



Aron Ain, CEO of Kronos

Art of Leading: Aron Ain of Kronos on How to Build a Deep Bench of Leaders

Adam Bryant

Exciting news: I'm launching a new interview series with CEOs. As the "Art of Leading" name suggests, I'll be focusing exclusively on how they lead their companies and build high-performing cultures (if you're looking for product and strategy updates, you won't find them here; these interviews are for anyone who wants to be a better manager and leader). To kick off the series, I sat down with [Aron Ain](#), CEO of Kronos and author of "[Work Inspired](#)." Ain is super thoughtful on how to create a culture that really values management. Here's his playbook.

Q. You focus heavily on reinforcing the importance of effective managers at Kronos. How did that interest come about?

A. There wasn't one defining moment. It was just watching and listening and learning and seeing the impact that really good managers had on their teams in both outcomes and retention. When there was a leader who was less effective, it wasn't as positive. There was a churn of team members, the people weren't engaged, and they didn't produce as much as teams with really good managers.

I also came to appreciate how hard it is to be a really good manager, and then I started wondering what we could do to help people be better managers. I also wondered how we could really judge whether people took to the training to be a good manager.

Q. Why don't more companies place greater importance on management? Why aren't there more good bosses?

A. A lot of organizations focus on their product, and they feel that if they have a great product, then they've done their job -- not completely, but that's the principal thing that gets their attention. Or if they're overseeing the financials, then they're focused on whether the balance sheet and income statement look good. They drift to the things that either they were trained to do or that they go to naturally.

Second, it's really hard, and we all tend to drift toward the things are easier, that we are good at, that we know how to do. Building great products, making sure the financials are in good shape, delivering

great customer service, being a really good marketing person – those are easier to do than having difficult conversations with people about things that aren't going well. So it's possibly a form of avoidance, because it's hard. And I also don't think people talk about it enough. People say, "That's the soft side of running the business. I don't do the soft side stuff. I do the real results-oriented stuff."

Q. Being an effective manager requires a degree of selflessness, because you're elevating others. What do you do to signal to everybody else that good managers will be recognized and rewarded?

A. We make sure we recognize and reward them. We have our Courage to Lead program that all of our 800 managers go through. At first, we said to ourselves that we've trained everyone, check the box, we're done. But then we realized that many people didn't take to the lessons and behaviors we were teaching. There were some people who became really effective after the training as leaders and there were some who were still struggling. But we didn't even know necessarily who was struggling, and the leaders themselves weren't sure they were struggling.

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So that led us to create our Manager Effectiveness Index (MEI). Every manager in the company gets a MEI score twice a year as rated by their team members on how effective they are as a manager. It's derived from 19 specific questions that employees on a team are asked about their manager, and the answers can range from strongly disagree to strongly agree. Some people say that twice a year is too much. My attitude is that if you're working for a terrible manager, I can't wait up to a whole year to fix that problem.

Q. What are the most important questions on that list to you?

A. They're all important, but the ones that people get dinged the most on are: Does your manager have a deep concern about your career and your future? Does your manager discuss with you what your personal ambitions and goals are? When we first started doing this, many managers were getting twos and threes out of five on those questions.

Many managers used to assume that if the engagement score on their team was really high, then they must have been doing a good job. But the engagement score measured the relationship between the employee and the company. It didn't measure effectively the relationship between the employee and their manager, and that's what we were missing.

We have now proven, after doing this for three years, that effective managers absolutely drive higher engagement and lower turnover, and that managers with low MEI scores have higher turnover and lower engagement. We now say you can't be a VP unless you're in the first or second quartile of an MEI. Why would we promote you if you're in the fourth quartile? Think of the wrong message that would send.

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I believe more than ever that great companies are led and driven by great people. But great people have choices. And if your organization is not as great as they are – in terms of engagement, culture, leadership, and management -- they'll leave. What good is it to have the greatest recruiting efforts and hire these great people and then throw them into a system that will make them want to leave?

Our top people are called role models. They're not called "fives." Seven percent of our employees are role models at performance review time, and the turnover with our role models is less than 1 percent. Forty-two percent of our people are "fours," and we call them "exceptionals." Our turnover with our exceptionals is 2 to 3 percent. Our overall turnover is about 7 percent, but with those 50 percent who are rated great, we're all over them, and we're doing these things so they won't ever want to go anywhere else.

The other thing we did five years ago, which is just as important, is to change our performance review process to focus on more than just what you accomplished. We switched it so that now 60 percent of your evaluation, whether you're an individual contributor or manager, is based on what you did, and 40 percent is on how you did it.

So if you were a great performer but did it in a way that didn't support the culture and the team, then you could get a perfect score on the 60 percent and get nicked on the 40 percent and get an average review. We've made it clear to people that it's just not what you do that's critical to us, it's also how you do it.

Q. All this makes perfect sense when you describe it. Why don't more companies do this?

A. They don't know how. Nobody teaches them how. Very few organizations put the tools in place like we did, and some people just aren't capable of it. That's why we started to do the MEI -- for the first three years that we had Courage to Lead training, we figured that because we trained everyone, we're

good. Then we asked ourselves, how are we measuring whether they really took to the training we delivered? How did we miss that for three years? Getting an effective and measurable system in place is hard, but really worth the effort.

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