

Why a Healthy Business Beats a Smart Business

- I. I used to think if you..., you'd be successful.
 - a. Had processes to take the guess work out of everything
 - b. Had better management software system
 - c. Had that know piece of equipment to increase productivity by 10% or more
 - d. Had a better team. Had a better leader
 - e. Had a team who had open conversations, conflict, with vulnerability, respect and everyone accountable
 - f. If you were just smarter
- II. Being smart is overrated
 - a. Most companies hire smart people
 - b. Most companies know how to organize people to get the best work out of them
- III. We all want that until we realize to achieve this,
 - a. it is a little messy,
 - b. a little emotional,
 - c. kind of uncomfortable
 - d. a bit confrontational, and we all back off.
 - e. We've all seen this go poorly. There are teams competing against one another for power, status, resources or information against the others. Very few leaders don't see this dysfunction isn't crippling the orgs ability to succeed. It is about creating a culture where the people work together, and the decisions made are better for the whole group. But we want a silver bullet.
- IV. However, many are looking for some silver bullet, "easy to quantify with stats way" of organizational change which is easily attained with a tech or strategy. What makes the healthy organizations great? It's the human side
- V. Intelligence is a modern-day commodity. You can get that from a business school or the internet. Healthy companies get smarter over time, but smart companies do not get healthier over time, but more dysfunctional.
- VI. Great companies
 - a. Look at Chick-Fil-A, who decided in 2008 and 2009 to put more into their guests' experiences and food quality, when everyone else in food service was trying to cut costs.
 - b. Southwest Airlines, whose core values are a warrior spirit and a servant's heart, but priorities are for the team first, customers second, stakeholders next and humor over corporate behavior.

- c. Disney
 - i. Safety of the guests
 - ii. courtesy
 - iii. show
 - iv. efficiency
 - v. Efficiency is not unimportant. They move tens of thousands through their parks every day of the year.
 - d. In companies in trouble, you almost never leave with the feeling that the people and strategies are not smart. There is always more than enough intelligence to go around. But when it comes to the human element, there is lack of cohesiveness or clarity, there is unhealthy conflict and gossip, and an overabundance of politics, confusion, and low morale.
- VII. Healthy organizations have leadership teams that are behaviorally cohesive. They have to be intellectually aligned. Then they must communicate, communicate, communicate, communicate, communicate and communicate the culture built by this leadership team. (You must become the CRO-Chief Reminding Officer of the company.) They put just enough structure to reinforce the culture. This creates resilient organizations. Health only matters if you want to stick around.
- VIII. Why don't all organizations do this?
- a. **Sophistication Bias.** If is not complex it must not work. It's like trying to stay healthy yourself. The Doctor says you have to eat right, exercise, lower your stress and get enough sleep. This is simple and works amazingly well. But, if you go to Amazon, and look for them, there are thousands of different books trying to parse out those things in the most complicated ways with some sophisticated diet hack. Likewise, you hear organization leaders say, "I didn't go to graduate school for all those years or attend all those seminars on how to make my company great to use something really simple." When you have a leadership team sitting around the table who are open, vulnerable, healthily confrontational, you will never go back.
 - b. **Adrenaline Bias.** They want something that they can learn, implement and put all the energy around like flipping a switch and it just happens in a matter of days. These are things like a new contact lens management system, a new EHR, a new phone system or new optical set up that will miraculously change the business. "Give me something NOW!" We all know that kind of thing does not exist. This is just a distraction away from the real issues of an unhealthy culture. And the leaders all want to know, "Now how long does it take to get healthy?" Like you can put a time

frame on it. You will start to see the benefits in weeks or months, but it never goes away. But you have to stay on top of it. When are done thinking about the health of your marriage?

- c. **Quantification Bias.** People want to see numbers. How much will this add to my bottom line? How much more productivity will we see? What's the delta going to be? You cannot really measure this. It can't be graphed. Ask Chick-Fil-A how much value the culture of the organization is. They will tell you it is everything.
 - d. So, if you can't make it complex, or you can't make this happen with some technical system or remodel, or you can't put numbers on this it must not really exist.
 - e. If you want to see this in real life, look at sports teams. The announcers don't address it. The management of the teams don't want to talk about it. They want to say it's this new player they drafted, or this new offense, or the new coach's strategy. The truth is it's the culture. The right players fit and are held accountable, the wrong ones get ejected like a virus. Everyone knows what the place is about in spite of the fact that this team may not be as talented as the others. It's the behaviors, not the strategies, products or the nice building you have that will make your organization great. People just want to be together.
- IX. How do you know if you need help? Ask yourself these questions?
- a. Is my team really cohesive? open, honest, vulnerable with one another? Can they disagree honestly with one another and be OK with it?
 - b. Are you truly in agreement with "six questions"? Why do we exist? How do we behave? What do we do? How will we succeed? What is most important, right now? Who will do what?
 - c. Is the entire team behind this? Have you communicated the culture enough where everyone is on the same basic principles?
 - d. Is the enough structure to reinforce the culture?
- X. What if you are not the leader or are not a leader? What if the problem is above you in the organization? First, don't presume the leader is leading the way they would like to. Second, go to the leader and tell them with humility "I am not saying I am better than you, or I can do your job, but I know this thing that could help us all and make your life easier."
- XI. Introduce you to a book I have found useful to my team (some don't know it but they appreciate it) written by Patrick Lencioni entitled *The Advantage*. In it, Pat covers four areas which are crucial to building a healthy organization.
- XII. Build a cohesive team
- a. Small enough team

- b. Trust and Vulnerability
 - c. Engagement in Conflict on important issues
 - d. Team has agreements around decisions
 - e. Team members hold one another accountable
 - f. Focus on the team
- XIII. Imagine two practices:
- a. One is composed of individuals who are open and vulnerable with each other, passionately debate important issues and commit to clear decisions made by the whole team even if they themselves may disagree with them when discussed. They call each other out when their behaviors or performances need
 - b. correcting, and they focus on the needs of the entire organization over the individuals they directly lead.
 - c. The other has a leadership team which keeps their thoughts to themselves, hold back in difficult conversations, feign commitments, are afraid to hold the others accountable for fear of conflict on their unproductive behaviors and tend to pursue the specific departments' agendas above those of the entire organization.
 - d. Who has the bigger advantage? How much time and energy would be worth investing in the team to make this a reality?
- XIV. The leadership team is small enough (three to ten people) to be effective.
- a. WL Gore and Co. discovered that the most effective units in the company had no more than 150 people total in that division or plant. In each plant there are no more than 10-15 people on each team. If each team has one leader the math shows that about 10 teams is all each division can successfully sustain.
 - b. Why? There is a much greater tendency for trust and idea sharing in smaller organizations. While tiered structured organization can lead to bureaucracy, waste and mistrust (think GM), multiple small units working toward a common goal where the leaders of each team have their culture and ideology aligned, can create freedom, trust and success.
- XV. Trust and Vulnerability
- a. How do you build trust?
 - i. It is not done with "trust falls" or leading the blindfolded team member through a maze to see how you can maneuver them without too many bruises.
 - ii. You must get to know them and try to feel like what it must be like to be them.

- iii. To get to a point where people feel comfortable with one another saying "I messed up." "I need your help." "Your idea is much better than mine." and even "I apologize." At the heart of this is the willingness of people to abandon their pride and their fears, to sacrifice ego for the collective good of the team.
- b. Team Vulnerability Exercise
 - i. Sharing personal histories. We did this in my office. I was amazed at the similar backgrounds of those who had been at each other's throats (behind their backs) who saw their commonalities or saw the things that shaped them into who they are today, hardships overcome in their pasts, remarkable accomplishments and now had compassion for the other.
 - ii. Where did you grow up?
 - iii. How many siblings do you have and where are you on the order?
 - iv. What was the most difficult thing to overcome in your childhood?
 - v. It is important that the leader goes first. This also gives the leader to right and the obligation to ask others to do the same.
 - vi. Trust is one of the five behaviors but the most important and the other four build on it.
- c. Profiling:
 - i. Whether Myers-Briggs, DISC or some other assessment, it is important you know yourself and those you work with. The key is that there are no good or bad types. Everything is valid and useful. Where those characteristics are used determines the strengths and weaknesses. Revealing those types gives others in the group a better understanding of who the other ARE and sometimes in the process of coming clean on our weaknesses there a big breakthrough.
 - ii. Fundamental Attribution Error: The tendency to attribute negative or frustrating behaviors of someone to their intentions or personalities and those same things of our own as more to environmental factors.
 1. Cutting someone off in traffic.
 2. Go to Walmart and watch the beatings happen on the housewares aisle.
 3. However, this attitude of giving ourselves the benefit of the doubt, but thinking the worst of our colleagues, destroys trust.

4. St. Frances, "We must seek to understand more than to be understood."

XVI. Productive, Unfiltered Conflict Around Important Issues

- a. This one is going to be a little hard for most of us. We don't relish the time of conflict. And fear of conflict is always a sign of problems.
- b. Conflict here is not nasty, mean spirited conflict.
- c. Marriage has to have healthy conflict to find misunderstandings in a healthy manner. The ability to disagree about something important is crucial. The same is true of business relationships.
- d. Without conflict there is no innovation. There has to be some tension, it is the pursuit of the best idea.
- e. Poor decisions will be made because there will be no vetting of possibilities. Bay of Pigs, Chernobyl,
- f. It actually begins to ferment in to conflict around people than ideas. Churches don't want to have conflict because they want to be nice. So, they go to the parking lot and say to the others "That guy's an idiot." Instead of having the conflict on the idea not the individual. It usually becomes gossip.
- g. When people don't have a chance to weigh in, they will be less likely to support the decisions. People have an amazing capacity to support things they are not necessarily in favor of if they have had the opportunity to speak to the issue as long as they know they were heard, as long as it is ethical and moral.
- h. To think your team will not support something just because they are not in favor, is selling them short. As long as trust has been built and there is equal time and capacity to weigh in people will support these ideas.
- i. You have to have a level of trust first before conflict.
- j. Then you have to get everyone to acknowledge that conflict is good. To withhold it will make it difficult to work in a place where conflict is acceptable.
- k. Start small. Mine for conflict. Point out the disagreements on issues, have the debate, give real time permission. This will help overcome the innate guilt that comes for some on conflict. This is not stirring the pot.
- l. Teach how to give and accept apologies. Sometimes you may step over the line. Apologize. When you get the sincere apology, accept it graciously and acknowledge the apology.

XVII. The team leaves with clear-cut, active and specific agreements about decisions

- a. Without conflict you will never reach commitment. People will not commit to something they have not been able to offer any input, ask questions and understand the purpose behind something.
 - b. Consensus before taking action usually ends with a decision made too late or ones mildly disagreeable to everyone. This is a recipe for mediocrity and frustration.
 - c. Disagree and commit. Intel-they believe that even when people cannot agree on something, they must still leave the room unambiguous about the commitment on a common course of action. But this can only with the comfort with conflict, because the principle of disagree and commit doesn't work without the disagree part.
 - d. Everyone needs to know as the meeting is concluded that everyone will be held accountable for whatever the team decides. So, at the end meeting take a few moments to make sure everyone is walking away with the same understanding of what was agreed and committed to.
 - e. It is only when people know their peers have completely bought into a decision that they will have the courage to embrace this most difficult of behaviors. 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.
 - f. There are all sorts of reasons people will deviate from the plan, both self-interest and those they feel is for the team.
- XVIII. Team members hold one another accountable to commitments and behaviors
- a. When team members know that there is commitment around the plan, they are less likely to let peers off the hook for not following the plan.
 - b. Peer to peer accountability is the most effective source accountability on a leadership team. Most think the leader should do this. That is the norm in most unhealthy organizations. (Tell why with tattle tailing creates distraction and politics)
 - c. However, the leader must prove he or she is willing to confront difficult situations and hold others accountable first. If he balks so will the team. The more likely the leader is to do this, the less likely they will have to.
 - d. It's kind of like broccoli in someone's teeth, but not like answering "Does this make me look fat?"
 - e. Kindness does not equal niceness, There is nothing notable about withholding information that can help someone improve.
 - f. It's easy to hold someone accountable for a metric not met. It is much more difficult to hold someone accountable for behaviors. However,

behavioral problems almost always precede, and cause, a downturn in performance and results.

- g. People often confuse accountability with conflict, as both are uncomfortable and emotional. Conflict is about ideas and issues. Accountability is about performance and behaviors.
 - h. It is only when people know their peers have completely bought into a decision that they will have the courage to embrace this most difficult of behaviors. 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.
 - i. There are all sorts of reasons people will deviate from the plan, both self-interest and those they feel is for the team.
 - j. Team Effectiveness Exercise
 - i. Have everyone write down one thing that each of the other team members does that makes the team better (not technical skills behavioral). Then write down one thing that hurts the team.
 - ii. Starting with the leader go around asking everyone to report on the leader's one positive aspect. The leader can provide a general one sentence reaction. Then go around and report on the one thing the leader can improve upon. Again, allowing a general one sentence reaction (not a rebuttal).
 - iii. The same is done for everyone on the team.
 - k. Turnover will happen when accountability begins
 - l. Confrontations cause discomfort when confronting behaviors
 - m. On cohesive teams it is best handled with the entire team, but with serious issues respect the dignity of the individual and handle in private, but not in secret.
- XIX. Members of the team are focused on team number one
- a. Collective efforts of the larger organization are put ahead of those of the individual departments
 - b. This result is the reason of the building of trust, having conflict, committing to the common goal and holding each other accountable
 - c. No matter how good the team feels, if the group is not accomplishing their goals, it is by definition, not a good team.
 - d. What separates a cohesive team from a non-cohesive team? The goals are shared across the entire team.
 - e. Tell Kapp's story of sharing the wins
 - f. It does not help to point out that someone else's side of the boat is sinking.

- g. "How can I help?"
 - h. Healthy organizations come terms with the difficult but critical requirements that its members must put the needs of the higher team ahead of those of the department.
- XX. Build a Cohesive Team Recap
- a. Small enough team
 - b. Trust and Vulnerability
 - c. Engagement in Conflict on important issues
 - d. Team has agreements around decisions
 - e. Team members hold one another accountable
 - f. Focus on the team