INTRODUCTION

This book is the result of an unpredictable journey, one that began when I was just a kid, probably eight or nine years old.

My dad was a salesman who was extremely good at what he did, but I remember that he'd often come home from work frustrated, complaining about how his company was being managed. I didn't know what management was, but I was pretty sure my dad shouldn't feel frustrated after putting in ten hours at work.

A few years later I started working, as a busboy in high school and a bank teller in college, and I had my first real glimpse of management. Although I still didn't understand everything that it entailed, it was clear to me that some of the things that took place in the organization where I worked made sense, that others didn't, and that it all had a very real impact on my colleagues and the customers we served.

After graduating from college, I went to work for a management consulting firm and thought I was finally going to figure out this management thing. Instead, I found myself doing data collection, data entry, data analysis, and a variety of other things that had to do with data.

To be fair, the firm taught me quite a bit about strategy and finance and marketing, but not much about organizations and how they should be run as a whole. But somehow I became convinced that the biggest problem our clients faced, and their biggest opportunity for competitive advantage, was not really about strategy or finance or marketing; it was something a little less tangible—something that seemed to revolve around the way they managed their organizations.

When I suggested that we look into that, my superiors politely informed me that this was not something our firm did for a living, which was ironic because we were a *management* consulting firm. But I had been hooked and decided I needed to change the focus of my career.

I spent the next few years working in corporate America in the world of organizational behavior or development or psychology—whatever you want to call it. I found it interesting, for sure, but ultimately too soft, fragmented, and academic. This bothered me because I knew that there was something that needed to be more widely appreciated and understood. But something was missing. Context. Integration. Practicality.

And so a group of colleagues and I started our own firm, and I began consulting and speaking about a practical approach to improving organizations. I have to admit that we were a bit surprised by just how quickly and enthusiastically clients responded to our approach. There was definitely a need out there. Over time it became clear that scores of people working in all kinds of organizations, at every level, were experiencing the same pain that my dad had, and they were hungry for a better way.

So I began writing books that took a practical approach to addressing various issues relating to organizational dysfunction—teamwork, meetings, alignment, employee engagement—while my firm's consulting focused on the integration of all those topics.

Demand for those books, and for our integrated approach to implementing the concepts in them, far exceeded our expectations again, and I started to become convinced that we had found that missing something—that advantage—I had been searching for throughout my career. Based on the feedback and encouragement of readers and clients, I finally decided that at some point in the future, I should bring all of the ideas from my books and consulting practice together in one place. That time is now.

Unlike my other books, this one is not a fable but rather a comprehensive, practical guide. I've tried to make it as engaging and fun to read as possible using real-world examples and actual client stories to illustrate my ideas. It's worth mentioning that many of the individual concepts I cover here have been introduced or touched on in one of my eight business fables—most notably, *The Four Obsessions of an Extraordinary Executive; The Five Dysfunctions of a Team; Silos, Politics, and Turf Wars;* and *Death by Meeting*—where I use fictional characters and plot situations to bring my theories to life.[1] For those who would benefit from a narrative approach to a specific topic, I make reference to those books whenever possible.

Because I'm not a quantitative researcher, the conclusions I draw here are not based on reams of statistics or finely crunched data, but rather on my observations as a consultant over the past twenty years. But as Jim Collins, the research giant, once told me, qualitative field research is just as reliable as the quantitative kind, as long as clients and readers attest to its validity. And I'm happy to say that based on my experience with executives and their organizations, the principles in this book have proven to be as reliable as they are simple.

I hope you enjoy reading *The Advantage* and, more important, that it allows you to transform your organization, whether it is a corporation, a department within that corporation, a small entrepreneurial venture, a school, or a church. It's my goal that one day in the future, the simple principles contained here will be common practice, and that salespeople, busboys, bank tellers, CEOs, and everyone else who works in an organization will be more productive, successful, and fulfilled as a result.

Note

1. *The Five Temptations of a CEO*, 1998; *The Four Obsessions of an Extraordinary Executive, 2000; The Five Dysfunctions of a Team*, 2002; *Death by Meeting*, 2004; *Silos, Politics, and Turf Wars*, 2006; *The Truth About Employee Engagement*, 2007; *The Three Big Questions for a Frantic Family*, 2008; and *Getting Naked*, 2010 (all San Francisco: Jossey-Bass).

The Case for Organizational Health

The single greatest advantage any company can achieve is organizational health. Yet it is ignored by most leaders even though it is simple, free, and available to anyone who wants it.

That is the premise of this book—not to mention my career—and I am utterly convinced that it is true. If it sounds absurd, it should. After all, why in the world would intelligent human beings ignore something that is powerful and readily accessible?

That question was finally answered for me on July 28, 2010.

STOOPING TO GREATNESS

I was attending a client's leadership conference, sitting next to the CEO. This wasn't just any company. It was, and still is, one of the healthiest organizations I have ever known and one of the most successful American enterprises of the past fifty years. In an industry plagued with financial woes, customer fury, and labor strife, this amazing company has a long history of growth and economic success, not to mention fanatical customer loyalty. Moreover, its employees love their jobs, their customers, and their leaders. When compared to others in the same industry, what this company has accomplished seems almost baffling.

As I sat there at the conference listening to one presentation after another highlighting the remarkable and unorthodox activities that have made this organization so healthy, I leaned over and quietly asked the CEO a semirhetorical question: "Why in the world don't your competitors do any of this?"

After a few seconds, he whispered, almost sadly, "You know, I honestly believe they think it's beneath them."

And there it was.

THE THREE BIASES

In spite of its undeniable power, so many leaders struggle to embrace organizational health (which I'll be defining shortly) because they quietly believe they are too sophisticated, too busy, or too analytical to bother with it. In other words, they think it's beneath them.

And in some ways, it's hard to blame them. After years of off-site meetings filled with ropes courses and trust-falling exercises, even the most open-minded executives have come to be suspicious of anything that looks or sounds touchy-feely. Combine that with the notion that corporate culture has been reduced to surface-level artifacts like funky office furniture, employee yoga classes, and bring-your-dog-to-work policies, and it's no wonder that so many leaders have become cynical, even condescending, toward most things related to organizational development.

This is a shame because organizational health is different. It's not at all touchy-feely, and it's far bigger and more important than mere culture. More than a side dish or a flavor enhancer for the real meat and potatoes of business, it is the very plate on which the meat and potatoes sit.

The health of an organization provides the context for strategy, finance, marketing, technology, and everything else that happens within it, which is why it is the single greatest factor determining an organization's success. More than talent. More than knowledge. More than innovation.

But before leaders can tap into the power of organizational health, they must humble themselves enough to overcome the three biases that prevent them from embracing it.

- *The Sophistication Bias:* Organizational health is so simple and accessible that many leaders have a hard time seeing it as a real opportunity for meaningful advantage. After all, it doesn't require great intelligence or sophistication, just uncommon levels of discipline, courage, persistence, and common sense. In an age where we have come to believe that differentiation and dramatic improvement can be found only in complexity, it's hard for welleducated executives to embrace something so simple and straightforward.

- *The Adrenaline Bias:* Becoming a healthy organization takes a little time. Unfortunately, many of the leaders I've worked with suffer from a chronic case of adrenaline addiction, seemingly hooked on the daily rush of activity and firefighting within their organizations. It's as though they're afraid to slow down and deal with issues that are critical but don't seem particularly urgent. As simple as this may seem, it remains a serious obstacle for many dysfunctional organizations led by executives who don't understand that old race-car drivers' axiom: *you have to slow down in order to go fast.*
- *The Quantification Bias:* The benefits of becoming a healthy organization, as powerful as they are, are difficult to accurately quantify. Organizational health permeates so many aspects of a company that isolating any one variable and measuring its financial impact is almost impossible to do in a precise way. That certainly doesn't mean the impact isn't real, tangible, and massive; it just requires a level of conviction and intuition that many overly analytical leaders have a hard time accepting.

Of course, I suppose that even if leaders were able to humble themselves enough to overcome each of these biases, there is yet another reason that might prevent them from tapping into the power of organizational health, and that is what provoked me to write this book: it has never been presented as a simple, integrated, and practical discipline.

I am convinced that once organizational health is properly understood and placed into the right context, it will surpass all other disciplines in business as the greatest opportunity for improvement and competitive advantage. Really.

So what exactly is organizational health?

I thought you'd never ask.

UNDERSTANDING ORGANIZATIONAL HEALTH

At its core, organizational health is about integrity, but not in the ethical or moral way that integrity is defined so often today. An organization has *integrity*—is healthy—when it is whole, consistent, and complete, that is, when its management, operations, strategy, and culture fit together and make sense.

If that's a little too vague for you (it would be for me), think about it this way. Whenever I present organizational health to a prospective client or a roomful of executives, I start by contrasting it with something more familiar to them. I explain that any organization that really wants to maximize its success must come to embody two basic qualities: it must be smart, and it must be healthy.

Smart Versus Healthy

Smart organizations are good at those classic fundamentals of business—subjects like strategy, marketing, finance, and technology—which I consider to be decision sciences.

When I started my career at the management consulting firm Bain & Company, we did research and analysis to help clients make smarter, better decisions in these areas. No one with any experience in business will tell you that these pursuits are not critical to the success of an organization, nor should they.

But being smart is only half the equation. Yet somehow it occupies almost all the time, energy, and attention of most executives. The other half of the equation, the one that is largely neglected, is about being healthy.

A good way to recognize health is to look for the signs that indicate an organization has it. These include minimal politics and confusion, high degrees of morale and productivity, and very low turnover among good employees.

Two Requirements for Success

Smart	Healthy
• Strategy	• Minimal Politics
• Marketing	• Minimal Confusion
• Finance	• High Morale
• Technology	• High Productivity
	• Low Turnover

Whenever I list these qualities for leaders, I usually get one of the following reactions, and sometimes both. Often they laugh quietly, in a nervous, almost guilty kind of way. Or they barely sigh, like parents do when they hear about a family where the kids do what they're told the first time they're asked. In either case, it's as though they're thinking, "Wouldn't that be nice?" or, "Can you imagine?"

What I find particularly amazing is that none of the leaders I present to, even the most cynical ones, deny that their companies would be transformed if they could achieve the characteristics of a healthy organization. They never dismiss it as being soft or touchy-feely, and they immediately recognize the practical connection between a lack of health and overall performance. So it would be natural to assume that those executives would then march back to their companies and focus a large portion of their time, energy, and attention on making their organizations healthier.

Well, I've come to learn that even well-intentioned leaders usually return to work and gravitate right back to the "smart" side of the equation, spending their time tweaking the dials in marketing, strategy, finance, and so forth. Why would they do something so absurd?

Better Light

One of the best explanations for this strange phenomenon comes from a comedy sketch I saw as a child. I remember it being part of an old episode of *I Love Lucy.*

Ricky, Lucy's husband, comes home from work one day to find his wife crawling around the living room on her hands and knees. He asks her what she's doing.

"I'm looking for my earrings," Lucy responds.

Ricky asks her, "You lost your earrings in the living room?"

She shakes her head. "No, I lost them in the bedroom. But the light out here is much better."

And there it is.

Most leaders prefer to look for answers where the light is better, where they are more comfortable. And the light is certainly better in the measurable, objective, and data-driven world of organizational intelligence (the smart side of the equation) than it is in the messier, more unpredictable world of organizational health.

Studying spreadsheets and Gantt charts and financial statements is relatively safe and predictable, which most executives prefer. That's how they've been trained, and that's where they're comfortable. What they usually want to avoid at all costs are subjective conversations that can easily become emotional and awkward. And organizational health is certainly fraught with the potential for subjective and awkward conversations.

That's why so many leaders, even when they acknowledge the pain that politics and confusion are causing their organizations, continue to spend their time tweaking the dials in more traditional disciplines. Unfortunately, the opportunities for improvement and competitive advantage they find in those areas are incremental and fleeting at best.

That's right. The advantages to be found in the classic areas of business—finance, marketing, strategy—in spite of all the attention they receive, are incremental and fleeting. In this world of ubiquitous information and nanosecond technology exchange, it's harder than it has ever been in history to maintain a competitive advantage based on intelligence or knowledge. Information just changes hands too rapidly today. Companies, even entire industries, come and go faster than we could have imagined even a decade ago.

Permission to Play

And so, being smart—as critical as it is—has become something of a commodity. It is simply permission to play, a minimum standard required for having even a possibility of success. It's certainly not enough to achieve a meaningful, sustainable competitive advantage over any length of time.

In fact, I'd have to say that a lack of intelligence, domain expertise, or industry knowledge is almost never the problem I see in organizations. In twenty years of consulting to clients in virtually every industry, I have yet to meet a group of leaders who made me think, *Wow, these people just don't know enough about their business to succeed.* Really. The vast majority of organizations today have more than enough intelligence, expertise, and knowledge to be successful. What they lack is organizational health.

This point is worth restating.

After two decades of working with CEOs and their teams of senior executives, I've become absolutely convinced that the seminal difference between successful companies and mediocre or unsuccessful ones has little, if anything, to do with what they know or how smart they are; it has everything to do with how healthy they are.

If you're tempted to dismiss that idea, consider this. Though I made the statement just a few paragraphs ago that I've not yet met a group of leaders whom I thought lacked the knowledge, expertise, or intelligence to succeed, I've met plenty who made me think, *Uh-oh. The culture within this team and this organization is way too unhealthy to sustain a successful business.* And time after time I've seen smart companies find a way to fail in spite of their sizable intellectual and strategic assets.

Again, that's not to say that being smart isn't important. It is. But if someone were to press me on which of the two characteristics of an organization, intelligence or health, should receive first priority, I would say without hesitation that health comes out a clear number one. Here's why.

Health Begets—and Trumps—Intelligence

An organization that is healthy will inevitably get smarter over time. That's because people in a healthy organization, beginning with the leaders, learn from one another, identify critical issues, and recover quickly from mistakes. Without politics and confusion getting in their way, they cycle through problems and rally around solutions much faster than their dysfunctional and political rivals do. Moreover, they create environments in which employees do the same.

In contrast, smart organizations don't seem to have any greater chance of getting healthier by virtue of their intelligence. In fact, the reverse may actually be true because leaders who pride themselves on expertise and intelligence often struggle to acknowledge their flaws and learn from peers. They aren't as easily open and transparent with one another, which delays recovery from mistakes and exacerbates politics and confusion. That's certainly not to say that being smart isn't desirable, just that it provides no inherent advantages for becoming healthy.

The same phenomenon can be seen in families. Healthy families—the ones where parents give their children discipline, affection, and time—almost always improve over the years, even when they lack many of the advantages and resources that money can buy. Unhealthy families, the ones without discipline and unconditional love, will always struggle, even if they have all the money, tutors, coaches, and technology they could ever want.

The key ingredient for improvement and success is not access to knowledge or resources, as helpful as those things may be. It's really about the health of the environment. And consider this: if you had to bet on the future of one of two kids, one raised by loving parents in a solid home and the other a product of apathy and dysfunction, you'd always take the former regardless of the resources surrounding them. Well, the same is true in organizations.

The Multiplier Effect

Here is another testament to the superiority of organizational health over intelligence. In my career as a consultant, I've worked with a number of great, healthy companies that were led by men and women who attended relatively modest colleges—people who would admit to being just a little above average in intellectual capacity. When those companies made wise decisions that set them apart from their competition, journalists and industry analysts incorrectly attributed their success to their intellectual prowess. The truth of the matter was that those companies weren't smarter than their competitors; they simply tapped into the adequate intelligence they had and didn't allow dysfunction, ego, and politics to get in the way.

On the flip side, I've seen all too many companies whose leaders earned the best grades at the top universities, who possessed tremendous intellectual capacity and had extraordinary experience and industry knowledge, yet still managed to fail because they couldn't tap into much of it. In almost every situation, it was politics, behavioral misalignment, and inconsistency that did them in, leading them to make what seemed in retrospect like obvious tactical and strategic mistakes. Journalists and analysts always seem perplexed by how those executives "could have been so dumb." But again, they miss the point by attributing the bad decisions to intellectual deficiencies. They fail to see that the real deficiency, the one that makes it possible for smart people to make dumb decisions, is a lack of organizational health.

And so a good way to look at organizational health—and one that executives seem to respond to readily—is to see it as the multiplier of intelligence. The healthier an organization is, the more of its intelligence it is able to tap into and use. Most organizations exploit only a fraction of the knowledge, experience, and intellectual capital that is available to them. But the healthy ones tap into almost all of it. That, as much as anything else, is why they have such an advantage over their unhealthy competitors.

Okay, I've already addressed the biases that prevent so many leaders from embracing the power of organizational health. Another worthwhile question that needs to be answered is this: Why haven't more business scholars and journalists embraced it?

Media and Academia

First, organizational health just isn't very sexy, so journalists aren't terribly excited to talk or write about it. No magazine or newspaper wants to run a story about a humble leader who continues to run her medium-sized company with discipline, common sense, and consistency. They would rather tell you about how a brash young entrepreneur is trying to set the world on fire—and maybe himself—with a disruptive new piece of technology or a revolutionary new service. And that makes sense given that they're trying to sell magazines and lure more advertisers. But it certainly doesn't mean their eye-catching stories are more instructive or practical.

Another reason that organizational health has been overlooked by academia and the media has to do with the difficulty of measuring its impact. As I mentioned earlier, trying to identify exactly how much a company's health affects its bottom line is next to impossible; there are just too many variables to isolate it from the myriad of other factors. But again, that doesn't make the impact of organizational health any less real, just harder for journalists and academics to justify in a definitive, quantitative way.

Finally, organizational health gets overlooked because the elements that make it up don't seem to be anything new. And in many ways, they aren't. The basic components—leadership, teamwork, culture, strategy, meetings—have been a subject of discussion within academia for a long time. The problem is that we've been looking at those elements in isolated, discrete, and theoretical ways instead of as an integrated, practical discipline.

It's tempting to downplay this oversight of organizational health by media and academia and, for that matter, leaders, as just another interesting and unfortunate phenomenon of modern business culture. However, the cost of that oversight is extraordinarily high and cannot be overstated.

The Price of Poor Health

Anyone who has ever worked in an unhealthy organization—and almost everyone has—knows the misery of dealing with politics, dysfunction, confusion, and bureaucracy. As much as we enjoy making jokes about these artifacts of organizational plight, there is no denying that they exact a significant toll.

The financial cost of having an unhealthy organization is undeniable: wasted resources and time, decreased productivity, increased employee turnover, and customer attrition. The money an organization loses as a result of these problems, and the money it has to spend to recover from them, is staggering.

And that's only the beginning of the problem. When leaders of an organization are less than honest with one another, when they put the needs of their departments or their careers ahead of the needs of the greater organization, when they are misaligned, confused, and inconsistent about what is important, they create real anguish for real human beings. And they experience that anguish themselves too.

Aside from the obvious impact this has within the organization, there is a larger social cost. People who work in unhealthy organizations eventually come to see work as drudgery. They view success as being unlikely or, even worse, out of their control. This leads to a diminished sense of hope and lower self-esteem, which leaks beyond the walls of the companies where they work, into their families where it often contributes to deep personal problems, the effects of which may be felt for years. This is nothing short of a tragedy, and a completely avoidable one.

I point all this out only so that we don't underestimate the cost of allowing our organizations to remain unhealthy, and, more important, so that we fully grasp the opportunity that lies before us. Turning an unhealthy company into a healthy one will not only create a massive competitive advantage and improved bottom line, it will also make a real difference in the lives of the people who work there. And for the leaders who spearhead those efforts, it will be one of the most meaningful and rewarding endeavors they will ever pursue.

Okay, here is the next question that has to be answered, the one that will occupy the rest of this book: What does an organization have to do to become healthy? There are four required disciplines.

The Four Disciplines Model

An organization doesn't become healthy in a linear, tidy fashion. Like building a strong marriage or family, it's a messy process that involves doing a few things at once, and it must be maintained on an ongoing basis in order to be preserved. Still, that messy process can be broken down into four simple disciplines.

DISCIPLINE 1: BUILD A COHESIVE LEADERSHIP TEAM

An organization simply cannot be healthy if the people who are chartered with running it are not behaviorally cohesive in five fundamental ways. In any kind of organization, from a corporation to a department within that corporation, from a small, entrepreneurial company to a church or a school, dysfunction and lack of cohesion at the top inevitably lead to a lack of health throughout.

DISCIPLINE 2: CREATE CLARITY

In addition to being behaviorally cohesive, the leadership team of a healthy organization must be intellectually aligned and committed to the same answers to six simple but critical questions. There can be no daylight between leaders around these fundamental issues.

DISCIPLINE 3: OVERCOMMUNICATE CLARITY

Once a leadership team has established behavioral cohesion and created clarity around the answers to those questions, it must then communicate those answers to employees clearly, repeatedly, enthusiastically, and repeatedly (that's not a typo). When it comes to reinforcing clarity, there is no such thing as too much communication.

DISCIPLINE 4: REINFORCE CLARITY

Finally, in order for an organization to remain healthy over time, its leaders must establish a few critical, nonbureaucratic systems to reinforce clarity in every process that involves people. Every policy, every program, every activity should be designed to remind employees what is really most important.

Is this model foolproof?

Pretty much. When an organization's leaders are cohesive, when they are unambiguously aligned around a common set of answers to a few critical questions, when they communicate those answers again and again and again, and when they put effective processes in place to reinforce those answers, they create an environment in which success is almost impossible to prevent. Really.

Sure, if those leaders make a catastrophic, completely boneheaded mistake in strategy, finance, or marketing they could sink the organization. But people in healthy organizations rarely make those kinds of mistakes. That's because cohesive leadership teams prevent groupthink, learn from mistakes, and call each other on potential problems before they get out of hand. And so it makes sense that this is the first of the four disciplines that should be taken on: building a cohesive leadership team.

DISCIPLINE 1

Build a Cohesive Leadership Team

WHAT'S IT WORTH TO YOU?

Imagine two organizations.

The first is led by a leadership team whose members are open with one another, passionately debate important issues, and commit to clear decisions even if they initially disagree. They call each other out when their behaviors or performance needs correction, and they focus their attention on the collective good of the organization.

The second is led by a leadership team whose members are guarded and less than honest with one another. They hold back during difficult conversations, feign commitment, and hesitate to call one another on unproductive behaviors. Often they pursue their own agendas rather than those of the greater organization.

The question: What kind of advantage would the first organization have over the second, and how much time and energy would it be worth investing to make this advantage a reality?

The first step a leadership team has to take if it wants the organization it leads to be healthy—and to achieve the advantages that go with it—is to make itself cohesive. There's just no way around it. If an organization is led by a team that is not behaviorally unified, there is no chance that it will become healthy.

It's kind of like a family. If the parents' relationship is dysfunctional, the family will be too. That's not to say that some good things can't come out of it; it's just that the family/company will not come anywhere close to realizing its full potential.

The importance of leadership team cohesion is almost never overtly disputed, even by the most cynical executives. But somehow, few organizations invest nearly enough time and energy in it, and certainly not with the level of rigor that building a cohesive team requires and deserves. So it's difficult to avoid coming to the conclusion that most organizations either give lip-service to the idea that teamwork at the top is critical, or they underestimate what it takes to achieve it. Whatever the case, it's clear that a better approach needs to be taken if they are to eradicate dysfunction from their teams.

I should mention here that I wrote a book that addresses this topic. It's called *The Five Dysfunctions of a Team*, and it's a fable about a leader who takes over a political, dysfunctional team and works to turn it around. That book provides a fictional but thorough and realistic case study about how a team needs to wrestle with dysfunction in order to improve. I've also written a field guide, *Overcoming the Five Dysfunctions of a Team,* which provides detailed instructions for how to implement many of the exercises and tools we use in our consulting practice.[1]

What I'll do in this section is present a comprehensive overview of the model and provide advice about addressing the five dysfunctions and embracing the positive behaviors that are at the heart of any cohesive leadership team. I'll also use real stories to draw on what I've learned from clients and readers since those books came out ten and seven years before this one, respectively.

But first, we need to get clear on what a leadership team really is.

DEFINING A LEADERSHIP "TEAM"

The word *team* has been so overused and misused in society that it has lost much of its impact. The truth is, few groups of leaders actually work like a team, at least not the kind that is required to lead a healthy organization. Most of them resemble what Jon Katzenbach and Douglas Smith, authors of the book, *The Wisdom of Teams,* call a "working group."[2]

A good way to understand a working group is to think of it like a golf team, where players go off and play on their own and then get together and add up their scores at the end of the day. A real team is more like a basketball team, one that plays together simultaneously, in an interactive, mutually dependent, and often interchangeable way. Most working groups reflexively call themselves teams because that's the word society uses to describe any group of people who are affiliated in their work.

Becoming a real team requires an intentional decision on the part of its members. I like to say that teamwork is not a virtue. It is a choice—and a strategic one. That means leaders who choose to operate as a real team willingly accept the work and the sacrifices that are necessary for any group that wants to reap the benefits of true teamwork. But before they can do that, they should understand and agree on a common definition of what a leadership team really is.

A leadership team is a small group of people who are collectively responsible for achieving a common objective for their organization.

Any concise definition of such a broadly defined and widely used term is going to need some clarification and further definition of terms. Here goes.

A Small Group of People

So many teams I've encountered struggle simply because they're too large. This is a big problem and a common one. A leadership team should be made up of somewhere between three and twelve people, though anything over eight or nine is usually problematic. There is nothing dogmatic about this size limit. It is just a practical reality.

Having too many people on a team can cause a variety of logistical challenges, but the primary problem has to do with communication. When it comes to discussions and decision making, there are two critical ways that members of effective teams must communicate: advocacy and inquiry. A professor at Harvard, Chris Argyris, introduced this idea.[3]

Advocacy is the kind of communication that most people are accustomed to, and it is all about stating your case or making your point. *I think we should change our advertising approach.* Or, *I recommend that we cut costs.*

Inquiry is rarer and more important than advocacy. It happens when people ask questions to seek clarity about another person's statement of advocacy. *Why do you think the advertising approach is wrong? And which aspects of it are you referring to?* Or, *What evidence do you have that our expenses are too high? And how certain are you of this?*

What does this have to do with the size of a team? Plenty. When more than eight or nine people are on a team, members tend to advocate a heck of a lot more than they inquire. This makes sense because they aren't confident that they're going to get the opportunity to speak again soon, so they use their scarce floor time to announce their position or make a point. When a team is small, members are more likely to use much of their time asking questions and seeking clarity, confident that they'll be able to regain the floor and share their ideas or opinions when necessary.

If this isn't clear, consider an institution like the U.S. Congress or the United Nations, where members use their precious time at the podium making declarations and statements. The same is true in large committees or on task forces within organizations, where people rarely take the opportunity to probe for understanding and clarity, but instead merely pile opinion upon opinion. This inevitably leads to misunderstanding and poor decision making.

If this phenomenon is so compelling—and based on the evidence I've seen over the years in my work with leaders and their teams, I'm convinced it is—then it begs the question, *Why do so many organizations still have too many people on their leadership teams?*

Often it's because they want to be "inclusive," a politically correct way of saying they want to portray themselves as welcoming input from as many people as possible. And as nice as it may sound on a bumper sticker or a flowery poster, it is an ineffective and inefficient way to optimize decision making within an organization. Inclusivity, or the basic idea behind it, should be achieved by ensuring that the members of a leadership team are adequately representing and tapping into the opinions of the people who work for them, not by maximizing the size of the team.

Another reason that leadership teams are often too large is the lack of wisdom and courage on the part of the executives in charge who put people on their teams as a reward or as an enticement to join the company. *I can't give Bill a raise or a promotion, but I think he'll be happy if I make him part of the executive team.* Or maybe, *If you come to work for my company, I'll have you report directly to me.* These are bad reasons to add staff to a leadership team.

The Noah's Ark Management Team

A smallish telecommunications company purchased one of its equal-sized competitors, and in order to placate the executives of the acquired company, the CEO agreed to merge the two groups of leaders into what I call the "Noah's Ark" management team. For every position on the executive team, there were two leaders, each representing one side of the merger. Two heads of marketing, two heads of sales, two heads of … you get it. As ridiculous as that sounds, they were convinced it was the best thing to do.

With so many people on the leadership team—I believe it peaked at seventeen—meetings became a mess. The group's ability to be decisive and come to closure around decisions diminished, as you would expect, and executives grew so bored that a few would actually sleep during staff meetings (I kid you not).

Aside from the comedy of it all, what made this situation so fascinating to me was the way in which it was resolved. Executives eventually became so frustrated by the bureaucracy and wasted time that they started asking the CEO to take them off the team! They were willing to sacrifice their coveted place at the table, and report to a peer, just to avoid having to waste their time and energy working on such a large and unruly team.

Ironically, the ultimate impact of the Noah's Ark approach was not an improvement in the morale of the people in the newly acquired company, but rather a prolonged period of transition, denial, and frustration.

When executives put people on their leadership teams for the wrong reasons, they muddy the criteria for why the team exists at all. The only reason that a person should be on a team is that she represents a key part of the organization or brings truly critical talent or insight to the table. If someone is unhappy with his pay or status or wavering about accepting a job offer, the leader should deal with that issue head-on, not compound it by making the executive team larger and less productive.

It amazes me that intelligent people will sacrifice the effectiveness and manageability of their team for a tactical victory. This is undeniable evidence that many executives, in spite of what they might say, don't really understand the importance of leadership team cohesiveness.

Collectively Responsible

This is perhaps the most important distinction between a working group and a real leadership team. Collective responsibility implies, more than anything else, selflessness and shared sacrifices from team members.

What kind of sacrifices am I talking about? Well, first are the tangible, literal sacrifices. These include standard things like budget allocations or head count, resources that need to be shifted from one suborganization or department to another. Making these kinds of sacrifices is much easier to commit to in theory than in practice, because no leader likes to go back to his or her department and announce that bonuses are going to be smaller or head count is going to be reduced in order to help out another department that needs it more. But that's what members of real teams do.

There are other sacrifices that team members have to make beyond these tangible ones, and they come about on a much more regular basis—often daily. Two big ones are time and emotion.

Members of cohesive teams spend many hours working together on issues and topics that often don't fall directly within their formal areas of responsibility. They go to meetings to help their team members solve problems even when those problems have nothing to do with their departments. And perhaps most challenging of all, they enter into difficult, uncomfortable discussions, even bringing up thorny issues with colleagues about their shortcomings, in order to solve problems that might prevent the team from achieving its objectives. They do this even when they're tempted to avoid it all and go back to the relative safety of their offices to do what I refer to as their "day jobs," that is, the work of their department.

Common Objectives

Though this is pretty straightforward, it's worth stating that most of a leadership team's objectives should be collective ones. If the most important goal within the organization is to increase sales, then every member of the team shares that goal. It isn't just the responsibility of the head of sales. No one on a cohesive team can say, *Well, I did my job. Our failure isn't my fault.*

This is another concept that plenty of leadership teams say they believe in but that few really embrace. Most of them rely far too heavily on people working exclusively within their areas of expertise, handing out different objectives to different team members based on their titles and management responsibilities. And while there will always be a need for division of labor and departmental expertise, leadership team members must see their goals as collective and shared when it comes to managing the top priorities of the greater organization.

Finally, if a team shares a common objective, a good portion of their compensation or reward structure, though not necessarily all of it, should be based on the achievement of that common objective. When leaders preach teamwork but exclusively reward individual achievement, they are confusing their people and creating an obstacle to true team behavior.

Okay, now that I've put forward a general definition of what I mean by a leadership team, let's focus on the steps for building a cohesive one. At the heart of the process lie five behavioral principles that every team must embrace:

BEHAVIOR 1: BUILDING TRUST

Members of a truly cohesive team must trust one another. I realize that sounds like the most patently obvious statement ever made, something that every organization understands and values. As a result, you'd think that most leadership teams would be pretty good at building trust. As it turns out, they aren't, and I think a big part of it is that they have the wrong idea about what trust is.

Many people think of trust in a predictive sense; if you can come to know how a person will behave in a given situation, you can trust her. *I've known Sarah for years, and I can trust that when she says she's going to do something, she'll follow through.* As laudable as that might be, it’s not the kind of trust that lies at the foundation of building a great team.

The kind of trust that is necessary to build a great team is what I call *vulnerability-based trust.* This is what happens when members get to a point where they are completely comfortable being transparent, honest, and naked with one another, where they say and genuinely mean things like “I screwed up,” “I need help,” “Your idea is better than mine,” “I wish I could learn to do that as well as you do,” and even, “I’m sorry.”

When everyone on a team knows that everyone else is vulnerable enough to say and mean those things, and that no one is going to hide his or her weaknesses or mistakes, they develop a deep and uncommon sense of trust. They speak more freely and fearlessly with one another and don’t waste time and energy putting on airs or pretending to be someone they’re not. Over time, this creates a bond that exceeds what many people ever experience in their lives and, sometimes, unfortunately, even in their families.

At the heart of vulnerability lies the willingness of people to abandon their pride and their fear, to sacrifice their egos for the collective good of the team. While this can be a little threatening and uncomfortable at first, ultimately it becomes liberating for people who are tired of spending time and energy overthinking their actions and managing interpersonal politics at work.

If this is starting to sound at all touchy-feely, rest assured that it’s nothing of the sort. It’s not about holding hands and singing songs and getting in touch with your inner child. It’s ultimately about the practical goal of maximizing the performance of a group of people. And it’s entirely achievable for both teams that are just coming together for the first time and those that have been working in a less-than-trusting environment for years.

Personal Histories

The first part of learning to build vulnerability-based trust is a small step that is necessary because to ask people to get too vulnerable too quickly is unrealistic and unproductive. While truly vulnerable team members eventually have to get comfortable revealing who they are, they need to start in a nonthreatening way. That's why, during an off-site session, we take teams through a quick exercise where we ask them to tell everyone, briefly, a few things about their lives. In particular, we have them say where they were born, how many siblings they have, where they fall in the order of children, and finally, what the most interesting or difficult challenge was for them as a kid. Again, we're not interested in their inner childhoods, just what was uniquely challenging for them growing up.

This discussion takes just fifteen to twenty minutes, and it always works. No matter how many times I've done it with a group of leaders, I expect them to say, "Come on, Pat, we already know all about one another." And yet that has never, ever happened. Some of the people may know one or two people on the team well, but every time I've done this with a leadership team, people sitting around the table are genuinely surprised at what they didn't know about their colleagues' backgrounds.

This inevitably leads to a newly found sense of respect because of the admiration that comes when someone realizes that one of their peers endured and overcame a hardship or accomplished something remarkable. More important, team members begin the process of getting comfortable with vulnerability when they realize that it is okay, even gratifying, to tell their peers something about themselves that they had never mentioned or been asked about before.

In addition to making people feel more comfortable being vulnerable, this discussion serves to level the playing field on the team. There is something powerful and disarming about hearing the CEO of a company talk about being bullied because he was a chubby kid or that his family struggled with grave poverty. As a consultant, I always find it amazing to witness how quickly the dynamic of a team can change after a simple twenty-minute exercise as people who thought they knew one another develop a whole new level of respect, admiration, and understanding, regardless of their job title, age, or experience.

Backstories

Members of an executive team at a large insurance company were struggling with their CFO, a relatively older guy who didn't give his colleagues much freedom when it came to managing their budgets. The consensus was that he didn't trust the people on the team to make decisions, so he felt the need to micromanage them in any situation involving expenditures. The level of frustration among the team, directed at the CFO, had been building for years and didn't seem likely to diminish.

Then the team did the personal histories exercise. When it came time for the CFO to describe his family situation and childhood, he explained that he grew up in Chicago in the 1950s and that his family was really, really poor. He had no indoor plumbing during part of his childhood, and the electrical service in his home was inconsistent at best. You'd have thought the guy grew up during the *1850s*.

After he finished explaining what it was like for him growing up, he did his best to make the following comment in a matter-of-fact way, though his underlying emotion was undeniable: "So that's probably why I'm so tight with the money. I don't ever want to be poor like that again."

The room was silent as everyone digested the subtle magnitude of that statement. It was amazing to watch the executives immediately begin to reassess their attitudes toward the CFO, and a new level of dialogue quickly ensued about the way that they discussed expenses. That would not have happened had they not taken the time to understand one another from a basic human perspective.

Of course, stopping there would only ensure that the trust level of a team would quickly recede to its original level after a few hours or days. The personal histories discussion is merely the first step in helping a team get more vulnerable with one another.

Profiling

The next stage, though deeper than the first one, is still largely nonthreatening. It involves using a behavioral profiling tool that can give team members deeper insights into themselves and their peers. We prefer the Myers-Briggs Type Indicator, because it is widely used and understood, and seems remarkably accurate. However, there are other workable tools out there as well.

The key to the usefulness of profiling tools is that the information that is uncovered is neutral; in other words, there are no good or bad types. Everything is valid, and every type of team member is as useful as the next. That may sound like something a kindergarten teacher would tell her students, but it's both true and important. Every person has many natural tendencies that are useful and helpful to a team and a few that are not.

The goal is to get everyone on the team to identify and reveal those tendencies to their peers, both for the practical purpose of having them understand one another and to help them get comfortable being transparent and vulnerable about their shortcomings and limitations. When members of a leadership team willingly acknowledge their weaknesses to one another, they give their peers tacit permission to call them on those weaknesses. Of course, it also serves to validate their strengths.

Sometimes it's during the process of coming clean about weaknesses that the biggest breakthroughs happen among team members.

Myers-Briggs Breakthrough

I was working with the leadership team of a consulting firm. I didn't know it at the time, but two of the executives didn't enjoy working together, and they had a track record of not trusting one another. As we were going through the Myers-Briggs discussion, something amazing happened.

One of the two executives, Barry, read the one-page description of his Myers-Briggs type aloud to the team. Part of that description included the fact that he was a perfectionist, which made him procrastinate whenever he couldn't do something precisely the way he thought was best.

The colleague he didn't get along with, Tom, interrupted. "Go back and read that again."

Barry read the description a second time, and Tom seemed dumbfounded.

Finally, Tom said, "So, that's part of your personality?"

Barry nodded. "Yeah, I'm like that at home too. I don't want to procrastinate; it's just that I struggle when I can't do something perfectly."

"I thought you were just being disrespectful to me when you didn't turn things around until the last minute." Tom was being remarkably honest. "I had no idea … " He didn't need to finish the sentence.

The two of them just sat there, digesting the impact of this simple but profound revelation. I could swear that both had the first indication of tears in their eyes.

Finally, Tom said, "You know, I could help you with that if you wanted."

Barry seemed legitimately relieved by both the offer of help and the breakthrough in his relationship with Tom. "That would be great."

And then they stood up, hugged one another, and wept like babies.

No, just kidding. But everything before the hugging part is true.

The Fundamental Attribution Error

This story speaks to a fascinating phenomenon that prevents people who don't know one another well from building trust. It's called the *fundamental attribution error*.[4] As sophisticated and complex as it may sound, it's really quite simple.

At the heart of the fundamental attribution error is the tendency of human beings to attribute the negative or frustrating behaviors of their colleagues to their intentions and personalities, while attributing their own negative or frustrating behaviors to environmental factors. For instance, if I see a dad at the grocery store scowling at his five-year-old daughter and wagging his finger in her face, I'm likely to conclude that the guy has an anger problem and needs some counseling. If I find myself scowling and wagging my finger at my own five-year-old, I'm likely to conclude that my behavior is caused by my unruly child or that I'm just having a tough day.

Of course, this kind of misattribution, where we give ourselves the benefit of the doubt but assume the worst about others, breaks down trust on a team. The best way to combat it is to help team members understand one another on a fundamental level and to give them as much information as possible about who a person is and why this person might act the way he or she does. By doing this, we greatly increase the likelihood that people will replace their unfair judgments with insight and empathy, qualities that allow a team to build trust and goodwill with one another. Or as the prayer of St. Francis goes, we must *seek to understand more than to be understood.* Though that is not always the case, the benefits of greater understanding can sometimes be staggering and immediate.

Avoiding a Costly Misattribution

I was doing a two-day off-site for the executive team at a large and geographically dispersed technology company. Team members had flown in from around the country for the meeting, something they did every few months.

After I finished my opening lecture about organizational health and teamwork, we took a break. The CEO pulled me aside and pointed out his sales vice president, Carl, and said quietly, “I’m probably going to fire him after this off-site is over.”

To say the least, I was surprised. The CEO didn’t go into much detail, only to tell me he didn’t think Carl was a team player and that he was more interested in himself than the rest of the organization.

After the break, we did the Myers-Briggs session, and Carl announced to the team that he was an ESTP. Having shared a bedroom with a brother who was an ESTP, I was able to describe his type fairly well: “So, I’m guessing that you don’t like protocol, and you tend to blow off meetings and break the rules when you don’t think it helps you succeed. You somehow always find a way to make your numbers, but you sometimes piss people off along the way. Your team in the field probably likes you a lot, but the people at corporate think you’re kind of a rebel.”

People in the room started to laugh nervously at the accuracy of my description. I pushed on.

I looked at the CEO’s Myers-Briggs type, ESTJ, and noted that one of the things that bothered his type the most was broken rules and lack of respect for the system. I looked over at Carl and then back at the CEO. “He must really make you mad sometimes.”

Carl and the CEO looked at me as if I was a fortune-teller, and now the rest of the room broke out into robust laughter. Based only on my basic understanding of their behavioral preferences, I was able to describe the likely dynamic between these two executives. Carl didn’t deny any of what I had said, and the CEO suddenly had a whole new understanding of his relationship with his sales VP. Most important, he could now attribute Carl’s behavior to the way he was wired rather than to some attitudinal defect. That didn’t give Carl permission to do whatever he wanted, but it certainly allowed the CEO to take a more empathic approach to working with him.

At the end of the meeting, the CEO pulled me aside and said he was not going to fire Carl, a testament to the power of using vulnerability to overcome the fundamental attribution error and build trust.

Too Much Vulnerability?

Some people ask me if it’s possible for team members to be too vulnerable with one another, to leave themselves open to being hurt. My answer is no.

To believe that a person on a team can be too vulnerable is really to suggest that she would be wise to withhold information about her weaknesses, mistakes, or need for help. This is almost never a good idea. Perhaps during the initial stages of team development, complete vulnerability is not a realistic expectation. But soon after, the only way for teams to build real trust is for team members to come clean about who they are, warts and all.

I suppose that if a team member were to come to every meeting with a laundry list of mistakes and weaknesses, that could certainly be a problem. But the problem, in fact, would be a lack of competence rather than too much vulnerability. Ouch.

Finally, it's worth pointing out that vulnerability is not about a team member using the team as his own private therapy group. There is something uncomfortable and weird about a team member airing all of his dirty laundry in front of the team. A measure of judgment and emotional intelligence is always required, and I've found that the vast majority of leaders understand where to draw the line.

The Leader Goes First

As important as it is for all members of a leadership team to commit to being vulnerable, that is not going to happen if the leader of the team, whether that person is the CEO, department head, pastor, or school principal, does not go first. If the team leader is reluctant to acknowledge his or her mistakes or fails to admit to a weakness that is evident to everyone else, there is little hope that other members of the team are going to take that step themselves. In fact, it probably wouldn't be advisable for them to do so because there is a good chance that their vulnerability would be neither encouraged nor rewarded.

An Invulnerable Leader

I once worked with an intimidating CEO who rarely received unfiltered or honest feedback from the members of his leadership team. At the urging of his head of human resources, he solicited formal feedback from his team in an anonymous survey and then failed to share the results with them for months. Finally, the head of HR convinced him to reveal the findings at his next staff meeting.

At that meeting, he started by reading aloud his greatest weakness according to the survey data. He then paused, with a slightly puzzled look on his face, and said "Hmm. What do you guys think?" Awkwardly, the execs sitting around the table took turns denying that it was a problem, even though the data had been generated by their input alone. Then the CEO read his next weakness and asked the team again what they thought. Once again, the timid leaders, one by one, failed to own up to the data that they had provided. It was astounding!

Finally, one brave member of the team acknowledged that he agreed with one of the weaknesses in the report and that he had responded to the survey in a way that was consistent with the data. After an uncomfortable pause, one of the other members of the team announced that he just didn't see the problem, and he was joined by a chorus of other executives who left their one honest colleague by himself to incur the disapproval of his defensive boss.

Aside from the disappointing spectacle of weakness that took place there, the real impact of that meeting was a clear message from the CEO to his team: *I'm not going to admit my weaknesses, so you probably shouldn't either.* From that moment on, team members avoided admitting their mistakes and asking one another for help. The company eventually spiraled and was sold for a fraction of its previous value. And while journalists and industry analysts attributed its demise to bad decisions around strategy and products, the members of the team knew that those were mere symptoms of the real problem: a lack of trust that began with their CEO.

The only way for the leader of a team to create a safe environment for his team members to be vulnerable is by stepping up and doing something that feels unsafe and uncomfortable first. By getting naked before anyone else, by taking the risk of making himself vulnerable with no guarantee that other members of the team will respond in kind, a leader demonstrates an extraordinary level of selflessness and dedication to the team. And that gives him the right, and the confidence, to ask others to do the same.

Trust is just one of five behaviors that cohesive teams must establish to build a healthy organization. However, it is by far the most important of the five because it is the foundation for the others. Simply stated, it makes teamwork possible. Only when teams build vulnerability-based trust do they put themselves in a position to embrace the other four behaviors, the next of which is the mastery of conflict.

BEHAVIOR 2: MASTERING CONFLICT

Contrary to popular wisdom and behavior, conflict is not a bad thing for a team. In fact, the fear of conflict is almost always a sign of problems.

Of course, the kind of conflict I'm referring to here is not the nasty kind that centers around people or personalities. Rather, it is what I call productive ideological conflict, the willingness to disagree, even passionately when necessary, around important issues and decisions that must be made. But this can only happen when there is trust.

When team members trust one another, when they know that everyone on the team is capable of admitting when they don't have the right answer, and when they're willing to acknowledge when someone else's idea is better than theirs, the fear of conflict and the discomfort it entails is greatly diminished. When there is trust, conflict becomes nothing but the pursuit of truth, an attempt to find the best possible answer. It is not only okay but desirable. Conflict without trust, however, is politics, an attempt to manipulate others in order to win an argument regardless of the truth.

Discomfort

But that's not to say that even productive conflict isn't a little uncomfortable. Even among the most trusting team members, there will always be a certain level of discomfort associated with disagreement. But it will be a healthy discomfort, a sign that there is productive tension around an issue that warrants discussion and debate.

Overcoming the tendency to run from discomfort is one of the most important requirements for any leadership team—in fact, for any leader. Every endeavor of importance in life, whether it is creative, athletic, interpersonal, or academic, brings with it a measure of discomfort, calling to mind the old saying, “No pain, no gain.” And when we avoid necessary pain, we not only fail to experience the gain, we also end up making the pain worse in the long run.

Conflict Intolerance

Early in my career, I worked on a team with a CEO who couldn't tolerate and, in fact, actively discouraged conflict. As a result, his staff meetings were generally boring and not terribly useful.

One day a few of the members of the executive team started to argue. I remember it well because it was the most interesting thing I'd seen happen at a meeting, and because people were finally digging into issues that needed to be discussed. It was uncomfortable, no doubt, as people were finally airing their frustrations with one another about the direction of the organization. But it was real.

Suddenly the CEO pushed back his chair, stood up, and announced, “I don’t have time for this.” And he walked out of the room.

His message could not have been clearer: *I would rather have boring, ineffective meetings that avoid the real issues than have to endure the discomfort of conflict.* From then on, meetings continued to be a struggle, resulting in poor decisions being made.

One of those decisions, a critical one about product direction, probably didn’t get more than a few minutes of discussion at an executive staff meeting. It turned out to be a backbreaker, resulting in hundreds of lost jobs, lost customers, and ultimately a greatly diminished stock price. More than a decade later, industry analysts and former employees shake their heads at the apparent stupidity of the decision. What they don’t know is that it wasn’t the result of any intellectual deficiency, but rather the unwillingness of the leader to endure the discomfort of healthy conflict and allow his direct reports to get to the heart of critical issues.

Conflict Avoidance

Avoiding conflict creates problems even beyond boring meetings and poorly vetted decisions, as bad as those things are. When leadership team members avoid discomfort among themselves, they only transfer it in far greater quantities to larger groups of people throughout the organization they’re supposed to be serving. In essence, they leave it to others below them to try to resolve issues that really must be addressed at the top. This contributes to employee angst and job misery as much as anything else in organizational life.

As critical as conflict is, it’s important to understand that different people, different families, and different cultures participate in conflict in different ways. All other things being equal (and they almost never are), an organization in Japan will look very different from one in Italy when it comes to how it engages in conflict. And for that matter, a team in New York City may look quite different from one in Los Angeles. And that’s okay, because there is more than one way to engage in healthy conflict. What’s not okay is for team members to avoid disagreement, hold back their opinions on important matters, and choose their battles carefully based on the likely cost of disagreement. That is a recipe for both bad decision making and interpersonal resentment.

Why would team members who don’t engage in conflict start to resent one another? When people fail to be honest with one another about an issue they disagree on, their disagreement around that issue festers and ferments over time until it transforms into frustration around that person.

When someone comes to a meeting and states an opinion or makes a suggestion that his teammates don't agree with, those teammates have a choice: they can explain their disagreement and work through it, or they can withhold their opinion and allow themselves to quietly lose respect for their colleague. When team members get used to choosing the latter option—withholding their opinions—frustration inevitably sets in. Essentially, they're deciding to tolerate their colleague rather than trust him.

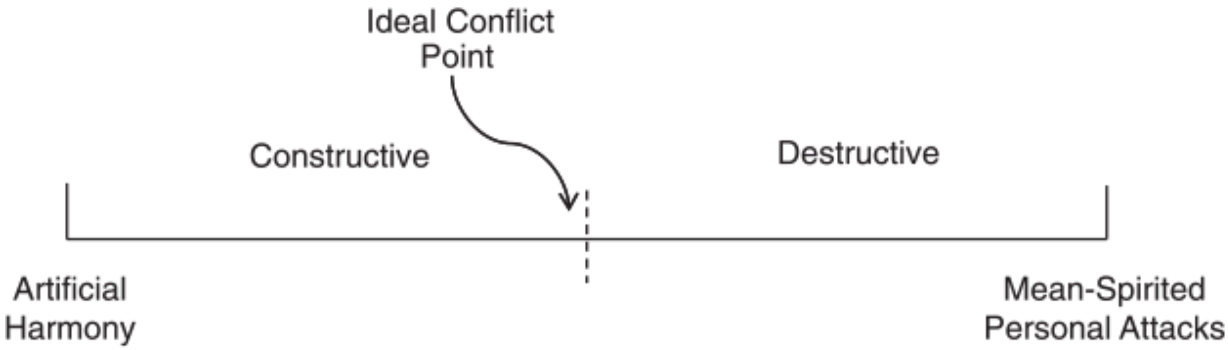
As time goes on, they barely conceal their eye-rolling or sighs of exasperation whenever that colleague speaks. For the employee who is being merely tolerated, the treatment starts to feel hurtful and disrespectful, which is hard for that person to understand. It isn't difficult to see how this behavior erodes the cohesiveness of a team.

As an Irish-Italian-American, I seem to have come out of the womb ready for passionate conflict, and I was certainly able to practice it regularly during childhood. However, some of the members of my team at work came from families that rarely shouted or demonstrated outward disapproval with one another. This creates a potential problem. To mitigate it, team members have to be open and vulnerable enough to explain their conflict tendencies to one another and then find common ground. Using a profiling assessment like the Myers-Briggs can be helpful in this process because people's attitudes toward conflict can be shaped by their personalities and behavioral preferences as much as by their families and cultural backgrounds.

Conflict Continuum

When it comes to the range of different conflict dynamics in an organization, I've found there is a continuum of sorts. At one end of that continuum is no conflict at all. I call this artificial harmony, because it is marked by a lot of false smiling and disingenuous agreement around just about everything, at least publicly. At the other end of the continuum is relentless, nasty, and destructive conflict, with people constantly at one another's throats. As you move away from the extreme of artificial harmony, you encounter more and more constructive conflict. Somewhere in the middle of those two extremes is the demarcation line where good, constructive conflict crosses over into the destructive kind.

The Conflict Continuum



Contrary to what we see in movies and on television, where people go to meetings and argue like battle-tested generals, most organizations live somewhere fairly close to the artificial harmony end of this continuum. They go out of their way to avoid direct, uncomfortable disagreement during meetings or doing anything that would suggest moving away from their comfortable end of the scale. Why? Because whenever they move down the line toward the middle, to that place where they're having more and more constructive conflict, they see themselves one step closer to conflict Armageddon. So they run back to the world of passive, indirect communication and artificial agreement.

The optimal place to be on this continuum is just to the left of the demarcation line (the Ideal Conflict Point). That would be the point where a team is engaged in all the constructive conflict they could possibly have, but never stepping over the line into destructive territory. Of course, this is impossible. In any team, and for that matter, in any family or marriage, someone at some point is going to step over the line and say or do something that isn't constructive. But rather than fearing this, teams need to accept that it will happen and learn to manage it. They must be willing to live through the messiness of recovering from slightly inappropriate conflict, so that they will have the courage to go back to the best place again and again. Eventually they'll develop the confidence that they can survive an occasional step over the line and can even get stronger and build greater trust with one another when they do. But this will never happen if executives are clinging to the side at the shallow end of the pool in the world of artificial harmony.

The Benefits of Surviving Conflict

One of our consultants experienced the benefits of stepping over the line when he was working with a leasing company. He was helping the CEO, president, and other executives deal with some issues relating to compensation and equity. Evidently, changes had recently been made that weren't popular among many members of the team.

At one point during the awkward conversation, one of the top sales execs looked at the president and exploded: "You know, the real reason we're here is that you have simply become greedy and we've become nothing but highly compensated laborers!"

A long, uncomfortable pause followed. The president seemed to be in shock and the other executives were looking at the consultant to see what he would do to salvage the situation. Resisting the temptation to dive in, he let the moment continue so that the team would eventually reengage.

Finally, after a ten- or fifteen-second pause (which felt like two minutes to our consultant), the angry sales exec spoke again: "Wait a minute. That wasn't fair. I can't allow a seven-year relationship to go over the cliff because I lost my cool. So let me apologize and try that again. You guys changed the equity policy without telling us why. It was a change in the rules halfway through the game, and it has led to a lot of hard feelings."

The president accepted the apology, and suddenly the rest of the team started airing some of the concerns that they had been withholding for a long time. At the end of the meeting—and this time I'm not joking—the sales exec went over to the president and gave him a hug. It was a breakthrough for the team, and it would not have happened had someone not stepped over the line—and if the consultant had not allowed them to work through it.

Nowhere does this tendency toward artificial harmony show itself more than in mission-driven nonprofit organizations, most notably churches. People who work in those organizations tend to have a misguided idea that they cannot be frustrated or disagreeable with one another. What they're doing is confusing being nice with being kind.

Two people who trust and care about one another and are engaged in something important (that sure sounds like a mission-driven nonprofit to me) should feel compelled to disagree with one another, sometimes passionately, when they see things differently. After all, the consequences of making bad decisions are great. When leadership team members fail to disagree around issues, not only are they increasing the likelihood of losing respect for one another and encountering destructive conflict later when people start griping in the hallways, they're also making bad decisions and letting down the people they're supposed to be serving. And they do this all in the name of being "nice."

Conflict Tools

Even when teams understand the importance of conflict, it is frequently difficult to get them to engage in it. That's how powerful our cultural aversion is to discomfort. In order to break through that aversion, there are a few things that a team leader can do.

One of the best ways for leaders to raise the level of healthy conflict on a team is by *mining for conflict* during meetings. This happens when they suspect that unearthed disagreement is lurking in the room and gently demand that people come clean. At first, mining for conflict might seem like stirring the pot and looking for trouble. But it is quite the opposite. By looking for and exposing potential and even subtle disagreements that have not come to the surface, team leaders—and, heck, team members can do it too—avoid the destructive hallway conversations that inevitably result when people are reluctant to engage in direct, productive debate.

Another tool for increasing conflict is something I refer to as *real-time permission*. The idea here is that people need to get immediate feedback, the positive kind, when they start to try out this approach to conflict. And no matter how minor the nature of that initial conflict might seem, it is going to be uncomfortable.

So when a leader sees her people engaging in disagreement during a meeting, even over something relatively innocuous, she should do something that may seem counterintuitive but is remarkably helpful: interrupt. That's right. Just as people are beginning to challenge one another, she should stop them for a moment to remind them that what they are doing is good.

That may sound a little patronizing, even childish, but it won't come across that way. What it will do is give people the permission they need to overcome their guilt—and they'll definitely be fighting off feelings of guilt—and continue to engage in healthy but uncomfortable conflict without unnecessary and distracting tension. I've done this with many of the teams I work with, and they are always genuinely relieved to have someone remind them, right in that moment, that they are actually helping the team by disagreeing, not hurting it. Their tension seems to melt away and they're able to focus on resolving the issue at hand.

Another way that leaders can help their teams overcome their aversion to conflict is by creating clear expectations and guidelines around what it should entail.

Rules of Engagement

One of our consultants worked with the leadership team of a division within a large beverage company. He convinced the VP of that division that more conflict was necessary on the team. Unfortunately, they were having a hard time getting people to engage in it. This is typical.

So the VP put in place two formal rules.

First, if people remained silent during discussions, he would interpret that as disagreement. People quickly realized that if they didn't weigh in, a decision could not be made. Second, at the end of every discussion, the VP would go around the room and ask every member of his team for a formal commitment to the decision.

These simple rules changed the nature of their meetings and increased healthy conflict almost immediately. This would not have happened had the VP simply told his team that they should engage in more conflict.

Finally, it's important to remember that the reluctance to engage in conflict is not always a problem of conflict per se. In many cases, and perhaps in most of them, the real problem goes back to a lack of trust. Remember that when team members aren't comfortable being vulnerable, they aren't going to feel comfortable or safe engaging in conflict. If that's the case, then no amount of training or discussion around conflict is going to bring it about. Trust must be established if real conflict is to occur.

In a similar way that trust enables conflict, conflict allows a team to move on to the next critical behavior of a cohesive team: achieving commitment.

BEHAVIOR 3: ACHIEVING COMMITMENT

The reason that conflict is so important is that a team cannot achieve commitment without it. People will not actively commit to a decision if they have not had the opportunity to provide input, ask questions, and understand the rationale behind it. Another way to say this is, "If people don't weigh in, they can't buy in."

This is a critical point and needs to be clarified because it should not be misinterpreted as an argument for consensus. When leadership teams wait for consensus before taking action, they usually end up with decisions that are made too late and are mildly disagreeable to everyone. This is a recipe for mediocrity and frustration.

Great teams avoid the consensus trap by embracing a concept that Intel, the legendary microchip manufacturer, calls "disagree and commit." Basically they believe that even when people can't come to an agreement around an issue, they must still leave the room unambiguously committed to a common course of action. Most executives who hear about this disagree-and-commit philosophy are immediately convinced that it is something they want. But they need to remember that it requires a willingness on the part of the leader to invite the discomfort of conflict. After all, the principle of disagree and commit can't happen without the disagree part.

See, it's only when colleagues speak up and put their opinions on the table, without holding back, that the leader can confidently fulfill one of his most important responsibilities: breaking ties. When a leader knows that everyone on the team has weighed in and provided every possible perspective needed for a fully informed decision, he can then bring a discussion to a clear and unambiguous close and expect team members to rally around the final decision even if they initially disagreed with it.

Some leaders have a hard time believing this. They feel that if they entertain disagreement around a contentious topic, they'll make it less likely that they'll be able to gain commitment. But this is selling their employees short. The truth is, very few people in the world are incapable of supporting a decision merely because they had a different idea. Most people are generally reasonable and can rally around an idea that wasn't their own as long as they know they've had a chance to weigh in. But when there has been no conflict, when different opinions have not been aired and debated, it becomes virtually impossible for team members to commit to a decision, at least not actively.

When people leave a meeting without active commitment around a decision, they don't go back to their offices and design a plan to sabotage the idea. That happens only on television and in the movies, and it makes for great theater. In real life, what actually happens is far more boring—and more dangerous.

Most leaders have learned the art of passive agreement: going to a meeting, smiling and nodding their heads when a decision is made that they don't agree with. They then go back to their offices and do as little as possible to support that idea. They don't promote it on their own team, and they certainly aren't willing to run out onto the tracks waving their arms to prevent a train wreck. Instead, they sit back and watch problems develop, quietly looking forward to the day when things go badly and they can say, "Well, I never really liked that idea in the first place." The impact of this is often embarrassing and costly for the organization.

The Price of Passivity

The leadership team at an international pharmaceutical company realized that its sales were beginning to decline and that its expenses were heading in the opposite direction. During a staff meeting, the CEO decided that in an effort to curb costs, a moratorium would be placed on all first-class and business-class air travel. This would not be easy for people who traveled frequently and far.

As usual, no debate was encouraged among the team. Executives simply nodded their heads in agreement, something the CEO was all too happy to accept as commitment.

Well, half of the executives at the meeting went to their teams and gave them the unpopular order to change the way they traveled. The other half told their staff members to ignore the decree. When people in the organization started to notice the discrepancy in behavior among departments, anger and frustration broke out.

Employees in the obedient departments were upset at their respective leaders for holding them to a higher and more difficult standard than their peers in other parts of the organization. Those leaders were mad at their colleagues on the executive team who had ignored the supposed agreement.

The cost of not achieving real commitment—a result of not engaging in healthy conflict—was undeniable. Forget about the financial cost of people continuing to fly business class. It pales in comparison to the loss in credibility that executives encountered and the internal politics that they created because they failed to achieve real, active commitment around a decision.

The only way to prevent passive sabotage is for leaders to demand conflict from their team members and to let them know that they are going to be held accountable for doing whatever the team ultimately decides.

Specific Agreements

I've always been amazed that even teams that embrace conflict and honest debate can still struggle with commitment. That's because they fall short of arriving at specific agreements at the end of their discussions. Although they are sitting in the same room and speaking the same language, they often leave with different ideas about what was just decided. There is only one way I know to prevent this.

At the end of every meeting, cohesive teams must take a few minutes to ensure that everyone sitting at the table is walking away with the same understanding about what has been agreed to and what they are committed to do. Unfortunately, people are usually eager to leave the room when a meeting is coming to a close, and so they are more than susceptible to tolerating a little ambiguity. That's why functional teams maintain the discipline to review their commitments and stick around long enough to clarify anything that isn't crystal clear.

A good way to ensure that people take this process seriously is to demand that they go back to their teams after the meeting and communicate exactly what was agreed on. When team members know that they are going to have to stand in front of the people they lead and vouch for a decision, they are much more likely to push back on that decision if they don't understand it or don't agree with it. As painful as this may be to a group of executives who are more than ready to get out of a meeting, the only thing more painful than taking additional time to get clarity and commitment is going out into the organization with a confusing and misaligned message.

Misalignment Nightmare

One of our consultants worked with the leadership team of an information technology organization to clarify the department's core purpose and values. After the meeting, the consultant encouraged the team to keep working until they were crystal clear with one another about the purpose and values before doing any communication to the rest of the organization.

The team promised to meet again later to iron out any possible inconsistencies. Unfortunately, they never got around to doing that and decided to go ahead and have a big rollout meeting to unveil the new purpose and values to the more than fifty managers who worked for them.

At that meeting, a handful of leaders from the executive team began the presentation and were quickly met with push-back around their ideas. Unfortunately, that push-back came not from one of the fifty managers but from a member of the executive team who decided to announce that he never really liked or bought into what was being presented.

The people in the room were dumbfounded. Not only did the executive team's failure to get commitment negate the impact of the work they had done, it also caused them to lose credibility among the people they were trying to lead. "We looked foolish, and rightly so," admitted the leader of the executive team. "We couldn't even agree among ourselves, and we were out there asking the rest of the organization to get on board. I vowed that it would never happen again."

After the next executive off-site meeting, the team insisted on getting completely clear about the commitments they were making. And when they communicated to the larger group, not only did they demonstrate alignment, but they modeled vulnerability by acknowledging the dysfunction of what had happened before and the steps they would take to prevent it in the future.

Although few would doubt the importance of achieving active and clear commitment at the end of a discussion, many don't really think about the practical reason that that is so critical. It's only when people know that their peers have completely bought in to a decision that they will have the courage to embrace the fourth and most difficult behavior of a cohesive team: accountability.

BEHAVIOR 4: EMBRACING ACCOUNTABILITY

Even well-intentioned members of a team need to be held accountable if a team is going to stick to its decisions and accomplish its goals. In some cases, people will deviate from a plan or a decision knowingly, tempted to do something that is in their individual best interest but not that of the team. In other cases, people will stray without realizing it, getting distracted or caught up in the pushes and pulls of daily work. In either case, it's the job of the team to call those people out and keep them in line.

Of course, people aren't going to be willing to do this if they have doubts about whether their peers bought into—really bought into—the decisions that were made. That's why commitment is so important. When colleagues know that there has been only passive commitment around a decision, they aren't going to feel good about confronting a peer about their behavior. Nor should they. After all, if a person never really bought into something, why would she heed a reminder from a peer who points out her deviation?

Peer Pressure

Notice that I'm focused here on peers. That's because peer-to-peer accountability is the primary and most effective source of accountability on the leadership team of a healthy organization. Most people assume that the leader of an executive team should be the primary source of accountability—and that's the norm in most unhealthy organizations—but it isn't efficient or practical, and it makes little sense.

When members of a team go to their leader whenever they see a peer deviate from a commitment that was made, they create a perfect environment for distraction and politics. Colleagues start to wonder who ratted them out, they get resentful of one another, and the team leader finds herself being constantly pulled into situations that could be more quickly and productively solved without her.

When team members know that their colleagues are truly committed to something, they can confront one another about issues without fearing defensiveness or backlash. After all, they're merely helping someone get back on track or seeking clarity about something that doesn't seem right. And the person being questioned about her behavior or performance will be willing to admit that she has inadvertently lost her way—after all, she's vulnerable—and adjust her behavior accordingly.

I realize that people who are used to working on noncohesive teams will think all of this sounds like a fairy tale. To those who have experienced the reality of cohesive teams, it is simply the most effective way to keep one another focused on what matters most.

Accountability in Action

One of our consultants was working with a leadership team that had been together for less than a year and had not met in person with one another for a number of months. Inevitably, things were a little rocky.

During an off-site meeting, our consultant led them through an accountability exercise that calls for team members to confront one another about each other's behaviors. The exercise, which isn't as scary as it sounds, usually takes about an hour. But in this case, because the team had not been together for so long and because they had made a major commitment to holding one another accountable, the session lasted three hours.

Among the comments made during the exercise were these: "You need to keep standing up to the CEO and not letting him off the hook when he resorts to unilateral decision making." "You're involving me in conversations that I don't need to be involved in. Just go directly to my reports and get what you need." "Your reports are not telling you this, but your sarcastic humor is offensive to them and it's hurting your team." "You're complaining about me to your peers, but you're not coming to me directly. That's hurting all of us." "Watch out for your self-righteous attitude. It shuts down our brainstorming."

During those three hours, there was some tension, no doubt. But there was also a lot of listening, and even laughter. Most important, there was no hesitation in speaking up. And though the session took a long time, the team was able to repair much of the trust that they had lost over the months that they hadn't been together, and they proved to themselves that they were committed to working together as a functional team going forward.

Overcoming the "Wuss" Factor

The irony of all this is that the only way for a team to develop a true culture of peer-to-peer accountability is for the leader to demonstrate that she is willing to confront difficult situations and hold people accountable herself. That's right. The leader of the team, though not the primary source of accountability, will always be the ultimate arbiter of it. If she is reluctant to play that role—if she is a wuss who constantly balks when it's time to call someone on their behavior or performance—then the rest of the team is not going to do their part. This makes sense. Why would a team member want to confront a colleague about an issue when the team leader isn't willing to and is probably going to let them off the hook anyway?

So—and here is the irony—the more comfortable a leader is holding people on a team accountable, the less likely she is to be asked to do so. The less likely she is to confront people, the more she'll be called on to do it by subordinates who aren't willing to do her dirty work for her. I know this because I struggle with holding people accountable, and I am fully aware that the reluctance of my staff members to do so with one another is a simple function of my behavior. (I'm working on it.)

Many leaders struggle with accountability but don't know it. Some will tell me that since they aren't afraid to fire people, they must not have an accountability problem. Of course, this is misguided. Firing someone is not necessarily a sign of accountability, but is often the last act of cowardice for a leader who doesn't know how or isn't willing to hold people accountable.

At its core, accountability is about having the courage to confront someone about their deficiencies and then to stand in the moment and deal with their reaction, which may not be pleasant. It is a selfless act, one rooted in a word that I don't use lightly in a business book: *love.* To hold someone accountable is to care about them enough to risk having them blame you for pointing out their deficiencies.

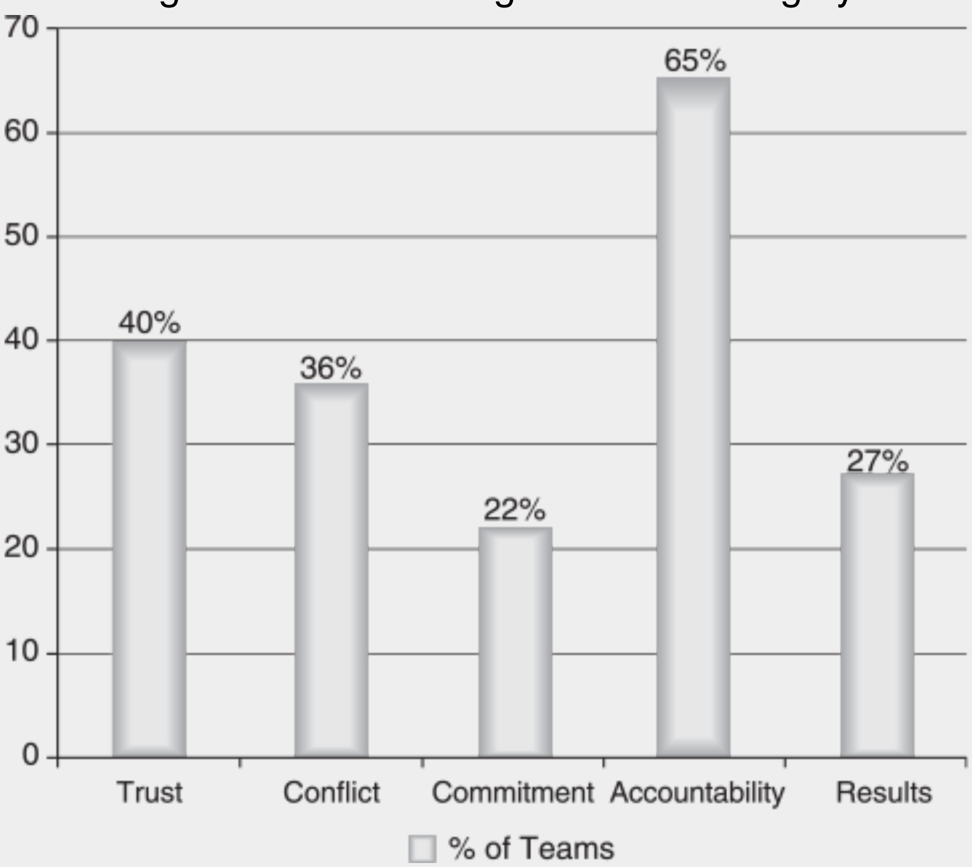
Unfortunately, it is far more natural, and common, for leaders to avoid holding people accountable. It is one of the biggest obstacles I find preventing teams, and the companies they lead, from reaching their full potential. It's no surprise that among the teams that complete our Five Dysfunctions of a Team Assessment (see "The Universal Challenge of

Peer Accountability" sidebar), the lowest scores are usually found in the area of accountability.

THE UNIVERSAL CHALLENGE OF PEER ACCOUNTABILITY

The Table Group has identified a major trend plaguing teams today: team members readily avoid holding their peers accountable for both their performance and behaviors that might hurt the team. The trend is a conclusion based on data collected from The Table Group's Online Team Assessment, a thirty-eight-question online tool that measures a team's likely susceptibility to the five dysfunctions. In reviewing the 12,000 teams who have taken the online assessment, data shows a full 65% of teams scored "red" on accountability—or lowest on The Table Group's three-tiered rating scale of green-yellow-red. Other red scores for the remaining four behaviors include trust (40%), conflict (36%), commitment (22%), and results (27%).

Percentage of Teams Scoring in Lowest Category



Many leaders who struggle with this (again, I'm one of them) will try to convince themselves that their reluctance is a product of their kindness;

they just don't want to make their employees feel bad. But an honest reassessment of their motivation will allow them to admit that they are the ones who don't want to feel bad and that failing to hold someone accountable is ultimately an act of selfishness.

After all, there is nothing noble about withholding information that can help an employee improve. Eventually that employee's lack of improvement is going to come back to haunt him in a performance review or when he is let go. And I'm pretty sure there is nothing kind about firing someone who has not been confronted about his performance.

Behaviors Versus Measurables

Some leaders don't realize they have an accountability problem because they are more than comfortable confronting people about issues regarding measurable performance. For instance, when a direct report misses his sales target four quarters in a row or doesn't deliver a product on time and according to specifications, leaders have no problem telling him and taking action. That is indeed one form of accountability, but it's not the most important kind. The kind that is more fundamental, important, and difficult is about behavior.

After all, even the most reluctant, fearful leaders can usually summon the courage to tell someone that he missed his number. That is a relatively objective, nonjudgmental act, which makes it safe and free from emotion. Confronting someone about their behavior is a different matter. It involves a judgment call that is more likely to provoke a defensive response.

The reason that behavioral accountability is more important than the quantitative, results-related kind has nothing to do with the fact that it is harder. It is due to the fact that behavioral problems almost always precede—and cause—a downturn in performance and results. Whether we're talking about a football team, a sales department, or an elementary school, a meaningful drop in measurable performance can almost always be traced back to behavioral issues that made the drop possible. Lack of attention to details at practice, decreased discipline about cold-calling, poor preparation of lesson plans: all of these are behavioral problems that occur long before any decrease in measurable results is apparent. Great leaders and great team members confront one another about those behaviors early because they see the connection between the two and care enough about the team to take that risk before the results begin to suffer.

It's difficult to overstate the competitive advantage that an accountability-friendly organization has over one where leaders don't hold one another accountable. More than anything else, problems are identified and solved earlier and without the collateral damage of politics. Whether you measure that in terms of greater revenue, higher productivity, or reduced turnover, the benefits are massive and real.

It's worth pointing out here that people often confuse accountability with conflict because both involve discomfort and emotion. But there is an enormous difference between the two. Conflict is about issues and ideas, while accountability is about performance and behavior. As difficult as it is for many people to engage in conflict, at least it is somewhat objective, removed from a person's behavior. It is much harder for most people to hold one another accountable because it involves something of a personal, behavioral judgment.

Team Effectiveness Exercise

A good tool for teams that want to improve their ability to hold one another accountable is something we call the team effectiveness exercise. I'll explain it here in some detail because it's pretty simple, it requires only an hour or two, and it can transform how team members go about holding each other to higher standards of performance. It's just that powerful.

We usually do this exercise at the end of a two-day off-site meeting, but only when we believe the team has a decent foundation of trust (they usually do). If team members aren't capable of being vulnerable with one another, there is no point in doing it.

We start the exercise by having everyone write down one thing that each of the other team members does that makes the team better. In other words, they write down, for everyone other than themselves, the single biggest area of strength as it pertains to the impact on the group.

We're interested not in their technical skills, but in the way they behave when the team is together that makes the team stronger.

Then we ask them to do the same thing, except this time focusing on the one aspect of each person that sometimes hurts the team. After ten or fifteen minutes of thoughtful consideration and note taking, everyone is usually done.

Then, starting with the leader, we go around the room asking everyone to report on the leader's one positive characteristic. We then allow the leader to provide his general, one-sentence reaction. In most cases, the leader is quite humbled by the positive feedback, sometimes even surprised by it. Then we go around the room again, asking people to report on the one characteristic that the leader needs to improve on. Again, we let the leader provide a brief reaction—not a rebuttal, but simply a reaction—to the feedback after everyone has provided their input. In virtually every case, there is acceptance and appreciation.

And then we do the same exercise for every other member of the team. It takes about ten minutes for each person to receive both the positive and constructive feedback from peers and to provide his or her simple reactions. After an hour or two, depending on the size of the team, the exercise is complete. It's usually at this point that people are sitting around the table in a state of mild amazement at the direct, honest, and helpful feedback that they've just shared.

The benefit of this exercise goes far beyond the mere sharing of information, as important as that is. The greatest impact is the realization on the part of leadership team members that holding one another accountable is a survivable and productive activity, and it will make them likely to continue doing it going forward. And in some situations, the eventual result is particularly powerful.

Voluntary Turnover

One of our consultants was working with the leadership team of a large company's information technology department. Many members of the team were struggling with the behavior of one of their peers, Fred, who had a close relationship with the CIO who was in charge of the team. They didn't believe that the CIO was holding Fred accountable for his destructive behavior, that he was playing favorites. The CIO would later admit that he valued Fred's technical expertise and was reluctant to do anything that might cause him to leave.

During an off-site meeting, the team confronted the CIO about his lack of consistent accountability across the team, in particular, with Fred. The CIO acknowledged the issue and announced that he would work on it.

Over the course of the following months, the CIO started to hold Fred more accountable. Just as important, the team followed suit, engaging with Fred more directly about his behavior. Without the protection that he had grown accustomed to getting from his boss, Fred eventually decided that he didn't want to be a part of the team, and he left the company.

Contrary to his fears about losing Fred, the CIO found that the performance of the rest of his team improved. He attributed that to Fred's absence and the new culture of accountability that the team had embraced.

Losing a team member is not at all a common outcome of building a culture of accountability. In most cases, team members simply learn to demand more of one another and watch their collective performance improve. In some cases, though, the only way for them to do that is by losing someone from the team. But again, that's certainly not the norm.

No matter what the situation, there will always be some discomfort as team members confront one another about their behavior. In the end, however, the level of cohesion and personal satisfaction among team members who embrace the new philosophy overwhelms any temporary discomfort.

Public Versus Private

I'm often asked whether leaders should hold their people accountable privately during one-on-one sessions or in more public forums with the whole team, like during meetings. Although every case is a little different, generally I believe that on cohesive teams, accountability is best handled with the entire team. I say this because when leaders and team members call one another on issues in front of team members, they get benefits that don't occur when it takes place individually.

First, when accountability is handled during a meeting, every member of the team receives the message simultaneously and doesn't have to make the same mistakes in order to learn the lesson of the person being held accountable. Second, they know that the leader is holding their colleague accountable, which avoids their wondering whether the boss is doing his job. Finally, it serves to reinforce the culture of accountability, which increases the likelihood that team members will do the same for one another. When leaders—and peers—limit their accountability discussions to private conversations, they leave people wondering whether those discussions are happening. This often leads to unproductive hallway conversations and conjecture about who knows what about whom.

Having said all that, when it comes to addressing relatively serious issues, or matters of corrective action in which a leader is wondering whether a member of the team might not be worthy to be on the team anymore, then everything changes. These are best handled privately, in a one-on-one situation, to respect the dignity of the person being held accountable. However, and this can be dicey, the leader is often well advised to let her people know that she is addressing the situation to avoid unproductive and dangerous speculation.

As uncomfortable and difficult as it can often be, accountability helps a team and an organization avoid far more costly and difficult situations later. It also allows a team to embrace the last behavior that is critical for a cohesive team: the focus on results.

BEHAVIOR 5: FOCUSING ON RESULTS

The ultimate point of building greater trust, conflict, commitment, and accountability is one thing: the achievement of results. That certainly seems obvious, but as it turns out, one of the greatest challenges to team success is the inattention to results. What would members of an executive team be focused on if not the results of their organization? Well, for one, the results of their department. Too many leaders seem to have a greater affinity for and loyalty to the department they lead rather than the team they're a member of and the organization they are supposed to be collectively serving. Other distractions include a concern for individual career development, budget allocations, status, and ego, all of them common distractions that prevent teams from being obsessed with achieving results.

Some people find this extreme emphasis on results to be a little cold and uninspiring. But there is no getting around the fact that the only measure of a great team—or a great organization—is whether it accomplishes what it sets out to accomplish. Some leaders of teams that don't regularly succeed will still insist that they have a great team because team members care about one other and no one ever leaves the team. A more accurate description of their situation would be to say that they have a mediocre team that enjoys being together and isn't terribly bothered by failure. See, no matter how good a leadership team feels about itself, and how noble its mission might be, if the organization it leads rarely achieves its goals, then, by definition, it's simply not a good team.

Keep in mind that revenue and profitability are not the only measures of achievement, even in for-profit organizations (though they are certainly critical ones). The definition of results and achievement will vary from one organization to another depending on the reason that a given organization exists. A football team most likely will measure itself in terms of wins and losses, a school in terms of how well it prepares students for their next step in education, and a church based on how many parishioners are growing in their faith. That's not to say that all of those organizations will not have financial measurements; it's just that finances are probably not going to be their primary measure of results.

In traditional for-profit companies, financial metrics are certainly going to take a more prominent place in the hierarchy of goals, as they should. After all, they are the indicator of how well a company is serving its customers and fulfilling its mission. However, even in these organizations, other measures will often be just as important as, if not more important than, profit. Plenty of businesses, usually smaller, privately held ones, make decisions every day to do something for customers that may never benefit them financially. They do it because they think it's the right thing to do, or because they think it might eventually help them become more influential in the market. Regardless of their rationale, if they make that decision consciously, knowing what they want to achieve, then they are still focusing on results.

Collective Goals

When it comes to how a cohesive team measures its performance, one criterion sets it apart from noncohesive ones: its goals are shared across the entire team. This is not just a theoretical way of saying that people should help one another. It's far more specific, and far more difficult too.

In most organizations, results are compartmentalized by department. Executives see themselves as having little or no responsibility for goals that fall outside their functional areas of expertise. This, of course, is the antithesis of teamwork, though somehow it doesn't deter many leaders from calling themselves teams and preaching the importance of working together across functions.

The only way for a team to really be a team and to maximize its output is to ensure that everyone is focused on the same priorities—rowing in the same direction, if you will. When the marketing department defines itself by how well it does marketing and the other departments do the same in their functional areas, there is no reason to expect synergy within the team. As simple as that may sound, most leadership teams still do not seem to understand this.

One Team, One Score

After a recent loss, a thirteen-year-old boy on my son's soccer team said to me, "Well, I don't feel like I lost."

"Really?" I asked him. "How do you figure?"

He proudly announced, "Well, I'm a forward, and we forwards did our part by scoring three goals. It's really the defense that lost the game because they gave up too many goals. They're the losers."

I kindly pointed out to him how absurd his reasoning was, not only because there is only one score for the team, but because every player on the field plays defense, though perhaps on different parts of the field. Even a forward plays a role in preventing the other team from scoring by making it difficult for the opponent's defense to organize an attack.

To be fair, the kid smiled and acknowledged the ridiculousness of his original remark.

I wish I could say that it was that easy to convince leadership team members. Too many of them don't see a connection between the decisions they make and the impact they have on other parts of the business. They don't seem to understand that the way they spend their time, energy, and resources can influence the overall performance of the organization. All too often they embrace the attitude embodied by the fisherman who looks at the guy sitting at the other end of the boat and announces, "Hey, your side of the boat is sinking."

Great teams ensure that all members, in spite of their individual responsibilities and areas of expertise, are doing whatever they can to help the team accomplish its goals. That means they need to be asking difficult questions about what is happening in other departments and volunteering, in any way they can, to help those parts of the business that might be struggling and might jeopardize the success of the entire organization.

Team Number One

The only way for a leader to establish this collective mentality on a team is by ensuring that all members place a higher priority on the team they're a member of than the team they lead in their departments. A good way to go about this is simply to ask them which team is their first priority. I've found that many well-intentioned executives will admit that in spite of their commitment to the team that they're a member of, the team they lead is their first priority. They'll point out that they hired their direct reports, they sit near them and spend more time with them every day, and they enjoy being the leader of that team. Moreover, they feel a sense of loyalty to the people they manage, and feel that those people want and need their protection.

This is absolutely natural, common, and understandable. And dangerous.

When members of a leadership team feel a stronger sense of commitment and loyalty to the team they lead than the one they're a member of, then the team they're a member of becomes like the U.S. Congress or the United Nations: it's just a place where people come together to lobby for their constituents. Teams that lead healthy organizations reject this model and come to terms with the difficult but critical requirement that executives must put the needs of the higher team ahead of the needs of their departments. That is the only way that good decisions can be made about how best to serve the entire organization and maximize its performance.

The advantage that can be achieved by shifting a team's priorities from individual to collective ones, and thus demonstrating a true commitment to team number one, is undeniable.

First Team

We worked with the CIO of a massive corporation. She was struggling with team members who seemed to be working almost exclusively on their own priorities, with little concern for what was happening with their peers in other departments. As a result, there was minimal cooperation and synergy, and the overall performance and reputation of the IT organization had suffered.

Confronting the problem with the team, the CIO announced that they would be taking specific and difficult measures to refocus the staff on their team number one. Those steps included moving each of her direct reports away from their departments and onto the same floor in the same building of the company's sprawling campus. She would also pull the team together every morning for a five-minute informal gathering to begin building the kind of professional and personal relationships that would be necessary to turn the organization around and thus better serve the company.

At first, her direct reports resisted. They didn't want to leave the physical and emotional comfort of their departments and were concerned that their own direct reports would feel abandoned as a result. But because she was their boss, they complied.

Within just a few months, the behavior of the executives, the synergy within the team, and the overall performance of the organization had improved dramatically. "Somehow we became a new team with a collective focus, instead of a bunch of subdepartments doing their own thing. We can't imagine going back to the old way," remarked one of the CIO's reports. "And even the people in my department benefited when they saw how aligned and focused we had become as leaders."

The surprising power of embracing team number one is one of the most gratifying and powerful things we witness in the work we do with leaders.

Testament to Unity

One of our consultants was working with the CEO of a mental health hospital who was tired of his staff members' pursuing their own agendas. Over a period of a few months, the two of them worked to shift the team's focus to the collective good of the organization.

The CEO's reaction to what happened says it all: "The concept of team number one has created a common language and sense of identity for our team. It provides the mind-set that individual goals, issues, and interests are set aside to focus on what's best for the organization. I truly believe it is the one thing that keeps us from busting apart at the seams as we deal with the challenging issues of managing in a complex business environment."

CHECKLIST FOR DISCIPLINE 1: BUILD A COHESIVE LEADERSHIP TEAM

Members of a leadership team can be confident that they've mastered this discipline when they can affirm the following statements:

- The leadership team is small enough (three to ten people) to be effective.
- Members of the team trust one another and can be genuinely vulnerable with each other.
- Team members regularly engage in productive, unfiltered conflict around important issues.
- The team leaves meetings with clear-cut, active, and specific agreements around decisions.
- Team members hold one another accountable to commitments and behaviors.
- Members of the leadership team are focused on team number one. They put the collective priorities and needs of the larger organization ahead of their own departments.

Notes

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DISCIPLINE 4

Reinforce Clarity

WHAT'S IT WORTH TO YOU?

Those two organizations one final time.

The first has simple, practical processes for recruiting, hiring, and orienting the right people based on its core values, for managing those people's performance around the organization's most important priorities, and for rewarding and training them based on the company's culture, strategy, and operations. Moreover, managers embrace those processes and find them to be helpful tools for succeeding in their jobs.

The second has plenty of processes and human systems, but most of those are generic and cumbersome and not customized to the unique culture and operations of the company. As a result, managers find them largely frustrating and irrelevant to their work.

The question: What kind of advantage would the first organization have over the second, and how much time and energy would it be worth investing to make this advantage a reality?

As important as overcommunication is, leaders of a healthy organization cannot always be around to remind employees about the company's reason for existing, its values, and so on. In order to ensure that the answers to the six critical questions become embedded in the fabric of the organization, leaders must do everything they can to reinforce them structurally as well. The way to do that is to make sure that every human system—every process that involves people—from hiring and people management to training and compensation, is designed to reinforce the answers to those questions.

The challenge is to do this without adding too much structure. Or as someone once said to me, "An organization has to institutionalize its culture without bureaucratizing it." There is a delicate but critical balance between too much and too little structure in an organization, and the people responsible for creating that balance are its leaders.

Unfortunately, all too often leaders don't take an active role in designing human systems. Instead, they delegate responsibility to others in the organization, usually to their HR department or legal staff. It amazes me that they later complain about the bureaucracy in their organizations, like having to do onerous and tedious performance reviews.

Blaming HR and legal for all this is neither fair nor helpful. The problem can be solved only by the leadership team taking an active role in building human systems that reflect and reinforce the uniqueness of the organization's culture and operations. They must ensure that hiring profiles, performance management processes, training programs, and compensation systems are relevant, and the only way to do that is to design them specifically around the answers to the six questions.

NON-GENERICS

Many well-intentioned executives will argue that HR professionals have more expertise and experience in building human systems than members of the leadership team do, and therefore they should take responsibility for it. While that is true, those HR folks can't be expected to fill the role that their leaders must perform in these areas.

Don't get me wrong. HR and legal professionals play important roles in the creation and administration of human systems. But the initial design of those systems must be driven by the people who set the direction for the organization in the first place and have the authority to guard against the bureaucracy that turns a useful human system into an administrative distraction. When leadership team members abdicate responsibility for this, they are often left with more generic, rote systems and processes than they wanted.

Some leaders actually embrace this in the name of efficiency and standardization, believing that if a performance review system or compensation plan "is good enough for General Electric or PepsiCo, then it's good enough for us." The problem is, they aren't leading GE or Pepsi. (Anyone working for GE or Pepsi can ignore this.)

The fact is that the best human systems are often the simplest and least sophisticated ones. Their primary purpose is not to avoid lawsuits or emulate what other companies are doing but rather to keep managers and employees focused on what the organization believes is important. That's why a one-page, customized performance review form that managers embrace and take seriously is always better than a seven-page, sophisticated one designed by an organizational psychologist from the National Institute for Human Transformation and Bureaucracy (there is no such thing).

This point cannot be overstated. Human systems are tools for reinforcement of clarity. They give an organization a structure for tying its operations, culture, and management together, even when leaders aren't around to remind people. And because each company is different, there are no generic systems that can be downloaded from the Internet.

Let's take a quick look at the most important human systems that an organization needs, according to the logical life cycle of an employee.

RECRUITING AND HIRING

Bringing the right people into an organization, and keeping the wrong ones out, is as important as any activity that a leadership team must oversee. Though few leaders will dispute this, not many organizations are good at doing it, for a variety of reasons.

First and foremost, too many organizations have not defined exactly what the right and wrong people look like; that is, they haven't clarified a meaningful set of behavioral values that they can use to screen potential employees. I addressed this when I discussed core values, but it's worth repeating. Hiring without clear and strict criteria for cultural fit greatly hampers the potential for success of any organization. And even for organizations that have identified the right set of behavioral values, a host of other problems keep many of them from hiring well.

For all the talk about hiring for fit, there is still too much emphasis on technical skills and experience when it comes to interviewing and selection. And this happens at all levels. When push comes to shove, most executives get enamored with what candidates know and have done in their careers and allow those things to overshadow more important behavioral issues. They don't seem to buy into the notion that you can teach skill but not attitude.

And even organizations that have defined their core values and really do believe that those values should trump everything else sometimes lose their way when it comes to ensuring cultural fit because they don't have the right kind of process for hiring. I've found that most companies fall into one of two categories on opposite sides of the structural scale for hiring.

Gut Feel Versus Structure

Many leaders, especially those who run smaller organizations, believe that they have the natural skills they need to choose good people without any real process. They look back at their careers and remember the good employees they've hired and give themselves credit for having recognized those people's potential. However, they seem to block out the memories of the unsuccessful hires they've made, or they justify those mistakes based on the hidden behavioral deficiencies in the people they later had to fire. Whatever the case, they persist in the belief that they know a good person when they see one and that they can go about the hiring process without much structure.

The screening, interviewing, and evaluation process that exists in these leaders' organizations tends to be not much of a process at all. Although résumés may be closely scrutinized before bringing a candidate in for interviews, the interviews themselves are often unstructured and unplanned. There is little preparation, if any, and no real strategy for identifying the critical signs that indicate a candidate will be successful.

It's truly stupefying to think that the most important decision a leader can make—who to invite to become a part of the organization—is often handled in such a cavalier way. One of the reasons this persists, I think, has to do with the considerable time lag between when a bad hiring decision is made and when everyone realizes the problem. Somehow leaders fail to make a cause-and-effect connection between their initial lack of a rigorous interviewing process and the spotty record of quality hiring that comes about as a result. I've become convinced of this because I've seen too many leaders who, even after admitting that they made a bad hire, fail to change their approach.

The other extreme, though slightly less common, doesn't yield much better results. When organizations overstructure their hiring process by adding layers of bureaucratic forms and approvals and analysis, they often diminish the role that judgment must play in the selection of good people. This is more common in larger organizations, where an overemphasis on administrative processes seems to hinder the ability or desire of hiring managers to use common sense and discernment. Often it is a well-intentioned human resource or legal department that drives these efforts.

Like all subject matter experts, HR departments often try to employ the most sophisticated, state-of-the-art processes, which often leads them to adopt an overly complicated or academic approach to hiring. This might make sense theoretically, but it is usually difficult to teach managers to adhere to such a process on a large scale. Legal departments, for their part, are usually and understandably focused on avoiding lawsuits that can arise as a result of the interview process or even afterward in the event that an employee is terminated. So they do their best to eliminate subjectivity, which often means judgment, by adding more and more structure. In both cases, the insistence on too much process overshadows the real goal of any effective hiring program: finding people who fit the culture and have the best chance at success.

The best approach to hiring is to put just enough structure in place to ensure a measure of consistency and adherence to core values—and no more. That's right. When it comes to the continuum of hiring, ironically, I find that it is better to be somewhere closer to having a little less structure than more. I believe this because too much structure almost always interferes with a person's ability to use their common sense, and because it is far easier to add a little structure later to a fairly bare system than it is to deconstruct an already overcomplicated process.

What might this more balanced approach look like? First, it should probably take no more than one page, front and back, to describe and apply. One side explains the process, along with a description of the core values and related behaviors that indicate a person is a good fit for the organization. This provides interviewers and hiring managers with a list of the observable and discernible traits that must be confirmed or denied in the interview and selection process. The other side of the page can be used for taking notes about the candidate during the interview.

Second, all of this should be consistent across departments within an organization. Sure, engineers and marketers and salespeople are going to have different technical requirements for employees in their areas, which may require them to have another page or two for their unique criteria. But when it comes to overall cultural fit—by far the most important hiring priority for the leaders of any organization—using a single, simple, consistent process across departments is critical.

Interviewing

Once the values and the forms and any other simple collateral have been created, a process must be put in place for using them. And again, that process must have some structure for the sake of consistency, but more important, it must be simple and flexible.

When it comes to the actual practice of interviewing, many leaders still make the same mistakes that they did forty years ago. First, they have the candidate sit across a desk from them while they ask questions about their résumé. Second, they don't do enough joint planning with other interviewers and end up asking many of the same questions that everyone else is going to ask. Third, they don't debrief thoroughly with the other interviewers but instead just send a vague and cursory "thumbs up" or "thumbs down" to whoever is organizing the process.

Because the purpose of an interview should be to best simulate a situation that will give evaluators the most accurate view of how a candidate really behaves, it seems to me that getting them out of the office and doing something slightly more natural and unconventional would be a better idea. Heck, even taking a walk or going shopping is better than sitting behind a desk. The key is to do something that provides evaluators with a real sense of whether the person is going to thrive in the culture of the organization and whether other people are going to enjoy working with him or her.

Hiring for Fit

One large company that is legendary in its hiring practices, as evidenced by its bottom-line performance and the long line of candidates who want to work there, took a unique approach to weeding out people who wouldn't fit the culture. That culture was built around a healthy sense of self-deprecation and humility.

In the process of interviewing a group of people for a job that requires great responsibility and technical ability, the candidates (all of whom happened to be men) were asked to exchange their formal suit pants for a pair of khaki shorts. This meant they would be spending the rest of the day walking around the corporation's headquarters wearing suit jackets, ties, dress shoes, dark socks, and shorts! They looked silly, to say the least.

A handful of those candidates found the situation beneath them and insulting. Some were visibly uncomfortable, and a few others decided to leave and opt out of the process. The company's reaction to all this was relief; they had successfully identified those people who, though technically qualified, did not fit the culture. While some might consider this process to be humorously cruel, it is actually a great service to the job candidates and the organization. It prevented a number of people from having to endure a painful and unsuccessful employment experience, and it prevented the happy employees who already worked at the organization from seeing the culture they love diluted. And that's to say nothing of the money it saved the organization by avoiding unnecessary turnover.

Of course, the only way to make all this work is for evaluators to get together after interviewing candidates to hash out what they observed and what collective conclusions they've come to.

There are plenty of books that delve into specifics about hiring and interviewing, so I don't need to go into any more detail here. However, I will repeat, yet again, that without a clear understanding of what a cultural fit—or misfit—looks like, without a proper mix of consistency and flexibility, and without the active involvement of the leadership team, even the most sophisticated hiring process will fail.

ORIENTATION

The most memorable time of an employee's career, and the time with the biggest impact, are his or her first days and weeks on a new job. The impact of first impressions is just that powerful, and healthy companies take advantage of that to move new employees in the right direction. That means orientation shouldn't revolve around lengthy explanations of benefits and administration but rather around reinforcing the answers to the six critical questions.

When employees get the opportunity to hear their leaders talk about why the organization they joined exists, what behavioral values were used to select them during the hiring process, how the organization plans to succeed, what its top priority is, and who does what at the executive level, they can immediately see how they will contribute to the greater good of that organization. This often sets the tone for their behavior and attitude during their entire tenure with the company and sends them home from work boasting about the professionalism and promise of the company they're now a part of.

Contrast this with the way so many organizations handle orientation. Rather than seeing it as the first opportunity to reinforce the most important messages of the firm, they delegate responsibility to administrative functions that will naturally focus on, well, administrative functions. And while that may help the new employee understand how to fill out insurance paperwork and use the new e-mail system (both of which are surely helpful), it tends to be a disappointment to anyone who joins an organization because they're excited about having the opportunity to make a real difference in some way.

Leaders of organizations, even very large organizations, need to understand the value of bringing in new employees with clarity, enthusiasm, and a sense of their importance. It is an opportunity that disappears within days or weeks of a new employee's arrival and should never be wasted.

There are many ways to handle orientation, and I don't need to go into them here because there is no one right way to do it. What is key is that it is built around the six questions and that leaders take an active role in its design and delivery. That's probably enough about orientation.

PERFORMANCE MANAGEMENT

Nothing has the potential for bureaucracy and wonkiness like performance management systems. Even the term itself is fuzzy and generic enough to send a busy manager into a process coma. And so I suppose it needs to be defined.

Essentially *performance management* is the series of activities that ensures that managers provide employees with clarity about what is expected of them, as well as regular feedback about whether or not they are adequately meeting those expectations. That may be a bit simple, but that's the heart of the idea, and it really ought to be simple. Unfortunately, few organizations are good at performance management, mostly because they are confused and inconsistent about why they do it in the first place.

Over the years, as the litigiousness of society has grown, leaders have become more fearful that employees who are fired will sue the company and bleed them of scarce financial resources. This is understandable when we consider the exorbitant cost, in time and money, of having to mount a legal defense, even if we eventually win. So legal departments have tried to use the performance management process to protect the company legally. They've insisted that managers master the art of detailed documentation and record keeping, something that can be used to derail a lawsuit before it gets too expensive.

As logical as this might seem, the unintended consequences have been devastating. Most important, employees and managers alike have come to see the performance management process as a largely adversarial activity, fraught with nervous negotiation rather than clear communication. Ironically, this has probably exacerbated the legal problems of organizations more than mitigated them. When employees focus more on the official "grades" they receive from managers, and managers focus on documentation more than coaching, inevitably trust is diminished and management and communication suffer.

Healthy organizations believe that performance management is almost exclusively about eliminating confusion. They realize that most of their employees want to succeed, and that the best way to allow them to do that is to give them clear direction, regular information about how they're doing, and access to the coaching they need. Healthy organizations also realize that even the most rigorous systems cannot prevent all lawsuits and that sacrificing the real purpose of their performance management system to prevent them, even if that were possible, is a bad trade-off.

The best performance management programs—you guessed it—are simple. Above all else, they are designed to stimulate the right kinds of conversations around the right topics. Those topics are some of the same ones I have addressed in achieving organizational clarity: goals, values, and roles and responsibilities. When organizations build simple, straightforward performance management programs, they make it much easier for managers to use them more frequently. This is a good thing because it provides regular reminders for employees about what is important and builds greater trust by preventing too much time from passing between meaningful conversations.

Another part of the overall performance management system has to do with corrective action and documentation of warnings before an employee can be terminated. This is messy and nasty and, unfortunately, necessary. I'll leave this topic for the lawyers and HR folks who understand it best. However, I will say that it is critical that organizations separate corrective action processes from the regular performance management system, because the last thing an organization wants is for its good employees to feel as if they're being interrogated and prepared for dismissal.

COMPENSATION AND REWARDS

Don't worry. I'm not going to go into much detail about this subject. Again, there are many books on the topic and consultants who know much, much more about the technical aspects of compensation and rewards systems than I do. The point that needs to be made here is that the single most important reason to reward people is to provide them with an incentive for doing what is best for the organization.

Yes, this sounds patently obvious, but somehow most companies' compensation and rewards programs get divorced from this purpose, and take on a disconnected life of their own. When that happens, they lose their value and actually become sources of distraction rather than tools of focus and motivation.

Members of a leadership team must take responsibility for ensuring that compensation and rewards programs are simple, understandable, and, most important of all, clearly designed to remind employees what is most important. This is especially true at the executive level because the way that leaders themselves are rewarded and compensated will inevitably have an impact on how they motivate their people.

At the core of any of these systems must lie the answers to the six critical questions. For instance, when employees are given a raise, they need to understand that they are being rewarded for behaving or performing in a way that is consistent with the organization's reason for existing, core values, strategic anchors, or thematic goal. And when employees are denied a raise or a bonus, they need to understand that it is because they did not behave or perform in a way that is consistent with all those things. These are great moments of truth for leaders to demonstrate that they are really committed to what they say is important. To fail to make the connection between compensation and rewards and one or more of the six big questions is to waste one of the best opportunities for motivation and management.

I realize that not every compensation decision is easy to connect to a specific performance or behavior that ties to one of the six big questions. And I realize that sometimes an employee gets a two percent raise because that's all that his or her manager could get for that person. In those situations, it is critical that leaders are clear with employees about the disconnect between performance and financial reward and that they work to eliminate that disconnect.

RECOGNITION

As important as compensation and rewards are, they aren't the most effective or important means of motivating people in a healthy organization.

Real-Time Recognition

One of our consultants was working with the leadership team of a nonprofit company that was focused on finding ways to reinforce the company's values through rewards and recognition, both formal and informal. As the leaders were discussing the various employees in the organization, one woman, a very junior employee, was mentioned for her amazing work on a big project and how she had clearly demonstrated the company's values.

Our consultant asked the company's leadership team, "So, have you told this woman that she's doing a great job and that you think of her as an example of what you want from other employees?" Much to the consultant's surprise, the executives sheepishly shook their heads.

"Okay, let's bring her in here." The executives in the room wondered if he meant what he said, so he continued. "I'm serious. Go get her right now, and tell her the things that you just told me about her."

> A few minutes later, the woman came into the room where the executive team was meeting. She seemed confused, and even a little petrified, about why her presence had been so urgently requested, especially when they asked her to take a seat in the front of the room facing the entire team.
>
> For the next few minutes, the team asked her questions about what she had done and gave her a chance to explain the project and her role in it. Then they began telling her how much they appreciated her actions and how she had been a real role model for the rest of the organization in living the values.
>
> Clearly emotional, the woman almost cried. After she collected herself, thanked the team, and left, our consultant didn't need to say much. He just asked the leaders if they thought that woman would continue to be a champion of the values. Of course, they agreed she would, and they committed to doing more direct, informal recognition in the future.

I like to explain to clients that when leaders fail to tell employees that they're doing a great job, they might as well be taking money out of their pockets and throwing it into a fire, because they are wasting opportunities to give people the recognition they crave more than anything else. Direct, personal feedback really is the simplest and most effective form of motivation.

So why isn't this more common? For one, many leaders convince themselves that employees are motivated primarily by money. As a result, they discount the impact of authentic and specific expressions of appreciation and focus instead on financial rewards like raises and bonuses. Additionally, I think many leaders are a little embarrassed by giving praise and are afraid that employees will discount it as a cheap replacement for financial rewards.

What leaders need to understand is that the vast majority of employees, at all levels of an organization, see financial rewards as a satisfier, not a driver. That means they want to receive enough compensation to make them feel good about their job, but additional money doesn't yield proportionate increases in their job satisfaction. And while they're not going to turn down an offer of more money, that is not what they're really looking for. In fact, gratitude, recognition, increased responsibilities, and other forms of genuine appreciation are drivers. That means an employee can never really get enough of those and will always welcome more.

Most organizations simply assign too much importance to financial compensation and too little to the other side of the equation. They often do this because they believe that people who leave their organizations are doing so because they want more money. This is an understandable mistake because that is what many employees say during exit interviews when they've already made up their mind to leave. However, almost no employees willingly leave an organization where they are getting the levels of gratitude and appreciation that they deserve just to make a little more money, unless, of course, they are so grossly underpaid that they can't justify staying in the job for the sake of their livelihood.

Anything for Retention

A friend of mine worked for a management consulting firm for about six years. He was paid well, but after putting up with as much neglect and politics as he could stand, he finally decided to leave.

When he was called in for his exit interview with a senior manager who had never taken an interest in him before, he was asked, "What could we have done to keep you here longer?"

My friend was a little stunned by the hollowness of the question. After a moment, he just smiled and replied, "Anything."

I tell this story not only because it demonstrates the importance of nonfinancial factors in job satisfaction, but also because I think it's funny.

The lesson for leaders is not that they should be cheap, but rather that they understand that the healthiest organizations in the world are not necessarily the highest-paying ones and that throwing money at a problem that would be better solved through improved management is a true waste of resources. What is more, unsatisfied employees who receive greater financial compensation as an incentive to stay in an unhealthy organization feel cheapened by the gesture. And they are usually just as determined to eventually find a better place to work.

FIRING

When I think about firing as a human system, I'm not thinking about it so much in terms of the administrative process that an organization goes through to let someone go. That's not to say that this isn't important; the way people are treated as they leave an organization is critical because of how it affects their life and because of the message it sends to the rest of the organization about how its leaders view people.

But when it comes to building a healthy organization, the most important part of the firing process is the very decision to let someone go. That decision needs to be driven, more than anything else, by an organization's values.

In a healthy organization, a leader who is thinking about letting someone go will evaluate that person against the entirety of the company's values, paying special attention to the core and permission-to-play varieties. If an employee's behavior is consistent with the core and permission-to-play values, there is a good chance that it would be a mistake to let him go. Essentially he has the raw material to fit into the organization and be successful. Instead of firing him, the company should take a closer look at how he is being managed and find a way to give him a chance to succeed.

But if the leaders of an organization are clearly convinced that an employee does not fit the core or permission-to-play values, even if he meets basic performance criteria, they would be advised to gracefully help that person find employment elsewhere.

Keeping a relatively strong performer who is not a cultural fit creates a variety of problems. Most important of all, it sends a loud and clear message to employees that the organization isn't all that serious about what it says it believes. Tolerating behavior that flies in the face of core values inspires cynicism and becomes almost impossible to reverse over time. When leaders take the difficult step of letting a strong performer go because of a values mismatch, they not only send a powerful message about their commitment to their values, they also usually find that the performance of the remaining employees improves because they are no longer being stifled by the behavior of their former colleague.

Addition by Subtraction

Years ago before I started my own consulting firm, I hired a talented guy to join my department. My staff and I were overwhelmed with projects, and I was relieved to have found someone who could lighten the load. He proved to be both competent and hard working, but it was apparent that he didn't share my department's values of teamwork and selflessness. Still, buried with work, I made one of the worst mistakes of my career: I promoted him!

Fortunately, my staff members weren't afraid to tell me that I had blatantly violated our values by rewarding someone who wasn't a cultural fit. I couldn't deny the boneheadedness of what I had done, and decided that I would have to manage the guy to become a better team player.

In just a few weeks, it became clear that he just wasn't interested and that his need for attention was a fundamental part of his personality. Still, he was a talented and productive worker. So I helped him find another job within the larger organization, in a department where his personality and values would be a fit.

Beyond restoring my credibility with my staff members, something very powerful happened: the performance of my team improved substantially. Without that one colleague, someone who clearly didn't fit the department's humble, selfless culture, the rest of the team's excitement and commitment soared. It was a profound lesson, one that I won't forget.

Finally, keeping someone who clearly doesn't fit culturally is almost always a disservice to that person, who knows that he doesn't belong and is usually as frustrated as his colleagues are. Letting him go is putting him in a position to find an organization where he does belong and where he'll be able to thrive.

CHECKLIST FOR DISCIPLINE 4: REINFORCE CLARITY

Members of a leadership team can be confident that they've mastered this discipline when they can affirm the following statements:

- The organization has a simple way to ensure that new hires are carefully selected based on the company's values.
- New people are brought into the organization by thoroughly teaching them about the six elements of clarity.
- Managers throughout the organization have a simple, consistent, and nonbureaucratic system for setting goals and reviewing progress with employees. That system is customized around the elements of clarity.

- Employees who don't fit the values are managed out of the organization. Poor performers who do fit the values are given the coaching and assistance they need to succeed.
- Compensation and reward systems are built around the values and goals of the organization.

Seizing the Advantage

The power of organizational health is undeniable. Even the most skeptical executives I meet don't dispute the advantage they could achieve if they could make their leadership teams more cohesive, align them around the answers to the six questions, and get them to communicate and reinforce those answers incessantly. Indeed a number of healthy organizations have already proven this. Yet the fact remains that organizational health is largely untapped in most companies. But that's going to change.

As more and more leaders come to the realization that the last frontier of competitive advantage will be the transformation of unhealthy organizations into healthy ones, there will be a shift in the mind-set of executives away from more technical pursuits that can be delegated to others and toward the disciplines outlined in this book. Whether that takes place over the next five, ten, or twenty years, I don't know. But it's coming.

For the early adopters of organizational health, the advantages that they will reap will be amplified as they achieve even greater differentiation from their lagging competitors. But there are a couple of factors that they must embrace in order to avoid experiencing false starts and undue cynicism. For one, they'll have to begin the process with a few activities that will give them the initial momentum they'll need to see it through. Even more important, the individuals who lead this process will have to understand exactly what's in store for them.

THE LEADER'S SACRIFICE

By now I've made the point numerous times that many of the ideas I advocate in this book are simple. Well, this next statement will rank right up there with the most obvious piece of advice yet: the person in charge of an organization's leadership team is crucial to the success of any effort to build a healthy organization.

As ridiculously simple as that may sound, I can't help but believe that many leaders still don't fully understand it. All too often they see the tasks related to organizational health as a set of activities that others can handle. Some do this because they want to demonstrate to their staff members that they trust them to do their jobs. That is noble. Others do it because they'd prefer spending time on things that they enjoy more. That's not so noble. In either case, the result is the same: an unhealthy organization.

There is just no escaping the fact that the single biggest factor determining whether an organization is going to get healthier—or not—is the genuine commitment and active involvement of the person in charge. For a company, that's the CEO. For a small business, it's the owner. For a school, it's the principal. For a church, it's the pastor. For a department within a company, it's the department head.

At every step in the process, the leader must be out front, not as a cheerleader or a figurehead, but as an active, tenacious driver.

When it comes to building a cohesive team, leaders must drive the process even when their direct reports are less than excited about it initially. And they must be the first to do the hardest things, like demonstrating vulnerability, provoking conflict, confronting people about their behavior, or calling their direct reports out when they're putting themselves ahead of the team.

The leader must also be the driving force behind demanding clear answers to the six big questions, even when everyone else wants to end the discussion and just agree to disagree. They must be constant, incessant reminders to the leadership team about those answers, challenging them about everything from their behaviors in relation to the organization's values to their commitment to the team's rallying cry.

As tempting as it may be, leaders must not abdicate or delegate responsibility for communication and reinforcement of clarity. Instead, they have to play the tireless role of ensuring that employees throughout the organization are continually and repeatedly reminded about what is important. And they must be on guard against contradictory and inconsistent processes that can confuse employees and against bureaucracy that can creep into an organization when people get complacent.

If all of this sounds daunting, that's because it is. People who lead healthy organizations sign up for a monumental task—and a very selfless one. That is why they need to relinquish their more technical responsibilities, or even their favorite roles, that others can handle. Because when an organization is healthy (when the leader at the top is doing his or her most important job), people find a way to get things done. When an organization is unhealthy, no amount of heroism or technical expertise is going to make up for the confusion and politics that take root.

The truth is, being the leader of a healthy organization is just plain hard. But in the end, it is undeniably worth it.

FIRST CRITICAL STEPS

In order to give their organizations the best possible chance of succeeding in these efforts, a team must engage in a few vital initial steps to get momentum started.

The first of those is setting aside time to launch the process. What I'm talking about is an *initial off-site,* a couple of days away from the office —productive, intense, non-touchy-feely days—working on the first two disciplines of building team cohesion and creating clarity. At the end of those days, the team will emerge with a heightened sense of trust and collaboration (trust me, they will), as well as some solid, if not completely refined, answers to the six critical questions.

After that initial off-site, the team will need to put together a *playbook*, a short summary of those answers and a few other items related to how the team behaves and how it will go about working together going forward. And once the information in the playbook has been finalized and the answers fully agreed on by the team, the next step will be to properly communicate it to the rest of the organization. This will require some kind of *initial communication*, followed by ongoing reminders from leaders using every form of communication at their disposal. And finally, the leadership team will need to spend time, probably a fair amount of time, *designing systems* to reinforce the information from the playbook by embedding it into every process that involves people.

Every team, every organization, will go about the organizational health process in slightly different ways. And that's a good thing. A rigid, one-size-fits-all approach usually ends up fitting no one and makes it likely that teams will abandon a program because it becomes too onerous. However, these initial steps, which take anywhere from one to six months depending on how much time and energy leaders allocate, are absolutely essential. Once the leaders get through these steps, they will have created so much momentum that it will be hard for them to grow complacent and let the process atrophy.

Of course, their work is not over. It never is. Like a marriage, it requires ongoing attention and effort: maintaining a cohesive team, revisiting the answers to the six questions, overcommunicating and reinforcing them. But leaders in healthy organizations rarely lament having to invest time and energy in that effort. In fact, they almost always come to enjoy it because they see the extraordinary benefits it produces regardless of how simple or unsophisticated it may seem at first glance.

ULTIMATE IMPACT

Finally, it's certainly worth acknowledging that the impact of organizational health goes far beyond the walls of a company, extending to customers and vendors, even to spouses and children. It sends people to work in the morning with clarity, hope, and anticipation and brings them home at night with a greater sense of accomplishment, contribution, and self-esteem. The impact of this is as important as it is impossible to measure.

At the end of the day, at the end of our careers, when we look back at the many initiatives that we poured ourselves into, few other activities will seem more worthy of our effort and more impactful on the lives of others, than making our organizations healthy.