

The Case for Decentralized Management

These are Ted Kolderie's notes from a workshop on school-site management. The subject drew a good audience. In what follows, 'A' is business CEO Ron Hubbs and 'Q' is one of the superintendents in the audience.

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A: My experience has been in business, not in education. But my grandmother taught in Minnesota 120 years ago, and my mother taught here, beginning at age 16, and I was taught by two aunts. So I have been exposed to that side of education; and I am a product of the public school system.

This issue of centralization and decentralization is a fascinating one. But you should talk about it only in particular cases, of particular organizations and particular kinds of decisions.

Decentralization will not work unless you really delegate both responsibility and authority. This means that the final decisions must be made at that lower level. Two things stand in the way of this working. One is that the people who now have the authority may not let go of it. The other is that the people at lower levels may not want to accept it. And, at the beginning, some of these people may not be strong enough to handle it. But as they grow (and they will grow, with the responsibility) you can increase it. The process is not as difficult as it may sound. You start at the top, by asking "What is there that could be decided just as well by somebody other than me?" And then you keep working this question down the ladder. You really have to beware of the 'father knows best' attitude.

You just can't beat a decentralized system. It gets decisions closest to the level where the action really is. Education should have an advantage in moving into it, because your locations and your people are already physically dispersed.

And it really does something for people. The executives are now essentially running businesses of their own. The company has confirmed their authority by making it very clear it will not let people dissatisfied with their decisions 'jump' over to the home office. Decisions are more rapid, too. Most of the company's new executives are coming up out of this system.

It avoids the evils of bureaucracy. Business is afflicted with this, just like government. When decisions have to go to the top it's not just a question of talking with the chief. His time is limited. So all kinds of other people up there . . . staff people . . . start to look at the question too. I've never been convinced that more people make a better decision. It's OK to say to one individual, "You make the decision, and I'll live with it."

Finally, getting the decision-making out of the home office creates something like a family feeling in the outlying location. People there begin to depend on each other. Of course, you must have good communication, up and down, between the two locations.

The session was then opened to questions and comment.

Q: Do you then have systems for evaluating people who make these decisions?

A: Always. People are entitled to know how you think they're doing. And you need to put incentives for performance into place; which will involve much more than money.

Q: Education started out decentralized. Then it was centralized. Now we're being urged to decentralize again. How do we know which is better?

A: There is a dimension of decentralization that exists within a small unit, though most of the time people may not call it that. It's simply the sharing of authority by the boss with others. If the delegation does involve a geographic dimension, from one location to another, you have to look at it in terms of the specifics. For example, in earlier years, everyone simply could not have a big piece of equipment like a computer. I do want to stress that there is a dimension of delegation even at the single location.

Q: If you delegate authority and somebody then makes a decision you think is a bad one, what do you do?

A: The system in the company includes an "operational audit". It starts with a policy guide, so people have a basic idea of what is expected of them. Then, you must have confidence that they will be able to work on the basis of that direction. People are entitled to that confidence. One of the worst things you can do is to take that away. A continuing string of clearly bad decisions, of course, does suggest the need to change: Not to begin making them yourself but to change the person now making them.

Q: Let me give you an example that will show why some of us fear decentralization. In our district it resulted in our reading programs becoming different from school to school and even within a school from grade to grade. Teachers were approaching it differently, so kids just weren't learning to read. It wasn't until we centralized the program and told teachers what they had to use that kids really began to learn to read. Also, we had one principal who insisted on spending the capital money for new lockers, rather than for micro-computers. We did not think we could permit people to make decisions we know are bad.

A: Performance is what counts. If the outcomes are bad you will have to do something about it. The people who work with an ineffective individual will expect you to do something and are entitled to your attention to that kind of problem. But, again, it is important for the people who work for you to be given some idea ahead of time of what is expected of them.

Don't be too afraid of bad decisions. There will be some of them. Individuals will be accountable for their record. The important thing is to get them to make decisions. Sometimes when I had junior people coming in to me saying, "There is this problem. What do I do next?" I would ask them to imagine themselves on a deserted island, alone, with nobody to talk to. You have to make the decision by yourself. What do you do? One thing that seems to characterize people who get to the top is that along the way they were willing to risk their job for a decision they thought was right.

Q: You must have some kind of labor contracts or personnel policies. How do these fit into the management decentralization?

A: One thing that is very important is to learn from people what is going on in the organization. The company has 'circuit riders' who visit the different locations. There is a telephone 'open line' on which anyone can call and be sure their comments will be kept confidential. And people know they can write and be assured of an answer within 10 days. This helps management know whether people are doing what they are supposed to be doing. And know whether customers are happy. And whether decisions are getting made when they are supposed to be made. The company is constantly testing the quality of its operation. It likes to give people responsibility and authority, and then check performance very closely. If things are not working, there'd better be a change in policy.

Q: Mechanically, in a decentralized arrangement, who would sign a purchase order? Would a superintendent at no time overrule a principal on a requisition? What if the public complains about the principal's decision?

A: If there are some genuinely bad decisions it will reflect on the person who delegated the authority; no question about it. That's a risk you as the chief executive take. And it's a risk you have got to take. Sure, there will be times when you have to overrule somebody: No system of delegated authority will avoid this entirely. But if it begins to happen very often you've got a problem. Something is wrong with your system, which you'd better fix.

One of the problems, which decentralization aims to solve, is that the chief executive never has enough time to think about the major problems affecting the future of the operation. We are always in danger of being tied down by trivia. You have to find some arrangement that gives you time and the opportunity for the leadership that's really supposed to be your job.