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**Folder Title:**  
"Mastery of Accomplishment Program" [2000]

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CLARION  
CONSULTING  
GROUP



The Institute for Rehabilitation and Research

Mastery of Accomplishment Program

**Lex Frieden**

2876 Jackson Street  
San Francisco, CA 94115  
(415) 922 8866  
(415) 922 8844 (fax)

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**TIRR Leadership Team**  
**MASTERY OF ACCOMPLISHMENT**  
**March – September, 2000**

**OVERVIEW**

Results without an experience of accomplishment give no satisfaction. True accomplishment goes beyond merely producing results. When there is accomplishment, the results and what it takes to produce them are energizing and nurturing.

The Mastery of Accomplishment Program (MOA) is a powerful inquiry into the essence of sustainable accomplishment. **The purpose of the program is to enhance your capacity, personally and as a team, to lead in an integrated way, such that you produce breakthrough results while *enhancing* wellbeing, fulfillment and expression of your heart's desire.**

The specific goal of the TIRR leadership team MOA is to significantly forward the accomplishment of the team's newly articulated vision for TIRR. The team will align upon 3-5 high leverage, system-wide accomplishments that are an expression of what this team is uniquely called to contribute to forward the vision. The results will be measurable in time and the stated key milestones will be achieved by September, 2000.

The program will be delivered during five off-site workshops supplemented by coaching calls and project coaching sessions for monitoring of progress toward goals, mutual learning and support.

# **INTENTIONS of the TIRR Leadership MOA**

We invite you to commit with us that in this program you will:

1. As a team, align on 3-5 hi leverage, system-wide goals to be accomplished by December, 2000 which will significantly forward the realization of your vision for TIRR. By the end of the program, you as a team will have achieved your key milestones for September, 2000 and will have designed a structure to support accomplishment of the goals by December, 2000.
2. Individually formulate projects to support the team goals with measurable results (or key milestones) by September - December, 2000 which you will produce in such a way that the outcomes are achieved while enhancing wellbeing and fulfillment for yourself and your staff.
3. Have profound growth as a leader, including the following:
  - Have more clarity about when you are leading from your deepest gifts as a leader and when you are not.
  - Increase your capacity to lead in a way that is an expression of your heart's desire and forwards the success of the organization
  - Have breakthroughs in the areas of relationship, communication, ease and personal well being.
4. Have breakthroughs in your capacity to support each other and work together as a team such that you pull forth each others' greatness and gifts rather than suppressing them.
5. Have a powerful experience of learning, development and participation in a collaborative environment.
6. Have fun.

## STRUCTURE

Evening session: 6:00 - 8:30 PM with buffet or box dinner  
Day One: 10:00 - 6:00 PM  
Day Two: 10:00 - 6:00 PM.

# **Mastery of Accomplishment Program**

## **Session Outline**

### **Session I: The Foundation for Accomplishment**

#### *Themes:*

- Heart's Desire and Higher Purpose
- Beginning your Personal Mastery Path
- From a Group of Champions to a Championship Team
- Accomplishments and Results

### **Session II: The Having of Accomplishment**

#### *Themes:*

- Leadership as listening
- The art of receiving
- Relaxation, creativity and breakthroughs
- Enrollment: generating inspired action

### **Session III: Managing for Accomplishment**

#### *Themes:*

- Distinguishing leadership, coaching and management
- Being in action
- Communication for action
- Handling breakdowns and interruptions
- Managing fragmentation

### **Session IV: The Pleasure of Accomplishment**

#### *Themes:*

- Working with grace and ease
- Balance, sufficiency, well-being and fulfillment
- Wanting, heart's desire and partnership
- Fun with current reality
- Synchronicity

### **Session V: Accomplishing the Future**

#### *Themes:*

- Being in service
- Speaking for the future
- The art of celebration
- Lifetime projects
- Completing a project
- Setting up sustained personal and organizational learning.

## Mastery of Accomplishment Roster

|                 |                                                                                                      |                                                |
|-----------------|------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Facilitators    | Michele Campbell<br>425/398-9749<br>michouc@aol.com<br><br><i>Dana Carman<br/>danacarman@aol.com</i> | Karen Hart<br>713/797-5946                     |
| Ashley Smith    | President and Chief Executive Officer<br>TIRR Systems<br>713-942-6153                                | smitha@tirr.tmc.edu<br>cc: stiefc@tirr.tmc.edu |
| John Kajander   | Executive Vice President & Chief Administrative Officer<br>TIRR Systems<br>713/942-6176              | kajanj@tirr.tmc.edu                            |
| Virgil Dice     | Vice President & Chief Financial Officer<br>TIRR Systems<br>713/942-6164                             | viced@tirr.tmc.edu                             |
| Louisa Adelung  | President & CEO<br>TIRR<br>713/797-5280                                                              | adelul@tirr.tmc.edu                            |
| Mary Koch       | President<br>TIRR LifeBridge<br>713/797-7470                                                         | kochm@tirr.tmc.edu                             |
| Bob Dalecki     | President<br>TIRR Rehabilitation Centers<br>713/521-0020                                             | dalecb@tirr.tmc.edu                            |
| Cindy Lucia     | Executive Director<br>TIRR Foundation<br>713/942-6154                                                | luciac@tirr.tmc.edu                            |
| Lex Frieden     | Senior Vice President for Grants Administration<br>TIRR<br>713/797-5283                              | friedl@tirr.tmc.edu                            |
| William Donovan | Executive Vice President for Medical Affairs and Medical Director<br>TIRR<br>713/797-5912            | donovw@tirr.tmc.edu                            |

Martin Grabois, MD Executive Vice President for Medical Policy  
TIRR and Medical Director  
TIRR LifeBridge  
713/799-5086 [grabom@tirr.tmc.edu](mailto:grabom@tirr.tmc.edu)

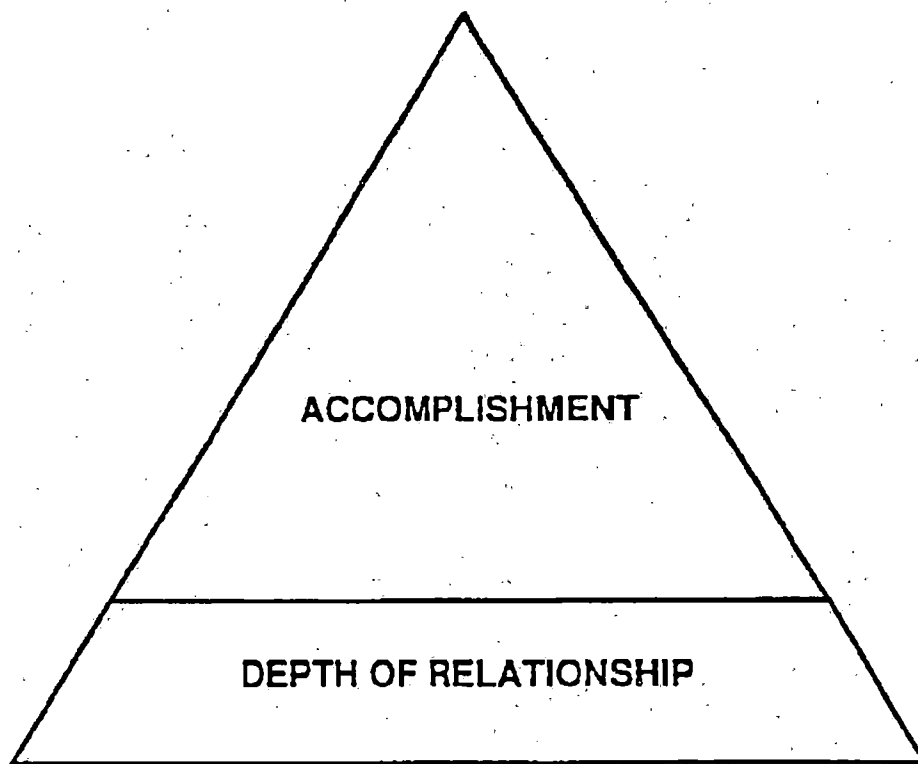
## Purpose Session I

To launch ourselves on the path of accomplishment.

## Intended Results

1. To identify the higher purpose of this team. What is this team being called to give to the world?
2. As individuals, to become aware of when we are leading from our deepest gifts and when we are not.
3. To "rope on together" in service of the teams' higher purpose.
4. From the teams' higher purpose, to identify three to five measurable objectives that the team is committed to accomplishing in a specific time frame.
5. To develop the next steps and accountability to move the objectives into action.

## **DEPTH OF RELATIONSHIP**



Coaching and being coached require establishing a strong working relationship. The deeper and stronger the relationship the greater the accomplishment that is then possible.

## **ELEMENTS OF A CHAMPIONSHIP TEAM**

### **Responsibility**

- Players choose to be on the team and operate on the team at choice.
- Players operate from and with a perspective of individual responsibility

### **Commitment**

- There is a stated commitment to a big goal – a game worth playing
- Each individual is committed to the team's goals.
- There is a commitment both to the team and to each individual winning.

### **Communication for Action**

- Team members complain only to someone who can do something about it.
- The leadership makes large requests and keeps big promises.
- Team members ensure that their conversations with each other move the team's commitments forward
- Team members are predisposed to say "yes" to requests and there is always full permission to decline.

### **Relationship**

- There is a relationship of trust among the team and between coaches and players that makes it safe to risk.
- Personal concerns or conflict get resolved inside the team.
- The coach respects and is committed to the players.
- Team members speak positively of their teammates and the team.

### **Coaching**

- Team members are open to coaching – from the coach and from each other.
- Team members make the coach right.

### **Integrity**

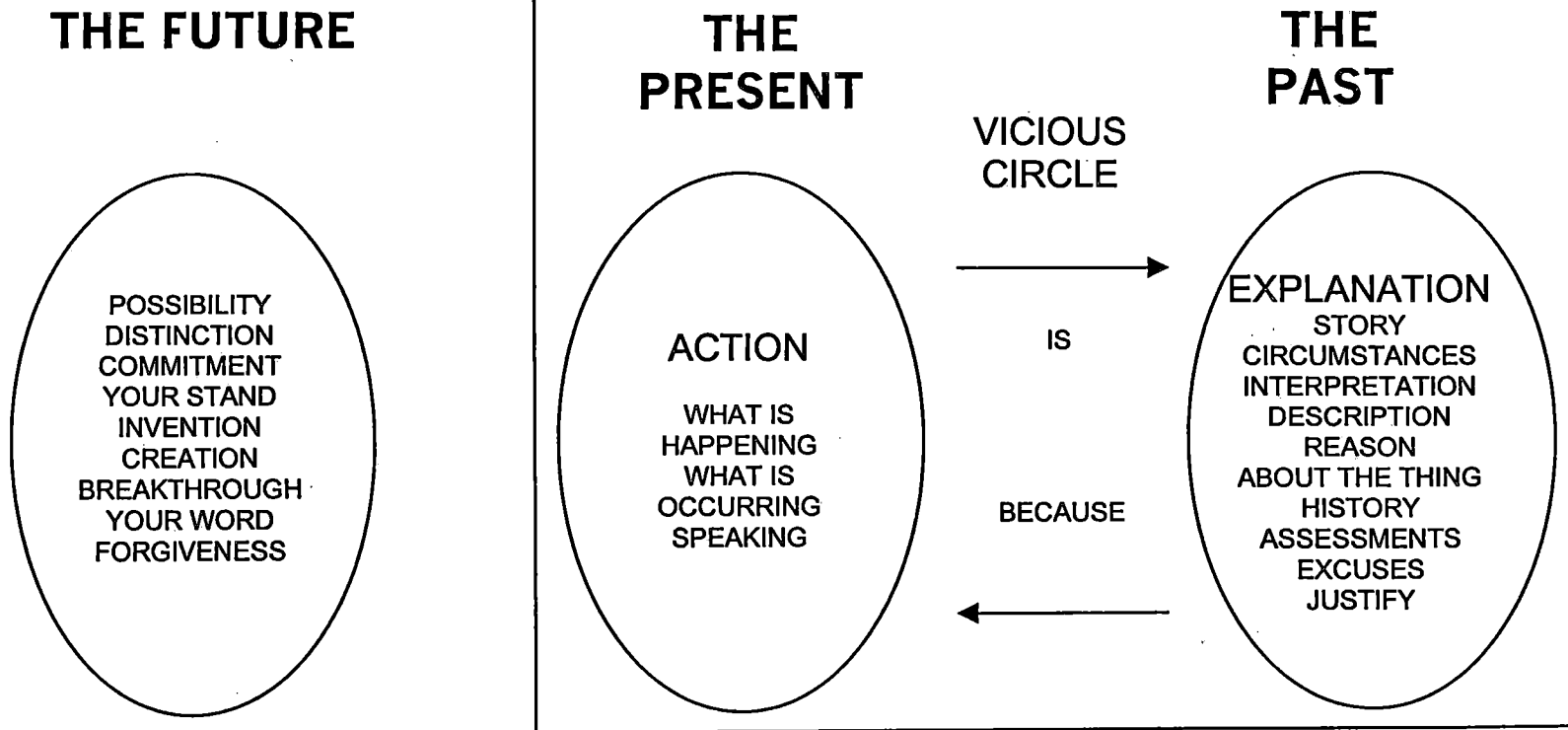
- How the team operates day-to-day is consistent with the team's goals and fundamental commitments.
- Quality is never sacrificed for short-term gains.

## CHAMPIONSHIP TEAM SELF-ASSESSMENT

To what extent are these statements true?

|                                                                                                                                                                                                              | To a Very<br>Limited<br>Extent |   | To a<br>Moderate<br>Extent |   | To a Very<br>Great<br>Extent |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---|----------------------------|---|------------------------------|
| 1. My team mates and I have a shared future, one that is clear and specific. We are passionate about it and fully committed to it, both individually and collectively.                                       | 1                              | 2 | 3                          | 4 | 5                            |
| 2. No member of the team has commitments that are inconsistent with the shared future.                                                                                                                       | 1                              | 2 | 3                          | 4 | 5                            |
| 3. My professional principles and values are fully harmonious with those of my team mates.                                                                                                                   | 1                              | 2 | 3                          | 4 | 5                            |
| 4. I experience being valued, respected and appreciated by each of my team mates.                                                                                                                            | 1                              | 2 | 3                          | 4 | 5                            |
| 5. I trust each of my team mates, and they trust me. Nothing is withheld from my team mates, and they withhold nothing from me.                                                                              | 1                              | 2 | 3                          | 4 | 5                            |
| 6. Our meetings are highly productive. At each meeting we forward our team objectives and deepen our relationship with each other.                                                                           | 1                              | 2 | 3                          | 4 | 5                            |
| 7. My coaching and support is freely offered by me and sought by my team mates. Likewise, I seek their coaching and support and they freely give it to me.                                                   | 1                              | 2 | 3                          | 4 | 5                            |
| 8. I experience being empowered by my team mates. Around them I have a real freedom to express myself and play full out. This team is a fundamental source of my ability to accomplish and grow as a leader. | 1                              | 2 | 3                          | 4 | 5                            |
| 9. I experience being listened to by my team mates. They hear what I have to say even when they disagree.                                                                                                    | 1                              | 2 | 3                          | 4 | 5                            |
| 10. We are authentically interested in each other. We care about each others' interests, concerns, families, dreams and ambitions.                                                                           | 1                              | 2 | 3                          | 4 | 5                            |
| 11. I do not gossip about my team mates, and they do not gossip about me. To the contrary, I make sure others think well of them. If I have anything negative to say, I say it to the person directly.       | 1                              | 2 | 3                          | 4 | 5                            |
| 12. We work together synergistically. We innovate constantly. We do not shy away from problems or failures but seek them out. We always use them to get stronger.                                            | 1                              | 2 | 3                          | 4 | 5                            |
| 13. It is easy to talk openly and honestly about any matter with each of my team mates.                                                                                                                      | 1                              | 2 | 3                          | 4 | 5                            |
| 14. We forgive each other and do not hold on to resentments or grievances. We complete our issues.                                                                                                           | 1                              | 2 | 3                          | 4 | 5                            |
| 15. I really enjoy being with my team mates and look forward to our time together. I am proud of this team!                                                                                                  | 1                              | 2 | 3                          | 4 | 5                            |

# DOMAINS OF COMMUNICATION



## EXAMPLE:

LOCKER ROOM  
DIRECTOR  
COACH

ON THE COURT  
ACTOR  
QUARTERBACK

IN THE STANDS  
CRITIC  
JOURNALIST

## COMMITTED SPEAKING:

DECLARATIONS

REQUESTS  
PROMISES

ASSERTION (EVIDENCE)

## Speaking Accomplishment

When distinguishing accomplishment up front, when you are trying to get people to create accomplishment, you make it clear that accomplishment is a future invented plus outcome.

What distinguishes accomplishment from a result is a stand for some future, defined by certain results, that is taken before the results are produced, e.g. hitting a home run is a great result; pointing over the fence before the pitch and hitting a home run, is an accomplishment.

Then you produce the results, which then give you the accomplishment. There's no accomplishment without results, but results by themselves do not an accomplishment make. What makes the accomplishment is the context that was invented for the results to occur within.

Accomplishment is distinguished in that, again, you will keep leading the people back to context, to meaning, to what you say it's all about. Speaking accomplishment is to put the results in a meaningful framework consistent with the stands of the group, of the project, of the people so that the results highlight what you mean them to highlight; you *create* accomplishment.

You speak about what you did in a way that it also builds possibility, builds a future, makes more available for the listener and for you, than simply a recounting of the results would. It makes a bigger world available.

In a certain way, accomplishment is like an enrollment conversation where you are enrolling people into the possibility of the results.

Speaking accomplishment also empowers you and others; it is a generous act and a generative act. It's generous to speak accomplishment because people feel good when they hear about accomplishments. It opens up the possibility of accomplishment for them. It's generative in that the results do not speak for themselves. You have to speak for the results.

That may be the bottom line for it: it's your speaking for the possibility of the results.

# LESSONS FROM GEESE

*Editor's Note: "Lessons from Geese" was transcribed from a speech given by Angeles Arrien at the 1991 Organizational Development Network and was based on the work of Milton Olson. It was circulated by the Outward Bound Staff throughout the United States, and is shared here hoping that all may learn these lessons.*

## FACT 1:

As each goose flaps its wings it creates an "uplift" for the birds that follow. By flying in a "V" formation the whole flock adds 71% greater flying range than if each bird flew alone.

## LESSON:

People who share a common direction and sense of community can get where they are going quicker and easier because they are travelling on the thrust of one another.

## FACT 2:

When a goose falls out of formation, it suddenly feels the drag and resistance of flying alone. It quickly moves back into formation to take advantage of the lifting power of the bird immediately in front of it.

## LESSON:

If we have as much sense as a goose we stay in formation with those headed where we want to go. We are willing to accept their help and give our help to others.

## FACT 3:

When the lead goose tires, it rotates back into the formation and another goose flies to the point position.

## LESSON:

It pays to take turns doing the hard tasks and sharing leadership. As with geese, people are interdependent on each other's skills, capabilities, and unique arrangements of gifts, talents or resources.

## FACT 4:

The geese flying in formation honk to encourage those up front to keep up their speed.

## LESSON:

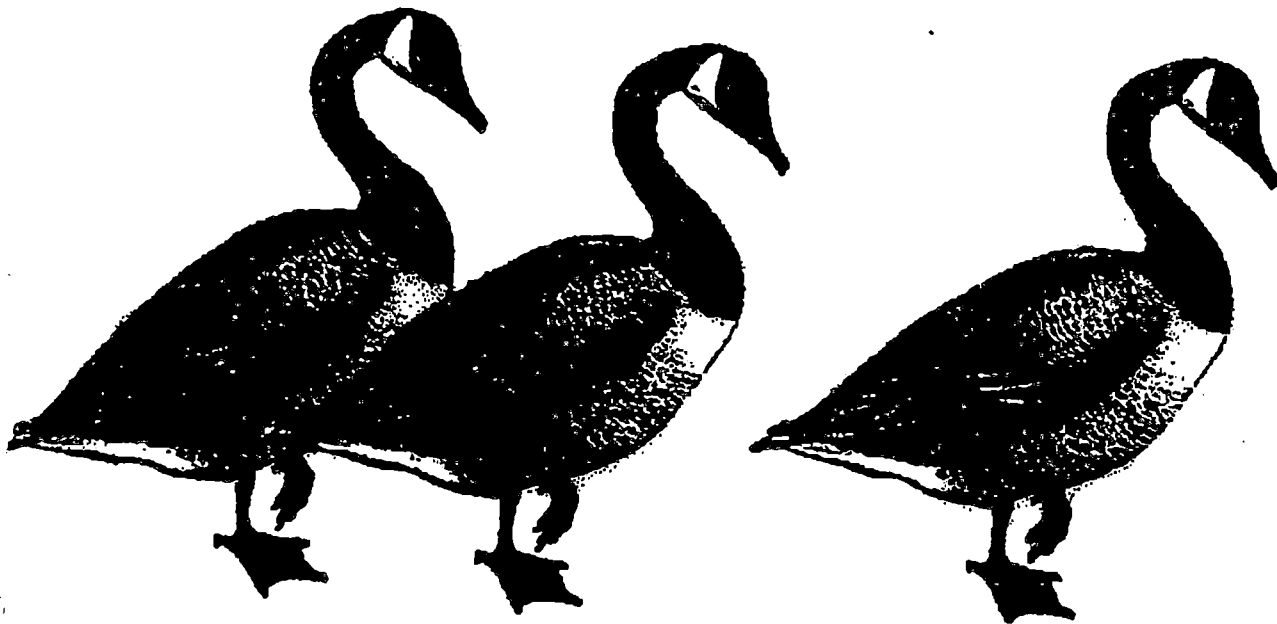
We need to make sure our honking is encouraging. In groups where there is encouragement the production is much greater. The power of encouragement (to stand by one's heart and core values, and encourage the heart and core of others) is the quality of honking we seek.

## FACT 5:

When a goose gets sick, wounded or shot down, two geese drop out of formation and follow it down to help and protect it. They stay with it until it dies or is able to fly again. Then they launch out with another formation or catch up with the flock.

## LESSON:

If we have as much sense as geese, we will stand by each other in difficult times as well as when we are strong.



*Courage means that you are not afraid to be afraid. It doesn't mean that there is no fear. It means that despite the fear you will be brave and go forward and do what you need to do, whatever that is, to break you free in the next situation; in the next area of your life. You're not afraid to make the changes, you're not afraid to feel the pain. You're not afraid to be afraid.*

*-- Kalindi*

## **Being of Service**

*"Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond measure. It is our light, not our darkness, that most frightens us. We ask ourselves, who am I to be brilliant, gorgeous, talented and fabulous? Actually, who are you not to be? You are a child of God. Your playing small doesn't serve the world. There's nothing enlightened about shrinking so that other people won't feel insecure around you. We were born to make manifest the glory of God that is within us. It's not just in some of us, it's in everyone. And as we let our light shine, we unconsciously give other people permission to do the same. As we are liberated from our own fear, our presence automatically liberates others."*

**Marianne Williamson  
A Return to Love**

## Session Feedback Survey

*Your candid feedback is important!*

What was most useful in the session you just completed?

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What was least useful in the session you just completed?

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To what extent are the concepts you learned in previous sessions making a difference in your work and leadership practice? (Circle appropriate response.)

*Not At All      Moderate Extent      Great Extent*

1      2      3      4      5

Any specific examples?

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What else do you need to feel fully supported in your learning?

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Check any words that are true for you regarding your participation in this program.

*"I am or I feel . . ."*

☐ Confused

☐ Inspired

☐ Angry

☐ Enthusiastic

☐ Curious

☐ Excited

☐ Frustrated

☐ Skeptical

☐ Overwhelmed

☐ Uncomfortable

☐ Motivated

☐ Struggling

☐ Learning

☐ Fearful

☐ Eager

Any other words?

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*What changes do you recommend if we were to do this session or program again?*

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Any other comments or questions for the session facilitators?

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***Thank you for your feedback!!***

Optional: Include your name if you wish. \_\_\_\_\_

# LEADING *from* WITHIN



*Spirituality and Leadership*

## One of the most remarkable speeches



EVER DELIVERED ON THE FLOOR OF THE  
UNITED STATES CONGRESS WAS GIVEN IN 1990  
BY VACLAV HAVEL, PLAYWRIGHT, DISSIDENT,  
AND THEN PRESIDENT OF CZECHOSLOVAKIA:

*adapted from a talk by* PARKER J. PALMER



Photograph by Raja Hornstein / Kirlian photograph by Shirley I. Fisher

*As long as people are people, democracy—in the full sense of the word—will always be no more than an ideal. In this sense, you too are merely approaching democracy uninterruptedly for more than 200 years, and your journey toward the horizon has never been disrupted by a totalitarian system.*

*The communist type of totalitarian system has left [many] nations . . . a legacy of countless dead, an infinite spectrum of human suffering, profound economic decline and, above all, enormous human humiliation. . . .*

*It has [also] given us something positive—a special capacity to look from time to time somewhat further than someone who has not undergone this bitter experience. A person who cannot move and lead a somewhat normal life because he is pinned under a boulder has more time to think about his hopes than someone who is not trapped that way. . . .* ➤

... What I'm trying to say is this: We must all learn many things from you, from how to educate our offspring, how to elect our representatives, all the way to how to organize our economic life so that it will lead to prosperity and not to poverty. But it doesn't have to be merely assistance from the well educated, powerful and wealthy to someone who has nothing and therefore has nothing to offer in return.

We too can offer something to you: our experience and the knowledge that has come from it. The specific experience I'm talking about has given me one certainty: Consciousness precedes being, and not the other way around, as the Marxists claim. For this reason, the salvation of this human world lies nowhere else than in the human heart, in the human power to reflect, in human meekness and in human responsibility. Without a global revolution in the sphere of human consciousness, nothing will change for the better in the sphere of our being as humans, and the catastrophe toward which this world is headed—be it ecological, social, demographic or a general breakdown of civilization—will be unavoidable.

I don't know if there has ever been, from a more remarkable source, a stronger affirmation of the role of spirituality in the world of human affairs than Havel's words, "Consciousness precedes being," and "The salvation of the world lies in the human heart." Here is the heart of the matter—the formation of the human heart, and the rescuing of the human heart from all its deformations.

Matter, he is trying to tell us, is not the fundamental factor in the movement of history. Spirit is. Consciousness is. Human awareness is. Thought is. Spirituality is. Those are the deep sources of freedom and power with which people have been able to move boulders and create change. Havel's images resonate deeply with all the great religious traditions.

But let me say something that Vaclav Havel was too polite to say: It isn't only the Marxists who have believed that "matter" is more powerful than "consciousness." It isn't only the Marxists who have believed that economics is more fundamental than spirit. It isn't only the Marxists who have believed that the flow of cash creates more reality than does the flow of ideas. The capitalists have believed these things too, and Havel was simply too nice to say it. But we can say it to ourselves. We can remind ourselves that we have a long and crippling legacy in our own system of thought of believing in the external world much more deeply than we believe in the internal world.

How many times have you heard, "Those are good ideas, inspiring notions, but the reality is..."? How many times have you heard people try to limit our creativity by treating institutional and economic realities as absolute constraints on what we are able to do? How many times have you waited for a foundation grant before taking a step? How many times

have you worked in systems based on the belief that the only changes that really matter are the ones that you can count or measure or tally up externally? This is not just a Marxist problem. This is a human problem, at least in our twentieth century, technological society.

The great insight of our spiritual traditions is that external reality does not impinge upon us as a prison or as an ultimate constraint. The great insight of our spiritual traditions is that we co-create the world, that we live in and through a complex interaction of spirit and matter, a complex interaction of what is inside of us and what is "out there." The insight of our spiritual traditions is not to deny the reality of the outer world, but to help us understand that we create that world, in part, by projecting our spirit on it—for better or worse.

Vaclav Havel has said some hard things to his own people about how they conspired in the domination of a tyrannical Communist system through their passivity. We, too, are responsible for the existence of tyrannical conditions, of external constraints which crush our spirit, because we are responsible for co-creating the world through the projection of our internal limitations. The spiritual traditions tell us that we have complicity in the making of the world as it is. We are not victims of that world, we are its co-creators. The fact that we have complicity in world-making is a source of awesome responsibility (sometimes painful responsibility), and a source of profound hope for change.

Spirituality is not primarily about values and ethics, not about exhortations to do right or live well. The spiritual traditions are primarily about reality. The spiritual traditions are an effort to penetrate the illusions of the external world

and to name its underlying truth—what it is, how it emerges, and how we relate to it.

The insight that I want to draw from the spiritual traditions, and from Havel, is an insight that may be best expressed in a word from depth psychology. The word is "projection." We share responsibility for creating the external world by projecting either a spirit of light or a spirit of shadow on that which is "other" than us. Either a spirit of hope or a spirit of despair. Either an inner confidence in wholeness and integration or an inner terror about life being diseased and ultimately terminal. We have a choice about what we are going to project, and in that choice we help create the world that is. "Consciousness precedes being."

What does all of this have to do with leadership, and with the relation of leadership to spirituality? I'll give you a quick definition of a leader: A leader is a person who has an unusual degree of power to project on other people his or her shadow, or his or her light. A leader is a person who has an unusual degree of power to create the conditions under which other people must live and move and have their being—conditions that can either be as illuminating as heaven or as shadowy as hell. A leader is a person who must take special responsibility for what's going on inside him- or herself, inside his or her consciousness, lest the act of leadership create more harm than good.

In the literature on leadership there are so many pamphlets and books which seem to be about "the power of positive thinking." I am afraid that they may feed a common delusion among leaders that their efforts are always well-intended, their power always benign. I suggest that the challenge is to examine our consciousness for those ways in which we project more shadow than light.

I'm not talking simply about the heads of nation states. I'm talking, for example, about a classroom teacher who has

the power to create conditions under which young people must spend half of their waking hours, day in and day out, five days a week. Have you ever walked into a classroom in which the leader is projecting light? Have you ever walked into a classroom in which the leader is projecting a huge and ominous shadow? That's the question, that's the choice.

I'm thinking about a clergy person who has a choice between creating conditions in a congregation which are of the light, or conditions which are of the shadow. I'm thinking about the CEO of a corporation, large or small, who faces the same choice day in and day out—but often does not even know that the choice is being made.

The problem is that people rise to leadership in our society by a tendency toward extroversion, which means a tendency to ignore what is going on inside themselves.

Leaders rise to power in our society by operating very competently and effectively in the external world, sometimes at the cost of internal awareness. I'm suggesting that leaders, in the very way they become leaders, may tend to be people who screen out the inner consciousness that Vaclav Havel is calling us to attend to. I have met many leaders whose confidence in the external world is so high that they regard the inner life as illusory, as a waste of time, as a magical fantasy trip into a region that doesn't even exist. But the link between leadership and spirituality calls us to reexamine that denial of the inner life.

I think leaders often feed themselves on "the power of positive thinking" because their jobs are hard. They face many external discouragements. They don't get a lot of reward, and so they feel a need to "psych themselves up" even if it means ignoring the inner shadow. Of course, leaders are supported in this by an American culture that wants to externalize everything, that wants (just as much as Marx did) to see the good life as a matter of outer arrangements rather than of inner well-being.



## The link between leadership and spirituality calls us to reexamine our denial of the inner life.

Now the question is, why would anybody want to take a difficult and dangerous inner journey? Everything in us cries out against it. That's why we externalize everything: It's easier to deal with the external world. It's easier to spend your life manipulating an institution than it is dealing with your own soul. It truly is. We make institutions sound complicated and hard and rigorous, but they are a piece of cake compared with our inner workings!

Let me tell you a parable about why one might want to take the inner journey, a little parable from my own life. It was about ten years ago. I was in my early forties and I decided to go on that amazing program, Outward Bound. I was in the midst of a mid-life crisis at the time—one of those periods when the violence and terror within us start to come up. (Mine was a mid-life crisis that began when I was about 17 and persists to this day—and I'm now 51!)

I thought Outward Bound might be a useful challenge at that time in my life, and I elected to spend ten days at a place called Hurricane Island. I should have known from the name what was in store for me. The next time I will choose the program at Pleasant Valley, or at Happy Gardens! It was a week of sheer terror. It was also a week of amazing growth and great teaching and a deep sense of

community, the likes of which I've seldom experienced.

In the middle of that Outward Bound course I faced the challenge that I had most feared. They backed me up to the edge of a cliff that was 110 feet off the ground. They tied what seemed to be a very thin rope to my waist and then they told me to back down that cliff.

So I said, "Well, what do I do?"

The instructor, in typical Outward Bound fashion, said, "GO!"

So I went, and I went BOOM!, down to that first ledge. I just slammed into that ledge with considerable force.

The instructor looked down at me and said, "I don't think you quite have it yet."

I said, "Right. Now what do I do?"

He said, "The only way to do this is to lean back as far as you can, because you have to get your feet at right angles to the rock face so you'll have pressure on them."

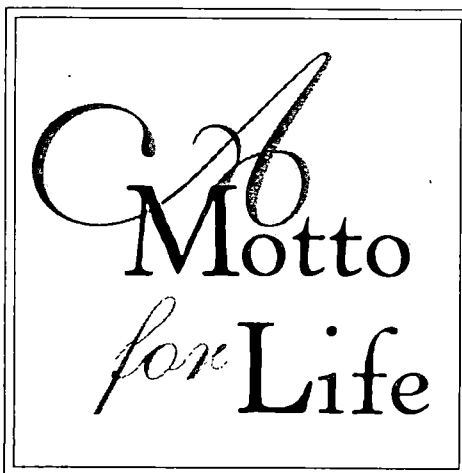
Of course I *knew* that he was wrong. I knew that the trick was to hug the mountain, to stay as close to the rock face as you can. So I tried it again, and . . . BOOM!, I hit the ledge. Not quite as hard, but I slipped and hit it again.

He said, "You still don't have it."

And I said, "Well, what do I do?"

And he said, "Lean way back and take the next step."

The next step was a very big one, but I took it. Wonder



Let me share a remarkable quote from Annie Dillard, from a book with the wonderful title *Teaching a Stone to Talk*. This is obviously someone who believes in the inner life! I have never read a more evocative description of the nature of the inner spiritual journey:

*In the deeps are the violence and terror of which psychology has warned us. But if you ride these monsters deeper down, if you drop with them farther over the world's rim, you find what our sciences cannot locate or name, the substrate, the ocean or matrix or ether which buoys the rest, which gives goodness its power for good, and evil its power for evil, the unified field: our complex and inexplicable caring for each other, and for our life together here. This is given. It is not learned.*

Annie Dillard is saying several things that are very important for a spirituality of leadership. She is saying, first of

all, that the spiritual journey moves downward and inward, not upward toward abstraction. It moves downward toward the hardest concrete realities of our lives. Part of the gift of feminist spirituality is a reversal of what we traditionally understood spirituality to be, which was up and out—up, up, and away!

Annie Dillard is saying that we must go in and down. And she's saying that on the way down and in we will meet the violence and terror we have within ourselves that we project outward onto our institutions, onto our society. She's talking, for example, about our tendency to make enemies by projecting what we hate within ourselves on somebody else because we don't want to go down and in and meet the enemy in our own souls. So we imagine that someone out there is the enemy—people of another race, people of another economic

of wonders, I began to get it. I leaned back, and, sure enough, I was moving down that rock face, eyes on the heavens, making tiny, tiny, tiny movements with my feet, but gaining confidence with every step.

When I got about half way down, a second instructor called up from below. She said, "Parker, I think you'd better stop and look at what's happening beneath your feet."

So I lowered my eyes (very slowly, so that I wouldn't change my center of gravity), and there beneath my feet a large hole was opening up in the rock—which meant that I was going to have to change directions.

I froze. I have never been so paralyzed in my life, so full of physical fear. I knew I could do it if I could just keep going straight, but I could *not* change directions. I just froze in sheer terror.

The teacher let me hang there for what seemed like a very long time, and finally she shouted up, "Parker, is anything wrong?"

To this day, I do not know where these words came from (though I have 12 witnesses that I spoke them). But in a high, squeaky voice I said, "I don't want to talk about it."

The teacher said, "Then I think it's time you learned the motto of the Outward Bound School."

I thought, "Oh, keen! I'm about to die, and she's giving me a motto!"

But then she yelled up to me words that I will never forget, words that have been genuinely empowering for me ever since.

She said, "The motto of the Outward Bound Hurricane Island School is 'IF YOU CAN'T GET OUT OF IT, GET INTO IT!'"

I have believed in the idea of "the word became flesh" for a long time, but I had never had a real experience of it. But those words seemed so profoundly true to me at that existential moment that they entered my body, bypassed my mind, and moved my legs and feet. It was just so clear that there was no way out of that situation except to get into it. No helicopter was going to come; they weren't going to haul me up on the rope; I wasn't going to float down. I had to get into it, and my feet started to move.

That image is very powerful to me. It is an image of the movement of the spiritual life and why it is that anyone would ever want to take the inner journey that Annie Dillard writes about. The answer is: There is no way out of our inner lives, so we'd better get into them. In the downward, inward journey, the only way out is in and through.

—PJP



system—and we deal with the "enemy" by killing them, when what we are really reacting to is the shadow in ourselves.

Great leadership, however, comes from people who have made that downward journey through violence and terror, who have touched the deep place where we are in community with each other, and who can help take other people to that place. That is what great leadership is all about.

That's what Vaclav Havel is talking about, because the downward journey is what you take when you are "under a stone" for 40 years. That's what you do when you are a victim of oppression. Isn't it remarkable how Nelson Mandela took 30 years in prison to prepare himself for leadership rather than for despair? He went down, and he went in, and he dealt with the violence and terror, and he emerged a leader of amazing strength able to lead people toward "our complex

and inexplicable caring for each other." It seems to me that this is a splendid image for the spiritual journey, the journey that leaders must take if Havel and Dillard are right.

I'd like to deal specifically with the shadow side of leaders because those shadows get projected onto institutions and onto our society. I'd like to name some monsters that leaders need to ride all the way down if we are to create less shadow and more light. Here is a bestiary of five, and a few thoughts on how the inner journey might transform our leadership at each of these points.

• ONE OF THE BIGGEST SHADOWS inside a lot of leaders is deep insecurity about their own identity, their own worth. That

*Continued on page 45*



# Leading *from* Within

by PARKER J. PALMER

insecurity is hard to see in extroverted people. But the extroversion is often there precisely because we are insecure about who we are and are trying to prove ourselves in the external world rather than wrestling with our inner identity.

This insecurity takes a specific form that I have seen many times (especially in men), and I see it in myself: We have an identity that is so hooked up with external, institutional functions that we may literally die when those functions are taken away from us. We live in terror at the thought of what will happen to us if our institutional identity were ever to disappear.

Do you know the tragedy I see in our institutions when leaders operate with a deep, unexamined insecurity about their own identity? These leaders create institutional settings which deprive *other* people of *their* identity as a way of dealing with the unexamined fears in the leaders themselves.

A simple example makes the point: I am astonished at the number of times I call an office and the person who answers the phone says, for example, "Dr. Jones' office; this is Nancy," because the boss has said to do it that way. The leader has a title and no first name; the person who answers the phone doesn't even have a last name. This is a powerful example of depriving someone else of an identity in order to enhance your own.

Everywhere I look I see institutions that are depriving large numbers of people of their identity so that a few people can enhance theirs. I look at schools, for example, and I see hundreds of thousands of students who have been deprived of an identity by the educational system so that teachers and

administrators can have more identity for themselves, as if this were a zero-sum game, a win-lose situation.

But if you're ever with people (or in an organization led by a person) who know "all the way down" who they are, whose identity doesn't depend on a role which might be taken away at any moment, you are with people and in settings which *give* you identity, which *empower* you to be someone. I think that's a core issue in the spirituality of leadership—because the great spiritual gift that comes as one takes the inward journey is to know for certain that "who I am" does not depend on "what I do." Identity doesn't depend on titles. It doesn't depend on degrees. It doesn't depend on functioning. It depends only on the simple fact that I am a child of God,

valued and treasured for what I am. When a leader knows that—the classroom is different, the hospital is different, and the office is different.

• THE SECOND SHADOW that is inside a lot of us (and please understand that I am talking about myself and my struggles here as much as anybody else's) is the perception that the universe is essentially hostile to human interests and that life is fundamentally a battleground.

As I listen to everyday discourse, it is amazing to me how many battle images I hear as people go about the work of leadership. We talk about tactics and strategy, about using our "big guns," about "do or die," about wins and losses. The imagery here suggests that if we fail to be fiercely competitive, we're going to lose, because the basic structure of the universe is a vast combat. The tragedy of that inner shadow, that unexamined inner fear, is that it helps create situations where people actually have to live that way. It becomes a self-fulfilling prophecy.

Our commitment to competition is a self-fulfilling prophecy. Yes, the world is competitive, but only because we make it that way. Some of the best places in our world, some of the best corporations, some of the best schools, are learning that there is *another* way of going about things, a way that's consensual, that's cooperative, that's communal. They are fulfilling a different prophecy and creating a different reality.

The spiritual gift we receive as we take the inward journey is the knowledge that the universe is working together for good. The universe really isn't out to get anybody; the structure of reality is not the structure of a battle or a

combat. Yes, there's death, but it's part of the cycle of life, and when we learn to move with that cycle there is a coherence and great harmony in our lives. That's the spiritual insight that can transform this particular dimension of leadership—and transform our institutions.

• **THE THIRD SHADOW** in leaders I call "functional atheism." This is the belief that ultimate responsibility for everything rests with *me*. It is a belief held even among people whose theology affirms a higher power than the human self, people who do not understand themselves as atheists but whose behavior belies their belief!

Functional atheism is an unconscious belief that leads to workaholic behavior, to burn-out, to stressed and strained and broken relationships, to unhealthy priorities. Functional atheism is the unexamined conviction within us that if anything decent is going to happen here, I am the one who needs to make it happen. Functional atheism is the reason the average group (according to studies) can tolerate only 15 seconds of silence; people believe that if they are not making noise, nothing is happening! Functional atheism is an inner shadow of leaders that leads to dysfunctional behavior on every level of our lives.

The great gift we receive on the inner journey is the certain knowledge that ours is not the only act in town. Not only are there other acts in town, but some of them, from time to time, are even better than ours! On this inner journey we learn that we do not have to carry the whole load, that we can be empowered by sharing the load with others, and that sometimes we are even free to lay our part of the load down. On the inner journey we learn that co-creation leaves us free to do only what we are called and able to do, and to trust the rest to other hands. With that learning, we become leaders who cast less shadow and more light.

• **THE FOURTH SHADOW** among leaders is fear. There are many kinds of fear, but I am thinking especially of our fear of the natural chaos of life. I think a lot of leaders become leaders because they have a lifelong devotion to eliminating all remnants of chaos from the world. They're trying to order and organize things so thoroughly that the nasty stuff will never bubble up around us (such nasty stuff as dissent, innovation, challenge, change).

In an organization, this particular shadow gets projected outward as rigidity of rules, procedures, and personnel

manuals. It creates corporate cultures that are imprisoning rather than empowering. What we forget from a spiritual tradition is that God created out of chaos. Chaos is the precondition to creativity, and any organization (or any individual) that doesn't have an arena of creative chaos is already half dead. When a leader is so fearful of chaos as not to be able to protect and nurture that arena for other people, there is deep trouble.

The spiritual gift on the inner journey is to know that creation comes out of chaos, and that even what has been created needs to be returned to chaos every now and then to get recreated in a more vital form. The spiritual gift on this inner journey is the knowledge that in chaos I can not only survive, but I can thrive, that there is vitality in that chaotic field of energy.

• **MY LAST EXAMPLE OF THE SHADOWS** that leaders can project on others involves the denial of death. We live in a culture that just does not want to talk about things dying. You see this all the time in our institutional life. You see leaders all over the place demanding that they themselves, and the people who work for them, artificially maintain things that aren't alive any longer and maybe never have been. Projects and programs that should have been laid down ten years ago are still on the life-support system even though they've been in a coma for decades.

There's fear in this denial of death, the fear of negative evaluation, the fear of public failure. Surprisingly, the people in our culture who are least afraid of death, in this sense, are the scientists. The scientific community really honors the failure of a hypothesis because they *learn* something from the death of an idea. But in a lot of organizations, if you fail at what you are doing, you'll find a pink slip in your box. Again, the best organizations and leaders, I think, are asking people to take action that may sometimes lead to failure, to understand that from failure we learn.

The spiritual gift on the inner journey is the knowledge that death is natural and that death is not the final word. The spiritual gift is to know that allowing something to die is also allowing new life to emerge. That's the core spiritual insight that can move us beyond our denial of death.

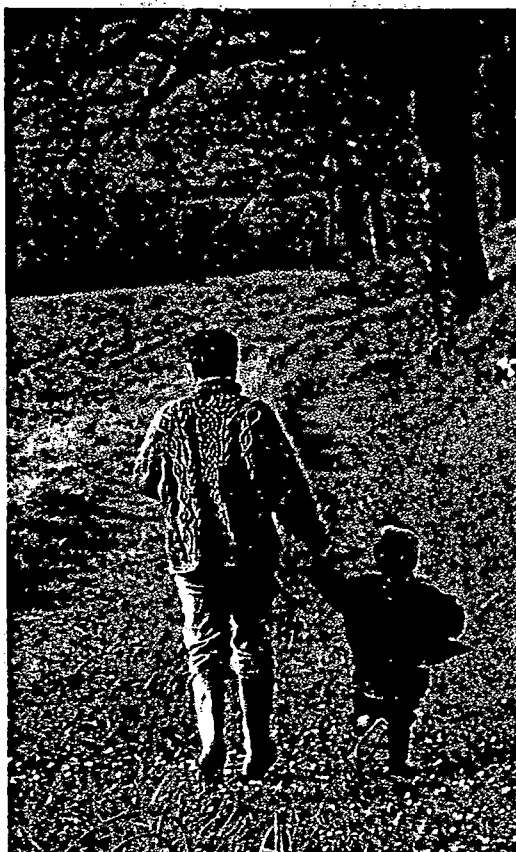
**M**y final words have to do with how we can help each other deal with the spiritual issues inherent in leadership. We *must* help each other because these are

critical issues. The failure of leaders to deal with their own inner life is creating conditions of real misery for lots and lots of folks. Too many organizations in our society are in deep trouble around the leadership shadows I have tried to name. One way out of trouble is for leaders to start recovering the power of the inner journey. How might that happen? A few quick thoughts:

It would be wonderful if the phrase "inner work" could become a central term in our schools and in our churches, if we could help people understand that the phrase really means something. There are things that you can do that constitute "inner work" that are as real and as important as any outer project or task.

A second thing we can do is to remind each other that while inner work is a deeply *personal* matter, it's not necessarily a *private* matter. There are ways to be together in community to help each other with that "inner work." I have been very touched in my own experience by the Quaker tradition where they know how to come together around people who have deep "inner work" to do.

The German poet Rainer Maria Rilke has a little book called *Letters to a Young Poet*, one of the most beautiful books I have ever read. In that book he has a definition of love that always astounds me. I want to quote it because it's the kind of thing I'm trying to communicate about being together in our "inner work." Rilke says, "Love is this—that two solitudes border, protect, and salute one another." He avoids the invasive and violent notion of "getting in there and fixing each other up" that we have in our culture. But he affirms the possibility of



In the inner journey  
we learn that  
co-creation leaves us  
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and able to do.

being present to a person's solitude, a person's mystery, while that deep "inner work" goes on.

Finally, since the journey inward is a fearsome one, we need to remember that all the great spiritual traditions, when you boil them down, are saying one simple thing: *Be not afraid!* They don't say you can't *have* fear, because we all have fears, and leaders have fears aplenty. But they say you don't have to *be* your fears, and you don't have to create a world in which those fears dominate the conditions of many, many people.

A new leadership is needed for new times, but it will not come from finding new and more wily ways to manipulate the external world. It will come as we who lead find the courage to take an inner journey toward both our shadows and our light—a journey that, faithfully pursued, will take us beyond ourselves to become healers of a wounded world.

Parker J. Palmer is a writer and traveling teacher who works independently on issues in education, spirituality, community, and social transformation. He also serves as senior advisor to the Fetzer Institute, and helps guide their Teacher Formation Program—a two-year per-

sonal renewal program for school teachers. Among his books are *The Active Life: A Spirituality of Work, Creativity and Caring*, and *To Know as We Are Known: Education As a Spiritual Journey*. He is working on a new book, *The Courage to Teach: Exploring the Inner Landscape of Teaching and Learning*. This article was adapted from a talk Palmer gave to the Indiana Office for Campus Ministries. He can be reached at PO Box 55063, Madison WI 53705.



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# The Discipline of Teams

by Jon R. Katzenbach and Douglas K. Smith



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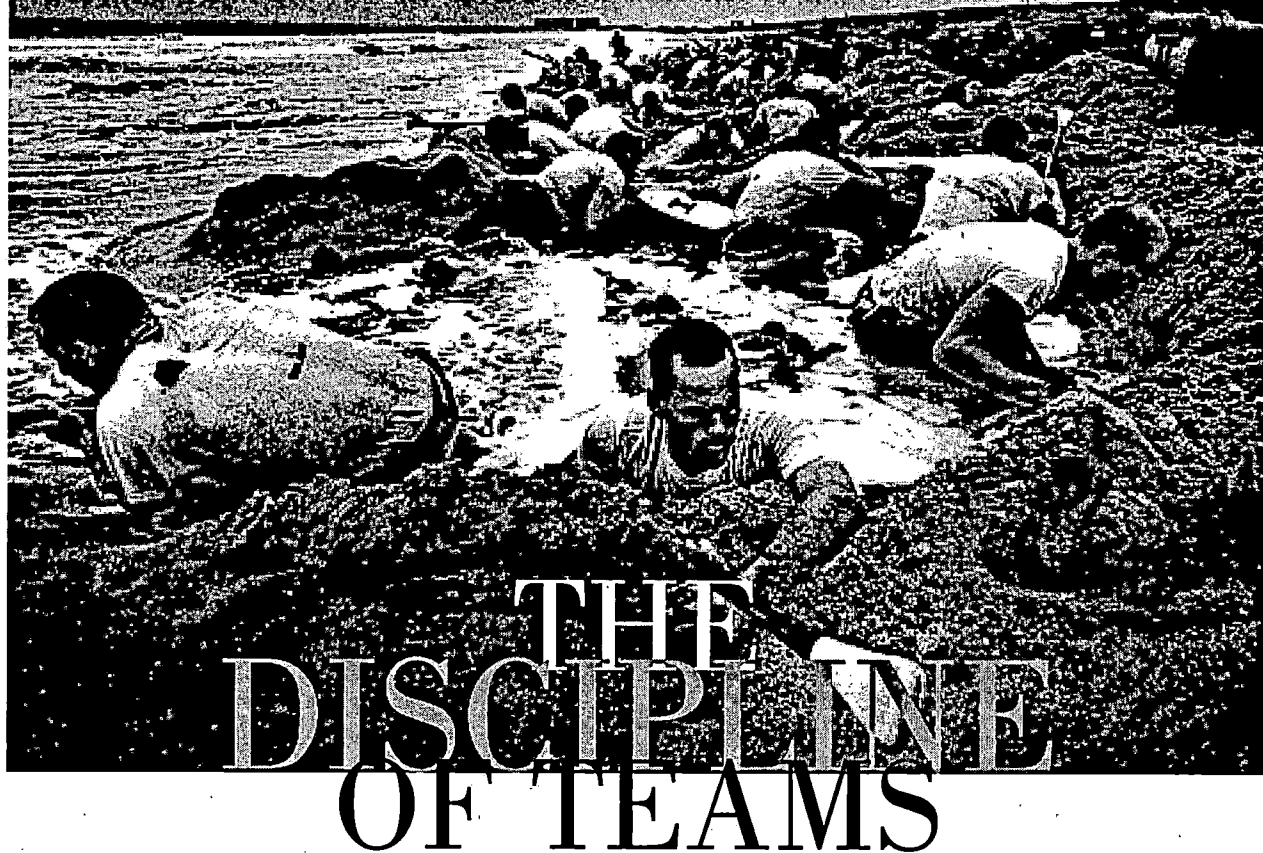
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*What makes the difference between a team that performs and one that doesn't?*



By Jon R. Katzenbach and Douglas K. Smith

**E**arly in the 1980s, Bill Greenwood and a small band of rebel railroaders took on most of the top management of Burlington Northern and created a multibillion-dollar business in "piggy-backing" rail services despite widespread resistance, even resentment, within the company. The Medical Products Group at Hewlett-Packard owes most of its leading performance to the remarkable efforts of Dean Morton, Lew Platt, Ben Holmes, Dick Alberting, and a handful of their colleagues who revitalized a health care business that most others had written off. At Knight-Ridder, Jim Batten's "customer obsession" vision took root at the *Tallahassee Democrat* when 14 frontline enthusiasts turned a charter to eliminate errors into a mission of major change and took the entire paper along with them.

Such are the stories and the work of teams – real teams that perform, not amorphous groups that we

call teams because we think that the label is motivating and energizing. The difference between teams that perform and other groups that don't is a subject to which most of us pay far too little attention. Part of the problem is that *team* is a word and concept so familiar to everyone.

Or at least that's what we thought when we set out to do research for our book *The Wisdom of Teams*. We wanted to discover what differentiates various levels of team performance, where and how teams work best, and what top management can do to enhance their effectiveness. We talked with hundreds of people on more than 50 different teams in

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*Jon R. Katzenbach and Douglas K. Smith are partners in the New York office of McKinsey & Company. They are coauthors of *The Wisdom of Teams: Creating the High-Performance Organization* (Harvard Business School Press, 1993).*

30 companies and beyond, from Motorola and Hewlett-Packard to Operation Desert Storm and the Girl Scouts.

We found that there is a basic discipline that makes teams work. We also found that teams and good performance are inseparable; you cannot have one without the other. But people use the word *team* so loosely that it gets in the way of learning and applying the discipline that leads to good performance. For managers to make better decisions about whether, when, or how to encourage and use teams, it is important to be more precise about what a team is and what it isn't.

Most executives advocate teamwork. And they should. Teamwork represents a set of values that encourage listening and responding constructively to views expressed by others, giving others the benefit of the doubt, providing support, and recognizing the interests and achievements of others. Such values help teams perform, and they also promote individual performance as well as the performance of an entire organization. But teamwork values by themselves are not exclusive to teams, nor are they enough to ensure team performance.

Nor is a team just any group working together. Committees, councils, and task forces are not necessarily teams. Groups do not become teams simply because that is what someone calls them. The entire work force of any large and complex organization is *never* a team, but think about how often that platitude is offered up.

To understand how teams deliver extra performance, we must distinguish between teams and other forms of working groups. That distinction turns on performance results. A working group's performance is a function of what its members do as individuals. A team's performance includes both individual results and what we call "collective work-products." A collective work-product is what two or more members must work on together, such as interviews, surveys, or experiments. Whatever it is, a collective work-product reflects the joint, real contribution of team members.

Working groups are both prevalent and effective in large organizations where individual accountability is most important. The best working groups come together to share information, perspectives, and insights; to make decisions that help each person do his or her job better; and to reinforce individual performance standards. But the focus is always on individual goals and accountabilities. Working-group members don't take responsibility for results other than their own. Nor do they try to develop incremental performance contributions requiring the combined work of two or more members.

Teams differ fundamentally from working groups because they require both individual and mutual accountability. Teams rely on more than group discussion, debate, and decision, on more than sharing information and best practice performance standards. Teams produce discrete work-products through the joint contributions of their members. This is what makes possible performance levels greater than the sum of all the individual bests of team members. Simply stated, a team is more than the sum of its parts.

The first step in developing a disciplined approach to team management is to think about teams as discrete units of performance and not just as positive sets of values. Having observed and worked with scores of teams in action, both successes and failures, we offer the following. Think of it as a working definition or, better still, an essential discipline that real teams share.

*A team is a small number of people with complementary skills who are committed to a common purpose, set of performance goals, and approach for which they hold themselves mutually accountable.*

**T**he essence of a team is common commitment. Without it, groups perform as individuals; with it, they become a powerful unit of collective performance. This kind of commitment requires a purpose in which team members can believe. Whether the purpose is to "transform the contributions of suppliers into the satisfaction of customers," to "make our company one we can be proud of again," or to "prove that all children can learn," credible team purposes have an element related to winning, being first, revolutionizing, or being on the cutting edge.

Teams develop direction, momentum, and commitment by working to shape a meaningful purpose. Building ownership and commitment to team purpose, however, is not incompatible with taking initial direction from outside the team. The often-asserted assumption that a team cannot "own" its purpose unless management leaves it alone actually confuses more potential teams than it helps. In fact, it is the exceptional case – for example, entrepreneurial situations – when a team creates a purpose entirely on its own.

Most successful teams shape their purposes in response to a demand or opportunity put in their path, usually by higher management. This helps teams get started by broadly framing the company's performance expectation. Management is responsible for clarifying the charter, rationale, and perfor-

mance challenge for the team, but management must also leave enough flexibility for the team to develop commitment around its own spin on that purpose, set of specific goals, timing, and approach.

The best teams invest a tremendous amount of time and effort exploring, shaping, and agreeing on a purpose that belongs to them both collectively and individually. This "purposing" activity continues throughout the life of the team. In contrast, failed teams rarely develop a common purpose. For whatever reason – an insufficient focus on performance, lack of effort, poor leadership – they do not coalesce around a challenging aspiration.

The best teams also translate their common purpose into specific performance goals, such as reducing the reject rate from suppliers by 50% or increasing the math scores of graduates from 40% to 95%. Indeed, if a team fails to establish specific performance goals or if those goals do not relate directly to the team's overall purpose, team members become confused, pull apart, and revert to mediocre performance. By contrast, when purposes and goals build on one another and are combined with team commitment, they become a powerful engine of performance.

Transforming broad directives into specific and measurable performance goals is the surest first step for a team trying to shape a purpose meaningful to its members. Specific goals, such as getting a new product to market in less than half the normal time, responding to all customers within 24 hours, or achieving a zero-defect rate while simultaneous-

ly cutting costs by 40%, all provide firm footholds for teams. There are several reasons:

■ Specific team performance goals help to define a set of work-products that are different both from an organizationwide mission and from individual job objectives. As a result, such work-products require the collective effort of team members to make something specific happen that, in and of itself, adds real value to results. By contrast, simply gathering from time to time to make decisions will not sustain team performance.

■ The specificity of performance objectives facilitates clear communication and constructive conflict within the team. When a plant-level team, for example, sets a goal of reducing average machine changeover time to two hours, the clarity of the goal forces the team to concentrate on what it would take either to achieve or to reconsider the goal. When such goals are clear, discussions can focus on how to pursue them or whether to change them; when goals are ambiguous or nonexistent, such discussions are much less productive.

■ The attainability of specific goals helps teams maintain their focus on getting results. A product-development team at Eli Lilly's Peripheral Systems Division set definite yardsticks for the market introduction of an ultrasonic probe to help doctors locate deep veins and arteries. The probe had to have an audible signal through a specified depth of tissue, be capable of being manufactured at a rate of 100 per day, and have a unit cost less than a pre-established amount. Because the team could measure

## Not All Groups Are Teams: How to Tell the Difference

### Working Group

- ☐ Strong, clearly focused leader
- ☐ Individual accountability
- ☐ The group's purpose is the same as the broader organizational mission
- ☐ Individual work-products
- ☐ Runs efficient meetings
- ☐ Measures its effectiveness indirectly by its influence on others (e.g., financial performance of the business)
- ☐ Discusses, decides, and delegates

### Team

- ☐ Shared leadership roles
- ☐ Individual and mutual accountability
- ☐ Specific team purpose that the team itself delivers
- ☐ Collective work-products
- ☐ Encourages open-ended discussion and active problem-solving meetings
- ☐ Measures performance directly by assessing collective work-products
- ☐ Discusses, decides, and does real work together

its progress against each of these specific objectives, the team knew throughout the development process where it stood. Either it had achieved its goals or not.

■ As Outward Bound and other team-building programs illustrate, specific objectives have a leveling effect conducive to team behavior. When a small group of people challenge themselves to get over a wall or to reduce cycle time by 50%, their respective titles, perks, and other stripes fade into the background. The teams that succeed evaluate what and how each individual can best contribute to the team's goal and, more important, do so in terms of the performance objective itself rather than a person's status or personality.

■ Specific goals allow a team to achieve small wins as it pursues its broader purpose. These small wins are invaluable to building commitment and overcoming the inevitable obstacles that get in the way of a long-term purpose. For example, the Knight-Ridder team mentioned at the outset turned a narrow goal to eliminate errors into a compelling customer-service purpose.

■ Performance goals are compelling. They are symbols of accomplishment that motivate and energize. They challenge the people on a team to commit themselves, as a team, to make a difference. Drama, urgency, and a healthy fear of failure combine to drive teams who have their collective eye on an attainable, but challenging, goal. Nobody but the team can make it happen. It is their challenge.

The combination of purpose and specific goals is essential to performance. Each depends on the other to remain relevant and vital. Clear performance goals help a team keep track of progress and hold itself accountable; the broader, even nobler, aspirations in a team's purpose supply both meaning and emotional energy.

Virtually all effective teams we have met, read or heard about, or been members of have ranged between 2 and 25 people. For example, the Burlington Northern "piggybacking" team had 7 members, the Knight-Ridder newspaper team, 14. The majority of them have numbered less than 10. Small size is admittedly more of a pragmatic guide than an absolute necessity for success. A large number of people, say 50 or more, can theoretically become a team. But groups of such size are more likely to break into subteams rather than function as a single unit.

Why? Large numbers of people have trouble interacting constructively as a group, much less doing real work together. Ten people are far more likely than fifty are to work through their individual,

functional, and hierarchical differences toward a common plan and to hold themselves jointly accountable for the results.

Large groups also face logistical issues, such as finding enough physical space and time to meet. And they confront more complex constraints, like crowd or herd behaviors, which prevent the intense

**Goals help a team keep track of progress, while a broader purpose supplies meaning and emotional energy.**

sharing of viewpoints needed to build a team. As a result, when they try to develop a common purpose, they usually produce only superficial "missions" and well-meaning intentions that cannot be translated into concrete objectives. They tend fairly quickly to reach a point when meetings become a chore, a clear sign that most of the people in the group are uncertain why they have gathered, beyond some notion of getting along better. Anyone who has been through one of these exercises knows how frustrating it can be. This kind of failure tends to foster cynicism, which gets in the way of future team efforts.

In addition to finding the right size, teams must develop the right mix of skills, that is, each of the complementary skills necessary to do the team's job. As obvious as it sounds, it is a common failing in potential teams. Skill requirements fall into three fairly self-evident categories:



*Technical or functional expertise.* It would make little sense for a group of doctors to litigate an employment discrimination case in a court of law. Yet teams of doctors and lawyers often try medical malpractice or personal injury cases. Similarly, product-development groups that include only marketers or engineers are less likely to succeed than those with the complementary skills of both.

*Problem-solving and decision-making skills.* Teams must be able to identify the problems and opportunities they face, evaluate the options they have for moving forward, and then make necessary trade-offs and decisions about how to proceed. Most teams need some members with these skills to begin with, although many will develop them best on the job.

*Interpersonal skills.* Common understanding and purpose cannot arise without effective communication and constructive conflict, which in turn depend on interpersonal skills. These include risk taking, helpful criticism, objectivity, active listening, giving the benefit of the doubt, and recognizing the interests and achievements of others.

Obviously, a team cannot get started without some minimum complement of skills, especially technical and functional ones. Still, think about how often you've been part of a team whose members were chosen primarily on the basis of personal compatibility or formal position in the organization, and in which the skill mix of its members wasn't given much thought.

It is equally common to overemphasize skills in team selection. Yet in all the successful teams we've encountered, not one had all the needed

skills at the outset. The Burlington Northern team, for example, initially had no members who were skilled marketers despite the fact that their performance challenge was a marketing one. In fact, we discovered that teams are powerful vehicles for developing the skills needed to meet the team's performance challenge. Accordingly, team member selection ought to ride as much on skill potential as on skills already proven.

**E**ffective teams develop strong commitment to a common approach, that is, to how they will work together to accomplish their purpose. Team members must agree on who will do particular jobs, how schedules will be set and adhered to, what skills need to be developed, how continuing membership in the team is to be earned, and how the group will make and modify decisions. This element of commitment is as important to team performance as is the team's commitment to its purpose and goals.

Agreeing on the specifics of work and how they fit together to integrate individual skills and advance team performance lies at the heart of shaping a common approach. It is perhaps self-evident that an approach that delegates all the real work to a few members (or staff outsiders), and thus relies on reviews and meetings for its only "work together" aspects, cannot sustain a real team. Every member of a successful team does equivalent amounts of real work; all members, including the team leader, contribute in concrete ways to the team's work-product. This is a very important element of the emotional logic that drives team performance.



When individuals approach a team situation, especially in a business setting, each has preexisting job assignments as well as strengths and weaknesses reflecting a variety of backgrounds, talents, personalities, and prejudices. Only through the mutual discovery and understanding of how to apply all its human resources to a common purpose can a team develop and agree on the best approach to achieve its goals. At the heart of such long and, at times, difficult interactions lies a commitment-building process in which the team candidly explores who is best suited to each task as well as how individual

**Think about the difference between "the boss holds me accountable" and "we hold ourselves accountable."**

roles will come together. In effect, the team establishes a social contract among members that relates to their purpose and guides and obligates how they must work together.

No group ever becomes a team until it can hold itself accountable as a team. Like common purpose and approach, mutual accountability is a stiff test. Think, for example, about the subtle but critical difference between "the boss holds me accountable" and "we hold ourselves accountable." The first case can lead to the second, but without the second, there can be no team.

Companies like Hewlett-Packard and Motorola have an ingrained performance ethic that enables teams to form "organically" whenever there is a clear performance challenge requiring collective rather than individual effort. In these companies, the factor of mutual accountability is commonplace. "Being in the boat together" is how their performance game is played.

At its core, team accountability is about the sincere promises we make to ourselves and others, promises that underpin two critical aspects of effective teams: commitment and trust. Most of us enter a potential team situation cautiously because ingrained individualism and experience discourage us from putting our fates in the hands of others or accepting responsibility for others. Teams do not succeed by ignoring or wishing away such behavior.

Mutual accountability cannot be coerced any more than people can be made to trust one another. But when a team shares a common purpose, goals, and approach, mutual accountability grows as a natural counterpart. Accountability arises from and reinforces the time, energy, and action invested

in figuring out what the team is trying to accomplish and how best to get it done.

When people work together toward a common objective, trust and commitment follow. Consequently, teams enjoying a strong common purpose and approach inevitably hold themselves responsible, both as individuals and as a team, for the team's performance. This sense of mutual accountability also produces the rich rewards of mutual achievement in which all members share. What we heard over and over from members of effective teams is that they found the experience energizing and motivating in ways that their "normal" jobs never could match.

On the other hand, groups established primarily for the sake of becoming a team or for job enhancement, communication, organizational effectiveness, or excellence rarely become effective teams, as demonstrated by the bad feelings left in many companies after experimenting with quality circles that never translated "quality" into specific goals. Only when appropriate performance goals are set does the process of discussing the goals and the approaches to them give team members a clearer and clearer choice: they can disagree with a goal and the path that the team selects and, in effect, opt out, or they can pitch in and become accountable with and to their teammates.

**T**he discipline of teams we've outlined is critical to the success of all teams. Yet it is also useful to go one step further. Most teams can be classified in one of three ways: teams that recommend things, teams that make or do things, and teams that run things. In our experience, each type faces a characteristic set of challenges.

*Teams that recommend things.* These teams include task forces, project groups, and audit, quality, or safety groups asked to study and solve particular problems. Teams that recommend things almost always have predetermined completion dates. Two critical issues are unique to such teams: getting off to a fast and constructive start and dealing with the ultimate handoff required to get recommendations implemented.

The key to the first issue lies in the clarity of the team's charter and the composition of its membership. In addition to wanting to know why and how their efforts are important, task forces need a clear definition of whom management expects to participate and the time commitment required. Management can help by ensuring that the team includes people with the skills and influence necessary for crafting practical recommendations that will carry weight throughout the organization. Moreover,

management can help the team get the necessary cooperation by opening doors and dealing with political obstacles.

Missing the handoff is almost always the problem that stymies teams that recommend things. To avoid this, the transfer of responsibility for recommendations to those who must implement them demands top management's time and attention. The more top managers assume that recommendations will "just happen," the less likely it is that they will. The more involvement task force members have in implementing their recommendations, the more likely they are to get implemented.

To the extent that people outside the task force will have to carry the ball, it is critical to involve them in the process early and often, certainly well before recommendations are finalized. Such involvement may take many forms, including participating in interviews, helping with analyses, contributing and critiquing ideas, and conducting experiments and trials. At a minimum, anyone responsible for implementation should receive a briefing on the task force's purpose, approach, and objectives at the beginning of the effort as well as regular reviews of progress.

*Teams that make or do things.* These teams include people at or near the front lines who are responsible for doing the basic manufacturing, development, operations, marketing, sales, service, and other value-adding activities of a business. With some exceptions, like new-product development or process design teams, teams that make or do things tend to have no set completion dates because their activities are ongoing.

In deciding where team performance might have the greatest impact, top management should concentrate on what we call the company's "critical delivery points," that is, places in the organization

**Where does the team option make sense? Where the cost and value of the company's products and services are most directly determined.**

where the cost and value of the company's products and services are most directly determined. Such critical delivery points might include where accounts get managed, customer service performed, products designed, and productivity determined. If performance at critical delivery points depends on combining multiple skills, perspectives, and judg-

ments in real time, then the team option is the smartest one.

When an organization does require a significant number of teams at these points, the sheer challenge of maximizing the performance of so many groups will demand a carefully constructed and performance-focused set of management processes. The issue here for top management is how to build the necessary systems and process supports without falling into the trap of appearing to promote teams for their own sake.

The imperative here, returning to our earlier discussion of the basic discipline of teams, is a relentless focus on performance. If management fails to pay persistent attention to the link between teams and performance, the organization becomes convinced that "this year we are doing 'teams.'" Top

**Top management's focus on teams and performance challenges will keep both "performance" and "team" from becoming clichés.**

management can help by instituting processes like pay schemes and training for teams responsive to their real time needs, but more than anything else, top management must make clear and compelling demands on the teams themselves and then pay constant attention to their progress with respect to both team basics and performance results. This means focusing on specific teams and specific performance challenges. Otherwise "performance," like "team," will become a cliché.

*Teams that run things.* Despite the fact that many leaders refer to the group reporting to them as a team, few groups really are. And groups that become real teams seldom think of themselves as a team because they are so focused on performance results. Yet the opportunity for such teams includes groups from the top of the enterprise down through the divisional or functional level. Whether it is in charge of thousands of people or a handful, as long as the group oversees some business, ongoing program, or significant functional activity, it is a team that runs things.

The main issue these teams face is determining whether a real team approach is the right one. Many groups that run things can be more effective as working groups than as teams. The key judgment is whether the sum of individual bests will suffice for the performance challenge at hand or whether

the group must deliver substantial incremental performance requiring real, joint work-products. Although the team option promises greater performance, it also brings more risk, and managers must be brutally honest in assessing the trade-offs.

Members may have to overcome a natural reluctance to trust their fate to others. The price of faking the team approach is high: at best, members get diverted from their individual goals, costs outweigh benefits, and people resent the imposition on their

**Teams at the top are the most difficult but also the most powerful.**

time and priorities; at worst, serious animosities develop that undercut even the potential personal bests of the working-group approach.

Working groups present fewer risks: Effective working groups need little time to shape their purpose since the leader usually establishes it. Meetings are run against well-prioritized agendas. And decisions are implemented through specific individual assignments and accountabilities. Most of the time, therefore, if performance aspirations can be met through individuals doing their respective

jobs well, the working-group approach is more comfortable, less risky, and less disruptive than trying for more elusive team performance levels. Indeed, if there is no performance need for the team approach, efforts spent to improve the effectiveness of the working group make much more sense than floundering around trying to become a team.

Having said that, we believe the extra level of performance teams can achieve is becoming critical for a growing number of companies, especially as they move through major changes during which company performance depends on broad-based behavioral change. When top management uses teams to run things, it should make sure the team succeeds in identifying specific purposes and goals.

This is a second major issue for teams that run things. Too often, such teams confuse the broad mission of the total organization with the specific purpose of their small group at the top. The discipline of teams tells us that for a real team to form there must be a *team* purpose that is distinctive and specific to the small group and that requires its members to roll up their sleeves and accomplish something beyond individual end-products. If a group of managers looks only at the economic performance of the part of the organization it runs to assess overall effectiveness, the group will not have any team performance goals of its own.

## Building Team Performance

Although there is no guaranteed how-to recipe for building team performance, we observed a number of approaches shared by many successful teams.

*Establish urgency, demanding performance standards, and direction.* All team members need to believe the team has urgent and worthwhile purposes, and they want to know what the expectations are. Indeed, the more urgent and meaningful the rationale, the more likely it is that the team will live up to its performance potential, as was the case for a customer-service team that was told that further growth for the entire company would be impossible without major improvements in that area. Teams work best in a compelling context. That is why companies with strong performance ethics usually form teams readily.

*Select members for skill and skill potential, not personality.* No team succeeds without all the skills needed to meet its purpose and performance goals. Yet most teams figure out the skills they will need after they are formed. The wise manager will choose people both for their existing skills and their potential to improve existing skills and learn new ones.

*Pay particular attention to first meetings and actions.* Initial impressions always mean a great deal. When potential teams first gather, everyone monitors the signals given by others to confirm, suspend, or dispel assumptions and concerns. They pay particular attention to those in authority: the team leader and any executives who set up, oversee, or otherwise influence the team. And, as always, what such leaders do is more important than what they say. If a senior executive leaves the team kickoff to take a phone call ten minutes after the session has begun and he never returns, people get the message.

*Set some clear rules of behavior.* All effective teams develop rules of conduct at the outset to help them achieve their purpose and performance goals. The most critical initial rules pertain to attendance (for example, "no interruptions to take phone calls"), discussion ("no sacred cows"), confidentiality ("the only things to leave this room are what we agree on"), analytic approach ("facts are friendly"), end-product orientation ("everyone gets assignments and does them"), constructive confrontation ("no finger pointing"), and, often the most important, contributions ("everyone does real work").

While the basic discipline of teams does not differ for them, teams at the top are certainly the most difficult. The complexities of long-term challenges, heavy demands on executive time, and the deep-seated individualism of senior people conspire against teams at the top. At the same time, teams at the top are the most powerful. At first we thought such teams were nearly impossible. That is because we were looking at the teams as defined by the formal organizational structure, that is, the leader and all his or her direct reports equals the team. Then we discovered that real teams at the top were often smaller and less formalized – Whitehead and Weinberg at Goldman, Sachs, Hewlett and Packard at HP, Krasnoff, Pall, and Hardy at Pall Corp, Kendall, Pearson, and Calloway at Pepsi, Haas and Haas at Levi Strauss, Batten and Ridder at Knight-Ridder. They were mostly twos and threes, with an occasional fourth.

Nonetheless, real teams at the top of large, complex organizations are still few and far between. Far too many groups at the top of large corporations needlessly constrain themselves from achieving real team levels of performance because they assume that all direct reports must be on the team; that team goals must be identical to corporate goals; that the team members' positions rather than skills determine their respective roles; that a team

must be a team all the time; and that the team leader is above doing real work.

As understandable as these assumptions may be, most of them are unwarranted. They do not apply to the teams at the top we have observed, and when replaced with more realistic and flexible assumptions that permit the team discipline to be applied, real team performance at the top can and does occur. Moreover, as more and more companies are confronted with the need to manage major change across their organizations, we will see more real teams at the top.

**W**e believe that teams will become the primary unit of performance in high-performance organizations. But that does not mean that teams will crowd out individual opportunity or formal hierarchy and process. Rather, teams will enhance existing structures without replacing them. A team opportunity exists anywhere hierarchy or organizational boundaries inhibit the skills and perspectives needed for optimal results. Thus, new-product innovation requires preserving functional excellence through structure while eradicating functional bias through teams. And front-line productivity requires preserving direction and guidance through hierarchy while drawing on energy and flexibility through self-managing teams.

*Set and seize upon a few immediate performance-oriented tasks and goals.* Most effective teams trace their advancement to key performance-oriented events. Such events can be set in motion by immediately establishing a few challenging goals that can be reached early on. There is no such thing as a real team without performance results, so the sooner such results occur, the sooner the team congeals.

*Challenge the group regularly with fresh facts and information.* New information causes a team to redefine and enrich its understanding of the performance challenge, thereby helping the team shape a common purpose, set clearer goals, and improve its common approach. A plant quality improvement team knew the cost of poor quality was high, but it wasn't until they researched the different types of defects and put a price tag on each one that they knew where to go next. Conversely, teams err when they assume that all the information needed exists in the collective experience and knowledge of their members.

*Spend lots of time together.* Common sense tells us that team members must spend a lot of time together, scheduled and unscheduled, especially in the beginning. Indeed, creative insights as well as personal

bonding require impromptu and casual interactions just as much as analyzing spreadsheets and interviewing customers. Busy executives and managers too often intentionally minimize the time they spend together. The successful teams we've observed all gave themselves the time to learn to be a team. This time need not always be spent together physically; electronic, fax, and phone time can also count as time spent together.

*Exploit the power of positive feedback, recognition, and reward.* Positive reinforcement works as well in a team context as elsewhere. "Giving out gold stars" helps to shape new behaviors critical to team performance. If people in the group, for example, are alert to a shy person's initial efforts to speak up and contribute, they can give the honest positive reinforcement that encourages continued contributions. There are many ways to recognize and reward team performance beyond direct compensation, from having a senior executive speak directly to the team about the urgency of its mission to using awards to recognize contributions. Ultimately, however, the satisfaction shared by a team in its own performance becomes the most cherished reward.

We are convinced that every company faces specific performance challenges for which teams are the most practical and powerful vehicle at top management's disposal. The critical role for senior managers, therefore, is to worry about company performance and the kinds of teams that can deliver it. This means that top management must recognize

a team's unique potential to deliver results, deploy teams strategically when they are the best tool for the job, and foster the basic discipline of teams that will make them effective. By doing so, top management creates the kind of environment that enables team as well as individual and organizational performance.

### *How's Your Team?*

*In recent research, many executives have reported acute concern about how to build teams and how to work in teams. Few other skills, the data say, tap more intense interest among hundreds of managers. That's why we want to ask the community of HBR readers to deepen our knowledge on this subject, to let us learn from your experience.*

*The above article provides systematic findings on how and why teams work, and why some fail. We'd be grateful for a note from you on your personal experiences with teams. Please include your educational and work background and indicate any portions you do not want to be quoted. The authors are pleased to join us in studying your ideas, responding, and perhaps in further writing on teams.*

*We'd like to know if economic and technical changes have made teams more important to you in recent years. Do teams become critical as you move into higher management levels? Does MBA training help an executive to be more effective on teams? Less? Does previous success lock some executives into habits that inhibit their participation in teams or make them deaf to ideas from others? How can HBR be more useful in your own continuous improvement at team skills?*

*Please mail your comments to Teams, Harvard Business Review, Soldiers Field Road, Boston, MA 02163 or fax them to 617-495-9933 The Editors*

Reprint 93207

**TIRR Systems  
Current Reality Template**

| <b>Category</b>                                                                              | <b>TIRR</b>                     | <b>LifeBridge</b>                                           | <b>TRC</b>                                             | <b>RPS</b>                      | <b>Foundation</b>             |
|----------------------------------------------------------------------------------------------|---------------------------------|-------------------------------------------------------------|--------------------------------------------------------|---------------------------------|-------------------------------|
| Number of Employees<br>12/31/99<br><i>Meditech report<br/>B. Schaffer</i>                    | 321                             | 86                                                          | 61                                                     | 73                              | 3                             |
| # of New hires / Terminations in 1999*<br>12/31/99<br><i>Meditech report<br/>B. Schaffer</i> | 98 new hires<br>76 terminations | 18 new hires<br>21 terminations                             | 19 new hires<br>15 terminations                        | 34 new hires<br>25 terminations | 1 new hires<br>1 terminations |
| Human Resource Costs per patient service unit (PPSU)<br><i>Meditech GL inquiry</i>           | \$491,753<br>\$19.09 ppsu       | \$ 145,752<br>\$13.03 ppsu<br><i>Meditech GL inquiry</i>    | \$136,140<br>\$3.77 ppsu<br><i>Meditech GL inquiry</i> | N/A                             | N/A                           |
| Net Revenue Per patient Service Unit<br><i>12/31/99 Monthly Financial/Adjust Pt. Days</i>    | \$973.46                        | \$12.77<br><i>12/31/99 Monthly Financial/Total Pt. Days</i> | <i>12/31/99 Monthly Financial/per visit</i>            | N/A                             | N/A                           |
| Gross revenue by financial class                                                             |                                 |                                                             |                                                        | N/A                             | N/A                           |
| Administrative -                                                                             | \$1,903.94                      | \$1,766                                                     | \$20,174                                               |                                 |                               |
| Charity -                                                                                    | \$1,513,731.14                  |                                                             |                                                        |                                 |                               |
| HMO -                                                                                        | \$7,485,758.57                  | \$2,170,022                                                 | \$1,171,087                                            |                                 |                               |
| Indemnity -                                                                                  | \$2,197,065.76                  | \$1,185,348                                                 | \$596,128                                              |                                 |                               |
| Institutional -                                                                              | \$141,462.37                    |                                                             |                                                        |                                 |                               |
| Medicaid -                                                                                   | \$2,614,579.44                  |                                                             | \$48,479                                               |                                 |                               |
| Medicaid Alternative -                                                                       | \$1,500,616.25                  | \$35,867                                                    | \$13,638                                               |                                 |                               |
| Medicare -                                                                                   | \$4,848,335.57                  | \$7,236,724                                                 | \$499,581                                              |                                 |                               |
| Medicare Alternative -                                                                       | \$185,216.34                    | \$954,571                                                   | \$40,475                                               |                                 |                               |
| Out-of-Network -                                                                             | \$425,022.72                    | \$29,678                                                    | \$45,441                                               |                                 |                               |
| PPO -                                                                                        | \$14,822,533.95                 | \$1,946,709                                                 | \$1,432,194                                            |                                 |                               |
| Self-Pay/Trust -                                                                             | \$529,673.71                    | \$945,823                                                   | \$153,725                                              |                                 |                               |
| State/Federal -                                                                              | \$1,544,892.72                  |                                                             |                                                        |                                 |                               |
| Worker's Compensation -                                                                      | \$5,820,063.14                  | \$600,050                                                   | \$2,307,285                                            |                                 |                               |
| Total                                                                                        | \$43,627,047.74                 | \$15,106,557                                                | \$6,328,257                                            |                                 |                               |
| <i>Meditech: GL Account Summary by FC</i>                                                    |                                 |                                                             |                                                        |                                 |                               |

|                                                           |                                                                                                                                                                                                                                            |                                                                                                                                                                                       |                                                                                                                                                                                                               |     |     |
|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| Nursing expense per service unit                          | \$248.13<br>Summary reports for PCU 3, 5, 6, wages, fringes, float pool, agency (Dice)                                                                                                                                                     | \$270.29 Monthly Financials for NU3, NU4, N. Admin, N. Ed. Case Mgmt./ Total Pt. Days                                                                                                 | N/A                                                                                                                                                                                                           | N/A | N/A |
| Physician direct expense per service unit                 | \$29.69<br>Med School Support (Dice)                                                                                                                                                                                                       | \$3.59<br>G/L Med. Director Salary + Dr. Francisco                                                                                                                                    | \$1.88<br>(Med School support / 36m visits)                                                                                                                                                                   | N/A | N/A |
| Therapist expense per service unit                        | \$174.84<br>GL activity report for OT, PT, SW, SLP, MT, RT, Neuropsych, TOTS (Dice)                                                                                                                                                        | \$58.14<br>Year end monthly financials for PT, OT, SLP/Total Pt. Days                                                                                                                 | \$46.00 ppsu<br>38m visits                                                                                                                                                                                    | N/A | N/A |
| Accounting costs per patient service unit                 | \$468,960<br>\$18.20 ppsu<br><br>Meditech GL inquiry                                                                                                                                                                                       | \$137,952<br>\$12.34<br><br>G/L Account Summary                                                                                                                                       | \$124,260<br>\$3.44 ppsu<br><br>Meditech GL inquiry                                                                                                                                                           | N/A | N/A |
| PFS costs per service unit                                | \$711,491<br>\$27.61 ppsu<br><br>Meditech GL inquiry                                                                                                                                                                                       | \$97,428<br>\$8.71 ppsu                                                                                                                                                               | \$216,216<br>\$5.98 ppsu<br><br>Meditech GL inquiry                                                                                                                                                           | N/A | N/A |
| MIS costs per service unit                                | \$756,173<br>\$29.35 ppsu<br><br>Meditech GL inquiry                                                                                                                                                                                       | \$135,072<br>\$12.08                                                                                                                                                                  | \$126,168<br>\$3.49 ppsu<br><br>Meditech GL inquiry                                                                                                                                                           | N/A | N/A |
| RPS other administration costs per service unit           | \$867,892<br>\$33.68 ppsu<br><br>Meditech GL inquiry                                                                                                                                                                                       | \$270,600<br>\$24.20<br>G/L Account Summary                                                                                                                                           | \$200,421<br>\$5.55 ppsu<br><br>Meditech GL inquiry                                                                                                                                                           | N/A | N/A |
| Legal/Risk Management/C compliance costs per service unit | \$118,988<br>\$4.62 ppsu<br>1999 Meditech cc report distributed by headcount pro-ration                                                                                                                                                    | \$31,040/11,183<br>\$2.78<br>1999 Meditech cc report distributed by headcount pro-ration                                                                                              | 22,419<br>\$0.61 ppsu<br>1999 Meditech cc report distributed by headcount pro-ration                                                                                                                          | N/A | N/A |
| Current key financial ratios (12/31/99)                   | ROA - (.05)<br>Gross Profit Margin - (.05)<br>Net Profit Margin - (.07)<br>Return on Net Capital Employed - (.06)<br>Current Ratio - 1.79<br>Debt Service Coverage - .06<br>Leverage - .49<br><br>Financial Ratios compliance Report, 1999 | ROA - (.11)<br>Gross Profit Margin - (.02)<br>Net Profit Margin - (.03)<br>Return on Net Capital Employed - (.25)<br>Current Ratio - 1.55<br>Financial Ratios compliance Report, 1999 | ROA: (0.66)<br>Gross Profit Margin: (12%)<br>Net Profit Margin: (16%)<br>Return on Net Capital Employed .33<br>Current Ratio: 1.8<br>Debt-Total Asset Ratio: 1.18<br>Financial Ratios compliance Report, 1999 | N/A | N/A |
| Days in accounts receivable (12/31/99)                    | 112<br>calculation PFS 12/99                                                                                                                                                                                                               | 46<br>calculation PFS 12/99                                                                                                                                                           | 72.8<br>calculation PFS 12/99                                                                                                                                                                                 | N/A | N/A |
| Days in accounts payable (12/31/99)                       | 40<br>calculation PFS 12/99                                                                                                                                                                                                                | 6<br>calculation PFS 12/99                                                                                                                                                            | 33<br>calculation PFS 12/99                                                                                                                                                                                   |     |     |

|                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                           |                                                                                                            |     |     |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----|-----|
| Contractual rate by payor mix                                     |                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                           |                                                                                                            | N/A | N/A |
| Charity                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                           |                                                                                                            |     |     |
| HMO                                                               | 41%                                                                                                                                                                                                                                                                                                                                                                                                          | 57%                                                                                                                                                       | 46%                                                                                                        |     |     |
| Indemnity                                                         | 26%                                                                                                                                                                                                                                                                                                                                                                                                          | 38%                                                                                                                                                       | 7%                                                                                                         |     |     |
| Medicaid                                                          | 50%                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                           | 12%                                                                                                        |     |     |
| Medicaid Alternative                                              | 40%                                                                                                                                                                                                                                                                                                                                                                                                          | 54 %                                                                                                                                                      | 14%                                                                                                        |     |     |
| Medicare                                                          | 42%                                                                                                                                                                                                                                                                                                                                                                                                          | 38%                                                                                                                                                       | 46%                                                                                                        |     |     |
| Medicare Alternative                                              | 34%                                                                                                                                                                                                                                                                                                                                                                                                          | 54%                                                                                                                                                       | 60%                                                                                                        |     |     |
| Out-of-Network - PPO                                              | 20%                                                                                                                                                                                                                                                                                                                                                                                                          | 68%                                                                                                                                                       | 17%                                                                                                        |     |     |
| Self-Pay                                                          | 36%                                                                                                                                                                                                                                                                                                                                                                                                          | 54%                                                                                                                                                       | 27%                                                                                                        |     |     |
| Worker's Comp -                                                   | 18%                                                                                                                                                                                                                                                                                                                                                                                                          | 40%                                                                                                                                                       | 2%                                                                                                         |     |     |
|                                                                   | 34%                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                           | 22%                                                                                                        |     |     |
| Meditech: 1999 Payments & Adjustments by Ins Group/Insurance Dice |                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                           |                                                                                                            |     |     |
| Listing of major services offered                                 | <u>Programs:</u><br>Spinal Cord Injury Program<br>Brain Injury Program<br>Pediatric Program<br>Amputee Program<br>Comprehensive Rehabilitation Program<br><u>Services:</u><br>Surgery<br>Urodynamics<br>Brachial Plexus<br>Outpatient Clinic<br>Spasticity Management<br>Wound Management<br>Challenge Program<br>Stepping Stones (pediatric subacute)<br>Day Hospital<br>Outpatient Therapies (OT, PT, SLP) | <u>Programs:</u><br>Medical<br>Transitional<br>General<br>Rehabilitation<br>Life Care<br><br><u>Services:</u><br>BI Vent<br>Wound<br>Medically<br>Complex | <u>Programs</u><br>General<br>Orthopedic<br>Hand<br>Spine<br>Industrial<br><br><u>Services</u><br>OT<br>PT | N/A |     |
| # of Pediatric and over age 65 admissions                         |                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                           |                                                                                                            | N/A | N/A |
| 0 to 18 yrs :                                                     | 167                                                                                                                                                                                                                                                                                                                                                                                                          | 3                                                                                                                                                         |                                                                                                            |     |     |
| 18 to 65:                                                         | 516                                                                                                                                                                                                                                                                                                                                                                                                          | 144                                                                                                                                                       |                                                                                                            |     |     |
| 65+:                                                              | 76                                                                                                                                                                                                                                                                                                                                                                                                           | 235                                                                                                                                                       |                                                                                                            |     |     |
|                                                                   | Meditech 12/99                                                                                                                                                                                                                                                                                                                                                                                               | MR Abstracting                                                                                                                                            |                                                                                                            |     |     |

|                                    |                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                        |  |     |     |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----|-----|
| Patient admission by diagnosis     | Spinal Injuries: 166<br>Traumatic Stupor & Coma: 64<br>Specific Cerebrovascular Disorders except TIA: 55<br>Other Significant Trauma: 47<br>Rehabilitation: 37<br>Degenerative Nervous System Disorders: 34<br>Other Disorders of the Nervous System: 31<br>Skin Graft/Skin Ulcer: 26<br>Other Musculoskeletal tissue OR procedures: 24<br>Signs and Symptoms of MS system: 16 | Complete breakdown attached.<br>23% Cerebrovascular<br>8% Fractures Hip & Pelvis<br>3.9% Back Problems<br>3% Pulmonary<br>3.1% Multiple Trauma<br>2.6% Bone Diseases<br>2.6% Nervous Disorders<br>2.6% Spinal Injury<br>2.3% Skin Ulcers<br>2% Bone Diseases w/cc<br>2% Peripheral Vascular<br>2% Traumatic Coma<br>1.8% Sprain, etc.<br>Arm/Leg, etc. |  | N/A | N/A |
| Top admitting/referring physicians |                                                                                                                                                                                                                                                                                                                                                                                | Referring:<br>Michael Huo, MD (ORS) 35<br>Dong Kim, MD (NS) 30<br>William Gormley, MD (NS) 15<br>Robert Pousman, MD (CCA) 14<br>James Butler, MD (ORS) 14<br>Suzanne Page, MD (PM&R) 14<br>Rosemary Buckle, MD (ORS) 11<br>Howard Marmell, MD (N) 10<br>Robert Jackson, MD (IM) 9<br>William Donovan, MD (PM&R) 8<br>David MacDougall, D.O. (NS) 8     |  | N/A | N/A |

| % of referring Physicians by medical specialty |     |     |           | N/A | N/A |
|------------------------------------------------|-----|-----|-----------|-----|-----|
| Neurology                                      |     |     |           |     |     |
| # of referrals:                                | 75  | 61  | 235       |     |     |
| % of total:                                    | 12% | 11% | 7%        |     |     |
| % of area MD's referring:                      | 24% | 16% | 13%       |     |     |
| # of referring MD's:                           | 153 | 153 | 153+ Bmt  |     |     |
| Neurosurgeon                                   |     |     |           |     |     |
| # of referrals:                                | 185 | 84  | 260       |     |     |
| % of total:                                    | 30% | 6%  | 7%        |     |     |
| % of area MD's referring:                      | 56% | 32% | 25%       |     |     |
| # of referring MD's:                           | 57  | 57  | 57 + Bmt  |     |     |
| General Surgery                                |     |     |           |     |     |
| # of referrals:                                | 70  | 26  |           |     |     |
| % of total:                                    | 11% | 5%  |           |     |     |
| % of area MD's referring:                      | 3%  | 3%  |           |     |     |
| # of referring MD's:                           | 241 | 241 |           |     |     |
| Orthopedic Surgeon                             |     |     |           |     |     |
| # of referrals:                                | 30  | 109 | 1,896     |     |     |
| % of total:                                    | 5%  | 20% | 53%       |     |     |
| % of area MD's referring:                      | 9%  | 15% | 40%       |     |     |
| # of referring MD's:                           | 216 | 216 | 216 + Bmt |     |     |
| PM & R                                         |     |     |           |     |     |
| # of referrals:                                | 50  | 63  | 488       |     |     |
| % of total:                                    | 8%  | 12% | 14%       |     |     |
| % of area MD's referring:                      | 33% | 24% | 28%       |     |     |
| # of referring MD's:                           | 72  | 72  | 72 + Bmt  |     |     |
| Critical Care                                  |     |     |           |     |     |
| # of referrals:                                | 26  |     | 26        |     |     |
| % of total:                                    | 4%  |     | 4%        |     |     |
| % of area MD's referring:                      | 25% |     | 25%       |     |     |
| # of referring MD's:                           | 4   |     | 4         |     |     |
| Cardiovascular Disease                         |     |     |           |     |     |
| # of referrals:                                |     | 22  |           |     |     |
| % of total:                                    |     | 4%  |           |     |     |
| % of area MD's referring:                      |     | 7%  |           |     |     |
| # of referring MD's:                           |     |     |           |     |     |
| Internal Medicine                              |     |     |           |     |     |
| # of referrals:                                | 52  | 66  | 201       |     |     |
| % of total:                                    | 8%  | 12% | 6%        |     |     |
| % of area MD's referring:                      |     |     |           |     |     |

|                                                                                                                        |                       |                        |                      |  |  |
|------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|----------------------|--|--|
| referring:<br># of referring<br>MD's:                                                                                  | 3%<br>1012            | 5%<br>1012             | 2%<br>1012 + Bmt.    |  |  |
| Pediatric<br>Medicine<br># of referrals:<br>% of total:<br>% of area MD's<br>referring:<br># of referring<br>MD's:     | 13<br>2%<br>4%<br>474 |                        |                      |  |  |
| Cardiothoracic<br>Surgery<br># of referrals:<br>% of total:<br>% of area MD's<br>referring:<br># of referring<br>MD's: |                       | 19 s<br>4%<br>15%<br>X |                      |  |  |
| Family Practice<br># of referrals:<br>% of total:<br>% of area MD's<br>referring:<br># of referring<br>MD's:           |                       |                        | 248<br>7%<br>4%<br>X |  |  |
| Plastic Surgery<br># of referrals:<br>% of total:<br>% of area MD's<br>referring:<br># of referring<br>MD's:           |                       |                        | 124<br>3%<br>4%<br>X |  |  |
| Pain<br>Management<br># of referrals:<br>% of total:<br>% of area MD's<br>referring:<br># of referring<br>MD's:        |                       |                        | 71<br>2%<br>9%<br>X  |  |  |

|                                                  |                                                               |                                                            |                                            |     |     |
|--------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------|-----|-----|
| Physician referrals by service/program/specialty | Alex Valadka, M.D. (NS)<br>33 referrals<br>28 admissions      | Dong Kim, MD (NS)<br>47 referrals<br>24 admissions         | Ahmed Kalifa MD (OM/PM&R)<br>229 referrals | N/A | N/A |
|                                                  | James "Red" Duke, M.D. (GS)<br>26 referrals<br>15 admissions  | Robert Pousman, MD (CCA)<br>40 referrals<br>27 admissions  | Mark Henry MD (ORS)<br>198 referrals       |     |     |
|                                                  | Robert Pousman, M.D. (CCA)<br>26 referrals<br>20 admissions   | William Gormley, MD (NS)<br>37 referrals<br>20 admissions  | Rosemary Buckle MD (ORS)<br>186 referrals  |     |     |
|                                                  | William Gormley, M.D. (NS)<br>22 referrals<br>10 admissions   | Michael Huo, MD (ORS)<br>35 referrals<br>20 admissions     | James Butler MD (ORS)<br>186 referrals     |     |     |
|                                                  | Dong Kim, M.D. (NS)<br>17 referrals<br>11 admissions          | Alex Valadka, MD (NS)<br>33 referrals<br>28 admissions     | Marcus Masson MD (ORS)<br>158 referrals    |     |     |
|                                                  | William Maggio, M.D. (NS)<br>17 referrals<br>7 admissions     | James "Red" Duke, MD (GS)<br>26 referrals<br>15 admissions | Sean Griggs MD (ORS)<br>134 referrals      |     |     |
|                                                  | James Baumgartner, M.D. (NS)<br>15 referrals<br>11 admissions | Drue Ware MD (GS)<br>15 referrals<br>12 admissions         | John Iceton MD (ORS)<br>116 referrals      |     |     |
|                                                  | Drue Ware, M.D. (GS)<br>15 referrals<br>12 admissions         | Guy Clifton MD (NS)<br>12 referrals<br>11 admissions       | Guy Clifton MD (NS)<br>104 referrals       |     |     |
|                                                  | Frederick Moore, M.D. (GS)<br>14 referrals<br>7 admissions    | Frederick Moore MD (GS)<br>14 referrals<br>7 admissions    | Jay Shenaq (PS)<br>80 referrals            |     |     |
|                                                  | Guy Clifton, M.D. (NS)<br>12 referrals<br>11 admissions       | James Butler MD (ORS)<br>14 referrals<br>8 admissions      | John Cianca (PM&R)<br>69 referrals         |     |     |
|                                                  |                                                               | Suzanne Page, MD (PM&R)<br>13 referrals<br>7 admissions    |                                            |     |     |
|                                                  |                                                               | Rosemary Buckle MD (ORS)<br>11 referrals<br>6 admissions   |                                            |     |     |
|                                                  |                                                               | Howard Marmell MD (IM)<br>10 referrals<br>6 admissions     |                                            |     |     |
|                                                  |                                                               | Robert Jackson MD (IM)<br>9 referrals<br>1 admission       |                                            |     |     |

|                                                                                      |                                                                                                                                                                                                                          |                                                                                                                                            |                                                                                                                                            |                                                                                                                                                              |     |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
|                                                                                      |                                                                                                                                                                                                                          | William Donovan<br>MD (PM&R)<br>8 referrals<br>6 admissions<br><br>David McDougall<br>MD (NS)<br>8 referrals<br>4 admissions               |                                                                                                                                            |                                                                                                                                                              |     |
| Top 5 hospital referrers                                                             | TIRR Outpatient Clinic: 412 29%<br>Hermann: 294 21%<br>LifeBridge: 65 5%<br>Methodist: 60 4%<br>Tx Childrens: 45 3%<br>St. Luke's: 37 3%<br>Ben Taub: 37 3%<br>Total: 988 68%<br>Marketing referral report 12/99 Simpson | Hermann Hosp. 64 39%<br>Methodist 124 19%<br>St. Luke's 103 15%<br>TIRR 23 3%<br>Vencor 19 3%                                              | N/A                                                                                                                                        | N/A                                                                                                                                                          | N/A |
| Top 5 Admitting                                                                      |                                                                                                                                                                                                                          | Hermann Hospital 40%<br>Methodist 19%<br>St. Luke's 13%<br>TIRR 4%<br>Vencor 3%                                                            |                                                                                                                                            |                                                                                                                                                              |     |
| Support to Medical schools (Baylor & UT) December 31, 1999 Financial Statements Dice | \$765,000                                                                                                                                                                                                                | \$104,000                                                                                                                                  | \$68,000                                                                                                                                   | N/A                                                                                                                                                          |     |
| Other allied health school affiliations                                              | N/A                                                                                                                                                                                                                      | N/A                                                                                                                                        | N/A                                                                                                                                        | HBU: Nursing<br>TWU: Nursing / PT / OT<br>HCC: RT<br>HCCP: Students<br>U of H: Pharm / SW /Neuropsych<br>PVAM: Nursing<br>Human Resources<br>Contract review | N/A |
| Top 5 competitors, including location & bed #'s                                      | HealthSouth-Humble 90 Beds<br>HealthSouth-Woodlands 96 Beds<br>HealthSouth Northwest 60 Beds<br>HealthSouth Clear Lake 66 Beds<br>Memorial City Rehab: Closed                                                            | Select Specialty-Heights :180 Beds<br>Vencor-Med Ctr. 110 Beds<br>Vencor-NW 84 Beds<br>Select Specialty 60 Beds<br>Vencor-Med Ctr. 46 Beds | HealthSouth: 29 locations<br>John West : 6 locations<br>Matrix: 11 locations<br>Work Ready: 5 locations<br>US Physical Therapy 5 locations | N/A                                                                                                                                                          |     |

|                                                                                                                    |                                                                                                               |         |     |     |                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------|-----|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Market share for each service offered                                                                              | N/A                                                                                                           | N/A     | N/A | N/A | N/A                                                                                                                                                                                                                                                                                                                                                              |
| Marketing costs per service unit                                                                                   | \$384,648<br>\$14.93 ppsu<br><i>Meditech GL Inquiry</i>                                                       | \$10.36 |     | N/A | N/A                                                                                                                                                                                                                                                                                                                                                              |
| # of Grants by program and size                                                                                    | BIRC: \$755,666<br>ILRU: \$3,018,184<br>SCI: \$336,975<br>Other: \$60,787<br><br><i>1999 Grant Statements</i> | N/A     |     | N/A |                                                                                                                                                                                                                                                                                                                                                                  |
| # of volunteers and contributions for programs                                                                     | 258<br><br>Total Contributions \$24,025<br><br><i>(Weil)</i>                                                  | N/A     | N/A | N/A |                                                                                                                                                                                                                                                                                                                                                                  |
| (Mission Connect) Top 5 competitors, including location & Resource \$\$'s                                          | N/A                                                                                                           | N/A     | N/A | N/A | Miami Project<br><br>Christopher Reeve Paralysis Foundation<br><br>Kent Waldrep Foundation<br><br>Salk Institute for Biological Studies                                                                                                                                                                                                                          |
| Number of foundation contributors per level of contribution                                                        | N/A                                                                                                           | N/A     | N/A | N/A | \$20m +: 16<br>\$5 - 19.9m: 18<br>\$1 - 4.9m: 49<br>\$.5 - .99m: 19                                                                                                                                                                                                                                                                                              |
| Listing of Charitable / community / foundation programs, associated annual expenses and dedicated account balances | N/A                                                                                                           | N/A     | N/A | N/A | Mission Connect::<br>\$5.1mm assets<br>\$107m expenses<br><br>TIRR Emily Foundation:<br>\$1.1mm assets<br>\$219m expenses<br><br>TIRR Charity Care: \$197m assets<br>\$23m expenses<br><br>TIRR Rehabilitation Fund: \$64m assets<br>\$12m expenses<br><br>Michael Walsh Aquatic: \$38m assets<br>\$46m expenses<br><br>TIRR Peer/Sports: \$24<br>\$46m expenses |

|  |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--|--|--|--|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  |  |  |  | <p>Think First: \$20m assets</p> <p>Strength Unlimited: \$18m assets<br/>\$5m expenses</p> <p>TIRR Year 2000: \$3m assets<br/>\$6m expenses</p> <p>OT/PT Renovation: \$155m expenses</p> <p>Chapel: \$34m expenses</p> <p>Other fund balances:</p> <p>Moreton Spencer: \$225m</p> <p>Management Restricted Fund: \$196m</p> <p>Equipment Fund: \$63m</p> <p>Bush Tribute Fund: \$39m</p> <p>Pediatric Care: \$35m</p> <p>Queen Sylvia: \$23m</p> <p>Children's Fund: \$11m</p> <p>BI Fund: \$8m</p> <p>Challenge: \$6m</p> <p>Spasticity Fund: \$7m</p> <p>Orthotic Research: \$5m</p> <p>Therapeutic Recreation: \$4m</p> <p>Bicycle Helmet: \$1m</p> |
|--|--|--|--|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Special Events                                                                                                             | N/A                                                                                                                                                                           | N/A                                                                                                                                                                                       | N/A                                                                                                                                                                                 | N/A                                                                                                                  | Bush Medal Luncheon<br><br>Bfk w/Santa<br><br>I believe I can Fly<br><br>Bowl for TIRR<br><br>Employee Picnic<br><br>Kappa Appreciation<br><br>Hand in Hand with Hope<br><br>Volunteer Appreciation |
| Net assets                                                                                                                 | N/A                                                                                                                                                                           | N/A                                                                                                                                                                                       | N/A                                                                                                                                                                                 | N/A                                                                                                                  | \$11,767,198<br>12/31/99 financial statement (Dice)                                                                                                                                                 |
| Top 5 vendor relationships and costs<br><br><i>Meditech: AP-Vendor History, 1999</i>                                       | Rehabilitation Professional Services - \$4,223,596<br>Ultrastaff - \$1,569,680<br>Morris & Dickson - \$1,286,943<br>Prince Food Services - \$927,698<br>Medtronic - \$702,346 | TIRR Hospital - \$2,214,805<br>Rehabilitation Professional Services - \$1,183,748<br>Owen Healthcare - \$513,727<br>TIRR Systems - \$413,170<br>St. Luke's Episcopal Hospital - \$127,713 | Rehabilitation Professional Services - \$563,249<br>Tenax Campanile Limited - \$180,788<br>BDS Realty - \$93,218<br>Ultrastaff - \$88,182<br>Town & Country Partmentship - \$68,570 | Aetna: \$1,505,795<br>Meditech: \$278,689<br>TIRR: \$185,458<br>Pacific Life Ins: \$150,000<br>Compuserve: \$135,692 | RPS: \$347,128<br>Korn/Ferry: \$67,790<br>Feldman Sterling Gp.: \$37,516<br>S. Stanley Design: 21,740                                                                                               |
| Top 5 payors (individual plans by entity)<br><br><i>Meditech: Payments &amp; Adjustment by Primary Ins Group/Insurance</i> | Medicare - \$2,677,076<br>Blue Cross - \$1,536,373<br>Medicaid - \$1,253,460<br>Cigna - \$1,229,184<br>United Health Care - \$1,275,638<br>Aetna - \$1,223,360                | Medicare - \$4,321,446<br>Humana Gold Plus - \$373,401<br>United Healthcare - \$341,848<br>Aetna - \$331,428<br>Blue Cross - \$225,230                                                    |                                                                                                                                                                                     | N/A                                                                                                                  | N/A                                                                                                                                                                                                 |
| PFS costs per \$ collected (fully loaded)<br><i>Meditech 1999 financial statements /AR summary</i>                         | \$0.0269                                                                                                                                                                      | \$0.1149                                                                                                                                                                                  | \$0.0717                                                                                                                                                                            | \$0.0291                                                                                                             | N/A                                                                                                                                                                                                 |