

## Management by Agreement: The Other 'MBA'

It is generally agreed that being an effective manager involves taking calculated *risks*. As in most things, the rewards or outcomes of any actions tend to be proportional to the risks involved. Generally, the greater the risks, the more positive the potential results can be. Thus, managers who take few risks may not fail as often, but they also limit their success.

If you have an aversion to risk-taking, I am not advocating that you restructure your fundamental psychological makeup. The important question is, given your tolerance for risk, what can you do to make it *safer* to take calculated risks? I think that one of the answers is to build credibility with those around you.

Agreements we make and don't keep come back to haunt us, with the loss of our credibility. As managers, and as people, our credibility is not something to be taken lightly.

Consider this:

- By adopting **managing by agreement** you build **credibility**
- By building credibility you create **openness and trust**
- When you have openness and trust you can take **calculated risks** and **improve productivity**

Managing by agreement is actually quite simple, but requires some diligence to certain aspects of agreement making.

### Avoid Making or Accepting 'Fuzzy' Agreements

An effective ground rule is to make and accept only clear, specific, firm agreements. When you agree to do something, make sure you and the other party know exactly what you are agreeing to do and when. Anything less than total clarity leaves room for misunderstanding and someone being surprised. The result of such surprises is loss of credibility. Some examples of "fuzzy" agreements are:

"I'll try harder next time."

"I'll get back to you on this."

"I'll see what I can do."

On the other side of the coin, don't allow other people to make 'fuzzy' agreements with you. Allowing others to make vague agreements often ends up with you being disappointed and the other party losing credibility with you. How can you keep other people from making 'fuzzy' agreements? Question them and get a solid agreement. If someone says, "I'll call you next week", politely ask "What day and time is good for you?" or "How about next Tuesday at 3:00PM?" If you get answers to these questions, you can agree to be there when the person calls.

Sometimes people make vague agreements to leave themselves an 'out' if things don't go well; or they make vague, halfhearted agreements because they don't intend to keep them. In such cases, you can politely ask, "Do you really intend to do this?" This has the effect of getting the person to commit one-way of the other. One simple thing that would improve many managers' effectiveness is to require clear agreements on performance from those they supervise.

### **Give Earliest Notice When Agreements Cannot Be Kept**

It is as much a common courtesy as it is good management, to notify the other person as *early* as possible when an agreement cannot be kept. Even with the best intentions and hard work, not all agreements can be kept. When this happens, it will preserve your credibility if you let the other person know quickly. Early notification is better than a broken agreement.

### **Clean Up Broken Agreements**

No matter how good your intentions are, there will occasionally be times when agreements are not kept for whatever reason. When you break an agreement, be sure to talk to the person you had the agreement with. Even if a long time has passed, you can bet that the other person hasn't forgotten. It is a simple matter to tell the person that you "dropped the ball" and ask forgiveness.

### **Summary**

Managers and organizations are always faced with risk. The level of credibility, openness and trust that exists in relationships significantly affects the degree of risk. Making and keeping agreements builds credibility. Credibility fosters openness, which leads to trust. Make only agreements you intend to keep; avoid making 'fuzzy' agreements; be sure to notify the other person as soon as possible when an agreement cannot be kept; and clean up any broken agreements as soon as possible.

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