

## **VISA founder Dee Hock on Management**

*Dee Hock's management principles, in his own words. By M. Mitchell Waldrop; excerpt from the '96 Fast Company #5 cover story. (Note: Dee is the visionary founder and CEO Emeritus of the world's largest commercial enterprise, VISA International. To learn more about this man's fascinating story & work, read his book "Birth of the Chaordic Age.")*

An organization, no matter how well designed, is only as good as the people who live and work in it. Ultimately what determines the organization's performance is the approach to management its leaders take. Some of Dee Hock's management principles, in his own words:

### **PhD in Leadership, Short Course:**

Make a careful list of all things done to you that you abhorred. Don't do them to others, ever.

Make another list of things done for you that you loved. Do them for others, always.

**Associates:** Hire and promote first on the basis of integrity; second, motivation; third, capacity; fourth, understanding; fifth, knowledge; *and last and least, experience*. Without integrity, motivation is dangerous; without motivation, capacity is impotent; without capacity, understanding is limited; without understanding, knowledge is meaningless; without knowledge, experience is blind. *Experience is easy to provide and quickly put to good use by people with all the other qualities.*

**Employing Yourself:** Never hire or promote in your own image. It is foolish to replicate your strength. It is idiotic to replicate your weakness. It is essential to employ, trust, and reward those whose perspective, ability, and judgment are radically different from yours. It is also rare, for it requires uncommon humility, tolerance, and wisdom.

**Compensation:** Money motivates neither the best people, nor the best in people. It can move the body and influence the mind, but it cannot touch the heart or move the spirit; that is reserved for belief, principle, and morality. As Napoleon observed, "No amount of money will induce someone to lay down their life, but they will gladly do so for a bit of yellow ribbon."

**Form and Substance:** Substance is enduring, form is ephemeral. Failure to distinguish clearly between the two is ruinous. Success follows those adept at preserving the substance of the past by clothing it in the forms of the future. Preserve substance; modify form; know the difference. The closest thing to a law of nature in business is that form has an affinity for expense, while substance has an affinity for income.

**Creativity:** *The problem is never how to get new, innovative thoughts into your mind, but how to get old ones out.* Every mind is a room packed with archaic furniture. You must get the old furniture of what you know, think, and believe out before anything new can get in. Make an empty space in any corner of your mind, and creativity will instantly fill it.

**Leadership:** Here is the very heart and soul of the matter. If you look to lead, invest at least 40% of your time managing yourself -- your ethics, character, principles, purpose, motivation, and conduct. Invest at least 30% managing those with authority over you, and 15% managing your peers. Use the remainder to induce those you "work for" to understand and practice the theory. I use the terms "work for" advisedly, for if you don't understand that you should be working for your mislabeled "subordinates," you haven't understood anything. *Lead yourself, lead your superiors, lead your peers, and free your people to do the same. All else is trivia.*

## **Dee Hock on Organizations**

*Organizations, according to Dee Hock,*

*“Can be no more or less than the sum of the beliefs of the people drawn to them.”*

Whenever Dee Hock talks to people about chaordic (from CHAos and ORDer) organizations, someone always wants to know, 'Where's the plan? How do we implement it?' But that's the wrong question, he says. "All organizations are merely conceptual embodiments of a very old, very basic idea -- the idea of community.

They can be no more or less than the sum of the beliefs of the people drawn to them; of their character, judgments, acts, and efforts," Hock says. "An organization's success has enormously more to do with clarity of a shared purpose, common principles and strength of belief in them than to assets, expertise, operating ability, or management competence, important as they may be."

### **Some principles that worked for Visa:**

**The organization must be adaptable and responsive to changing conditions, while preserving overall cohesion and unity of purpose.**

This is the fundamental paradox facing businesses, governments, and societies alike, says Hock -- not to mention living cells, brains, immune systems, ant colonies, and most of the rest of the natural world. Adaptability requires that the individual components of the system be in competition. And yet cohesion requires that those same individuals cooperate with each other, thereby giving up at least some of their freedom to compete.

**The trick is to find the delicate balance that allows the system to avoid turf fights and back-stabbing on the one hand, and authoritarian micromanagement on the other.** "Neither competition nor cooperation can rise to its highest potential unless both are seamlessly blended," says Hock. "Either without the other swiftly becomes dangerous and destructive."

**The organization must cultivate equity, autonomy, and individual opportunity.** "Given the right circumstances," says Hock, "from no more than dreams, determination, and the liberty to try, quite ordinary people consistently do extraordinary things."

**The organization's governing structure must distribute power and function to the lowest level possible.** "No function should be performed by any part of the whole that could reasonably be done by any more peripheral part," says Hock, "and no power should be vested in any part that might reasonably be exercised by any lesser part."

**The governing structure must not be a chain of command, but rather a framework for dialogue, deliberation, and coordination among equals.** Authority, in other words, comes from the bottom up, not the top down. The U. S. federal system is designed so authority rises from the people to local, state, and federal governments; in Visa, which contains elements of the federal system, the member banks send representatives to a system of national, regional, and international boards. While the system appears to be hierarchical, the Visa hierarchy is not a chain of command. Instead, each board is supposed to serve as a forum for members to raise common issues, debate them, and reach some kind of consensus and resolution.