



September 9, 2006

Competitors' Guidelines

Is competition within your company healthy? It can be. Here's how to highlight its benefits and minimize its risks.

By John Baldoni

A major pharmaceutical company, Pfizer, named its new CEO, ending a three way race for the top slot. In this instance, the dark-horse candidate won. Weeks later a major beverage company, PepsiCo, named its new CEO, this time naming a woman who was widely expected to win the big chair. And of course, General Electric kept everyone inside and outside the company guessing for years about who would succeed Jack Welch until it named Jeff Immelt in 2001. While everyone in business lauds market competition, competition *inside* a company for rank and position is another proposition.

One on One

Competition is healthy. Putting your talents and skills against the talents and skills of another individual or group of individuals is inherent to the human condition. It is why we love sports. We want to watch the best take on the best and see who comes out on top. Such competitiveness is also intrinsic to entertainment; only those who can master their art, be it drama, fiction, music or visual arts, and rise above and stand out against the thousands of other talents, become well-known. Our passion for competition has fueled the rise and wild popularity of shows like *American Idol*, only one in the long line of competitive variety shows.

Competition is undeniably with us. It is in the workplace too. But on the organizational side, competition is not so cut and dried. A [survey](#) of more than 2,500 middle managers by *BusinessWeek* concluded that competition is essential to getting ahead. Two thirds of surveyed managers believed that competing would get you ahead of those who lack competitive spirit. But the survey also revealed some interesting side points. Two thirds of men and nearly eight in 10 women said they are not hyper-competitive—e.g., “would [not] eat nails for breakfast.” Youth was served in this survey, with nearly half of all workers age 25 to 34 believing it's OK to fire the bottom 10 percent of performers annually. Managers also valued taking extra effort to get ahead; 72 percent of men and 80 percent of women said they would go back to school. However, “undermining a boss” or “sabotage [of] a colleague” ranked under 5 percent for both genders.

Competition leaps to the forefront when successors at any level are named, but it also lurks beneath the surface of performance. Employees want to do their best to position themselves to be promoted, or at least move upward. The challenge for managers in the organizational world is to find ways to manage it—that is, to highlight its benefits and minimize its risks. Here are some suggestions:

Focus on the goal. Competition must first and foremost be about something worthwhile. Otherwise, it is a waste of time and energy that causes more harm than good. Workplace competition should therefore be in the service of what is important to the organization or the department. Competition may begin with a concept, but it will take shape as it is determined who can bring that concept to life and in the process add value to the enterprise.

Likewise, when it comes to succession, competition should center on the person who can do the most for the team or the organization. Leaders must choose people who can see around the bend, or at least be prepared for what may or may not be around that bend. Forward thinking is essential.

Focus on performance. Competition, like conflict resolution, should be focused on outcome. You don't want to make it personal. Just as you want the best ideas to come to the surface, you want to the most appropriate people to emerge front and center. For example, watch how people either formulate ideas, or take those ideas and run with them. Sometimes in management you would rather have the one who adopts an idea rather than the one who formulates it. Why? Because the creator can be too proprietary and lose track of what's best for the team. The person who adopts the idea can see its virtues as well as where it may need to be modified. Such perspective is essential for senior leadership positions, and the "judging" of the competition for those positions should take that into account.

Focus on leaders who motivate. While it is true that personality should not be the focus of competition, it does play a critical role. The essence of leadership is an ability to bring people together for a common cause. Followers have to believe in their leader, and consider him or her worthy of mounting and sustaining the charge. You need to find and promote people who have the ability to build teams and to manage them. You are not looking for glad handers and back slappers, but those who command respect based upon example. We all want to believe in leaders who have accomplished something. We may not want to socialize with them, but we must value their ability to lead. Most importantly, faith in a leader develops over time; it must be anchored in shared values as well as shared bonds, something we call trust.

Watch for Side Effects

Within the corporate arena, competition exacts a price, and sometimes an expensive one. For example, during races for the CEO seat, or even the functional leadership positions, work stalls. Gossip ensues as people whisper about who will replace whom. Nothing wrong with such chatter, but it often stumps productivity. Projects get sidetracked while people wait for the top dog to be crowned. And then, once the winner is named, a new downside appears: The also ran typically leaves the company, often taking along a wealth of insight, knowledge and experience—taught by the company but now lost.

Employees are very aware of competition's disadvantages. According to the *BusinessWeek* report, job satisfaction is more important. Beating the competition as a motivator rated below 10 percent for both men and women. More than four in 10 men and women derived satisfaction from doing a job well, and another third took pride in work/life balance. Competition also took a back seat to bonuses, with 59 percent preferring a \$20,000 bonus even if it were the smallest of their department, to 40 percent liking a \$10,000 bonus if it put them tops on their team. Competition will always be part of organizational life. To deny its existence is to be blind to human reality. The challenge for management is to find ways to make competition healthy and rewarding, and at the same time ensure that competition adds value to the enterprise. Management should make certain that its future leaders understand people as either customers or as contributors. A focus on customer value will keep the company presenting, refining and inventing new offerings. A focus on contribution will ensure that the right people are in the right slots to do their job and have opportunities to grow and develop as well as to compete. That's healthy competition.

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