

It's the B Team's Ti

Underappreciated corporate foot soldiers may be quick to bolt when the economy rebounds

By DAREN FONDA

FOR MANY YEARS NOW, AMERICAN business culture has fostered a form of star worship that even a Hollywood agent might find excessive. Starting in the early 1980s with the first waves of corporate restructuring that sent millions of company men and women into the streets, the American work force's steady-Eddie performers gradually lost status to corporate hotshots and those with star potential. In the so-called war for talent, A-list players were showered with cash, stock options and perks. And in the boom years of the late 1990s, they could do no wrong. Yet it was mostly the A players who failed spectacularly at firms such as Enron and WorldCom and countless dotcom wonders.

Now companies that have been overlooking their B players may start to regret it. When job demand picks up, those solid-performing workers who constitute the heart of a business are likely to start migrating to places that make them feel more appreciated. "Long-term performance depends far more on the contributions of B players than many firms have come to realize," says Thomas DeLong, a professor at Harvard Business School. DeLong describes B players as the middle 80% of a company's work force, employees who

are neither the hotshots (the A's) nor the weakest links (the C's).

But they are the angriest. "People are so undervalued here—we feel like commodities," says a software engineer in General Electric's medical-systems division whose gripe echoes those of millions of mid-level professionals in corporate America. She says employees like her have been pressured to put in longer hours and take on more work to help her unit make its bottom-line numbers. GE's corporate elite are facing the same pressures, of course. But as anointed members of the GE star track, they're likely to spend 18 months to two years at a particular business before transferring to another—often leaving problems among the B's, a less mobile group, for another set of stars to address.

"GE is a great company in terms of benefits, and I'm glad to have a job," she says. "But in two years, when my kids are gone, I doubt that I'll put up with this." Responds GE medical-systems spokesman Patrick Jarvis: "We do employee surveys every year to find out what employees are thinking and to improve the environment."

B players, says DeLong, are a company's critical caretakers as firms go through the typical upheavals: CEO shuffles, corporate mergers, abrupt strategy changes. Because the B players tend to think of the company as a family, they of-

ten take the time to nurture and train inexperienced employees. The B's can save companies from disastrous oversights and unethical corner cutting, since their ties to the firm tend to be stronger than those of free agents who hopscotch from job to job. And they know how to unjam the copier. One reason Enron, a company packed with hotshots, went bankrupt was that good, solid employees—like whistle-blower Sherron Watkins—were shunted aside in the gold rush. "B players strive for advancement but not at all costs. This attitude is anathema to most A players," DeLong and co-author Vineeta Vijayaraghavan recently wrote in the *Harvard Business Review*.

In fact, elements of the management structure championed by former Enron CEO Jeffrey Skilling, who instituted a "forced ranking" system, have infiltrated deep into corporate America. Such systems rank employees along a bell curve in which the top 10% typically receive an A grade or equivalent, the middle 80% earn a B, and the bottom 10% earn a C—and a send-off if they don't improve. Such "rank and yank" systems gained popularity in the 1990s, and about a third of companies now use them, up from 13% in 1997, according to the consulting firm DDI. "Of course, you don't want to make the B's feel bad, but you also want to instill a philosophy of continual improvement," says Noel Tichy, a management professor at the University of Michigan and a GE alumnus.

Critics say rank and yank can be used as a smoke screen for downsizing

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or simply dumping older workers who populate the lower rankings. Ford and Goodyear dropped their forced-ranking systems after a number of discrimination lawsuits. GE is using its grading practice to cut labor costs, says a former manager in the medical division. He says he was pressured to identify employees as "Code 4s" (on a 1-to-4 ranking scale, with 4 being worst) and "get rid of them. I never had 10% of my workers who were Code 4s, but I had to come up with that number. It was baloney." A GE spokesman had no comment.

Another way of looking at B players is that they're people who have a life outside the office. Some Silicon Valley companies are latching onto the idea that B players are valuable. Guerrino De Luca, CEO of Logitech, says, "We have a lot of B's," whom he describes as employees who "don't emphasize self-promotion and don't want to be heroes and work 18 hours a day." Logitech is best known for producing stylish computer mice and an array of other computer products and tech services. De Luca, a native of Rome, tries to convey the message to B's that he and other top executives identify with them. Country-club memberships and other

perks that might breed class resentment are frowned upon; everyone flies coach, including the CEO. De Luca roams the halls to chat with lower-level staffers and encourages everyone to e-mail him with ideas. A few years ago, he dyed

his hair pink after losing a bet with an employee. That sent the signal, he says, that "the boss may be crazy, but he's somebody I can talk to."

David Martinez, 34, a website producer, joined Logitech 15 months ago after a stressful stint at an Internet start-up. There, he says, the CEO would "rant" if he noticed empty cubicles before 7 p.m. He decided to join Logitech because he was tired of "being driven into the ground. You have to put in the hours at a start-up, but they focused too much on those A people and not enough on the people who were doing the work."

Microsoft's decision to eliminate stock options and instead award stock grants to its 50,000 employees reflects the same phenomenon: fear of a brain drain. Microsoft is maturing into a slower-growth company and must retain its "institution builders," says Ed Lawler, a business professor at the University of Southern California. "The company needs to attract more people who aren't as risk oriented." A recently

hired Microsoft techie says getting restricted stock (with cash value) will encourage him to stay: "People like me who suffered through the dot bomb don't care as much about options."

B-team proponents say many companies need to rethink their up-or-out mentality. Beverly Kaye, a human-resources consultant, says companies should work with employees to identify lateral moves within the firm that will keep workers inspired. Too often, she says, workers who may not want to move up or don't have the talent tend to be forgotten. "If you want to light the fire under them, a lateral move can do it," she says.

Other experts warn companies to think twice before they try to cut costs by scaling back such family-friendly perks as flexible work hours and on-site day care. B teamers value those benefits, which have helped ease the pain of pay cuts. At the same time, personnel experts say, senior managers need to do a better job of informing people at lower levels about how they mesh with the company's overall strategy. Says management consultant Byron Woollen: "Workers feel disenfranchised if they're not personally informed about how their contributions fit into the company's overall strategy and goals."

And small niceties still count. With their resources stretched thin, senior managers often fail to write a simple thank-you note to an employee for a job well done, says Vijayaraghavan, a consultant with Katzenbach Partners in New York City. She has found that "managers are so busy putting out fires, they don't talk to their middle reports for a year." And when better jobs appear elsewhere, they may no longer be talking to them at all.

—With reporting by
Laura Locke/San Francisco



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