissented from the rest. Results in this category were votes of 10-to-0, 9-to-0, 9-to-1, 8-to-0, and 8-to-1. These responses provided little insight into the delegation process. (Two exceptions are noted below.)

The remaining 35 questions, or two-thirds, were split along less significant or nonexistent majorities such as 6-to-4, 5-to-5, or 3-to-7. These questions, then, provide the opportunity to differentiate among the respondents and their respective firms. For example, half of the respondents agreed that the manager "assigns subordinates jobs above their ability and training." The other half disagreed. These differences help create the variety of profiles.

The two questions almost unanimously indicating bad delegation practices help characterize the real estate development industry. The entrepreneur's "intensity" of which du Toit (1985) spoke (see Chapter 2), is truly evident here. "Have I skipped any vacations in the last five years?" yielded a unanimous "yes" (The following question, "Do I work longer hours than those reporting to me?" yielded an 8-to-2 "yes" majority. This does not meet the 85% criterion, but is significant nevertheless.) The other question, "Do [subordinates] questions to me involve details rather than [or as frequently as] policies?" received a 9-to-1 majority "yes" vote. What do these responses say about the development industry? It may be the manager's desire to stay close to the work; it may be that the subordinates require detailed assistance; or it may just be the

nature of the development 'beast'. The results of the questionnaire from Appendix A3, "Possible Reasons for Minimal Delegation," help answer that question.

Eight respondents to the survey gave scores for each of the 15 questions on a scale of 1 to 5. Average scores were calculated for all respondents, regardless of their company affiliation. The order of the 15 questions listed below has changed from the order that they were asked. They have been relisted in the order of their average scores, from those scoring closest to "very accurate" (1.0) to those closest to "inaccurate" (5.0).

POSSIBLE REASONS FOR MINIMAL DELEGATION

WHY SUPERVISOR'S DON'T DELEGATE	Average	
	<u>Score</u>	<u>Rank</u>
He/She (H/s) feels that they can do the work faster.	3.3	1 (tie)
H/s is fearful of costly mistakes being made.	3.3	1 (tie)
H/s would rather firefight than set up systems that enable them to manage.	3.6	5
H/s believes that only h/s is capable of doing the job.	4.1	6 (tie)
H/s feels that control of feedback mechanisms are too weak to correct mistakes as they happen.	4.1	6 (tie)
H/s is unable to communicate what needs to be done due to lack of information.	4.4	10
H/s is confused about proper lines of authority and correct accountability.	4.5	11 (tie)

H/s feels h/s shouldn't delegate anything that h/s wouldn't or couldn't do themself.	4.5	11 (tie)
Feeling of job insecurity.	4.5	11 (tie)

WHY SUBORDINATES RESIST DELEGATION

H/s is not sure of h/s own level of authority or even who h/s supervisor is.	3.4	3
H/s feels h/s hasn't received the proper information to handle the work.	3.6	4
H/s doublechecks every decision with the supervisor before implementing it.	4.1	6
H/s is not prepared to accept responsibility.	4.3	9
It's easier to let the supervisor make the decisions.	4.7	14
H/s is not convinced h/s can gain anything by accepting responsibility.	4.8	15

The first thing one notices is that all scores are very high, indicating general "inaccuracy" of the question in describing attitudes at the four firms. Even the lowest score of 3.3 is above the scale median of 3.0. This indicates that the "textbook" reasons for explaining the lack of delegation do not apply to the four development firms. This is noteworthy, and leads to one to question the accuracy of 'self-examination'-type questionnaires. "Textbook" delegation practices are not found to be used in the four subject firms. Researchers have examined companies and determined reasons why delegation is not used, but the study here finds that these reasons do not explain the behavior found. Perhaps the subjects can identify the problems, but cannot explain why they occur. Limited

analysis of the responses to this questionnaire are included here . The remaining analysis in this section should help explain other reasons for the limited use of delegation employed at the four firms .

The clustering of scores about the high end makes interpretation of small differences between scores subject to caution . However , some messages do seem clear . The top two reasons why these supervisors do not delegate are consistent with the top reasons given in the literature , and also with the comments made during the interviews . These reasons relate directly to concerns about the quality of the work being performed , and not to a manager's personality traits such as job insecurity or perception of their own roles . This is consistent with the results of Leana (1986) , who found that "supervisors' characteristics contributed little to explaining variance in levels of delegation ." (p . 766) . On the other hand , from the subordinates' perspective , quality of work issues are not prevalent . Instead , the uncertainty about the level of authority question heads the list of reasons to resist delegation . This ranking is due primarily to the low responses given by all three members of The Cross Company staff . The firm has a major problem with its internal perceptions of delegated authority ; no one there seems to know what level of authority the subordinates have been granted .

"Not receiving the proper information" ranks as the second most accurate reason for resisting delegation . This again can be tied to the risky nature of development , where actions based on incomplete information are the norm . At the bottom of the list are the reasons

dealing with the subordinates' acceptance of responsibility. Thus, whereas the literature describes business environments that include more menial and mechanical tasks, the development industry, at least at the level interviewed, consists of people who are aggressive and want to move ahead by accepting increased responsibility.

The following discussion reviews the categories established in the last chapter for consistencies and discrepancies among the surveyed firms.

Company Culture

Most of the subjects denied the existence of a hierarchy within their firms. They spoke frequently about teamwork, instead. Teamwork was most lacking at Anthem Properties; differences in age and professional background may have contributed to that. Herb spoke of teamwork, but it was not observed. Curt developed the cheerleader analogy, but to carry it through implies the presence of a team to be exulted. This team was not found. The management style that he espoused did not include delegating authority.

Hierarchy seems to affect delegation in an unexpected way. Art, at Beachmont, denies the existence of a hierarchy, and mistakes subordinate input for delegation. A strong hierarchy exists at Diamond, where Rudy mistakes accountability for delegated authority. He commented, "It was my decision to get involved ... therefore it is my responsibility to get us out". Gardner and Davis (1965) supplied definitions in Chapter 2 of this thesis which help explain how Rudy could delegate authority so that others could act in his behalf, while still maintaining accountability to his firm. Harrison (1961) sheds further light on Rudy's confusion:

Is ... the delegation of either unlimited or limited authority merely a matter of personal choice?... The decisive answer ... to the confusion over the meaning of delegation is one word: *accountability*. An executive can delegate responsibility ... But this act by no means diminishes the measure of his own accountability to his own superiors. ***The executive himself, not his subordinate, possesses the full obligation.*** (p. 102)

Thus, Rudy will always be accountable for both his and his subordinates' actions. He simply is not demonstrating enough trust in his subordinate's work to feel comfortable being accountable for it. Rudy could employ proper monitoring of delegated tasks to help ensure the quality of his subordinates' performance.

The degree of openness of management varied considerably. Firms which discussed management issues, such as Beachmont, had a strong delegation profile. Individuals at The Cross Company, in contrast, were concerned about the confidentiality of their comments, and developed weak delegation profiles.

Individuals at each of the four firms compared an entrepreneurial developer to a high-tech start-up firm. The comparison of the real estate visionary to Steven Jobs, Ken Olsen, Mitch Kapor, or An Wang led to discussions of the entrepreneur's motivation. Delegation was seen as necessary for each of these individuals to build his company. What happened when the firm reached Churchill and Lewis' (1983) Stage IV, Take-off? They state:

Often the entrepreneur who founded the company and brought it to the Success Stage is replaced either voluntarily or involuntarily by the company's investors or creditors. (p. 40)

The problems that beset... high-technology companies stem from a mismatch of the founders' problem-solving skills and the demands that

"forced evolution" brings to the company. (p. 48)

Curt, at Anthem, was "amused and interested" to watch these high-tech firms, but he liked the rewards of "the chase". If he sees the chase as being detailed work, and can not see how one could do that at a big firm, why would he delegate to grow the firm? He would not.

Company Goals

The four firms surveyed were split on their plans for growth. Beachmont and Cross were poised and anxious for rapid growth, while Anthem and Diamond were more patient with their existing projects. These goals for expansions are found to be related to the choice of and success of delegation styles used by the managers. The question remains whether the goals dictate management style, or vice versa. Beachmont is positioned for growth perhaps beyond the realm of entrepreneurship; they made constant reference to the business plans. Cross is poised for desertion or mutiny if Will's style is not reconciled with his ambitions. On the other front, Anthem's management style is well suited for its small-scale development outlook. The goal choice and management style choice seem intertwined; they are logical extensions of each other. Management seems comfortable with this combination, while subordinates should know what to expect to prevent their own frustration. At Diamond, Rudy's patience may eventually wear thin with his staff, but one cannot say that they were not warned by his delegation practices. The growth strategy developed by Diamond and its parent firm dictate the skills that the firm needs to cultivate; Rudy's paternalism is consistent with the slower growth projections.

Only Beachmont employed the tactic of developing the company's expertise by wholesale acquisition of talent, demonstrated by "buying Art and his construction company." This line of work was soon found to be inconsistent with the goals of the company, and the construction department was then spun off.

Another curiosity in the data is the associated goal of developing subordinates. Rudy, at Diamond, espoused the strongest personal desire to develop the skills of his subordinates. However, he was one of the most limiting in his delegation of authority. Tom, at The Cross Company, compared developing subordinates through the use of delegation to raising children: "You can't do everything for them all the time." Perhaps Rudy is trying too hard to "develop his subordinates", and has actually become a meddling but well-meaning parent. McConkey (1974) points out that two requirements must be met for the development of a subordinate's skills:

1. The superior must provide the opportunity for development to take place and provide an atmosphere conducive to it taking place.
2. The subordinate must accept strict accountability and be willing and competent to stand on his own two feet in carrying out his accountability. (p. 182)

Perhaps in firms such as Beachmont, where professional growth is a by-product of the goal of working efficiently, a subordinate is better trained and thus better served.

Specific Delegated Task

The discussion of the specific tasks delegated to the subordinate gave insight into the manager's *modus operandi* as well as his espoused theory. It gives the opportunity to compare what

they believe their style is to how they acted. Given the wide range of responses and the latitude in choosing tasks, no conclusions can be drawn about the general nature of delegated tasks. By breaking down the delegation into its parts, we can find strengths and weaknesses of the subjects.

Instruction - Anthem, Cross, and Diamond identified long-term tasks which were delegated to the subordinate. Curt, at Anthem, did not delegate the complete creation of the broker party to Steve; it was participatory, or almost authoritarian, with Curt having final okays along the way. Will's task for Tom, running the public meeting on their project, was perhaps the best example of proper delegation, at least in the early stages. This could be because Tom asked to do the project -- he asked that it be delegated to him. This can be seen as perhaps the ultimate way in which a subordinate can help "shape the task". Alan was only Rudy's "pooper-scooper" at the close-out of their condominium project. Alan had no authority to act on problems. There was little opportunity for instruction.

In almost no case was there agreement on McConkey's (1974) six provisions of a delegated assignment: scope, results to be achieved, schedule, authority granted, control and feedback, and both parties acceptance of their own duties. (See Chapter 2). In fact, one could say that "textbook" instruction on delegated tasks is anomalous with developers' instruction. The "on the job training" includes virtually no instruction from above. In "Control, Contingency and Delegation in Decision-Making," Michael (1979) notes that explaining decision rules to the subordinate when delegating a task should ease delegation:

By specifying decision rules -- objectives, policies, procedures, standards and rules -- superiors can delegate decision-making with highly predictable results, especially when subordinates are instructed in their use. (p. 38)

In addition to not giving detailed instruction, subordinates' help was used infrequently in shaping the task description, although supervisors were generally pleased with the creativity subordinates used in carrying out the tasks. Approaches ranged from Curt "inflicting" his ideas on Steve at Anthem, to Art's "Can you do me a favor?" approach at Beachmont. All four approaches got the task underway, and eventually completed. Whether the success of the task was dependent on the degree of instruction given is discussed under **Results**.

Monitoring - Monitoring implies the establishment and use of a system of controls. Haynes (1980) noted: "Controls provide you with the opportunity to examine actual performance against standards or objectives and to undertake whatever corrective action is called for." (p. 12) Essentially all monitoring was ad hoc and oral. None of the pairs had laid out a system for auditing progress, although weekly staff meetings were generally understood to be a sufficient medium. No standards or objectives were established against which to compare progress. No one stated a desire for any other system, although Tom wished that Will's "list" system at Cross be abolished.

Harrison (1961) recognized nine different strategies for monitoring and maintaining control over delegated tasks. Participation in tasks, he claims, "is possible not by supervising every detail of the job, but by periodic audits of what is going on." (p. 103) This idea seemed to bypass most of the subjects.

There were no comments received to the following effect: "I am a little uneasy in delegating tasks to Jim, but I can check his progress at each milestone and get him back on course if necessary." Rudy, at Diamond, was a gung-ho delegator until he realized that he could suffer consequences of a job poorly done. Rudy did not attempt to monitor Alan by putting in place budget guidelines that would ensure that Alan's cash expenditures were on target. Such a control system would enable Rudy to delegate authority while feeling comfortable about his own accountability.

Critique/Feedback - Most subjects felt that specific feedback was unnecessary, that the results of the job spoke for the performance. More critical managers, such as Will at Cross, provided plenty of critique, occasionally positive. Both Cross and Beachmont's examples of feedback were atypical. Tom at Cross said that there is typically very little feedback, while Jerry at Beachmont felt that there usually were preestablished goals and deadlines. These traits are consistent with their respective delegation profiles. The feedback mechanism, then, was generally not considered part of the delegation process except at the goal-oriented Beachmont Development Company.

Results - All managers were reasonably pleased with the results of the subordinate's performance on the delegated task. This occurred, perhaps, because of the hands-on approach employed by all the managers. Because no predetermined standards had been established, results could not be judged against particular benchmarks. The Control Cycle that Michael (1979) advocates,

can contribute to risk reduction in delegation by, in effect, requiring the subordinate to give

the superior a preview of his strategies, his major planning or future-oriented decisions, and of his standards for judging the effectiveness of his strategies.... The superior ... is free of the burden of constantly monitoring detailed decision-making by his subordinate and can limit himself to evaluating results against standards. (p. 41)

Thus, in proper delegation, the results stage of delegation reflects the previous stages; no surprises should occur. Managers ratings of the four subordinates surveyed in this thesis included "good", "very good", "very competent", and "excellent". All the managers were at least partly responsible for the subordinate's hire; there was no opportunity to research the attitude towards inherited subordinates. Hiring practices are reviewed at the end of this chapter.

Supervisor's Adoption of the Managerial Role

The following sections summarize and analyze the comments and behaviors described in the four case studies.

"The New, Uncomfortable Job and Art of Leadership" - All managers admitted difficulty in making the transition to manager. Curt, at Anthem, admitted to being a poor delegator, and would rather be a "cheerleader". He was thrust into the role, and never adopted it as his own. In contrast, both Matt and Art at Beachmont made conscious efforts to adopt the manager's functions. Matt admitted that real estate was a good place for bad managers to hide, but took on the duties himself in order to tackle bigger and bigger projects. Art still had trouble with the hierarchy of leadership, preferring to work together with his staff.

Will, at Cross, had no trouble accepting the leadership role. He was enjoying the challenge of the new role, but carried to Cross

the leadership model he had learned and developed in a more structured environment. Rudy, Diamond's president, developed confidence in his staff as they consistently made the same decisions he would have. Stu felt that Rudy was a good leader. He felt that leadership entailed setting goals for the subordinates, but not working together to develop these goals.

Tom, at Cross, related how in real estate, no one trains managers. Management skills are self-taught, then, and the both teacher and student must be comfortable with the process of delegation. This comfort with the delegator's role may come only through recognition of the importance of delegation to the success of the manager, the company, and the subordinate.

Perrow, in "The Short and Glorious History of Organizational Theory," (1973) discusses the concept of "good leadership:

The burning cry in all organizations is for 'good leadership,' but we have learned that beyond a threshold level of adequacy it is extremely difficult to know what good leadership is. (p. 13)

Perhaps Ken Olsen (1987) said it best when he speculated what his legacy would be when he leaves Digital Equipment, the giant computer company he started in the proverbial garage:

My ambition is to ... be remembered as someone who challenged them, who influenced them to be creative and enjoy work and have fun for a long time. (p. 7)

"Surrendering the Greatest Pleasures of my Professional Life" -

Three of the development managers spoke of the difficult surrender of their detailed work. Curiously, Will, at Cross, was the one who expressed boredom with the tasks that he had grown accustomed to: "I could do the stuff in my sleep." This led him to found The Cross

Company. He said that he enjoyed the challenge, but was not very successful in delegating project specifics. The Beachmont managers again found the surrender easier knowing that it was necessary to accomplish certain goals. Curt, at Anthem, said that management was not "personally rewarding", but that it was "exciting to see a piece of land, create a new project." Lower-level managers such as Alan at Diamond and Tom at Cross also exhibited a commitment and love for "working in the trenches", and found it hard to delegate to the lowest level.

This attraction for the "bricks and mortar" is typical of the development industry. The tangible portion of the business is creating a building. Significantly, the ones most easily surrendering their pleasures were at Beachmont, a firm created solely as a means to create wealth by individuals with no experience in the development industry.

"Teaching and Letting Others Become the Experts" - In the small firms surveyed, there was a consistent lack of internal competition, and a strong group ethic. "Cubbyholing" information was seen as a bureaucratic technique reserved for the insecure. Even Will, who was detail-oriented, had no problems with his staff gaining the expertise. There was a strong desire to teach at Diamond.

As usual, the management at Beachmont was most eloquent about the function of training others to become the experts. Matt felt that a generalist does not do anything as well as a specialist. He felt that if you can train someone, and he spends full time working in that area, that he will soon become more proficient at the task. As Beachmont grows rapidly, there is room at the bottom of the

professional organization for specialists. In a four- or five-person firm such as Cross, however, there is no room for specialists. As will be seen in the next section, specialization is a bureaucratic luxury which most development firms can ill afford. However, Matt sees the specialist role as a temporary stop: "The people I brought in as specialists, can they be managers in and organization which is now looking to have a management organization?" He has transitioned himself, and through growth and delegation would expect others to become managers.

"How Important Is It to Do this Job Perfectly?" - Most managers agree that an on-the-job training period is necessary, and are willing to live with mistakes. The distinctions between the attitudes of the four firms are very interesting, however. The two firms espousing most strongly the idea that their company puts out a quality product and that mistakes which may hurt the firm's image are unacceptable are Anthem and Diamond. These two firms are the oldest, have the least orientation to growth, and demonstrate poor delegation (when looking at complete delegation of responsibility and authority). Curt, at Anthem, experienced "continual frustration" because projects were not always done perfectly, while Herb, the chairman, remarked that if they could not do a top-quality product, they should not do it. Rudy spoke of the company's reputation for quality work. The longevity of these firms in an industry filled with younger companies, especially in the Boston market, may be a testament to their commitment to quality. What bodes for the two younger firms who have not made this commitment?

Beachmont's business plan does not stipulate specifically that

it build quality housing, only that it achieve preeminence in the housing market. One might assume that a reputation for quality is necessary to attain this lofty stature, but it is nevertheless not spelled out. Instead, the business plan calls for "having a good time" developing housing. At the Cross Company, Tom and Tim "know that every detail doesn't have to be perfect." Will is becoming "increasingly comfortable" with an "80-percent solution" to a problem, due to time constraints. Other projects could be accomplished if the minutest details were not attended to.

Is this trade-off between quality and quantity of projects real, and is it necessary? And what effect does the choice have on the use of delegation? McConkey (1974) states:

Effective delegation carries with it the promise that the individual manager will be given the widest possible latitude to determine his own job and that all managers in the organization, acting together like this, will achieve results considerably in excess of those realized by managers not operating in a comparable manner. (p. 210)

In giving the subordinates the latitude to make decisions, the managers must influence the thought processes so that decisions are made consistent with company policy, image, and reputation. To Perrow (1977), this entails the use of third-order controls:

My message to managers is to delegate: ***you have far more control than you think....*** Only when premises can be controlled that extensive decentralization of delegation can take place.... The delegation of authority will be immense [when] the premises upon which those decisions are made [are] secure. (p. 14)

Perrow reserved his first-order controls, direct orders, surveillance, rules and regulations for "low complexity organizations" (p. 6). Second order controls included

standardization and specialization. Matt used the latter at Beachmont in order to delegate and grow his firm: "As you obtain more capital, you can go back and hire more people to each execute small number of functions. Then you can get back to detail again." So while Matt used second-order controls to maintain the quality of Beachmont's detailed work, he used third-order controls at the managerial level to maintain the company culture. Art had reflected on this: "We try to find people who care ... who have some desire to be part of a common goal. We create in-house excitement..." A company's philosophy on subjects such as quality can filter through the organization, and subordinates' actions can be controlled towards that end through the use of first-, second-, and third-order controls.

Although most managers surveyed in the present research felt that hiring the best people was the best insurance against inferior work, only one understood the mechanisms of control available to harness the work of any employee.

"Running a Business or Building an Organization" - The question of running a business or building an organization was a major determinant in delegation behavior. The concept that a development firm was nothing more than a group of portfolio managers ensuring the profitability of the equity investors' stake was offered by two managers, but not by their third-tier staff. Anthem Properties' lack of commitment to the organization was apparent: "If you stopped selling hamburgers you wouldn't need any cooks." Matt, president of Beachmont Development, would also close his firm down if he was no longer having fun running it, but spoke definitively that he was

building an organization. Will, president of The Cross Company, also felt that he was running a business. He found that the original intent to "have fun" was impossible without a cohesive business strategy.

Building an organization is largely dependent on hiring the right people. The hiring practices of these entrepreneurial firms evokes two questions. First, are the professional staff being hired of sufficient quality to warrant trust through delegated authority? Second, are the goals and values of the new hire consistent with the managers, and, by corollary, is the manager representing himself and the firm correctly when recruiting?

Leana's (1986) research addressed both questions. As discussed in Chapter 2 of this thesis, she found that "objective measures of subordinates' competence, and goal congruence between supervisors and subordinates influenced the effectiveness of delegation." (p. 770) Addressing the first question, we can compare the competence of all the third-tier subordinates: Steve, Jerry, Tim, Tom, and Alan. All have been with their firms for one to two years, and are between 25 and 35 years old. All but one come from graduate business programs, and all indicated the desire to learn, grow, and accept responsibility. Are some more competent than the others, and does their competency justify varying levels of trust and delegated authority?

The homogeneity of this group would indicate that their varying degrees of delegated authority stems from their supervisor's inclinations. Leana finds that the level of delegation is positively correlated with the supervisor's perception of the

subordinate, as well as the supervisor's workload, and importance of the decisions made. (p. 764) She also found that the supervisors' need for dominance and their perception of their own role (as a decision maker versus a trainer of people) were not correlated to the level of delegation that they employed. She concludes further that "situational constraints rather than personal predispositions account for any apparent consistency in supervisors' treatments of their subordinates regarding delegation." (p. 772) Can her results be reconciled with those developed here? The situational constraints that she observed in her study included the supervisor's workload and the importance of the decisions to be made. These two constraints were fairly consistent across the four development firms studied here, so they cannot account for the different levels of delegation used by each manager. All the managers had busy schedules, and all had the same types of decisions to make about their projects. Then perhaps delegation is not the answer, or even the question. Leana finds that her own results, developed from a study of insurance adjusters, are inconsistent with other studies done on participative decision making. The bureaucratic and hierarchical nature of the insurance firms, then, may be causing the discrepancies with the results of the present research. The entrepreneurial development firms' lack of hierarchy and tendency toward participative, or in some cases authoritarian, decision making help explain the difference.

CHAPTER 6

CONCLUSIONS

This chapter addresses the questions posed in Chapter 1 of this thesis.

- Are "textbook" delegation practices used in entrepreneurial development firms?

The literature addresses delegation for both the professional manager and for the small business owner. Concerns for personal time management, ability to focus on "big picture" items including company strategy, and the professional development of subordinates apply to all firms. Most individuals in the subject firms do not properly delegate. Reasons identified include a predisposition for and background in detailed tasks; feelings that the subordinate does not have enough experience in development to be trusted, or is not committed to the success of the firm; and confusing delegation with participatory or autonomous decision-making, or with implementation. The few cases in the literature where "textbook" delegation is practiced stem from the principals' actually reading the textbooks. Significant time was spent researching organizational issues and developing a management style to achieve the company's objectives.

Some managers do not practice correct delegation techniques, but think that they do. The effect of this contradiction on the work environment depends on whether or not the subordinates share the manager's interpretation of delegation. When shared, subordinates may work effectively and to the satisfaction of their

manager . When the manager thinks that he is a good delegator and the subordinate does not, frustration mounts . Confusion as to levels of authority and responsibility results in the inefficient duplication of some tasks while others do not get accomplished .

- What influence does the educational or professional background of the principal have on his use and style of delegation?

Educational background may have an effect on the individual's understanding and use of delegation , but no positive correlation was found between graduate business management training and strong delegation profiles . The weakest of the four delegators profiled had a prestigious business school background . The strongest delegation profile was between a non-business-schooled manager and his business-schooled subordinate . The influence of the firm's owner , with a strong business school orientation , influenced this relationship , however . Thus , no positive connection can be described between management training and strong delegation . When coupled with professional experience , however , stronger correlations can be detected .

The weakest delegator (Will , at Cross) , was formally schooled in business management , and had worked a significant number of years in a bureaucratic , divisionalized development firm . He had grown accustomed to hierarchy and delegation of responsibility without authority . The other business-schooled owner (Matt , at Beachmont) had no previous real estate experience and chose the field after analyzing business opportunities for income potential . His approach

to management is strictly goal-driven, with growth decisions and actions effected to meet business plan goals. Delegation of authority is seen to be required to reach those goals.

Individuals working solo for many years (Curt, at Anthem) have a hard time managing others and letting go of details, although this may change with time. Rudy, at Diamond demonstrated how to build confidence in a subordinate through on-the-job testing that does not subject the firm to risk of failure.

- Does the existence of a well-defined business plan encourage the use of delegation?

One can conclude from the research of this thesis that formalization of company goals helps the delegation process. The consistency of approach at Beachmont was so strong that it almost supports the contention by itself. Individuals at all three hierarchical levels understood the need to delegate authority, and examples and discussion of such delegation was prevalent. Delegation was seen as a means to achieve clearly defined business goals.

Conversely, the discrepancies of opinion between the manager and subordinate about the manager's ability to delegate were frequent in two firms. Neither of them had defined business objectives. The young company (Cross) that drastically changed its business strategy had not formalized its new objectives; the need to delegate was not clear to them. At Anthem, the discrepancies may stem from the president's belief that he is accomplishing the company's goals. Meanwhile, his subordinate may be targeting other

goals for himself and the company, and therefore rates the president differently based on his own criteria.

- Does the growth strategy of the company influence the use of delegation?

Consciously or not, managers are behaving consistent with their growth strategy. Perhaps the management style begat the growth strategy. In the firms where business plans did not exist, this was true. Growth in both staff size and in the volume and size of projects undertaken was seen as limited. They were limited to the point where hands-on control over project details became impossible. The misinterpretation of what constitutes delegation is also related to growth plans. One-project firms did not delegate. Slightly larger firms understood delegation of responsibility or authority, but not both. The most growth-oriented firm preferred the concept of teamwork to that of delegation. In the firms having strategic plans for growth, managers proved flexible enough to adopt the new duties of delegation.

- Can a firm's success be correlated with it's use of delegation?

It does not appear that a firm's financial success depends on the owner's ability to delegate. Firms are able to achieve success at their own volume level, which, as indicated before, may be dependent on their management style. A hands-on developer can generate substantial profits for his firm by working hard and paying strict attention to detail. The quality of the product can be

guaranteed, and the reputation of the firm upheld. There is doubt, however, whether this success might succeed the owner if the company choose to grow its operations after the owner retires.

- Does the principal consider the professional development of his subordinates in his use of delegation, and if so is this reflected in his daily work practices?

Managers are split in their desire to develop their subordinates' skills. Those viewing the company as a management firm for a portfolio of investments chose to develop in-house skills only to the extent required to properly manage the assets. Professional growth was seen as a sideline. Principals with loftier goals seek to develop business acumen in select professionals who could help them expand the company's range of activities. But even those managers who specifically encourage skill enhancement may be acting counterproductively through the improper use of delegation. After having implemented the details of a task that he had been "delegated", a subordinate may become dependent on his manager for authority to act.

- What effect do the perceptions of the supervisor's use of delegation by the staff have on their own performance?

After a year of employment, subordinates generally know the styles of their managers. Subordinates' perceptions are viewed as critical to their job satisfaction. No negative impact on the quality of work by unsatisfied employees was detected, although the productivity of the firm may suffer due to overlapping

responsibilities. Where supervisors and subordinates agree on the occurrence of bad "textbook" delegation practices, these practices are not seen to negatively affect the subordinate. Rather, difficulties are encountered where the manager considers himself a better delegator than the subordinate perceives him to be.

Recommendations for Growing Firms

Fledgling real estate development firms are classic entrepreneurial endeavors. The ability to create and control enormous assets with a small labor force attracts the risk-seeking individual: the entrepreneur. As soon as the entrepreneur hires his first employee, his own role changes significantly -- he becomes a manager. All managers, from the owner on down, have heard how the use of delegation is supposed to benefit the firm. However, the detailed nature of the development business prevents all but the most disciplined manager from properly delegating authority to his subordinates. Discipline means striving for predetermined goals when choices over time and resources must be made. When the manager's time is sparse, goals which set ambitious growth strategies for the firm can be achieved only by utilizing the talents of his staff. This can be accomplished two ways. Hierarchical relationships are necessary for delegation to occur. In firms where these relationships do not exist, the synergy of teamwork can replace (and possibly exceed) the benefits of delegation.

Entrepreneurship is much easier to maintain at a small development firm than at a large one. With fewer assets at risk and

no bureaucracy to stifle decision-making, the owner can be creative, flexible, and innovative -- and challenged in the process. The small firms tend to be either authoritarian or team-oriented, but do not use delegation in their daily business affairs. With the owner's constant attention to detail, business success is possible. And with success comes opportunities for growth. These firms can implement delegation to facilitate growth, but in doing so create management hierarchies. The development "team" can remain intact, but will be delegated tasks by higher levels of management in the new, larger organization.

The challenge to remain entrepreneurial becomes enormous. The owner can do so by either leaving the company to start a new venture, or by developing new lines of business within the real estate organization. The challenge for the company is to remain entrepreneurial by developing bold and innovative managers to succeed the owner. In "Entrepreneurship Reconsidered: The Team as Hero," Reich (1987) decanonizes the "entrepreneurial hero" in favor of "collective entrepreneurship":

[E]ntrepreneurship isn't the sole province of the company's founder or its top managers. Rather, it is a capability and attitude that is diffused throughout the company.... The company's ability to adapt to new opportunities and capitalize on them depends on its capacity to share information and involve everyone in the organization in a systemwide search for ways to improve, adjust, adapt, and upgrade. (p. 81)

The next generation of talent and ambition exists in many development firms. The entrepreneurial owner can continue his hands-on style and lead his firm to success. Or he can recognize the talent that he has hired, and inspire them to carry on the

entrepreneurial spirit that he first instilled. Proper use of delegation is one way to inspire and challenge that talent.

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APPENDICES

Appendix A - Survey Questionnaires

- A1 - "Specific Delegated and Non-Delegated Tasks"
- A2 - "Are You an Effective Delegator?"
- A3 - "Possible Reasons for Minimal Delegation"
- A4 - "Thought-Provoking Quotations"

APPENDIX A1

SPECIFIC DELEGATED AND NON-DELEGATED TASKS

SUPERIOR

Specific Delegated Task

Describe a recent incident in which you substantially delegated a significant task to _____.

Why did you delegate it?

Why did you delegate it to _____?

Did you enlist the subordinate's help in shaping the job?

What type of instruction did you give?

What type of monitoring or auditing did you use?

How much critique/feedback did you provide?

What were your prime concerns about delegating it?

What was the outcome of the task?

How satisfied were you? Were the results up to your standards?

How would you rate the overall competence of _____?

Specific Non-Delegated Task

Describe a recent incident in which you consciously decided not to delegate a significant task.

Why didn't you delegate it?

How did the task turn out?

In retrospect, could the task have been delegated?

What was the cost of doing the task yourself?

General Questions

Were you responsible for the hiring of this person or his/her promotion into this position?

Was your delegation of the task typical of your style, or was it a rare occurrence?

Was there a point in your career that you changed your

attitude towards and style of delegation? Describe that point.

Are you running a business or building an organization? Do you intend to expand the business?

SUBORDINATE

Specific Delegated Task

Describe a recent incident in which you were substantially delegated a significant task by _____.

Why were you delegated it?

Why was it delegated to you?

Did _____ enlist the your help in shaping the job?

What type of instruction were you given?

What type of monitoring or auditing was used?

How much critique/feedback was provided to you?

Specific Non-Delegated Task

Do you feel _____ should delegate more work to you?

Was _____ responsible for your hiring or your promotion into this position?

(Middle Manager) What influence has _____ had on your own management style and attitude towards delegation?

APPENDIX A2

ARE YOU AN EFFECTIVE DELEGATOR?

	Yes	No	Answer
1. I tell my subordinates what I want in terms so vague that they cannot pinpoint precisely what I want.	----	----	No
2. I have trained employees to plan ahead, and sudden, unexpected emergencies are rare in my opinion.	----	----	Yes
3. I give an audible sigh of resignation or act shocked if a subordinate asks me to clarify some point.	----	----	No
4. Is my department plagued by slow decision-making?	----	----	No
5. Are needed decisions postponed when I am away?	----	----	No
6. Do I permit my people to select their own means to agreed-upon ends?	----	----	Yes
7. If a subordinate asks the same question more than once, I point out that I have already answered it.	----	----	No
8. I make an obvious effort to contain my impatience if he does not understand.	----	----	No
9. Do I hold frequent staff meetings?	----	----	No
10. When I am not present, my group continues to function efficiently. Work doesn't come to a stop until I return.	----	----	Yes
11. My employees are self-starters. On familiar jobs, they don't wait for orders to go ahead. However, if an assignment is new or complicated, they are careful to be checked out properly before they start work.	----	----	Yes
12. Employees frequently give me good suggestions for operational improvements.	----	----	Yes
13. I criticize petty, specific errors made by subordinates.	----	----	No
14. I do not explain the purpose of the			

- expected result of the job to subordinates. ----- No
15. Is people development a major concern as I delegate? ----- Yes
16. I change instructions often to subordinates. ----- No
17. I assign subordinate jobs below their ability and training. ----- No
18. I assign subordinates jobs above their ability and training. ----- No
19. Do I really know the strengths and weaknesses of my people? ----- Yes
20. Do I base my judgments on this? ----- Yes
21. I give subordinates unrealistic deadlines. ----- No
22. I improve on everything subordinates do. ----- No
23. Do I reward based on results? ----- Yes
24. Have I skipped any vacations in the last five years? ----- No
25. Do I work longer hours than those reporting to me? ----- No
26. Do I measure success primarily by time worked rather than accomplishments? ----- No
27. My advance planning relieves the pressure of the daily job and gives me time to think out future assignments. ----- Yes
28. I make subordinates do each job my way. ----- No
29. Do my people request advice once or twice a day? ----- No
30. Do their questions to me involve details rather than policies? ----- No
31. Simple jobs that are part of the regular routine are delegated and promptly done. Little follow-up is required. ----- Yes
32. Do my people hesitate to make recommendations to me? ----- No

33. Are job descriptions for my people of the activity type? ----- No
34. Do I often ask employees for advice and then fail to provide any explanation for ignoring it? ----- No
35. Do my people accomplish less than 75% of their objectives? ----- No
36. Do I overrule my people regularly? ----- No
37. Details are not my headache. I have employees who are capable of handling them. ----- Yes
38. There is little friction or discontent in my work team. We work together smoothly and cooperatively. ----- Yes
39. Do I check on their work frequently? ----- No
40. Do I evaluate on "personality"? ----- No
41. Do my people know specifically the results they must achieve? ----- Yes
42. Has their authority been clearly defined? ----- Yes
43. Is it in writing? ----- Yes
44. Did my people recommend it to me? ----- Yes
45. I never pass the buck for my own mistakes but accept full responsibility when operations fail to go as I have planned. ----- Yes
46. Do I usually work at home? ----- No
47. Am I usually behind in my work? ----- No
48. Do they have a major voice in determining their roles? ----- Yes
49. Do I frequently do a job myself because I can do it quicker, better, and cheaper? ----- No
50. Do I consult with them prior to setting my own objectives? ----- Yes
51. Would I be willing to let my subordinates answer the same questions for me? ----- Yes
52. If I were a subordinate, would I be happy

working for myself?

----- Yes

Derived from:

Rimler, George W. and Humphreys, Neil J. Small Business:
Developing the Winning Team, New York: AMACOM, A Division of
American Management Associations, 1980, pp. 171-3.

Maidment, Robert. "Ten Reasons Why Managers Need to Know More
About Delegation," Supervisory Management, August 1984, p.

APPENDIX A3

POSSIBLE REASONS FOR MINIMAL DELEGATION

WHY SUPERVISOR'S DON'T DELEGATE	very accurate			inaccurate	
	1	2	3	4	5

1. Feeling of job insecurity	1	2	3	4	5
2. He/she (h/s) believes that only h/s is capable of doing the job.	1	2	3	4	5
3. H/s is fearful of costly mistakes being made.	1	2	3	4	5
4. H/s is unable to communicate what needs to be done due to lack of information.	1	2	3	4	5
5. H/s is confused about proper lines of authority and correct accountability.	1	2	3	4	5
6. H/s feels that control of feedback mechanisms are too weak to correct mistakes as they happen.	1	2	3	4	5
7. H/s would rather firefight than set up systems that enable them to manage.	1	2	3	4	5
8. H/s feels that they can do the work faster.	1	2	3	4	5
9. H/s feels h/s shouldn't delegate anything that h/s wouldn't or couldn't do themself.	1	2	3	4	5
 WHY SUBORDINATES RESIST DELEGATION					
1. It's easier to let the supervisor make the decisions.	1	2	3	4	5
2. H/s is not sure of h/s own level of authority or even who h/s supervisor is.	1	2	3	4	5
3. H/s doublechecks every decision with the supervisor before implementing it.	1	2	3	4	5
4. H/s feels h/s hasn't received the proper information to handle the					

work.	1	2	3	4	5
5. H/s is not prepared to accept responsibility.	1	2	3	4	5
6. H/s is not convinced h/s can gain anything by accepting responsibility.	1	2	3	4	5

Derived from:

Hollingsworth, A. T. and Al-Jafary, Abdul Rahman A. "Why Supervisors Don't Delegate and Employees Won't Accept Responsibility," Supervisory Management, April 1983, pp. 13-17.

APPENDIX A1

THOUGHT-PROVOKING QUOTATIONS

1. "The business owner who doesn't delegate effectively is essentially a prisoner -- as soon as he or she steps away, the business crumbles. The owner who entrusts authority to others creates opportunities to expand the business materially or to start new ventures."
 - Matthews, Glenn H. "Run Your Business or Build an Organization?," In "Growing Concerns," Edited by David E. Gumpert. Harvard Business Review, Vol. 62, No. 2 (March-April 1984), p. 34.

2. A successful entrepreneur encountered four problems in trying to delegate. The first "and most obvious problem was watching someone mess up a task I could do easily in half the time." The remaining three were: shifting from the role of specialist to that of generalist, thereby "surrendering the greatest pleasures of my professional life"; restraining his competitiveness by teaching and letting others become the experts; and learning the new, uncomfortable job and art of leadership.
 - Finnstahl, Timothy W. "Letting Go," Harvard Business Review, Vol. 64, No. 5 (September-October 1986), p. 14.

3. "The successful executive ... asks himself the following: What compromise, if any, must I make between the optimum style of delegation and other effective methods because of limits of time, effort, or money? Or, in other words, how important is it to do this job perfectly?"
 - Harrison, James C. Jr. "How to Stay on Top of the Job," Harvard Business Review, Vol. 39 (November-December 1961), p. 106.