How to Connect for Competitive Advantage

Leadership in Action *was contacted recently by Jackie Sloane, an executive coach who has a keen interest in the power of relationships for achieving results and producing change. She and two colleagues—Ruth Reiner, an independent organizational development consultant, and Donna Hapac, a senior organizational development consultant at International Truck and Engine—had facilitated a discussion of this issue with three leaders experienced in major organizational change: Jeff Blade, vice president of finance for the U.S. operations of Cott Beverages; Catherine Buxton, former senior vice president of CNA Small Business; and John McKinney, vice president of manufacturing, reliability, and quality at International Truck and Engine. Also taking part and involved in convening the group was Melissa Giovagnoli, president of Networlding and coauthor (with Jocelyn Carter-Miller, chief marketing officer of Office Depot) of* Networlding: Building Relationships and Opportunities for Success *(Jossey-Bass, 2000).*

Sloane thought the readers of LiA *and the faculty at CCL might be interested in this discussion. It's highly likely that the former will be, and it's certain that the latter will be because a number of them have been*

Editor's note: In Focus is an occasional series that takes close looks at specific topics of importance to leadership and leaders.

investigating the interaction of relationships and leadership as a part of their work on connected leadership (see LiA, *March/April 2003, 23[1]).*

The conversation lasted more than two hours, so it can't be reproduced here in its entirety. (Interested readers can acquire a full, edited transcript, plus more information on the participants, by visiting www.sloanecommunications.com, sending an e-mail to jackiesloane@comcast.net, or calling 773/465-5906.)

Following are some highlights of the conversation, along with comments from Sloane about the direction of the discussion. Following these excerpts is a commentary on the discussion by Wilfred Drath, a research and development director at CCL.

JS comments: *The discussion centered on exploring the importance of relationships to effective leadership and sustainable organizational success. Overall, participants considered relationships and the way people relate to one another to be fundamental to an organization's competitive advantage.*
CB: Sustainability of a competitive advantage is the hardest thing to do. That's really where I see the potential and the opportunity, in terms of making a more successful organization and achieving objectives.
JM: How we work together is our competitive advantage. That's our core competence.
MG: I have found that our relationships not only connect to the bottom line but also drive the bottom line.

JS comments: *Given that relationships are so important, what is the foundation of productive working relationships in an organization? In this discussion consistency in expressed and stated values was seen as fundamental to sustaining competitive advantage. How leaders embody values—in what they say and what they do—and how they use the organization's stated values to make sound business decisions literally defines the culture (which is essentially a network of relationships and their inherent social practices) and what is possible in the organization.*
JB: I think this is the challenge: How do we always go back to values? How do we use them as a touchstone? How do we look at them on a daily basis—because things change. My sense is that the values are a way to create an environment. Whether or not people focus on them, they affect people. You can have a sick environment or a healthy environment. And it's going to show up in results.

JS comments: *Coherence in an organization's stated values and how people actually operate, especially in tough situations, is fundamental to a fabric of trust that can be a foundation for healthy debate, resourcefulness, and creativity. This was seen as particularly vital to a successful change effort.*
JB: There are a lot of organizations that say: "People are our most important asset. We value people." But there's a big difference between *say-*

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ing that and having a culture that actually *lives* that.

JS comments: *Relationships are living, evolving things that must be cultivated. Beyond strategy, policies, and processes, and the stated mission and values, the way people relate to one another can be generative or perfunctory.*

JM: One of our values [at International Truck and Engine] is respect for people. At one level that can mean I'm nice to everybody. And that's good to be cordial, but what does it really mean? Another way to show respect is to let people get involved, trust them, and let them take on responsibility. Leaders need to keep taking things to a different level. In the case of values, they need to continually ask, "What do they mean in this instance? What do they truly mean?" Having groups talk about that is important, as is being able as a leader to model the values to groups and to be inquisitive, have a curious mind. I find that to be exciting and invigorating.

MG: I think the rigor of consistently modeling effective and desirable leadership behavior is a bit challenging for some people. For some leaders in some organizations and in some cultures, there is a fear that they will not be able to connect with answers to those questions of what does that value mean in this instance and what does it mean to the business itself.

JS comments: *It was agreed that not everyone has the relationship skills or is up to the rigorous work needed to take into account how the way we do things affects the result.*

CB: People often don't understand the enormous matching of people values and business results that this would take. That's what they get frustrated with.

JM: Another thing that people think is, "I have to manage that?" Often the manager is hesitant because he or she thinks, "I've got to control where it goes."

JS comments: *As we discussed the importance of being aware of what actions and words express to people and the importance of accountability to productive relationships, the role of fear and its impact on leadership and results was discussed. People mentioned the fear associated with being truly accountable and the tendency to do what "looks good" as opposed to what promotes real success. A question was raised: What can organizations do about fear?*

JM: I think we need to create environments where there are fewer consequences for failure.

> **Relationships not only connect to the bottom line but also drive the bottom line.**

CB: Yes.

JB: Ultimately what I think a lot of people have in the back of their minds is, "Wow! I may get fired from this job." For everybody, at some level, that is a big fear. I've been in a lot of roles where we've been changing organizations, and clearly not everyone who is a part of an organization is going to be part of that organization's future. Especially if you're making people change behaviors. So part of what we tried to establish in our discussions was about *fit.* Whether this organization is the right place for specific individuals to be at this time.

JM: We had planned for a huge facility. We measured everything. We said to our people: "You're in control. So we'll let you report it. But we have this stoplight—red, yellow, green. If it's green, it's fine. But if it's red, it's bad, and we have to do something. Or if it's yellow, it's cautionary." We used to have people come in the room and report on red. One day, we were in the room and I said: "Wait a minute. Time out. *You're* not red, you're doing great. It's the *process* that's red." We took things apart. We said, let's put the metrics on this wall. The metrics are a result. But they're not what we're doing, the actions, the way we treat one another. We do those things and then we watch those results. And that's an opportunity to learn. And that's where people said they were okay to report exactly that: "Hey, I'm not doing this very well." Because at times we found that people weren't putting that forward. There's that fear.

JS comments: *In the past it was a commonly held belief that emotions have no place at work. But cultivating and leveraging authentic human relationships, particularly where there must be a good deal of communication involving the exchange of ideas and information and the discussion of problems, must include the emotional side of being a human being.*

CB: Nothing happens until you're dealing with the emotional effect. I once worked in a company that didn't exactly understand that. And that was reflected in the kinds of decisions that sometimes were made. They didn't account for the impact on people first and foremost.

JM: Not only that, but until you get to the passion, how much of people's potential are you really going to see? Twenty percent? Thirty percent? Are you going to see anything close to all their potential?

JS comments: *It was suggested that another way organizations can address fear is to design jobs well so employees will know how what they do impacts organizational objectives,*

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customers' experiences, and the quality of products. They can then understand what is under their control that they can impact.

WILFRED DRATH COMMENTS

The participants in this interesting and lively conversation explore the importance of relationships to leadership. Drawing on their personal experiences, they offer a number of explanations why relationships are so important. One especially interesting aspect of this conversation is the way their explanations circle around two different ways of understanding relationships and thus two different answers to the question of why relationships are important to leadership. It would be helpful to spell out these alternative answers, especially as people think about how to make leadership more inclusive and shared.

Let's look at two answers to the question of why relationships are important to leadership.

Answer 1. Relationships are important to leadership because relationships form a link between leaders and followers. Leaders cannot effectively influence others to act in certain ways unless there is a strong relationship link characterized by respect, caring, and trust between leaders and followers.

Answer 2. Relationships are important to leadership because relationships, not leaders, are the source of leadership. Leader, follower, influence, trust, and every other aspect of leadership are empty of meaning except as they are embedded in ongoing relationships.

Cities and Roads

Answer 1 rests firmly on the commonsense and taken-for-granted assumption that people are like cities and relationships are like roads linking the cities. People are like cities in that each person contains within his or her "city limits" everything needed to make a complete person: character,

personality, values, thoughts, and emotions are all contained within the person. In the same way meaning is also contained within the person: we are used to talking about "your meaning" and "my meaning" and the ways in which we understand or fail to understand each other's meaning.

The view of leaders that follows from this cities-and-roads way of understanding relationships is that leaders are people who contain within their city limits a quality called leadership. For this quality to become effective it must travel along the roads of relationships and enter the city limits of followers; in other words, leaders produce leadership by "driving" the leadership that is within them toward others.

> **Relationships themselves are the source of leadership.**

From this Answer 1 perspective, relationships are understood as tools that leaders use to link themselves to others and express their leadership. This perspective is evidenced in the conversation when the participants talk about the need for leaders to engage in "cultivating and leveraging" relationships. When they talk this way, they seem to see leaders as needing to create relationships (roads that link them to others) that are wide, clear of obstructions, well marked, and smooth, so that leadership can flow effectively from leader to follower (and from follower to leader). The conversation touches on how leaders can create these kinds of good-road relationships by matching their espoused values and their enacted values. The idea that leadership is contagious fits this Answer 1 perspective in the sense that leader-

ship can flow around among leaders and followers on clear and unobstructed relational roads.

Garden Variety

If Answer 1 involves the metaphor of relationships as roads linking self-contained cities, Answer 2 sees relationships as the seedbed of a garden and individual people as flowers growing in this garden. In this image, relationships don't link people the way roads do. Relationships are instead the matrix of life-giving soil in which people live. People are embedded in relationships like flowers are planted in a garden. Just as a living flower is inseparable from the soil in which it grows, people are inseparable from their relationships. Instead of seeing people as cities that contain within themselves everything needed to be a person, and relationships as the roads that link them, Answer 2 sees people and relationships as mutually generative and co-creative. Relationships are the life-giving source of the person, of character, personality, values, thoughts, and emotions; like a flower cut from its roots, a person without relationships is empty of live-giving meaning.

This view suggests that leadership cannot be a quality contained within a person called a leader. If there is nothing "in" a person that is not "in" his or her relationships, leadership must be in the relationships, not in the person. So relationships themselves are the source of leadership (and in fact of everything meaningful). From this perspective, relationships are not tools that leaders use to express "their" leadership. Instead, relationships are the very ground out of which leadership emerges.

This is where the conversation really gets interesting. When the participants talk about there being "a way people relate to one another [that] can be *generative* or *perfunctory,*" they seem to be pointing to the difference between seeing relation-

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ships as tools used by the individual (Answer 1) and seeing relationships as the matrix in which people live, think, feel, and interact with one another (Answer 2).

If Answer 2 is applied to leadership, we get a very different picture of how leadership works and the role of relationships in leadership. Answer 1 leads to the belief that leadership starts with the leader and flows via the relationship to followers. Answer 2, however, leads to the belief that leadership starts in the relationship itself and flows from the relationship to the leader and followers. So from the perspective of Answer 2, leaders don't create leadership but are instead *created by* their participation in leadership-generating relationships. And

the same goes for followers. From this perspective, leadership is contagious, in the sense that all who participate in leadership in an organization share the meaning flowing from their common seedbed of relations.

The conversation's most interesting and exciting moments happen when the speakers seem to be understanding leadership and relationships in line with Answer 2. When John says, "How we work together is our competitive advantage," he is recognizing that the particular and unique relationships of his company form a generative matrix that no other organization can imitate. The general principles of leadership can be taught and learned by anyone, but the unique, evolving, living relationships of actual people

cannot be. The leadership that is created in such relationships is unique to that group of people, to that company, and has the potential to provide a competitive advantage. This same point can be applied to Melissa's comment that "our relationships not only connect to the bottom line but also drive the bottom line."

This conversation contributes valuable ideas to thinking about how leadership can be made more inclusive and shared. I believe that the success of this effort depends on more people letting go of the commonsense way of understanding relationships represented by Answer 1 and taking hold of the sometimes counterintuitive view of relationships offered by Answer 2. ✍

The Challenges of Leading a Dispersed Team

working together to make decisions. High-performing teams have effective decision-making processes in place. Team members know when the whole team needs to make a decision and when it's okay for the team leader or a small group within the team to make a decision. They understand and accept the decisions made because they understand and accept the process. But those processes don't just happen. Facilitating effective decision making on a team is a primary challenge for any team leader. But for leaders of dispersed teams, the challenge becomes even more complex because of the difficulties of bringing the team together.

Separation by distance, time, and sometimes culture makes it hard to build consensus on and understanding of a team's decision-making process. If the whole team needs to decide on an action, for example, the decision might be delayed because of the planning and time needed to set up a virtual meeting or bring team members

together face to face. If the team leader or a small group of members makes a decision, it's possible that the decision will be misunderstood by other team members because of language or cultural divisions.

Conflict Resolution

It's almost inevitable that a team, whether local or dispersed, will experience some type of interpersonal conflict among its members. Depending on how it is managed (or not managed), such conflict can be either a positive or a negative influence on team effectiveness. Because dispersed teams are separated by distance and often time, it is difficult to bring conflict out into the open for discussion and to resolve the issues that give rise to it. Without the face-to-face immediacy characteristic of local teams, conflict in dispersed teams can remain hidden or grow unchecked.

The leader of a dispersed team may find that he or she is the only member willing to address an evolving conflict and to work to resolve it. It's up to the leader to pay attention to the team's

evolving notions of dealing with conflict and to ask team members to look at how their methods of handling disagreements benefit or harm the team's performance. By reviewing with team members the common components of conflict and by planning a process for managing conflicts, the team leader can reduce the negative consequences and emphasize the positive outcomes of conflict.

GETTING THE MOST

The similarities between local teams and dispersed teams suggest that organizations and team leaders can use what they already know about local teams to form and manage dispersed teams successfully. But leading a dispersed team presents unique challenges. If organizations and their leaders aren't sure about why or how to use dispersed teams, or if they don't have the resources to back them properly with the right technology, people, and training, they won't realize the full potential of these collaborative units. ✍

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