

# FAST COMPANY

## The Agenda - Grassroots Leadership

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You expect to be awed by the view from the deck of the USS Benfold. The \$1 billion warship is one of the U.S. Navy's most modern, most lethal fighting machines: 8,300 tons of steel armed with the world's most advanced computer-controlled combat system; revolutionary radar technology; a stock of missiles capable of taking out precise targets on land, sea, or air; and a crack crew of 300 highly skilled, totally committed sailors. In 1997, a year and a half after its commission in the Pacific fleet, the guided-missile destroyer spearheaded some of the most critical missions in a confrontation with Iraq. Now tethered to a dock on San Diego's sprawling naval base, the Benfold gleams with power. When eating up the sea at full throttle, she generates a plume of froth that's two-stories high.

What you don't expect to find on board the Benfold is a model of leadership as progressive as any celebrated within the business world. The man behind that model is Commander D. Michael Abrashoff. His career includes a sterling service record, combat experience, and prestigious posts in Washington, DC. He has won dozens of medals. He is also credited with building the Benfold's reputation as the best ship in the Pacific fleet. Last year, in fact, the ship won the prestigious Spokane Trophy for having the best combat readiness in the fleet -- the first time in at least 10 years that a ship of its class had received that honor. Yet Abrashoff doesn't quite look the part: Think of a military leader, and you may envision George C. Scott's depiction of General George S. Patton. Abrashoff, however, has an easy smile and electric-blue eyes.

Behind Abrashoff's relaxed confidence is his own brand of organizational zeal. Settling into his stateroom, Abrashoff, 38, props his feet on a coffee table, sips a soda, and says, "I divide the world into believers and infidels. What the infidels don't understand -- and they far outnumber the believers -- is that innovative practices combined with true empowerment produce phenomenal results."

That the ranks of the nonbelievers include most of his superiors and fellow commanding officers doesn't deter Abrashoff one bit. "I'm lucky," he says. "All I ever wanted to do in the navy was to command a ship. I don't care if I ever get promoted again. And that attitude has enabled me to do the right things for my people instead of doing the right things for my career. In the process, I ended up with the best ship in the navy -- and I got the best evaluation of my career. The unintended benefit? My promotion is guaranteed!" After completing his 20-month tour of duty as commander of the Benfold this past January, Abrashoff reported to a top post at the Space and Naval Warfare Systems Command.

Abrashoff continues to see his mission as nothing less than the reorientation of a famously rigid 200-year-old hierarchy. His aim: to focus on purpose rather than on chain of command. When

you shift your organizing principle from obedience to performance, says Abrashoff, the highest boss is no longer the guy with the most stripes -- it's the sailor who does the work. "There's nothing magical about it," he says from his stateroom on the Benfold. "In most organizations today, ideas still come from the top. Soon after arriving at this command, I realized that the young folks on this ship are smart and talented. And I realized that my job was to listen aggressively -- to pick up all of the ideas that they had for improving how we operate. The most important thing that a captain can do is to see the ship from the eyes of the crew."

That perspective provided Abrashoff with two insights about change: First, there's always a better way to do things. In the first few months of his command, Abrashoff took apart every process on board and examined how each one helped the crew to maintain operational readiness. "I pulled the string on everything we did, and I asked the people responsible for -- or affected by -- each department or program, 'Is there a better way to do things?' " Most of the time, he discovered that there was.

Abrashoff's second insight about change: The more people enjoy the process, the better the results. Spending 35 days under way in the Persian Gulf is anything but enjoyable -- but Abrashoff managed to lead his sailors through their missions and to have fun in the process. An ingenious supply officer procured pumpkins -- not an easy task in the Middle East -- thereby allowing the Benfold to sponsor a pumpkin-carving contest for the fleet in October 1997. During replenishments alongside supply tankers, the Benfold's crew became known throughout the Gulf for projecting music videos onto the side of the ship. The crew took its entertainment detail a step further during Christmastime, when K.C. Marshall, the ship's highly skilled Elvis impersonator (and chief navigator), serenaded the admiral's ship with a rendition of "Blue Christmas."

Abrashoff first developed his inclination to skirt standard operating procedure during his post as military assistant to then-Secretary of Defense William Perry, in 1994. He sat beside Perry during the arduous implementation and assessment of the Defense Acquisition Reform Initiative, and he took every opportunity to apply lessons from that initiative on the Benfold. For example, in purchasing food for the ship, Abrashoff switched from high-cost naval provisions to cheaper, better-quality name-brand food. With the money he saved, Abrashoff sent 5 of the Benfold's 13 cooks to culinary school -- and as a result made the ship a favorite lunchtime destination for crews across the San Diego waterfront.

Abrashoff's leadership formula produces benefits that are both financial and operational. In fiscal year 1998, the Benfold returned \$600,000 of its \$2.4 million maintenance budget and \$800,000 of its \$3 million repair budget. Abrashoff notes that because any surplus goes back to the navy's top line, "there's no rational reason for saving that money -- except that we've created an environment in which people want to do well." The navy's bean counters slashed the ship's maintenance budget this year by exactly \$600,000 -- yet Abrashoff expects the ship to return 10% of its reduced allotment.

At the same time, the Benfold's performance has set new standards. For the past two years, the ship's "readiness indicators" have featured the lowest count of "mission degrading" equipment failures and the highest gunnery score in the Pacific fleet. The crew also completed the navy's

predeployment training cycle in record time. That process normally requires 22 days in port and 30 days under way. The Benfold's crew required 5 days in port and 14 days under way to complete the cycle -- and to earn coveted shore leave.

Another critical performance measure is a ship's retention rate. The Benfold's rate is off the charts. On average, only 54% of sailors remain in the navy after their second tour of duty. Under Abrashoff's command, 100% of the Benfold's career sailors signed on for an additional tour. Given that recruiting and training costs come to a minimum of \$100,000 per sailor, Abrashoff estimates that the Benfold's retention rate saved the navy \$1.6 million in personnel-related costs in 1998.

Yet the most compelling sign of Abrashoff's success may be the smooth interaction that now exists among the ship's company. The Benfold's experienced department heads, its divisional officers (most of them fresh out of the naval academy or ROTC), and its enlisted sailors all show a deep appreciation of the ship's relaxed discipline, its creativity, and its pride in performance. Commander Abrashoff walked Fast Company through six principles that have made the USS Benfold a working example of grassroots leadership.

### **Don't just take command -- communicate purpose.**

The Benfold is a warship. Our bottom line is combat readiness -- not just in terms of equipment but also in every facet of training and organization. But the military is an organization of young people. Many of them go into the military to get away from bad situations at home. Many have been involved with drugs or gangs. Although they know what they don't want, they don't quite know what they do want. Getting them to contribute in a meaningful way to each life-or-death mission isn't just a matter of training and discipline. It's a matter of knowing who they are and where they're coming from -- and linking that knowledge to our purpose.

Within two days of when new crew members arrive, I sit down with them face-to-face. I try to learn something about each of them: Why did they join the navy? What's their family situation like? What are their goals while they're in the navy -- and beyond? How can I help them chart a course through life? Ultimately, I consider it my job to improve my little 300-person piece of society. And that's as much a part of the bottom line as operational readiness is.

### **Leaders listen without prejudice.**

Most people in this organization are in "transmit mode" -- meaning that they don't "receive" very well. But it's amazing what you discover when you listen to them. When I first took charge of the Benfold, I was having trouble learning the names of everyone in the crew, so I decided to interview five people a day. Along with Master Chief Bob Scheeler, the senior enlisted guy on the ship, I met with each person individually and asked three simple questions: What do you like most about the Benfold? What do you like least? What would you change if you could? Most of these sailors had never been in a CO's cabin before. But once they saw that the invitation was sincere, they gave me suggestions for change that made life easier for the whole crew and also increased our combat-readiness ratings.

From those conversations, I drew up a list of every practice on the ship and divided those practices into non-value-added chores and mission-critical tasks. I tackled the most demoralizing things first -- like chipping-and-painting. Because ships sit in salt water and rust, chipping-and-painting has always been a standard task for sailors. So every couple of months, my youngest sailors -- the ones I most want to connect with -- were spending entire days sanding down rust and repainting the ship. It was a huge waste of physical effort. A quick investigation revealed that everything -- from the stanchions and metal plates to the nuts and bolts used topside -- were made of ferrous material, which rusts. I had every nut and bolt replaced with stainless steel hardware. Then I found a commercial firm in town that uses a new process that involves baking metal, flame-spraying it with a rust inhibitor and with paint, and then powder-coating it with more paint. The entire process cost just \$25,000, and that paint job is good for 30 years. The kids haven't picked up a paintbrush since. And they've had a lot more time to learn their jobs. As a result, we've seen a huge increase in every readiness indicator that I can think of.

I not only know the names of my crew members -- I also know where they're from, as well as a little bit about their families; I know what they aim to do in life. I learned from the interviews that a lot of them wanted to go to college. But most of them had never gotten a chance to take the SAT. So I posted a sign-up sheet to see how many would take the test if I could arrange it. Forty-five sailors signed up. I then found an SAT administrator through our base in Bahrain and flew him out to the ship to give the test. That was a simple step for me to take, but it was a big deal for morale.

### **Practice discipline without formalism.**

In many units -- and in many businesses -- a lot of time and effort are spent on supporting the guy on top. Anyone on my ship will tell you that I'm a low-maintenance CO. It's not about me; it's about my crew. Those initial interviews set the tone: In my chain of command, high performance is the boss. That means that people don't tell me what I want to hear; they tell me the truth about what's going on in the ship. It also means that they don't wait for an official inspection or run every action up and down the chain of command before they do things -- they just do them.

Lieutenant Jason Michal, my engineering-department head, recently had to prepare for engineering certification. That's one of the most critical and stressful inspections on the ship, but I kept away until he asked me to come down to review his work. What I saw blew my mind. He had been tweaking procedures for months and had implemented about 40 changes in the operating system. Of course, he aced the inspection. When the people who do the work know that they -- not the manual or policy -- have the last word, you get real innovation in every area.

One of our duties during the 1997 Gulf crisis was to board every ship going to or coming from Iraq and to inspect it for contraband. This inspection was a laborious process that involved filling out a time-consuming four-page report each time a ship made a crossing. One of my petty officers created a database to store information about each ship and to generate reports automatically. I gave a copy of the database to another CO, who showed it to the admiral. Now that database method is policy throughout our battle group.

None of this means that we've sacrificed discipline or cohesion on the ship. When I walk down the passageway, people call attention on deck and hit the bulkhead. They respect the office but understand that I don't care about the fluff -- I want the substance. And the substance is combat readiness. The substance is having people feel good about what they do. The substance is treating people with respect and dignity. We gain a lot of ground and save a lot of money by keeping our focus on substance rather than on extraneous stuff.

### **The best captains hand out responsibility -- not orders.**

Companies complain about turnover, but a ship's company isn't a static population. Not counting dropouts and other separations, about 35% of a ship's crew transfers out every year. That means that I must be constantly vigilant about cultivating new experts. After improving the food on this ship, my next priorities were to advance my people and to train my junior officers, who are called on repeatedly to make life-and-death decisions.

I not only have to train new folks; I also have to prepare higher-level people to step into leadership roles. If all you do is give orders, then all you'll get are order takers. We need real decision makers -- people who don't just sleepwalk through the manual. That means that we have to allow space for learning. Removing many of the nonreadiness aspects of the job -- from chipping-and-painting to cleaning -- lets us spend more time on learning how to use all of the sophisticated technology in our combat-information center and on running through war scenarios on our computer system.

And because we're more interested in improving performance than we are in pomp, we can create learning experiences at every turn. When something goes wrong on a ship, the traditional attitude is "Hurry up and fix it, or we'll look bad." Well, if you don't care about getting promoted, you'll give a sailor time to learn how to do the job right -- even if you run the risk of having the admiral stop by before the problem is fixed.

As a result, we have the most proficient training teams on the waterfront and a promotion rate that's over the top. In the last advancement cycle (that's the process that determines base pay, housing allowance, and sea pay), Benfold sailors got promoted at a rate that was twice as high as the navy average. I advanced 86 sailors in 1998. That amounts to a huge chunk of change and a lot of esteem for roughly one-third of my crew.

### **Successful crews perform with devotion.**

At a conference for commanding officers that I attended recently, more than half of the officers there argued that paying attention to quality of life (QOL, as we call it) interferes with mission accomplishment. That's ridiculous. It doesn't make sense to treat these young folks as expendable. The navy came up 7,000 people short of its 52,000-person recruitment goal in 1998, and it expects to be 12,000 people short of its goal in 1999. In every branch of the military, one-third of all recruits never complete their first term of enlistment. We've got to provide reasons for people to join, to stay -- and to perform. The leader's job is to provide an environment in which people are not only able to do well but want to do well.

I looked at what usually happens when new 18- or 19-year-old recruits check in: They fly in from boot camp on a Friday night. They feel intimidated and friendless. They stow their gear in their berths and immediately get lost in San Diego. To change all of that, we've created a welcoming plan: Now, when new recruits come on board, their bunks are assigned, their linen and blankets are there, and we match them with a hand-picked sponsor who shows them the ropes. They can even call home -- on my nickel -- to tell Mom and Dad that they've made it.

The biggest complaint when we're out to sea for weeks on end is military-issue entertainment. When we pulled into Dubai -- one of the better liberty ports in the Persian Gulf -- a sailor took me aside to tell me that the crew members were frustrated because their tour-bus drivers didn't speak English and wouldn't deviate from assigned routes. On the spot, I rented 15 10-passenger minivans. I told the crew to divide into groups, and I assigned a senior petty officer to serve as a monitor on each bus.

Now, that wasn't strictly legal, but it helped morale so much that it has become a popular procedure for ships throughout the Gulf. A more serious issue for crew members at sea involves time away from their families. Most ships report several family problems during every deployment, and most of those problems result from lack of communication. I created an AOL account for the ship and set up a system for sending messages daily through a commercial satellite. That way, sailors can check in with their families, take part in important decisions, and get a little peace of mind.

Back in port, the top frustration for the crew involves 24-hour shipboard duty between deployments. The standard practice is to divide the crew into four sections that stand duty in rotation -- with each section serving a 24-hour shift every 4 days and getting only 1 weekend off each month. That's criminal! So I suggested an eight-section duty rotation, which would require a 24-hour shift every 8 days while providing 2 weekends off each month. In order to maximize flexibility, I cross-trained all of the sailors to perform every function of their duty section. The system has worked so well that many ships on the waterfront are now copying it.

Maintaining "quality of life" is simply a matter of paying attention to what causes dissatisfaction among the crew. You do what you can to remove those "dissatisfiers" while increasing the "satisfiers." Increasing satisfaction may be as simple as recognizing that everybody loves music and then setting up a great sound system or buying a karaoke machine. "Quality of life" is also a matter of creating an environment in which everyone is treated with respect and dignity. The Benfold is one of the first ships in the navy that was built from the keel up to accommodate women. It's no secret that the military has had problems with sexual harassment and with prejudice in general. Yet when we do equal-opportunity surveys for the Benfold, we get stunning results: Only 3% of minorities on board reported any type of racial prejudice, and only 3% of women reported any form of sexual harassment.

That's not because I give long lectures on prejudice or sexual harassment -- it's because I talk about the effects of community and about the need to cultivate unity and teamwork with as much care as we give to maintaining our equipment.

**True change is permanent.**

Ships in the navy tend to take on the personality of their commanding officers. But neither my crew nor I worry about what will happen now that I've moved on. We've set up a virtuous circle that lets people know that their contribution counts. This crew has produced phenomenal results, and now it's motivated to do even better. My attitude is, once you start perestroika, you can't really stop it. The people on this ship know that they are part owners of this organization. They know what results they get when they play an active role. And they now have the courage to raise their hands and to get heard. That's almost irreversible.

## **Sidebar**

During engagements in hot spots like the Persian Gulf, the navy hands out its toughest assignments to the USS Benfold. That's because the Benfold has the highest level of training, the best gunnery record, and the highest morale in the fleet. According to D. Michael Abrashoff, who until recently was the ship's commander, its stellar performance reflects a powerful way of leading a ship's company. Here are some of the principles behind his leadership agenda.

### **1. Interview your crew.**

Benfold crew members learned that when they had something to say, Abrashoff would listen. From initial interviews with new recruits to meal evaluations, the commander constantly dug for new information about his people. Inspired by reports of a discrepancy between the navy's housing allowance and the cost of coastal real estate, Abrashoff conducted a "financial wellness" survey of the crew. He learned that it was credit-card debt, not housing, that was plaguing the ship's sailors. He arranged for financial counselors to provide needed advice.

### **2. Don't stop at SOP.**

On most ships, standard operating procedure rules. On the Benfold, sailors know that "It's in the manual" doesn't hold water. "This captain is always asking, 'Why?' " says Jason Michal, engineering-department head, referring to Abrashoff. "He assumes that there's a better way." That attitude ripples down through the ranks.

### **3. Don't wait for an SOS to send a message.**

Listening is one thing; showing that you've heard what someone has said is quite another. Abrashoff made a habit of broadcasting ideas over the ship's loudspeakers. Under his command, sailors would make a suggestion one week and see it instituted the next. One example: Crew members are required to practice operating small arms -- pistols and rifles -- but they often find it hard to secure range time while they're on base. So one sailor suggested instituting target practice at sea. Abrashoff agreed with the suggestion and implemented the idea immediately.

### **4. Cultivate QOL (quality of life).**

The Benfold has transformed morale boosting into an art. First, Abrashoff instituted a monthly karaoke happy hour during deployments. Then the crew decided to provide entertainment in the Persian Gulf by projecting music videos onto the side of the ship. Finally, there was Elvis: K.C.

Marshall, the ship's navigator and a true singing talent, managed to find a spangly white pantsuit in Dubai and then staged a Christmas Eve rendition of "Blue Christmas." The result: At a time when most navy ships are perilously understaffed, the Benfold expects to be fully staffed for the next year, and it has attracted a flood of transfer requests from sailors throughout the fleet.

### **5. Grassroots leaders aren't looking for promotions.**

Abrashoff says that because he wasn't looking for a promotion, he was free to ignore the career pressures that traditionally affect naval officers. Instead, he could focus on doing the job his way. "I don't care if I ever get promoted again," he says. "And that's enabled me to do the right things for my people." And yet, notes Abrashoff, this un-career-conscious approach helped him earn the best evaluation of his life as well as a promotion to a post at the Space and Naval Warfare Systems Command.

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