The Advantage

WHY ORGANIZATIONAL HEALTH TRUMPS EVERYTHING ELSE IN BUSINESS

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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" (p. 1).

All organizations want to succeed, but whether or not they sustain success and continue to grow long term can be seen in how they handle organizational wellness. Lencioni warns leaders that before they can truly embark on the path to organizational wellness they must overcome three biases.

The *Sophistication Bias* occurs when leaders believe that organizational health is far too simple to be truly effective. The *Adrenaline Bias* occurs when leaders are used to dealing with urgent issues all of the time, and refuse to slow down enough o deal with the critical issues of organizational wellness. Finally, the *Quantification Bias* is when leaders refuse to see anything that cannot be tangibly measured as having the ability to affect change in the company.

Once a company has overcame these biases, they must be **smart** and they must be **healthy**.

A smart organization is one that has the expertise in their field to be successful in a competitive market. It is as Lencioni calls it "permission to play". That is having the intelligence gives the person or company permission to enter into the market, but does little to ensure lasting success. The health of an organization can be measured by looking at the levels of "confusion, and politics, high degrees of morale and productivity, and very low turnover among good employees"(p.5).A company that is healthy will get smarter and more productive over time.

On the other hand, a company that is unhealthy will cost money and time. The organization will see "wasted resources and time, decreased productivity, increased employee turnover, and customer retention" (p. 13)

The Four Discipline Model
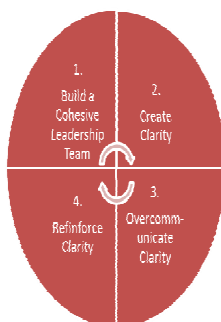
1. Build a cohesive Leadership Team: the people in charge must agree and behave as though they are cohesive in five fundamental ways.

2. Create Clarity: The team must also cognitively agree on the answers to six critical questions.

3. Over communicate Clarity: Lencioni says that once clarity is reached it leaders "...must then communicate those answers to employees clearly, repeatedly, enthusiastically, and repeatedly (that's not a typo)" (p.15).

4. Reinforce Clarity: everything involving people must revolve around reinforcing clarity.

Discipline 1: Build a Cohesive Leadership Team

The leadership team must consist of a "small" group of people who are *collectively responsible* and have *common objectives*.

Small: between 3 and 12 people

Collective Responsibility: selflessness, and shared sacrifices from team members

Common Objectives: no one on a cohesive team can pass the blame onto another team member

There are five steps to becoming a cohesive team; not one of them can stand alone, but the lack of one can cause a team to break down.

The Pyramid shown here shows what behaviors a team must display and the order of their importance: every team is built on trust, without trust, the team cannot function.

Behavior 1: Building Trust

> "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" (P. 28).

In order to function as a team, all members must have what Lencioni refers to as *vulnerability-based trust*. In order for this to exist all people on the team (beginning with the leader) need to become vulnerable. People need to leave their pride at the door and be willing and able to share openly about their: mistakes, need for help, wishes, successes, and apologies. However, this is not easily accomplished.

Sharing with the team about each others' past and how it has affected the people they have become is the first step on the path to vulnerability. This exercise does not take a lot of time, but is invaluable when teams are given the opportunity to get to know more about the hardships and realities of their teammates.

Profiling comes next. This is when team members are asked to fill in a personality profile about themselves, and share it with the rest of the team. We are all human which means that we have some natural tendencies and some learned ones. "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" (p. 31).

The fundamental attribution error affects team trust if it not dealt with up front. This occurs when people assume that bad behaviors in others are because of that person's personality, but their own negative behaviors are a result of environmental factors. Therefore, team members must seek to understand each other on the most basic level.

Teams do not have to worry about being too vulnerable with each other. "The only way for teams to build real trust is for team members to come clean about who they are, warts and all" (p. 35).

The leader goes first in order to clear the path for the team members behind him. This helps members to build trust in their leader and to see that they will survive the exercises along the way.

When teams have truly built a foundation of trust they are ready to work on the mastery of conflict.

Behavior 2: Mastering Conflict

The presence of trust within a team allows the team members to engage in productive conflict around critical issues. The avoidance or fear of conflict within a team can be a sign of deeper problems.

With conflict comes discomfort, the trick for every leader and team member is not to run from the discomfort, but to endure it while maintaining dignity for all. Avoiding conflict as a leadership team causes unresolved tension or misunderstandings to trickle down throughout the rest of the employees in the organization. Unresolved issues do not go away, they go underground and rumble through the

team, causing increased frustration around certain topics and eventually around certain people. There is no doubt that there will be different personalities among team members, those who do not shy away from conflict and those that do, referring back to the personality profiles will help team members understand each other through the process. Leader need to arm themselves and their teams with a number of tools when encouraging team members to express their disagreement.

The first of these is *mining for conflict*. This is done when leaders sense that there may be some members who

have not voiced their concerns. Leaders need to simply invite the team members who are withholding to give voice to their concerns, and work through them. Next, giving people immediate positive reinforcement when they do voice concerns is called, *real-time permission*. Of course, great leaders will have worked out some guidelines for how conflict should occur amongst team members prior to encouraging them to engage in it. Finally, teams that avoid conflict may still have issues of trust lurking in their undercurrents. Once a team has conquered this, they are able to work towards commitment.

> **"When there is trust, conflict becomes nothing but the pursuit of truth" (p.38).**

Behavior 3: Achieving Commitment

People want to feel as though they have played a part in making decisions. Leadership team members who avoid conflict cannot commit to a decision because they do not feel like they have had input in making it. Lencioni suggests that leaders adopt the "disagree and commit" philosophy with their teams. In order to be successful with this, leaders must encourage the members to voice their concerns, and give everyone at the table a chance to say their part, giving the team everyone's perspective before making a final decision. Then, team

members know that they must commit to whatever decision is made around the table even if they do not fully agree with it. Otherwise teams may leave the table with members who are not willing to support a decision, thus entire departments within the organization also not supporting a decision.

Once teams have come to a decision, they must make *specific agreements* before parting ways. Leaders want the team to walk away from the table having the same understanding of what decision were made. Therefore, the team needs to adopt the practice of

wrapping every meeting up with the common understanding of what has been agreed to and what they are committed to do. Finally, the leadership team must go directly to their departments after the meeting and communicate what has been decided. "When team member know that they are going to have to stand in front of the people they lead and vouch for a decision, they are more likely to push back on that decision if they don't understand it or don't agree with it" (p.51). Once the team has reached commitment, they can work on ac-

Behavior 4: Embracing Accountability

> **"Peer to peer accountability is the primary and most effective source of accountability on a leadership team"** (p. 54).

In every team there will be times when members stray from the original goals of the team. Whether members do this because of personal agendas, or because they have gotten caught up in daily distractions, the team's job is to call its members out.

Because the team will have worked through the trust and commitment phase, members know that each of them is committed to the team's goals. Therefore, they con confront deviant

behaviors without being worried about the person becoming defensive. Rather, the team member will be willing to admit they have strayed, and adjust their behavior. Leaders must always take the first step as a way of demonstrating how to do something, and that it is okay and encouraged for members to follow their lead. Lencioni refers to this as *overcoming the "wuss" factor*. The leader who is willing to hold people accountable becomes less likely to have to step in because team members will follow their lead. Those leaders who are reluctant to hold people accountable because they think of themselves as kind need to be reminded that they are withholding information that could help someone perform better in their position. Thus, withholding information is not kind but selfish.

The most important things to hold employees accountable for are their behaviors, not their performance. Poor behaviors inevitably lead to decreased performance. Should this be done publicly or privately? Lencioni suggests that unless it is a severe case, it should be done publicly because there are benefits to the team that do not occur if it is in private. All members will receive the same message at the same time allowing them to avoid making similar mistakes, they are not left wondering whether or not the boss is doing his job, and it reinforces the culture of the group.
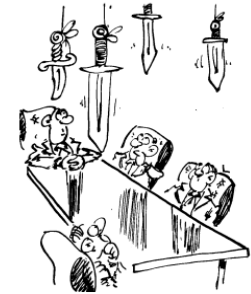
> **"To hold someone accountable is to care about them enough to risk having them blame you for pointing out their deficiencies"** (p.57).

Behavior 5: Focusing on Results

Finally we have reached the ultimate goal of all of the four previous behaviours: achieving results. Team members need to stay focused on the results of the organization as a whole and not those of individual departments, or bettering their own careers. Great teams work together, selflessly, to achieve their goals. Lencioni calls this mentality *team number one*. That is, ensuring that members all understand that regardless of which department they are working towards their top priority is to the leadership team and organization as a whole.

Discipline 2: Create Clarity

Leadership teams hold the responsibility of com-municating and aligning their departments to work towards achieving the organizations goals. Therefore, when team members are not completely aligned with their goals and aspirations, they cause their employees to work against each other. This is where many organizations create their mission statements and claim to be aligned. However, "alignment and clarity cannot be achieved in one fell swoop with a series of buzzwords and aspirational phrases crammed together. It requires a much more rigorous and unpretentious approach" (p.76).

Organizations must reach agreement around six critical issues using simple language, as descriptive of what they do as possible, at the same time. They are:

Why do we exist?
How do we behave?
What do we do?
How will we succeed?
What is important, right now?
Who must do what?

It is important to take time to allow members to think on the answers to these questions. There is no right or wrong answer, the key is finding agreement on all of them prior to sharing the answers with anyone outside of the team. Doing this will avoid communicating inaccurate information to the clients or employees of an organization; both of which would be

Question 1: Why do we exist?

This needs to be a very basic statement about how the organization **truly** makes the lives of the people it serves better. This purpose can be in any of the following categories: *customer*, where the purpose is serving the customer's needs, *industry*; its purpose is all about bettering the industry, *greater cause*; when the purpose isn`t about what the organization does, but about a connection it has, *community*; purpose is about making the place better, *employees*; when the purpose is about making the lives of the employees better, or *wealth*; when wealth for the owners is the purpose.

Question 2: How Do We Behave

Core values should guide employee behavior at all levels. An organization that stands behind its core values in every decision it makes naturally attracts the right kind of employees and customers. It is important that an organization pick no more than 3 core values to represent their organization. No organization can be successful and truly say that they stand behind all of their core values if there are too many. The purpose of setting them is to cre-ate clarity. Setting too many makes the organization's purpose unclear.

There are four different kinds of values that Lencioni has identified. The first and most important are the *core values*; the two or three values that define the

heart of the organization. Next are the *aspirational values* these include things the organization wants to be. These do not come naturally, but must be actively sought as a part of the culture. Next come the *permission-to play* values. These are the behavior goals. They are the organization's minimum standards. Last are the *accidental values*; those that have formed over time, but do nothing at all to fulfill the company's purpose.

Question 2: How Do We Behave cont'd

Now leadership teams need to isolate core values, and name them. A core value can be identified as:

- having been around for a long time

- needing little to no provocation

- if the company thinks it can claim that it is more committed to that value than its competitors.

Once they have been identified, they must be given unique names that have not been excessively word-smithed. Ensuring that the names reflect what the company does or how the employees are expected to behave and talk..

"Individual commitment to a group effort -- that is what makes a team work, a company work, a society work, a civilization work." Vince Lombardi

Question 3: What do we do?

Every organization has a destination for their business. What organizations need to do here is to create a one-liner that explains (very simply) what it is the organization does.

This definition should answer why the company exists, and what the company does. It can change overtime, if the market changes and requires it to do so, otherwise it remains unchanged.

Question 4: How will we succeed?

"An organization's strategy is nothing more than the collection of intentional decisions a company makes to give itself the best chance to thrive and differentiate from competitors" (p.107).

As teams work toward answering this question they will see that they are strategizing for their company. These strategies must be anchored in a plan for success. The process for finding those anchors can be long and is not a linear process. Teams need to identify what decisions they make to set themselves apart from their competitors in every aspect of their company. Next, they must find search to find patterns that will give them clues as to their anchors. All discussions around this patterning are important in created commitment amongst team members to the final product of strategic anchors. These anchors need to have a lifespan that has **both** a beginning and an end.

At times the team may have to make decisions that don't conform to the anchors. They are usually small and tactical, but must be identified upfront and honestly with the employees. However,

Many leadership teams struggle with not wanting to walk away from opportunities. Strategic anchors give them the clarity and courage to overcome these distractions and stay on course" (p. 117).

Question 5: What is most important, Right Now?

"Every organization, if it wants to create a sense of alignment and focus, must have a single top priority within a given period of time" (p. 120). The one thing that should be at the top of everyone's priority list is a *thematic goal*. This goal is **singular**, **qualitative**, and **temporary**, *and* **shared across the leadership team**.

Members of the leadership team must then work towards *Defining Objectives*. These consist of four to six steps for achieving the goal.

Next, come the *Standard Operating Objectives* which Lencioni refers to as the

"Leaders' day jobs". They are easily defined by the team, and consist of listing all of the different areas the leaders are responsible for.

The suggested time frame for each thematic goal is 3-12 months,. Next comes the assigning of tasks.

> **Each team member should walk away from the meeting with one sheet of paper outlining the *Thematic Goal, Defining Objectives,* and the *Standard Operating Objectives* .**

Question 6: Who must do what?

Once leaders have reached this point it is time that they decide who will be responsible for which portion of the defining objectives that they set out. Another way of looking at it is to define the organizational chart of the company.

Now teams are ready to create a report of what they have created to-

gether.; summarizing the answers to the six questions. This needs to be clear and concise. Its purpose is to serve as the company's playbook that leaders (coaches) use daily in their discussions and decision making in their departments.

Discipline 3: Overcommunicate Clarity

It is the job of the leader to not only embrace the answers to the six key questions in Discipline 2, but to ensure that employees at all levels internalize them as well. Unfortunately this is easier said then done. People need to be exposed to things many times if they are to internalize them, and leaders tend to transfer information in meetings and walk away believing that they

> **"Great Leaders see themselves as Chief Reminding Officers as much as anything else"** (p. 143)**.**

have done their job. In reality, they must take every opportunity in every communication to repeat themselves. Not only will this ensure that employees will begin to internalize the message, but they will see that the leaders believe that what they are saying is important enough to repeat, not once; several times.

Lencioni introduced *cascading communication* as an excellent tool to transfer truths through an organization. This occurs when leaders leave their meeting with clear messages that they then immediately deliver to their department heads, who then deliver it to the employees they are directly in charge of, and so on. When employees in every aspect of the organization hear the same messages, at the same time they are more likely to believe that

Discipline 3: Overcommunicate Clarity Cont'd

Leaders need to communicate with their departments in person if at all possible. This allows employees the opportunity to see the body language that goes along with the communication and to seek clarity if needed. What employees want is "consistent, authentic, and relevant communication" from their leaders. Believing that this can be done through internet sites, email or newsletters is a deadly mistake for any leader.

Opportunities for upward and lateral communication become less important to the health of an organization when the leadership team is well aligned. It still serves its purpose, but employees are not as ready to point out a need for it when they are all receiving the same timely messages from their leaders in face to face information sessions.

Discipline 4: Reinforce Clarity

Leaders cannot be everywhere at all times to ensure that the people within their organizations are abiding by the company "playbook" . Instead, they need to ensure 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" (p.153).

> "An organization has to institutionalize its culture without bureaucratizing it" (p. 154).

> "Human systems give an organization a structure for tying its operations, culture, and management together, even when leaders aren't around to remind people" (p. 155).

Recruiting and Hiring: There needs to be a balance in the hiring process between allowing for 'gut feelings' and structure to inform about skills and cultural fit for the company. There needs to be just the perfect amount of structure to ensure that the process is adhering to core values, and no more.

Interviewing: The purpose of the interview needs to be to see how candidates will perform in situations similar to those where they will be required to work. An important piece of the process is whether the person will fit in the culture of the organization or not.

Orientation: This is the organization's opportunity to have influence over their new employees while the employee is at its peak in energy and interest. They need to capitalize on this by sharing the playbook with the person, and enlightening them on where they fit into the team.

Performance Management: clarifying roles. This is when mangers and leaders have the opportunity to clarify how an employee can better serve the company by eliminating any confusion about performance that may exist.

Discipline 4: Reinforce Clarity cont'd

Compensation and Rewards: The best way to reward employees is to make sure that they are being rewarded for working towards the thematic goal of the company. They must be "...simple, understandable, and, most important of all, clearly designed to remind employees what is important" (p. 165).

Recognition: People want to know that what they are doing is important and how they are contributing to the organization's success. Providing this information to them in a timely, honest way is the most effective way to provide recognition.

Firing: organizations send messages to the people leaving the position, the employees staying with the company, and other people connected to them when they release an employee. Employees who fit in with the core values of an organization should be kept within it. However, those who do not need to be helped to find a new position where they can fit in. Usually these people have the technical ability to perform, but cannot reach their full potential in an organization where they do not fit in. Likewise the organization/team cannot reach its full potential when a team member is weak.

> **"Keeping a relatively strong performer who is not a cultural fit sends a loud and clear message to employees that the organization isn't all that serious about what it says" (p. 170).**

The Centrality of Great Meetings

Lencioni recommends four types of meetings. They include: *daily check-ins, weekly staff, adhoc topical, and quarterly off-site review.*

The *Daily Check-In* is designed to get staff talking and to solve simple tactical issues to keep them off the staff meeting agenda. The take place in the morning and last no longer than ten minutes each day.

Tactical Staff Meetings these meetings must include healthy teams of people working on a 'real-Time agenda'. This agenda is created during the first ten minutes of the meeting with input from each member about important issues, then the leader goes through the one page summary of the thematic goal so that the

meeting can be prioritized and team members can evaluate where they are at in each of the areas on the scorecard.

Adhoc Topical Meetings : these are separate , longer meetings designed to resolve deeper issues that may affect an organizations success. Leaders need to ensure that they schedule these meetings regularly as they feed the creativity and enthusiasm of the employees.

Quarterly Off-Site Reviews: these need to occur off-site and be focused on taking a step back to review how the organization is doing in respect to its 'playbook'.

At the end of **every** meeting members must clarify what

> **"If someone were to offer me one single piece of evidence to evaluate the health of an organization, I would want to observe the leadership team during a meeting" (p. 174).**

messages they are to bring forward from the meeting.

> **"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" (p. 191).**

How can we as employees encourage our leadership team to follow Lencioni's lead for the wellness of our organization???