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# The Soft Stuff is the Hard Stuff: How Relationships and Communications Can Drive the Execution of Business Strategy

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# Chapter 11

# The Soft Stuff Is the Hard Stuff: How Relationships and Communications Can Drive the Execution of Business Strategy

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In this chapter, we take a somewhat contrarian approach and explore the value of "soft" skills—specifically, building strong relationships and communicating effectively—in driving the effective execution of strategy. We divided the chapter into five parts. First, we describe *what* happens with relationships and with communication that might contribute to the failure to execute business strategy. Next, we discuss *why* relationship and communication problems happen—including the power of organizational culture, competition among peers, the rise of cynicism, the isolation of executives, and the impact of organizational design. The third section focuses on what happens as a result of these problems. The fourth section covers the *now what?*—that is, recommendations for different groups on how to contribute to better execution of business strategy, including actions for leaders and individual contributors in large organizations and in start-ups, and for students and professors who teach them. Finally, we close the chapter describing the potential benefits of implementing the recommendations.

In working on the chapter, we decided to use as a main content base the 30-year business experience and expertise of one of the authors. Although she (Linda) has extensive academic experience (as a faculty member and dean), she has spent much of her career in strategic human resource management of several organizations, ranging from Ore-Ida (division of HJ Heinz) in Idaho, to H-E-B Grocery Company in Texas, to Washington Mutual and Starbucks in Washington State. Thus, many of the examples and knowledge come from "doing" not just teaching.

## WHAT MIGHT CAUSE A BUSINESS STRATEGY TO FAIL?

Executives typically spend considerable time, effort, and resources in the development of a robust business strategy. However, some firms struggle to translate their strategic intent into crisp execution. Typically, the core business depends on technical expertise to deploy the strategy. The strategic intent of large, publicly held companies is the responsibility of the executive group in consultation with the board of directors. In smaller, more entrepreneurial start-ups, the purpose and strategic intent come from a leadership group generally headed by the founder. Whether the organization is large and well established or is new and fresh, it is critical that those working in the organizations understand the marketplace opportunity the leaders are trying to seize. Once leaders effectively communicate the strategy, individuals and work groups should be able to see how their work contributes to the success of the company.

Though often overlooked, two factors affect the successful execution of business strategy: (1) strong working relationships across the organization, and (2) effective communication about the strategy. We discuss each below.

### Relationships

Generally, most companies define working relationships vertically—that is, managers and their direct reports. In large organizations, the reporting relationships may be "matrixed"—which means that reporting relationships are based on multiple intersecting dimensions such as functions, geography, or product. In other words, one person may report to more than one boss depending upon where the individual resides and the nature of his/her work. These intersecting relationships add complexity that can create confusion and thus impede execution.

In smaller, entrepreneurial companies, the roles and reporting relationships may be fluid—evolving and changing as the company continues to define itself and its niche. In such a setting, individuals and managers may also find that their roles and responsibilities evolve. Those close to the founder and his/her top leaders may find themselves in situations that require them to demonstrate leadership or to take on duties not reflected in their original titles or jobs and perhaps beyond their current capability. The ambiguity and fluidity of roles and responsibilities can hinder crisp execution and damage relationships—particularly among newly hired talent and those who have longer tenure.

### Communication

Another reason many organizations stumble in executing their strategy may lie in diluted or confused communication. Though the communication is still generally top-down, in a matrixed organization, messages may flow from more than one source—with reinterpretations stemming from the various legitimate, but possibly conflicting, vantage points. In large companies, with many layers of management and several business units, the communication of the strategy can be diluted or reinterpreted as it penetrates the organization. Communication flow of strategy is generally top-down with each layer of management editing or interpreting the message along the way. As a result, the final message might be contorted or confused—rather like a photo reproduced repeatedly from an increasingly fuzzy photo rather than the clear original.

In smaller, more entrepreneurial organizations, the founder and his/her colleagues may communicate informally and haphazardly as the strategy takes shape. In the haste to refine and revise their approach as the opportunity and their offering become more clearly defined, they are likely to send messages "on the fly" rather than craft clear, definitive communication. Furthermore, the sense of urgency and resulting breakneck pace that is common in such organizations may compound the confusion and further overshadow important strategic messages.

### The Bottom Line

The result in both larger and smaller organizations may be the same: ineffective communication about the strategic direction of the firm coupled with weak or convoluted relationships can impede the successful execution of the firm's strategy.

## WHY DO RELATIONSHIP AND COMMUNICATION PROBLEMS HAPPEN?

In this section, we cover six reasons why communication and organizational relationship problems can occur, illustrating the challenge that leaders face in successfully integrating all the elements that make for effective strategy execution.

### The Power of Organizational Culture: Leaders Create Culture and Culture Trumps Strategy

Culture is generally defined as a set of norms that guide behavior within an organization. A more informal definition of culture is "what and how things get done." Corporate culture develops over time through a variety of practices and rituals. According to William Schneider of the Corporate Development Group, the behaviors and practices of leaders shape the culture of their organizations.[1] These include a variety of human resources practices as well as how the organization's members make decisions, deal with conflict, and foster innovation. In addition, the physical environment itself shapes culture.

Many practices come into play in shaping culture—including hiring, rewards and compensation, advancement, and employee development. The ways in which these practices emerge and operate within organizations say much about what the culture is and what types of behaviors and actions leaders value.

Hiring decisions—that is, who is invited to join the organization and in what capacity—signal where the organization is headed and what is likely to be important in the future. The way that new hires are assimilated also indicates how mindful the leaders are about the culture and values of the organization and how committed they are to the success of each individual. Specific considerations include the following: Are people selected for their values fit or is technical expertise all that matters? Who participates in the hiring process? And how are new hires assimilated—is it "sink or swim" or is there a formal onboarding process designed to bring people up to speed and to ensure their success?

Other signals about what the organization values come from how it rewards and recognizes achievement. Examples include the following: Are titles used to recognize and reward achievement of business goals? Is recognition done publicly or privately? Are monetary rewards used to encourage certain kinds of behavior? And finally, who makes the most money and who is promoted will send powerful messages about what it takes to succeed. In particular, employees will notice who succeeds and moves up and who fails and moves out. They will then draw conclusions about what it takes to thrive and prosper in the organization.

Employee-development programs are another indicator of culture. The types of training and development the organization invests in as well as the process it uses signal what the organization leaders consider valuable and how important learning is to the future success of individuals and the firm. The degree to which programs are formal and structured versus informal and unstructured gives clues to the culture. Another indicator is whether employees may sign themselves up or must be sponsored by an executive. Even more telling is whether topics and programs are selected and designed to serve the business strategy and company objectives or offered as a "perk," catering to employee interests, rather than to organizational strategic needs. Finally, do the programs actually prepare people for advancement and help them contribute to the firm's strategic direction?

Other factors that shape culture include:

- Who participates in making decisions and how are decisions communicated?
- Do the leaders encourage feedback?
- Do the leaders avoid conflict?
- Is innovation valued—or seen as a threat to the status quo?
- Is the physical work environment open and informal—or structured and hierarchical?

All of these leadership behaviors and practices implicitly tell others in the organization what is important and how they should behave. These behaviors will "trump" explicit statements regarding strategy, vision, mission, and values. Whether leaders like it or not and whether they are aware of it or not, their behavior sends strong messages and sets the tone for the entire organization.

As Nilofer Merchant, author of *The New How*, writes in her blog, "After working on strategy for 20 years, I can say this: culture will trump strategy, every time. The best strategic idea means nothing in isolation. If the strategy conflicts with how a group of people already believe, behave or make decisions it will fail. Conversely, a culturally robust team can turn a so-so strategy into a winner. The 'how' matters in how we get performance."[2]

### All-Stars and "A Players": Competition Undermines Cooperation

A second factor that impedes the crisp execution of strategy is internal competition. Many executive groups include people who are best-in-class functional experts or general managers who possess sufficient political savvy to advance. These "A players" may act like a group of baseball all-stars relying on their individual technical expertise but lacking real teamwork. In an organization with such an all-star culture, A players rise to the top and peers may compete with each other more than they cooperate. At the top of the organization, the competition becomes even more fierce—with higher stakes, bigger egos, and fewer players. Such a competitive attitude at the top sets the tone for peer relationships deeper in the organization. In fact, lateral peer relationships can be among the most challenging to cultivate. Generally, there is no great incentive to develop peer relationships since peers have no formal power over each other. They do not decide on promotions, recognition, or compensation for each other. Even in organizations that use 360-degree feedback tools as part of their feedback loops, there is little one can do to openly influence the career trajectory of a peer. Often, they are rivals in the quest to succeed their boss or to win another coveted role. Indeed, some leaders may in fact encourage peer competition. As one chief executive officer put it, "I like it when people are competing for promotion . . . it keeps their heads in the game." A consequence of such competition is that peers may believe that another's success will come at their own expense, so there is little reason to help that peer succeed. Rather, there is often more reason to undermine a peer's success.

Furthermore, the A players at the top may show little appreciation for the B players deeper in the organization. Some management experts, however, suggest that B players may be the glue that holds organizations together during difficult times.[3] These valuable and steady B players may become disenfranchised over time, though, if the all-stars operate in their own self-interest rather than the good of the organization and if that behavior is rewarded and recognized.

### Executive Turnover Breeds Cynicism

As the tenure of executives has declined[4] and turnover has once again spiked, many organizations have suffered jolting changes in direction and strategy. For example, in 2011, the (former) CEO of Hewlett-Packard (HP), Leo Apotheker, announced the sale or spin-off of HP's PC division as a major shift in business strategy. Within months, Apotheker was out and a new CEO, Meg Whitman, reversed the decision. We can only imagine the turbulence and the resulting tug of war these decisions must have wrought inside the organization.

So common was turnover and change in strategic direction at the top in another large organization that the middle managers, in a dark and not-so-private joke, called themselves the "We-Be's"—as in "We be here when you are gone." In another organization, one of us watched five CEOs come and go in a two-year period, each with his own take on what the organization needed for success. The managers and employees became increasingly disenchanted and disengaged as the door at the top revolved. This kind of cynicism undermined teamwork and commitment, evidenced by the exodus of many talented people and the eventual consolidation with another company.

Some organizations, however, have made stability and constancy of purpose critical for success. Apple, over several years, has consistently communicated its direction and executed its strategy. Even people outside the firm can articulate Apple's primary business strategy—to develop cool, well-designed products that customers do not think to ask for but must have once they see them. Further, most fans of U.S. business know how CEO Steve Jobs introduced new products—in his signature black mock turtleneck and jeans standing on a stage with the product in his hand. The image conveys clarity and no confusion whatsoever. The fact that these messages and images (will) live on after Jobs's death is indicative of their sustained power and compelling impact.

### Executives Become Insulated and Isolated

A fourth factor that often leads to business-strategy failure is that executives become isolated and as a result lose touch with their organizations. As business organizations increasingly become the result of mergers, consolidations, and acquisitions over organic growth,[5] it becomes increasingly difficult for executives to really know what is going on deep in their organizations. Not only is it lonely at the top, but executives can also become increasingly insulated. Some, like the now infamous CEOs of Lehman Brothers or AIG, may isolate themselves on purpose, but generally it is simply more difficult to stay in touch as an organization grows. Too many layers and too many players not only dilute the messages going out from the senior leadership, but can also filter and distort feedback coming in.

When one of us joined a large publicly held company as a senior vice president (SVP), she experienced firsthand how many layers in an organization can dramatically slow down the work flow. Still new to the organization and just getting to know her team, she received a work assignment that required some specialized computer skills. She inquired and learned that a member of her staff had such skills. She approached the individual whose workstation was just a few steps away and asked for help. The staff member replied that the SVP would need to check with the staff member's supervisor first. And so off the SVP went to the supervisor. She quickly learned that the individual she first approached reported to someone, who reported to someone, who reported to someone, who reported to someone, who reported to someone (sigh) who reported to the SVP. In a team of nine, there were seven layers of management. What should have been a 10-minute conversation turned into an hour. An illuminating hour, to be sure, especially since the SVP would later be charged with streamlining the organization and reducing unnecessary layers. She knew a good place to start.

In addition to the primarily top-down flow of communication, many large organizations have little or no two-way communication—no "listening posts" to identify the concerns and questions of the workforce and mid-level managers. If leaders make an effort to understand the concerns of middle managers and individual contributors, they not only create cohesion deeper in the organization but they also become better equipped to remove barriers to progress. Absent two-way communication with appropriate feedback loops, their leadership is hollow—leadership by exhortation rather than by example, inspiration, or vision.

Moreover, executives may think that more communication is better communication, not realizing that multiple messages and channels can actually reduce effectiveness. In one large organization (60,000 employees with five business units), a new head of internal communication conducted an audit to determine how many communication vehicles existed. His study revealed that over 270 formal communication publications—both print and electronic—were developed and delivered regularly. The cost and confusion of so many messages actually diminished understanding of the business strategy and limited real traction and results.

### Isolated Executives Communicate Poorly about the Direction of the Business

In many cases, opportunities for mid-level managers to hear firsthand from the executive team about the strategic direction of the business are limited. Instead, many large organizations invest heavy resources in an annual leadership conference to bring hundreds—even thousands—of managers together. In such settings, executives often miss the opportunity to explain and refresh the business strategy in person, opting instead for a series of speeches. These speeches can range from a straight-from-the-heart but off-the-cuff monologue to a tightly rehearsed but passionless speech designed to inform but not to inspire. In one painful example at a large meeting following a business downturn, a CEO took questions from the audience after his speech. One brave individual asked about the logic of layoffs when executive compensation was on the rise. The CEO chuckled and said that yes, it was true that he was highly paid and that he had every intention of continuing to be so. As the audience gasped, he then called for the next question.

In other cases, firms may choose a more entertaining format. Keynote speakers might be television comedians or other performers. At one such conference, one of us was asked to host a breakout session. She chose to introduce the firm's new leadership competency model that would serve as the foundation for performance reviews and leadership-development programs. As the agenda firmed up, she was dismayed to learn that one session offered concurrently—and thus competing with hers—was a simulation of a television game show, complete with prizes and the celebrity host.

Though designed and delivered with good intentions, such events can fail to truly engage the hearts and minds of the audience in the business. Strategy therefore remains in the hands and the heads of a few at the top.

In smaller, entrepreneurial organizations, the founders and executives may thrive on the chaos and adrenaline of the start-up and value those who can tolerate the same. However, the pace that these entrepreneurs enjoy and the ambiguity they tolerate may take its toll on others. Some employees may be reluctant to seek clarity or wish for greater stability lest they be seen as malcontents not well suited to an uncertain start-up environment. As a result, the entrepreneur may not realize that people are confused or concerned about the direction of the firm.

Many other questions about communication about strategy include:

- What channels are used?
- How frequently are such messages sent?
- Whose voice is used?
- How complicated or simple are the messages?
- How relevant are the messages?
- Are there any feedback loops that invite clarification?

### Organization Design Impedes Lateral Relationship Building

In addition to the top-down flow of communication in both formal and informal channels, the organizational design may impede the development of strong lateral relationships. Typically, meetings focus on the vertical organization—managers and their direct reports. The opportunities to meet and get to know peers—those at the same level across the organization—are rare.

As we mentioned earlier, some enlightened organizations try to create *esprit de corps* among their managers by hosting large leadership conferences. However, as we also previously noted, these events may focus more on style than substance. Further, the schedule can be rigidly structured with huge plenary sessions coupled with concurrent breakout sessions that follow. Generally, these breakouts are either designed to entertain or are structured to serve a vertical slice—again managers and their direct reports. In either case, there is little opportunity for networking and cross-functional or cross-unit relationship building. So, the vertical design of the organization defines—and restricts—relationships. Consequently mid-level managers find it difficult to gain a broader, more strategic view of the organization and how their work combines with others for the success of the firm.

Moreover, management retreats that are designed to build teamwork and *esprit de corps* are limited to functional teams with a leader and his/her direct report team. Although there may be value in such events to build internal teamwork, they generally focus inward on the needs of the group rather than on the broader strategy. If "guest" executives are asked to attend to address broader organizational issues, their vantage point is that of the executives rather than peers of the target audience. Once again, there is limited opportunity to develop peer relationships and to learn more broadly about the organization from the perspective of peers.

Conversely, in an unprecedented move, an innovative executive in one large publicly traded company sponsored a customized leadership-development program that was designed and delivered to a horizontal slice of the organization. In the program, one segment was focused on identifying common problems and brainstorming solutions. Each individual was asked to bring a recurring problem and brief the larger group. As the problems were identified and the discussion ensued, participants discovered that others had solved the very problems that they had found so perplexing. One rather quiet participant raised his hand and commented, "You know, I just realized that for most of our problems, the answer is in the room." An inspiring silence fell over the group as people began to nod and smile. That evening over dinner, much of the discussion focused on the fact that though the participants had much in common and in some cases had worked in the same company for many years, they had never had a chance to really get to know each other and explore what they had in common and how they might help each other.

With a matrixed organizational design, the design itself can present challenges. In such a design, an individual might have two or more bosses. In such situations, the competition for attention from those bosses may cause great confusion and stress. Having to juggle priorities, meeting schedules, and performance expectations from more than one boss can breed despair and undermine teamwork. Again, competition is likely to eclipse cooperation when rival loyalties and competing priorities abound.

Interestingly, although matrixed designs might sound effective, working inside such a design is extremely complex. In his book, *Designing Matrix Organizations That Actually Work,*[6] Jay Galbraith, a recognized expert in organizational design, describes companies that may have as many as six matrixed dimensions around which they are organized. Then, he suggests that perhaps the number of dimensions that could be used within an organization is unlimited. However, many who live the matrixed life might disagree, as the complex web of relationships in such organizations cannot help but cloud messages, strain interactions, confound loyalties, and confuse priorities.

In smaller, entrepreneurial organizations, the organizational design may be "flat"—with the founder and a few trusted "lieutenants" running the show. As the organization grows and new talent is hired, the relationships and responsibilities may evolve in the minds of those at the top but can be quite obscure to those just joining. In one such organization, one of the trusted lieutenants was expected to train new hires but was given no formal charge to do so. A new hire, selected for considerable expertise and talent, then resented the guidance of the lieutenant. There was no formal reporting relationship and the leaders had not made clear that the new hire should look to the lieutenant for direction, support, and training. Not wanting to disappoint the founder, the lieutenant struggled for months to make the situation work. By the time expectations were clarified to get everyone back on track, the new hire's relationships within the firm had deteriorated beyond repair and he left the organization.

In sum, talented people can struggle in an organization where roles and expectations are not clear and where relationships are not strong. If the organizational chart has so many arrows and dots that it starts to look like a Ferris wheel, rest assured that there is sufficient role confusion. Such organizations may waste resources and lose needed talent—and results are likely to suffer.

## SO WHAT HAPPENS AS A RESULT?

The challenges and problems stemming from weak relationships and poor communication can ultimately undermine the success of an organization. The biggest impact is that people will simply disengage or completely withdraw. Specifically, outcomes may include lack of engagement, short-term focus, silos, lower confidence, and higher confusion and frayed relationships.

The cynicism resulting from frequent changes in leadership and/or strategy results in shallow commitments that reduce the level of engagement. Though they may stay, the disenfranchised mid-level managers and "B players" in large firms are less likely to go the extra mile for the good of the organization. Furthermore, highly talented people who have opportunities elsewhere may leave altogether. In other words, those who stay may disengage and others will simply leave for a better opportunity. In smaller, more entrepreneurial firms, the lack of clear communication about the future direction and strategic intent of the business can cause talented people to curb their enthusiasm and question their commitment. When engagement suffers, business results suffer as well.[7]

To survive the turbulence of constant change of leadership or direction, many employees may concentrate on the short term with no regard for the future. This short-term focus robs the organization of the staying power that will sustain the organization during tough times and propel them forward during better times. Decisions become slow and progress abates as people "hunker down" into a survival mode and simply wait for the next wave of change to hit. In large organizations, poor communication and relationships can lead to the emergence of silos. When that happens, peers across the organization refrain from working together and sharing information. In one such situation, one business unit was working hard to launch a new product line that would compete directly and succeed at the expense of another unit within the same firm. Ultimately both initiatives failed after wasting resources and straining relationships—in some cases beyond repair. Though silos are less likely in smaller but growing organizations, the informal nature of relationships and evolution of responsibilities can ultimately create dysfunction as the firm matures. Because they value the energetic and informal start-up environment and eschew anything that seems too "corporate," many entrepreneurs resist creating a more formal structure as the firm matures. As a result, their success may stall as the need for greater clarity and direction emerges.

Another result from poor communication and relationships is that confidence dissipates and confusion abounds. Employees may lack a clear understanding of strategy and may be confused about their role in execution. Too many messages and too few with real information about the strategy erode understanding and hinder execution. Employees are likely to lose confidence in their leadership, which compounds the lack of commitment.

Finally, relationships fray and focus turns inward. Competing loyalties and priorities place individuals in no-win situations where they simply cannot please everyone. As a result, they may pursue their own self-interest rather than working for the greater good. The causes of the downfall of great civilizations are often internal strife coupled with external threat.[8] Just like great civilizations, great companies can fail as well.

## SO WHAT CAN YOU DO?

Given the plethora of what can cause business-strategy execution to go off track, it is amazing organizations ever do it right. So what actions can improve the chances of successful execution of business strategy? In the closing section, we offer suggestions *directly to* different groups—executives, middle managers, and individual contributors of both large and small organizations, as well as for students and professors who teach them. Students need to remember that they will likely one day *be* those executives and managers at small or large firms. So even though the day seems far away, they should keep in mind there are some actions they could take in the future.

### Actions for Executives in Large Organizations

#### *Set the Tone*

First, recognize that what you do and say sets the tone for the rest of the organization. Remind yourself that culture trumps strategy, and your actions shape the culture. Make a conscious effort to serve as a role model for teamwork and call attention to its importance. Evaluate the teamwork of your executive group and communicate your expectation that they function together for the greater good of the organization. Tell them that, as executives, they should put on the "big company hat" rather than their "small, functional hat." Hold yourself accountable for creating broad-based understanding of the business strategy. Constantly ask yourself what you can do to get everyone moving together into the future. Finally, reward and recognize those who are strong team players.

### *Streamline and Audit Communication*

Focus on a few essential messages about strategy and direction; repeat and reinforce those messages often. Use the communication channels and vehicles that are most appropriate and compelling for your organization. Learn to use technology to add a personal touch to your broad, strategic messages and use those messages in inspiring ways to get results. Help people understand their contribution to the success of the enterprise. Recognize when you are altering your course and communicate accordingly. Avoid assuming that everyone will "get it" if you change direction. Take special care to take your leadership team and your workforce with you as you chart the course into the future.

### *Use Listening Posts*

Third, establish some "listening posts" to enhance two-way communication. Avoid relying entirely on your direct reports to tell you what is going on deeper in the organization. Use all-employee surveys to put your finger on the pulse of your organization. Use the results to make it easier for people to execute and drive the business. Conduct focus groups of high performers to learn what prevents them from doing their jobs well. Attend the focus groups yourself to hear firsthand what people are thinking, and ask a recorder to document the results. Invite horizontal slices (peers from a variety of functional areas and geographies) to lunch or coffee and take the opportunity to discuss your business strategy and answer questions. Again, ask someone to record what you learn and then work to address issues you identify. And make sure that the actions you take do not feel punitive or reflect badly on those who had the courage to speak up about their concerns.

### *Create Social Capital and Look Widely for Solutions*

Cultivate broad-based solutions to vexing problems by offering cross-functional action learning development programs to high performers across the organization. Action learning programs[9] bring together high-performing peers from various areas of the business to solve real business problems under the sponsorship of a key executive. These high performers have an opportunity to develop skills and insights needed by the business and to advance their understanding of the business while they develop strong, enduring peer relationships. When they have completed their action learning experience, equip them with messages that create deeper, broader understanding of strategy and deploy them across the organization. Use them as a cadre of cross-functional peers who can look beyond their areas of purview for holistic solutions to difficult challenges.

### *Develop Simple Organizational Design*

Simplify the organization to eliminate unnecessary confusion and conflict. If you have a matrixed organization, your top management team must provide integrated direction and model integrative behavior.[10] Develop clear charters for lateral and vertical units. Create integrating mechanisms—such as councils (again with clear charters)—that foster collaboration as needed to ensure the right amount of coordination for critical tasks. Figure out how you are going to deal with internal conflicts and how you want your leaders to escalate matters that need resolution. Clarify roles by calling on all managers to eliminate ambiguity and make sure who is accountable for which core processes that might be shared by two or more managers—who gets 51 votes and when? Ask your managers to target their communication and coordinate where needed to avoid confusion. Recognize that working in a matrix is difficult, so limit the number of dimensions to those that are absolutely essential. Do whatever you can to keep things simple. In addition, monitor the number of layers in your organization and resist the temptation to add layers as you grow. If too many layers are impeding your progress and limiting your success, determine what kind organizational design principle will best serve your business—customer focus, product line, geographic, front office-back office, for example.[11]

### *Develop and Use Peer Relationships*

Even senior managers can benefit from peer relationships. Unfortunately, such peers are not likely to reside within your organization. As a result, you may want to look outside not only your firm but also your industry to cultivate new and creative solutions. Seek out others from diverse sectors but from organizations with similar philosophies about performance. An example is a six-year-long group called "the Gang."[12] This group of seven includes organizations ranging from dance to software and advertising, law enforcement to football, theater to health information. Senior leaders meet to compare problems and lessons, and have discovered over the years that they have more in common (despite their divergent industries) than not. As one of the leaders has said, "once best practices in your industry are documented, they become normal practices. Going outside your field is where you get new ideas."

## Actions for Entrepreneurs in Start-ups

Entrepreneurs face different facets of the challenges relating to communication, relationships, and design. We suggest those of you starting new organizations to focus on five key actions.

### *Be Clear about What You Are Doing*

First, think through the business opportunity you are striving to seize and articulate your offering. Develop a few crisp messages to communicate your strategy and repeat them often. If your strategy and offering are still in flux, admit it but work hard to clarify and refine your thinking. Engage trusted sources to help you define the opportunity you see and how you plan to seize it. Realize that much of your talent lies in your vision, but your success may be defined by your ability to communicate.

### *Refresh Your Communication as Your Strategy Evolves*

If you are fully engaged in your new start-up, you will know what is happening sooner and faster than most others, including employees. So you avoid assuming that others see what you see. Instead, display your thinking to foster understanding and generate clarity. Make a conscious effort to refine and revise your messages as you grow. Develop your own leader's voice[13] to help you send the right messages the right way. Collect and capture anecdotes that help tell your story and that of your firm.

### *Reward the Soft Skills*

Recognize and reward those who have the "soft" skills of building relationships and communicating effectively—particularly if those are attributes you don't possess. Seek out those who have the skills of persuasion, collaboration, and conflict resolution, and make sure they have a place and a voice on your leadership team.

### *Have Clear Roles and Responsibilities for All*

As your organization evolves, clarify roles and responsibilities of your "lieutenants." Review their responsibilities periodically to make sure you have not given them informal responsibility without formal authority.

Recognize that the high level of ambiguity that you, at the top of the organization, find thrilling may be debilitating to those on your team. Cultivate appropriate listening posts to keep in touch with the needs and concerns of your growing organization and to ensure that valued members of your team are fully engaged.

#### *Consciously Align Your Culture with Your Business*

As your organization grows, give thought to what kind of design will best serve your business strategy.[14] Resist the urge to let things grow haphazardly until the point at which things stop working and results suffer. And pay attention to reporting relationships to make sure they are clear and that you can hold people accountable in appropriate ways.

In addition, decide what kind of culture you want to create. Consider what kind of workplace environment is best suited to your business and your workforce and then act accordingly. Remind yourself that culture trumps strategy, and that your actions shape the culture. Be aware that the culture will be created whether you intend it or not and that your actions will be its most powerful influence.[15]

#### *Choose Wisely and Assimilate New Talent Fully*

As you need new talent, select carefully—not only for technical expertise but also for cultural fit. Involve key members of your current team in the hiring process to make sure they have a voice. As you welcome new members to your organization, assimilate them thoughtfully and thoroughly. Avoid the temptation to let the new hire sink or swim. Communicate expectations clearly and often. Recognize that the onboarding experience of new hires will likely determine to determine how long they will stay and how successful he/she is likely to be.[16]

### Actions for Mid-Level Managers, "Lieutenants," or Individuals

Separate from top managers at large and start-up companies are the managers deeper in an organization who execute strategy. They too face unusual challenges on the soft stuff, and we offer several suggestions.

#### *Understand Strategy*

First, make it your business to understand the strategy thoroughly. Make an effort to understand how your work contributes to the success of the business. If you are a manager, explain how the work of your unit fits into the big picture and help people feel that they are part of something larger than themselves.

### *Adjust When You Need To*

Partly because you may not develop the strategy, you need to learn how to understand and read it, especially as changes in direction or strategy are in the works. As you recognize it, you will need to adjust accordingly. Resist the temptation to hunker down and protect the status quo. Have the courage and the wisdom to embrace the change and become an advocate. Inform yourself about the reasons for the change and understand the implications for your work. If you cannot truly commit and remain engaged, consider whether you should pursue a different position elsewhere. Recognize that remaining but resisting could stall your career.

### *Develop and Nurture Peer Relationships*

Rather than seeing them as competitors, find and cultivate your peers in other areas of the business. Assist others when you can and develop a reputation as a strong team player. Know when to lead and when to follow. Support others in their efforts to strengthen lateral relationships. Reach out beyond your area to develop relationships and understand the big picture. Seek and seize opportunities to work with peers across the organization. Ask how you can help others to succeed and how together you can contribute to the success of the organization.

In addition to those within your organization, find a professional buddy outside your organization—someone you can trust and use as a sounding board. Cultivate your ability to consider work challenges from a different vantage point by seeking the perspectives of those outside your immediate area. Expand your thinking by growing your professional network and learning from others who are quite different from you.

### *Develop the Soft Skill of Great Communication*

Finally, in addition to embracing change, understanding the strategy, and building strong relationships both inside and outside your organization, make it a priority to develop strong communication skills. Helping others understand how your work fits with theirs and contributing to the success of the firm is a critical leadership skill. Develop your ability to ask penetrating questions that get to the heart of the matter.

The best leaders and managers know the value of questions and use them for at least four different reasons: to *learn*, to *build relationships* and teams, to *solve* problems, and to *find* or anticipate problems. The best also know how to ask questions; so you too should recognize the difference between questions that challenge (and therefore may intimidate) and questions that genuinely ask for more information to enhance your understanding. And then, of course, take care to listen to the answers others provide. While someone else is speaking, resist the temptation to mentally rehearse your next remark.

### Actions for Students and for Professors

As we mentioned at the beginning of this section, whether students believe it or not now, they will likely become one of the managers that we talked about previously, whether in a large or small firm, perhaps even the one at the top. In that role, students can either support the successful execution of their organization's business strategy, or be obstacles to it. We hope they choose to help their organizations succeed.

#### *Actions for Students*

So what can students do while they are still at universities to enhance their abilities to succeed later? We offer several suggestions. First, instead of dreading group and team projects, welcome the chance to be part of a team that has a goal. Take advantage of opportunities to work with a team, sort out how to achieve a goal, and build strong peer relationships. Recognize that such opportunities are relatively free of risk—that is, failure will not mean job loss—but the skills you will acquire will be a boon for you—and the organization you join—in the future.

Second, cultivate your own communication skills—particularly asking good questions and listening actively. Ask for feedback from your team members on how well you communicate and ask for tips from those you think are good communicators. Watch and learn from those who do well what you have not yet mastered.

Also, learn how to bring out the best in others. Recognize that even difficult people and stressful situations offer you great opportunities to learn and grow. Working with others—even those you dislike—is a requirement of work life; the stronger your interpersonal skills are, the more successful you are likely to be. Develop people skills to balance your technical skills, and realize that both are essential in the workplace of the 21st century.

Finally, grasp the opportunity to gain experience from internships within organizations in ways you might not have fully tapped to date. Watch how people in the organization build relationships in both formal and informal ways. Ask questions about what kind of skills are needed to be hired and then to succeed in the firm.

#### *Actions for Professors*

Students are not in the learning process alone, as we know. Professors also have an opportunity and a responsibility to help students cultivate these skills. We offer a few suggestions. First, create assignments that indeed provide true conditions for students to lead and to work as a team. Recognize that too often assignments allow for social loafing, rather than encourage and force engagement by all. Consider allowing a team to sanction members (even to the point of "firing" a member). Add peer assessment at the close of a project to provide useful feedback to the students. If possible, offer the chance for multiple projects with the same team so that members can rotate the leader responsibility. Encourage students to learn to lead *and* be a team player. Cultivate and reward interpersonal skills as well as technical expertise to help students gain these critical abilities that executives value.

Second, acknowledge that students need to learn how to bring out the best in others—even then they are not in charge and are not required to do so. Call on students to find ways to integrate their ideas with the good ideas from other team members—rather than trying to prevail. Learning to cooperate—rather than compete—is, again, a skill that senior executives look for but often do not find in potential employees. Help students learn to draw others out, instead of passively waiting for others to engage.

As students practice working with peers, encourage them to consciously notice and consider the lessons they gain from the experiences, build on them, and adapt the lessons to new endeavors. Cultivate the ability to reflect, which also helps to build the valuable characteristic (alas) of seeing the "bigger picture." By stepping back to reflect, students are also learning to step back and see a broader situation, which in turn can also help instill the understanding of the benefits of cooperation across silos or different functional areas. Though these soft skills are hard to learn, hard to develop, and hard to use, your classroom offers generally safe conditions for students to practice them.[17]

## BENEFITS OF IMPLEMENTING THE SOFT STUFF

If executives, entrepreneurs, managers, individual contributors, and those preparing for (and helping to prepare others for) these roles were to cultivate effective communication and relationship building, the so-called soft stuff, a number of good outcomes can emerge.

First, execution might be faster, better, and simpler if the purpose and strategic direction of an organization is clear up, down, and across the organization. Leaders could get better results if they understand the business strategy and how their teams contribute to its successful execution. Furthermore, as business conditions change, organizations could be more nimble in refreshing their strategy and moving ahead without losing traction.

Second, executives—both in large organizations and small start-ups—would be better informed, be closer to the action, and be more accountable. Their willingness and ability to both lead and listen would set an example for the rest of the organization, keep them in touch with reality, and help them to move their businesses ahead.

Third, employee engagement could remain high despite turbulence in the marketplace. With confidence that their leaders are making and communicating sound decisions, people are more likely to stay the course and focus on how to make the organization succeed. A more engaged workforce performs better and gets better results.[18] Relationships create "stickiness," which increases the likelihood that talented people will stay with the organization. This applies for the future employees who are now at universities as well as those already in the employment market. Given the pace of the business environment, globalization, and the benefits (and dangers) of remote connectedness through social media and the Internet, many leaders know that the soft stuff of relationships and communication will be even more important in the future.

Finally, organizations would be positioned for leadership continuity. A work environment that fosters engagement and develops social capital while getting business results is likely to be more attractive to the next generation of leadership talent, who is likely to be less hierarchical than the current generation of leadership.

## THE SOFT STUFF IS INDEED THE HARD STUFF

The workplace of the 21st century is a demanding and complex environment. As organizations globalize, industries grow, companies consolidate, and competition intensifies, success is likely to become increasingly elusive. Though there is no substitute for technical competence and expertise, the true winners of the future may be those who can overcome differences, cultivate agreement, and move with others into the future. That, then, is both the challenge and the opportunity. The future is yours.

## NOTES

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