

P A R T / O N E

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Uncommon Leadership, Uncommon Value

“When you do the common things in life in an uncommon way,
you will command the attention of the world.”

GEORGE WASHINGTON CARVER

Unexamined resources hide unexpected value. Communication, the connective tissue of humanity, is woefully unexamined as an asset to business leadership. The power to lead may live simply in the ability to initiate a conversation that generates valuable action when you are not around. Much like the innocent atom holds astonishing, hidden power, so does conversation.

CHAPTER / ONE

THE COMMUNICATION CASE FOR HIGH- VELOCITY VALUE

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“Language exerts hidden power, like a moon on the tides.”

RITA MAE BROWN, *STARTING FROM SCRATCH*

Communication is a risky topic. Offering insight into communication includes at least two major pitfalls.

Communication is an all-too-familiar topic. “I already know lots of things about communication. I am successful and I know how to get my point across. I do not use verbal crutches such as ‘like’ and ‘you know’ when I am making a presentation. I practice listening and speaking every day of my life. Really, what else is there to learn?”

Unless you have successfully handled every issue of coordination, cooperation, and misunderstanding in your life, communication is probably still worth pursuing. People tend to stop studying subjects that are familiar and common. Whoever continues to improve at a familiar, common practice has an enormous advantage over those who take it for granted.

Agnes de Mille, the great dancer and choreographer said: “As soon as I already know, I begin to die a little.” In our consulting practice, Conversant, our biggest challenge is to learn more about how communication affects

human conduct every day and never stop learning. We invite you to join us on the journey.

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“It is what we think we know already that often prevents
us from learning.”

CLAUDE BERNARD, FRENCH PHYSIOLOGIST

Communication is not an “attractive” topic. Several years ago, *USA Today* published a survey on an interesting subject: the greatest fears of modern Americans. At Conversant, we have worked in many parts of the world, and the findings do not seem limited to Americans. The #1 fear was public speaking. The #2 fear was death. Shortly after the survey results appeared, comic Jerry Seinfeld commented: “This says that, at a funeral, you would rather be in the casket than delivering the eulogy.”

Yes, it seems that communication is not a popular, comfortable subject to pursue. We are going after it anyway. You see, communication accelerates or decelerates the creation of value, and that attribute makes it very interesting. It is the foundation for all coordinated achievement, so it is not a trivial topic, just as the foundation under your house is not trivial.

Conversations are not neutral; they always affect the quality and pace of the outcome. There are profound implications to this statement; however, we will not engage in a rigorous philosophical investigation into the hidden power of language. Instead, we will check out the practical implications of how business conversations dictate business results. The profound implications we’ll leave up to you.

Building Blocks for High-Velocity Value

To launch our investigation, let us define a few terms. These words will be building blocks for the rest of the book.

Value. We define *value* as *what customers and investors are willing to pay for, that employees are willing and able to provide*. In a public, for-profit enterprise, sustainable value requires all three groups. Value must be worthy to those paying and those providing, or it will not endure. When this mutual value is identified, delivered, and paid for faster than usual, we term it *high-velocity value*. This conspiracy of value, like all things mutual, involves communication.

Waste. *Waste* is any use of resources that does not create value for customers, investors, and employees.

Communication. A popular, and narrow, definition of *communication* is “the exchange of ideas, messages, or information” (*Webster’s Dictionary*). In architecture, communication is the term for linking different spaces. A hallway, for instance, is a method of communication for the offices that open into it. In *The Communication Catalyst*, we say *communication is any action that links separate elements into a larger system*. Without communication, there is nothing in common: no teamwork, no mutual benefit, and no business value.

Conversation. *Conversation* is the uniquely human kind of communication. In the forms of *impression* (e.g., listening) and *expression* (e.g., speaking), conversation is how we learn about and influence the world and ourselves. *Conversation is a language cycle that causes perception, meaning, action, and learning*. Most business writing about conversation is trivial compared to its real nature and power. The education of any leader is incomplete without an accurate working knowledge of how conversation causes perception, meaning, action, and learning.



“I believe that words can help us move or keep us paralyzed,
and that our choices of language and verbal tone have
something—a great deal—to do with how we live our lives . . .”

ADRIENNE RICH

“Language is our meeting place, the sea we live in . . . it is
the common ground of our humanity.”

TOBY WOLFE, *VANITY FAIR* (SEPTEMBER 1985)

Catalyst. A *catalyst* causes or accelerates activity between two or more persons or forces. Communication is the primary catalyst for anything that requires the coordinated effort of people.

The terms we defined are building blocks for this statement: *Communication in any business environment, especially in the form of conversation, causes or accelerates value or waste*. Any attempt to accelerate business results without effective communication is doomed to create waste, not high-velocity value.

The False Promise of Speed Worship

Many leaders have begun to worship a modern golden calf: speed. We are doing business in a headlong rush of activity. The slow ones are road kill, so go fast, fast, fast. You may not have seen the following passage, but we're betting it feels familiar:

Every morning in Africa, a gazelle wakes up.

It knows it must run faster than the fastest lion or it will be killed.

Every morning a lion wakes up.

It knows it must outrun the slowest gazelle or it will starve to death.

It does not matter whether you are a lion or a gazelle:

When the sun comes up, you better be running.

Unknown

What is your reaction to this lion and gazelle dynamic? Is business only a well-dressed, rapid-fire fight for survival? We say it is not. Besides, it is too tiring to settle for running ever more quickly just to stay alive. The running needs to be valuable both to runners and to the people for whom they run. However, leaders often forget this reciprocity of value in their lust for speedy output. So, we burn up and burn out the source of value: the mutually beneficial contract between customers, investors, and employees. When disconnected hurry displaces communication, the burning out begins.

In the face of cutthroat competition, faster and faster time-to-market, rapid technology development, and wild-eyed change, speed matters. But, it's not even close to the whole story. Speed does not disguise stupidity and, in fact, may amplify it. Imagine driving down a street at 30 MPH. Perhaps you do something foolish, like look down to dial your mobile phone. A car backs out of a driveway up ahead of you, and the peripheral movement pulls your eyes back to the road. A desperate lunge at the brakes saves the day. In the gasping, grateful aftermath, you silently promise to not dial and drive again. Now, replay the scene at 60 MPH or 90 MPH. Your mistake has dramatically different consequences. You might not even be alive to learn from the mistake. There are similar stories in business where managers who are proud of their speedy decisions are sowing the seeds of their own destruction. Speed on its own is *not* a reliable path to success, much less a means to personal satisfaction.

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“What is the use of running when we are not
on the right road?”

GERMAN PROVERB

“We make fast decisions, but we don’t make smart decisions.” This comment was made by a vice president in a technology company that had been losing market share for three years in a row. We interviewed him for one of our clients, because he let it be known he was interested in leaving his present company. “The new CEO made a big deal out of fast decisions. His staff all had pagers, cell phones, and wireless e-mail, so they could be reached quickly. He really thought just going faster helped. Do you know how we made faster decisions? We excluded the people who knew our customers and our technologies the best. People joked about going to marching-order meetings, because they knew there would be no discussion, only instructions. Our big improvement was getting to market faster with products that only sold if we discounted them so much we couldn’t make our profit targets.” This account is a painful description of a recipe for wasted time and money.

We have seen strangely similar events in a variety of businesses. Most new economy start-ups fail and do so while going very fast. Most acquisitions and mergers fall short of their intended economic value and not, for the most part, because they were slow. They fail mainly because of poor quality interactions among the people who are crucial to their success.

Static and Dynamic Business Situations

Valuable interactions are the key to the victory of high-velocity value over mere speed. The simple reason is that conversation is the field of play for coordinated action. Whether the venue is telephone, e-mail, staff meetings, project reviews, or casual discussion, it is still a conversational field of play. The interactions in static business conditions, however, are different from the interactions in dynamic conditions. It is very possible that you already possess the leadership and communication skills that meet the challenge of static conditions. They have been honed since the dawn of the Industrial Revolution. The dynamic skills are unusual, and developing them fully requires considerable personal interest. Map your own situation onto this section as you read. See if you are reminded of your own challenges,

particularly in the dynamic section. If you see yourself in this part of the book, the rest will be a worthy personal investment.

Static conditions are based in predictable challenges. The crucial variables are known. Although no business condition is completely static and unchanging, some are definitely more static than dynamic. Most businesspeople long for the static situation, because it makes investing safer. Confident predictions of the future allow for capital investments and for potential long-term profit.

For example, if you operate a contract manufacturing company, your binding contracts with “A” credit clients allow you to invest in manufacturing lines. You know exactly what to manufacture, so you can develop exact processes for doing the same things over and over. Economies of scale become the primary source of economic value for customers, investors, and employees. The main risk factor is the accuracy of your predictions.

Take advantage of mainly static situations whenever they present themselves. These relatively stable situations are ripe for rigorous processes and standard protocols. World-class cost structures frequently emerge from these economy-of-scale opportunities. Contrary to popular business press claims of “permanent whitewater everywhere,” such opportunities do exist.

There are useful guidelines for leading in a mainly static condition. The *static imperatives* are:

- *Invest in the quality of your predictions.* Can you confidently predict the commitments and capabilities of customers, investors, and employees? Can you predict the actions of important competitors? Are your predictions grounded in information you trust?
- *Create value through economies of scale.* Return capital investments through cost efficiencies, reliable profits, and a high volume of activity.
- *Communication culture is following instructions.* Processes are rigorous in a static environment, so you do not want much deviation. If you *know* what it takes to make a high-value product, then you do not want people making things up.
- *Preserve rigid roles.* In a static environment, you know how each role fits with the whole system. You want everyone to do a good job of doing his or her part. Do not get in each other’s way.
- *Separate organizations.* This is the organizational equivalent of *rigid roles*. Share the information necessary for people to make their promised contribution and no more.

- *Experience and credentials grant credibility.* People trust you because you are in charge, you know how the system works, and you have proven yourself in similar situations.

However, not all business conditions are static. None, in fact, is completely static. Many times, you cannot safely predict the commitments, capabilities, and actions of customers, investors, employees, and competitors. In those times, leadership and communication must be more *dynamic* than static. The guiding principles for leaders are dramatically different.

Please answer the following question and trust your immediate, subjective guess:

- What percentage of the time are you working in conditions that are substantially unpredictable?

If you are confident in your answer, then skip the numbered exercise below (unless you are just curious). If you are not confident in your answer, here is a simple and revealing exercise. Take out a clean sheet of paper, and then:

1. Draw a small circle in the center of the page and label it with the name of any particular responsibility you hold. This could be a company name, a division name, a project you led, or any distinct accountability.
2. Ask yourself, "What events, forces, or situations are substantially affecting my area of responsibility?"
3. Write your answers (e.g., "Our biggest competitor is introducing a new product" or "Our company is restructuring") on the page anywhere in the white space between your accountability and the edge of the paper. Draw a circle around each answer. The page may get cluttered quickly.
4. For each answer, assess the size of the impact on your accountability on a scale of 1 to 10 (1 is little impact, 10 is enormous impact). Write the number in the appropriate circle.
5. Keep identifying, assessing, and scoring the various impacts for ten minutes.
6. Add up all your scores. The number is your *Estimated Gross Adjustment Demand Score* (fondly known as EGADS!).
7. Divide the EGADS score by the number of impact circles on the page. This number is your *Average Adjustment Demand*.

In our experience, either an Average Adjustment Demand of 5 or more, or a total EGADS score of 30 or more puts you in dynamic conditions. You do not have to believe our assertion. Trust your own judgment: Looking at the page, does your environment tend more toward static or dynamic?

In our consulting practice, we have asked many managers and leaders to do this simple analysis. Most of them say that there are a larger percentage of dynamic situations than static situations. The rest say the percentage is substantial if not in the majority.

In dynamic situations, the static imperatives cause damage and create waste rather than value. The *dynamic imperatives* are:

- *Invest in real-time learning and adjustment.* You cannot predict safely. Your risk factor is how quickly you learn and adjust rather than your ability to predict. People who learn slowly fear dynamic times. It is essential to be in open, responsive communication with customers, investors, and employees.

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“I’m not afraid of storms, for I’m learning to sail my ship.”

LOUISA MAY ALCOTT

- *Create value through rate of adjustment.* Many of us used to think there was no way to compete with someone who enjoyed vastly superior economies of scale. We were wrong. Agile response to customer, investor, and employee information is an extraordinary advantage. Komatsu exploded onto the heavy equipment scene with shocking success in the face of Caterpillar’s economies of scale. Dell did the same to IBM as Canon did to Xerox, Toyota to General Motors, and Wal-Mart to Sears. All of these were victories of *rate of adjustment* over *economies of scale*.
- *Communication culture is valuable conversation.* In valuable conversations, we interact, learn, and immediately apply the lessons. There is no manual, no instructions to follow. Marching orders are grossly inadequate. Meetings need to clarify purpose and yield new insight and action, not simply report and instruct. This quote from baseball great Satchel Paige is especially apt in dynamic times: “None of us is as smart as all of us.” Tapping into that intelligence requires unusual, though learnable, communication skills.
- *Preserve adaptive roles.* In dynamic conditions, few people should be doing exactly what they were doing last year at this time. Muhammad

Ali and Katherine Hepburn are good examples. Ali kept adjusting his strategies and tactics to befit his age, athleticism, and opponent. This flexibility marked his startling upset of George Foreman with the now-famous “rope-a-dope” tactic. His boxing was markedly different in winning different titles. Hepburn has gracefully occupied role after varied role in a career that has known no limit. From *Bringing Up Baby* to *On Golden Pond* and beyond, she chronically links her gifts to the opportunities at hand and has never stopped creating value. Their flexible artistry is a great lesson for us.

- *Connect organizations.* In dynamic conditions, let information flow freely, as blood flows through the organs of our bodies. The most valuable discoveries come from connecting the previously unconnected. Be generous with information, and let your constituents become creative cohorts. When we are afraid to share information, we are protecting what we already have. In dynamic times, what we already have is insufficient. The risk of exposing information is far less than the risk of limiting ourselves to what we already know. Compared to *separation*, free *connection* is a messy, stimulating, and necessary source of value.

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“Experience after experience with innovations that fizzle after a bright start, be they new work systems or new products, shows that external relations are a critical factor: the connections, or lack of them, between the area initially producing the innovation and its neighborhood and beyond.”

ROSABETH MOSS KANTER, *THE CHANGE MASTERS*

- *Visible learning and adjustment grant credibility.* Dynamic leaders are frank about mistakes and quick to learn and adjust. They waste no time deflecting new challenges or defending the past. Who has credibility in dynamic times? It is the women and men who are visibly learning and adapting, not the ones clinging desperately to failed plans and familiar habits.

The chart in Figure 1.1 summarizes the imperatives in a side-by-side comparison.

We are *not* saying that static is bad and dynamic is good. Economies of scale are always going to be valuable. In the right situation, rigorous

FIGURE 1.1 / Static and Dynamic Value Imperatives**Static Imperatives***PREDICTION**ECONOMIES OF SCALE**FOLLOWING INSTRUCTIONS**RIGID ROLES**SEPARATE ORGANIZATIONS**EXPERIENCE AND
CREDENTIALS***Dynamic Imperatives***LEARNING AND ADJUSTMENT**RATE OF ADJUSTMENT**VALUABLE CONVERSATIONS**ADAPTIVE ROLES**CONNECTED ORGANIZATIONS**ABILITY TO LEARN AND
ADJUST*

standard practices create great value for customers, investors, and employees. We *are* saying that the conversational skills of dynamic leadership and communication are important to both static and dynamic value for two reasons:

1. Someone adept at the dynamic imperatives has the skills necessary to identify static opportunities; in our experience, the reverse is not so. The ability to recognize and respond to both static and dynamic opportunities is fundamental to high-velocity value. Valuable conversation, the core competence for leading in dynamic times, allows a leader to recognize and act on each of these occasions for value at the right time.
2. In the knowledge and service economies of today, the dynamics of conversation *are* the dynamics of high-velocity value.

In the Industrial Revolution, people were looked upon as tools for production of value. A frustrated Henry Ford is rumored to have complained, “I ask for a pair of hands and they come with a head attached!” In the service and knowledge economy, what is in those heads is the value. How do we access the extraordinary contribution of people to create high-velocity value for customers, investors, and employees? At Conversant, we have found the answer lies in the dynamic imperatives.



Waste Signals

These are the telltale signs that you are in dynamic times and using the static imperatives:

- Chronic complaints that stay unresolved
- Poor track record of executing agreements
- Conflicting charters (lack of shared purpose)
- Organizations withholding information from each other
- Wasteful explanations (an explanation of a problem that does not help solve it): “It’s not my fault,” “I’m right, they’re wrong,” “We’re in a bad economy,” etc.
- Relationships are deteriorating

If any of these warning signals apply, then the ratio of waste to value is unhealthy and demands attention.

To meet the challenge of dynamic leadership, read on. The first major key to high-velocity value comes next.

The Intersection: Launch Point for High-Velocity Value

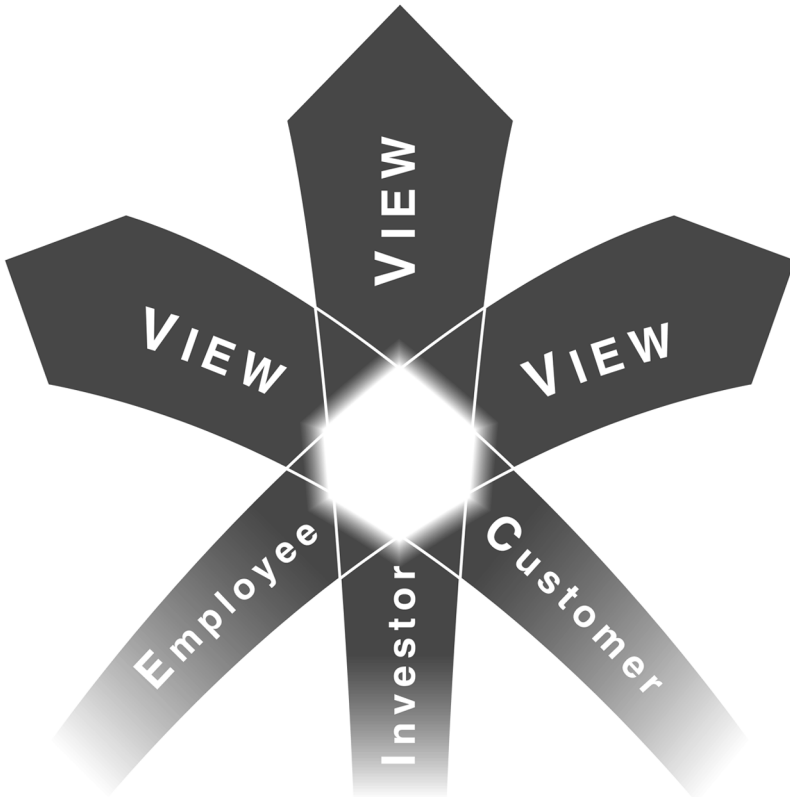
Here are some dangerous, wasteful myths:

- The customer is always right.
- The sole purpose of a business is to make a profit.
- Nothing happens without employees, so take care of them first, last and always.

There is some truth in each statement. Greater truth, however, is at the place where the three statements intersect (see Figure 1.2).

This notion of an intersection is a fruitful source of high-velocity value. The wasteful norm: Promote my own agenda and protect myself from the intrusion of your agenda. A valuable change: Research your agenda and find out where mine intersects with yours. The intersection is about integration, not domination.

Contrast integrating the agenda of customers, investors, and employees with determining which of the three should dominate. You will find that integration produces more value with less time, money, and stress. The reason is simple: Customers, employees, and investors need each other. Their

FIGURE 1.2 / *High-Velocity Value Starts at the Intersection*

purposes are reciprocal and interdependent. Like a pyramid of purpose, each requires the other two to stand at all. Anything produced at the intersection will be gratifying for all. A benefit for one at the expense of the other two is an investment in the demise of a business.

Meaningful work and long-lived relationships are rooted in the intersection. If we are not able to see shared value, we are left with manipulation and domination. Many leaders have damaged employees, customers, or investors, not because they wanted to, but because they saw no other course of action. Those of you who are willing to master the art of the intersection will not be so limited.

Many people have told us that it is liberating to be able to produce superior business results by researching and intersecting with other people's purposes. After considerable work on getting to the intersection quickly, a senior manager in a Fortune 100 company told us: "This is the first time in my 36-year work life that I see high performance and being completely honorable coexist without compromise. We're producing a lot better results than we thought we could, and I'm sleeping better than I ever have."

We heartily agree. Like him, we have found that meaningful work, ethical peace, high profits, and great customer satisfaction are *not* mutually exclusive. Also, we made a lot of mistakes on the way to that insight. As we said in the introduction, it is best for you to learn from our mistakes and then make fresh ones for yourself.

Employees, investors, and customers are groups with distinct purposes, concerns, and circumstances. High-velocity value is launched from where they intersect. The value of the intersection, however, extends way beyond these three groups. Anytime you benefit from the coordination, support, or collaboration of others, the intersection is a gold mine of value. If you care about value (i.e., the rate at which employees provide what customers and investors are happy to pay for), then get interested in intersections.

Intersection conversations are the essential foundation for high-velocity value. They call for:

- Researching the point of view of anyone whose support you desire or require
- Discovering where your view overlaps or intersects with theirs

For now, we define *view* as:

- *Purposes*—essential commitments I cannot abandon
- *Concerns*—things that might interfere with my purposes
- *Circumstances*—essential facts that I must account for

For example, I could have a *purpose* to assure my children a great education. I am *concerned* about the drug problem in schools. The school district in which we live is a *circumstance* to be taken into account. In Chapter 3, we will develop a more complete definition of *point of view*.

The Axioms of the Intersection

An *axiom* is a self-evident statement that is accepted as a basis for further conversation. We have found it highly productive to accept these three axioms:

1. All humans have purposes, concerns, and circumstances.
2. If someone perceives that you are unaware or disrespectful of his or her purposes, concerns, and circumstances, he or she will consider you a threat. And, he or she will actively avoid, resist, and undermine any significant threat. This creates waste.
3. If someone perceives that you are aware and respectful of his or her purposes, concerns, and circumstances, he or she will join you in conversation. He or she will share information, coinvent solutions, and move into action. This creates value.

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“We put our energy into staking out the widest
common ground all can stand on without forcing
or compromising. Then, from that solid base
we spontaneously invent new forms of action . . .”

MARVIN WEISBORD, *DISCOVERING COMMON GROUND*

If you want to accelerate the trip to the intersection, then keep the axioms in mind. Read them ten times a day. Catch yourself respecting and violating the axioms and note the different outcomes. Virtually every impasse, argument, or upset you encounter can be explained in terms of the laws. The axioms also can explain virtually every inspired result and group victory.

Here is some active research you can do. For the next difference of opinion you encounter, we suggest that you research the following *before* you argue your point:

- What important purpose is at stake for them?
- What concerns do they have about achieving their purpose?
- What circumstances are affecting their purpose?

For example, imagine that you just heard of a new policy that lowers your expense authority. In the future, you will have to get approval for many expenses that had been left to your discretion. If you wish to have any

influence at all, answer the above three questions before you voice any objections. If the presentation of your view does not acknowledge those purposes, concerns, and circumstances, *you will not be heard*.

Review what you discover with the other party to make sure he or she endorses your findings about his or her view. Now, say what you have to say. You will notice he or she is listening to you carefully and that you naturally express yourself in a way that includes his or her purposes, concerns, and circumstances.

When we train and coach negotiators, we say the following:

- Negotiation is the art of discovering an intersection of mutual interest that the parties will mutually protect.
- Do not introduce a new point into the discussion until you have expressed the last speaker's point to his or her satisfaction.

This counsel to negotiators comes directly from the axioms of the intersection.

In most business conversations, people note differences first and similarities second. This is especially true in the face of a problem. If any resolution is possible, it accelerates dramatically if you focus on intersections first. Intersection conversations give us a place from which to deal with the differences. Without an intersection, there is only argument and protection. The resulting outcome is doomed to be a mere extension of the existing positions, and no new value is produced.

Intersection conversations identify unforced opportunities for high-velocity value. Anything at the intersection tends to happen fast and does not require much oversight. Getting to the intersection quickly is a function of intention, skill, and practice. In Chapters 2 and 3, we will give you skill and practice, including a model to tell you how you are doing and how to improve. You, of course, have to provide the intention.

Although intersection conversations are essential, they are only part of the design of high-velocity value.

The Architecture of Conversation

Ordinarily, an architect is the designer and sometimes builder of a physical edifice. An architect of conversation is the designer and builder of achievement of all sorts.

If you want to create quizzical looks and blank stares, spend a day asking people this question: “What is the design of a valuable conversation?” You probably will not get immediate, insightful answers. We spend countless hours listening and speaking, but the nature of those hours goes unexamined.

Part of our consulting practice is devoted to *process transformation*. The purpose is to radically increase the return on invested time and money in any business process. Fifty percent decreases in time are frequent. Unleashing the brilliance of a work community through valuable conversation adds an extraordinary new source of value to conventional process improvement.

We have learned a simple lesson regarding process transformation. The greatest results come from examining a system with two characteristics:

1. It is widely used by many people.
2. It has not been rigorously examined for a significant period of time.

An unexamined system in wide use is ripe for a value harvest. Waste has crept in over time and is now invisible and rampant. We really like these kinds of assignments, because we know we are going to achieve great gains. The point here is this: The process of business conversation is an unexamined system in wide use. It may be the most unexamined, widely used system of value creation in the world.

Most people *hope* conversations are valuable. However, hope is insufficient for high-velocity value. Hope is impotent without *awareness* and *purpose*. We need to deepen our awareness of how conversation generates perception, meaning, action, and learning. Add to awareness the genuine purpose to create value (instead of just hoping for value), and we can design a model for turning hope into reality.

Our exploration has two paths:

1. The architecture of conversation as a *cycle of value*
2. The architecture of conversation as a *cycle of waste*

There is a reliable design for conversations that produce a cycle of value and for those that produce a cycle of waste. If you appreciate both, you can catch waste early in the cycle and shift to value. In this chapter, we do a high-level overview of both. In Chapter 2, we give the keys to making an early shift from waste to value. In Part Two, we give thorough instructions for ensuring a cycle of value rather than waste.

The Cycle of Value

When conversation builds recurrent value, the cycle of align⇒act⇒adjust is at work (see Figure 1.3). Look at the three elements like thirds of a wheel. When all three are present, we are rolling. When any one of the three is missing, we experience a very bumpy trip.

Align. Align conversations unite people, time, and money to pursue a valuable opportunity. Problems of teamwork, creativity, and resource allocation are largely due to poor alignment. The ultimate test for alignment is execution. The interim test for alignment is the assignment of time, money, and key people. People who are genuinely connected to each other

FIGURE 1.3 / *Cycle of Value*



in a worthy effort are resourceful and tenacious in the face of a challenge. As Leonardo da Vinci once said, one “turns not back who is bound to a star.” If you have mediocre execution of strategies, then look first at the quality of alignment.

There are three elements of alignment: Intersect, Invent, and Invest. We discover shared purpose at the *intersection* of our individual purposes, *invent* ideas for achieving those purposes, and *invest* time, money, and key people in the ideas that advance our purposes. When all three are present, there is authentic alignment rather than cheap agreement. People often agree to things intellectually without thoroughly confronting the reality of their agreement. Such false agreement is impossible if you intersect, invent, and invest. In Part Two, you will find complete instructions for how to ensure authentic alignment rather than cheap agreement.

When alignment is strong, you have access to the commitment and intelligence of a community. Without it, you are betting on the self-serving talents of a disconnected group; we think that is a bad bet.

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“Genius is the capacity for seeing relationships where
lesser (people) see none.”

WILLIAM JAMES

“Talent wins games, but teamwork and intelligence
win championships.”

MICHAEL JORDAN

Act. Act conversations make commitments explicit and launch action. Poor act conversations cause dangerous assumptions, failed expectations, and mistrust. The evidence for action is action, as simplistic as that sounds. If people spend more time *talking about* work (gossip, opinion, excuses, and blame) than actually *doing* work, there will be weak align conversations, weak act conversations, or both.

The three elements of action are *engage*, *clarify*, and *close*. We *engage* with those who must carry out action, connecting their best interests to the purpose at stake; we *clarify* precise expectations; we *close* the question of accountability by asking for explicit promises to deliver measurable value. Managing these conversations well frees all parties to make unique, specific contributions in a coordinated way.

■ ■ ■

“Action springs . . . from a readiness for responsibility.”

DIETRICH BONHOEFFER, *LETTERS AND PAPERS FROM PRISON*

Adjust. Adjust conversations return the investment of action by translating experience into improvement. Through adjustment, we stay true to purpose. Virtually nothing of consequence happens as we imagine, so it is vital that we learn and adjust. Leaders who adjust well know foresight is inevitably imperfect. Dynamic leaders know that they are not prescient and that they do make mistakes. For those leaders, learning is acceleration of value rather than cause for embarrassment.

The two elements of adjustment are *review* and *renew*. Public, timely review of measures and results breeds accountability and accelerates achievement. We renew our efforts and our relationships with the lessons learned. Examples of timely occasions for adjustment are:

- When results are far better than expected, and you do not know why
- When results are worse than expected and not improving
- At obvious milestones (e.g., new leadership, new budget, major deadline)
- When key players are having major disagreements or losing interest

Performance evaluations, project debriefs, and process reviews are all occasions for valuable adjustment.

A well-done adjustment conversation accelerates value by discovering best practices, solving problems, eliminating waste, and deepening the alignment of the parties involved. In Chapter 6, you will find a proven seven-step method for high-velocity debriefing and adjustment.

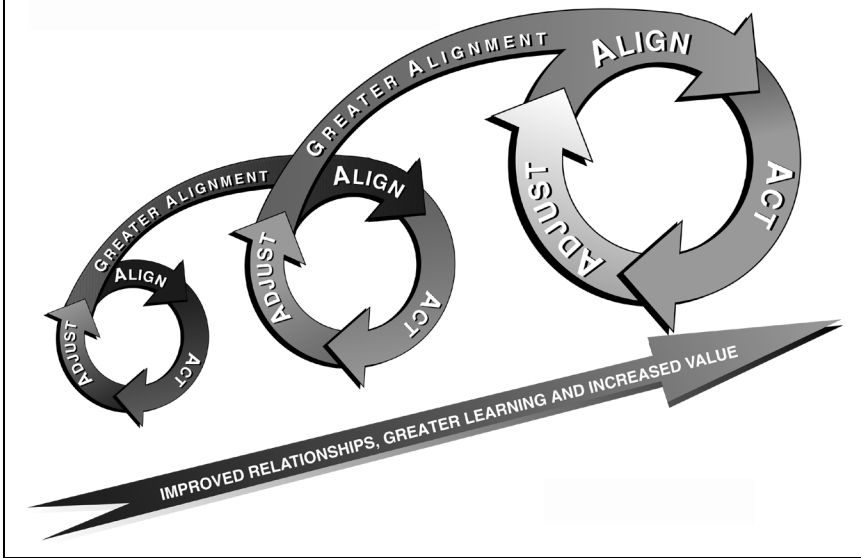
■ ■ ■

“However beautiful your strategy, you should
occasionally look at the results.”

WINSTON CHURCHILL

The three elements of the architecture—align, act, and adjust—work together to create a reliable cycle of increasing value. Every turn of the wheel escalates the quality of alignment, action, and adjustment. Relationships get stronger, trust and creativity increase, goals are met, and learning grows (see Figure 1.4).

FIGURE 1.4 / Cycle of Value



Whenever these substantial increases *do not* happen, there has been a breakdown in one of the three areas of conversation. Ample insight into diagnosis and correction is on the way in the chapters to come.

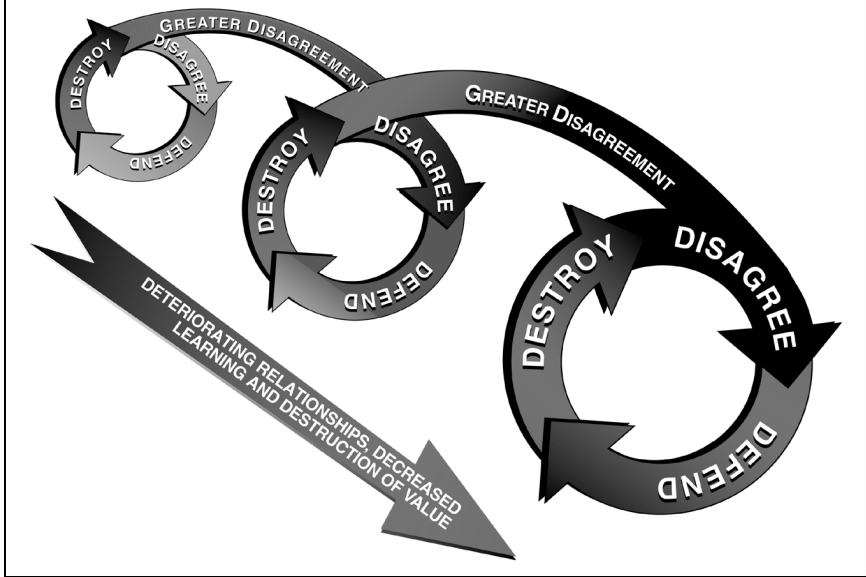
Here comes the bad news. There is a competing cycle of action: the cycle of waste.

The Cycle of Waste

When value deteriorates the cycle of conversation is disagree⇒defend⇒destroy. These three have a connected relationship, as do align, act, and adjust. In this cycle, though, waste increases instead of value (see Figure 1.5).

Disagree. Conversational waste starts most often in the presence of differences. The disagreement may or may not be obvious. The waste cycle does not care. If the disagreement is significant to what we are trying to accomplish together, waste escalates. Disagreements abound. The likelihood that anyone fully shares my agenda and is aligned automatically with my desires is small. If I am not intentionally searching for intersections, then differences proliferate as weeds do in an untended garden.

FIGURE 1.5 / Cycle of Waste



There are three elements in disagree conversations—and they are poor, disconnected relatives of intersect, invent, and invest: *separate*, *protect*, and *settle*. In the waste cycle, I *separate*, wittingly or unwittingly, from anyone who does not share my view. I do whatever I can to *protect* my viewpoint (cajole, convince, argue, persuade, and manipulate), and then *settle* on a course of action. The protecting and settling tends to be mightily influenced by who has more power and authority. If you have the authority, you can mandate a course of action and settle for (as in “put up with”) whatever level of partnership you have. If you lack authority, you settle for the course of action whether or not you actually agree. Does any of this sound familiar?

■ ■ ■

“What we have here is a failure to communicate.”

STROTHER MARTIN IN *COOL HAND LUKE*

An explanatory note: There is an aspect of human brain function that is prominent in the waste cycle. Our biological survival is being chronically attended to by a part of the brain called the amygdala. This ancient, almond-shaped bit of brain is constantly orchestrating an environmental scan for any possible threat to our well-being. The moment the amygdala senses

anything that is *or might be* a threat, it commandeers our bodies to combat that threat. When the amygdala takes over, it wants a fast answer to this question: “Do I fight with it, flee from it, immobilize, or submit?” This “fight, flee, freeze, appease” response figures greatly into how we communicate in the face of difference. The brain does not discriminate between a physical threat and a social threat. In a meeting, a perceived insult triggers the same biological response as a physical assault. Sometimes this response is damaging to our most essential purposes. In Chapter 2, we will delve into *bioreaction*, the universal response to threat. We will fully explore how to manage bioreaction in our own best interests.

Defend. After disagreement comes defense. If I got what I wanted in the face of our differences, I now expect everyone involved to act exactly as I would. This is irrational. Those who lose the disagreement tend to be compliant, not committed. Nonetheless, I expect the losers to be committed, creative, and resourceful. When they are not, you can count on me to defend myself and blame them.

If I lost in the face of our differences, I defend my position by pointing out poor results. I am now longing to prove that we should never have done it your way.

The winners and losers wittingly and unwittingly defend their original position. Contrast this scenario with people standing together for a worthy purpose and co-inventing multiple ways of succeeding. It is not a pretty comparison.

Destroy. Separated people with disconnected expectations of one another are usually not happy with the results. So, we have to explain the failure. Those explanations often destroy any possibility of recovering alignment.

If I am the dominant party, my faith in those I counted on is shaken. I am likely to find fault with the people who did not do as I would have done. I punish to get the poor performers in line. I consider finding better people.

If I am lower on the power ladder, gossip is my method of destruction. Hallway discussions with sympathizers are peppered with “I knew it wouldn’t work.” The powerful people being blamed are not around. I cannot (or will not) confront them; instead, I will quietly undermine them.

Either party can blame the circumstances and destroy any chance for learning and adjustment. Occasionally, I destroy my own contribution by wallowing in shame and guilt.

Destruction is a function of disconnected disappointment. The residue of our separated distress is greater disagreement. Relationships are destroyed, learning is lost, and organizational capability declines. The cycle of waste goes on.

■ ■ ■

“It’s not whether you win or lose;
it’s how you place the blame.”

RALPH KINER, BASEBALL GREAT

What you do *not* see in the cycle of waste are mutually committed people putting their heads together to see what they can do to make a valuable difference. More likely are lost energy, increased worry, and little faith in turning the tide.

This vicious cycle of waste continues unless one or more of the following happens:

- A major emergency melts differences and resets the relationship.
- People come and go, and a new set of relationships is at work.
- An intentional shift is made to the cycle of value.

Conversation works as a cycle of value or a cycle of waste. The behaviors in the two cycles are rooted in conversations. If you do not alter the conversations, you will not alter the behavior. We all know we should be more patient, confront our disagreements honestly, and not give in to blame and gossip. Mandating those behavior changes does not work, because they are a function of conversation. Have the right conversations at the right time—that is how you alter behavior. We keep changing people (trying to fix them or replace them), when all we really have to do is change the conversation.

The cycle of waste is well embedded and requires little or no study and practice. The cycle of value is natural and gratifying. However, it will require study and practice. In *Time and the Art of Living*, Robert Grudin makes a comment that truly fits mastering the cycle of value: “Hard work crystallizes into pleasure as you grow in skill.”

The rest of *The Communication Catalyst* is dedicated to the hard-won pleasure of valuable conversation. Remember, Rev Baker has a bit to say on the subject. We’ll hear from Rev right after the chapter summary.

CHAPTER SUMMARY

The Heart of the Matter

Communication in any business environment, especially in the form of conversation, causes or accelerates value or waste; it is the foundation for all coordinated achievement.

In dynamic times, our rate of adjustment to changing conditions and purposes is the source of value. Every conversation we are in is an occasion for valuable adjustment. There is a conversational cycle of value: *align, act, adjust*. Apply the cycle of value to everyday business challenges and create substantially more value than waste.

Definition of Terms

- *Value*: What customers and investors are willing to pay for that employees are willing and able to provide.
- *High-velocity value*: Mutual value that is identified, delivered, and paid for faster than normal.
- *Waste*: Any use of resources that *does not* create value for customers, investors, and employees.

Static and Dynamic Business Environments

Value track: The ability to recognize and respond to static and dynamic opportunities is fundamental to producing high-velocity value.

Different conditions call for different approaches.

Static Imperatives

Prediction
Economies of scale
Following instructions
Rigid roles
Separate organizations
Experience and credentials

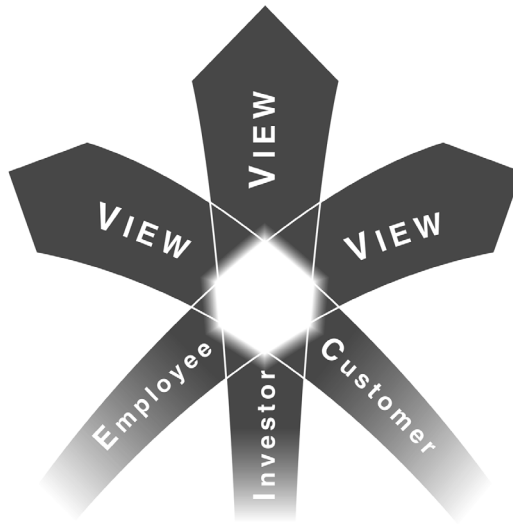
Dynamic Imperatives

Learning and adjustment
Rate of adjustment
Valuable conversations
Adaptive roles
Connected organizations
Ability to learn and adjust

Waste track signals:

- Chronic complaints that stay unresolved
- Poor track record of executing agreements
- Conflicting charters (lack of shared purpose)
- Organizations withholding information from each other
- Wasteful explanations
- Relationships deteriorating

The Intersection: The Source of High-Velocity Value



Value track: Intersection conversations are about integration, not domination. Integrating the agendas of customers, investors, and employees produces more value with less time, money, and stress.

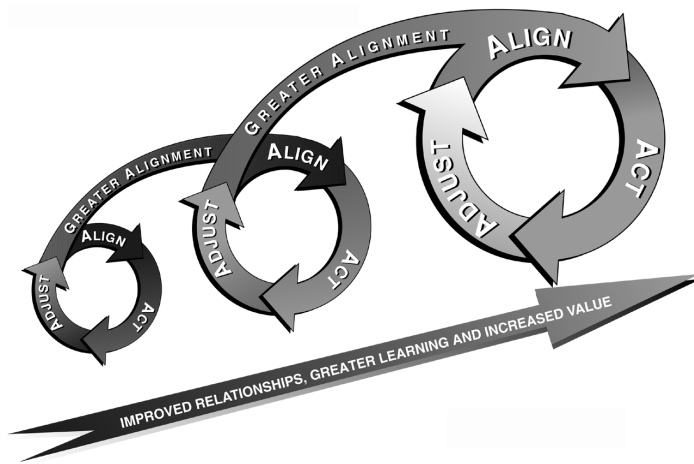
The Axioms of the Intersection

1. All humans have purposes, concerns, and circumstances.
2. If someone perceives that you are unaware or disrespectful of his or her purposes, concerns, and circumstances, he or she will consider you a threat. And, he or she will actively avoid, resist, and undermine any significant threat. This creates waste.

3. If someone perceives that you are aware and respectful of his or her purposes, concerns, and circumstances, he or she will join you in conversation. He or she will share information, coinvent solutions, and move into action. This creates value.

The Architecture of Conversation: An Introduction

There is a reliable design for conversations that produce value and for those that produce waste. Learn and adhere to the design to accelerate value.



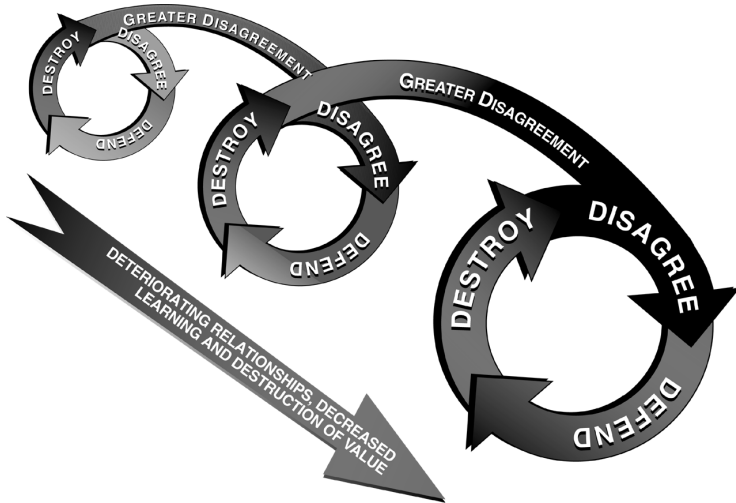
The Cycle of Value

Conversation builds. Relationships get stronger, learning occurs, trust and creativity increase. Value accelerates value.

Elements of the cycle of value:

- *Align* conversations unite people, time, and money.
 - Intersect* separate purposes to reveal shared purpose.
 - Invent* ideas for achieving shared purpose.
 - Invest* time, money, and key people in ideas that advance shared purpose.
- *Act* conversations make commitments explicit and launch action.
 - Engage* with those who must carry out action, connecting their best interests to the purpose that is at stake.

- Clarify* precise expectations and measures of success.
- Close* the question of accountability, requesting explicit promises.
- *Adjust* conversations translate experience into improvement.
- Review* measures and results.
- Renew* efforts and relationships.



The Cycle of Waste

Value deteriorates; waste accelerates. Relationships are lost, organizational capability and creativity decline.

Elements of the cycle of waste:

- *Disagree* conversations accelerate waste by focusing on differences.
- *Defend* conversations focus on defending individual agendas and original positions.
- *Destroy* conversations blame, justify, and gossip away any possibility of recovering alignment.

Action to take: If elements of the waste cycle are present, an intentional shift to the cycle of value is called for. If you do not alter the conversation, you will not alter the behavior.

R E V L E S S O N

■ ■ ■

The Fishin' Blues

"Here's a little tip I would like to relate: Many fish bites if you got good bait."

TAJ MAHAL, FISHIN' BLUES

“Walker, is there anything else you want to say about the situation?” Rev looked at me across the granite counter. I paused, glanced at my wrist, and took a deep breath. I’d been talking for quite a while.

“No, Rev. I think I’ve said enough. I’m sure you’re bored enough with my problems anyway.”

Rev smiled slightly. “You know, Walker, a person can be sure *and* wrong. I’m not bored at all.”

That was far from the last time that Rev made a quiet, disturbing statement to me. I thought back over my story, wondering where I might be both sure and wrong.

I’d entered Rev Baker’s Beautiful Central Texas Hill Country Barbecue Café about an hour earlier. Rev saw me and started singing *Walk right in, sit right down*, a line from a ’60s pop song. Rev enjoyed music. He had an old jukebox, one of those with bubbles running through neon-lit tubes, right in the middle of the café. You didn’t even have to put money in it. Sometimes he’d walk over and play a song to punctuate a point he was making.

After polite greetings, I tried to sound confident and casual. “Rev, you promised me a barbecue sandwich, so here I am. I’m not one to pass up a free meal.”

“Walker, I invited you for a conversation. The sandwich was just bait. You seemed all beaten down and I thought we should talk.” Rev kept his eyes on me until I spoke.

“Well, I’m just busy and tired, no big deal.”

“Walker, busy and tired do not necessarily go together. You can be busy and winnin’ and not be tired at all. Now, if you’re busy and losin’ that’ll make you tired . . . real tired.”

I thought, What am I doing here? I’m going to tell a cook my complex business problems? Not very likely. I’m getting ready to quit, anyway. Soon they’ll be someone else’s problems. I formulated my response.

"Rev," I said, "MightyTek is struggling with a bad economy. All the high-tech companies are. Hardly anyone is winning at the moment."

"Someone is winnin'. They either have better conditions or they are playing the game better or they made up a better game. Maybe all three. My grandpa was a merchant marine, Walker. He used to say, 'Smooth water never made a great sailor.' It sounds to me like you've given up on being a great sailor, son. I'll bet you've got Resume Writer 9.0 on your C-drive right now."

I flinched. How did he know that? And since when did a guy running a barbecue joint talk about software and C-drives?

"Walker, if talking to me doesn't fit for you, then don't force it," Rev said. "I'll give you that sandwich and you think on it for a bit. Do you want your brisket sliced or shredded?"

I told Rev my choice (shredded) and watched him deftly assemble my sandwich. He poured a glass of iced tea for me. Before the tea glass touched the counter, Rev spun a square napkin in the air. The napkin slid into place neatly under the glass just in time. Then Rev told me he was going to go visit customers. That made sense, since it looked like all the tables in Rev Baker's barbecue café were full. He walked away as I stewed in my unhappy thoughts.

At MightyTek, I was leading two major product development efforts. They were both far behind schedule. The income they were supposed to provide was late and I was on the hot seat. I did not think it was my fault, because I was laboring in impossible conditions.

I had inherited a research and development team filled with cynical engineers. Two of them thought they should have my job and were resentful, unproductive partners. My boss came from the sales side of the house and did not understand anything about product development. She thought she did, and that was a big problem. We called her "Shotgun Sharon," because she made big, impulsive commitments to upper management without even knowing if they were reasonable. The only time my staff felt like a team was when we were complaining about Sharon Scott. Our latest complaints were about her cutting our budget without changing any promises to the higher-ups. Also, Shotgun Sharon reacted to input like she was allergic to it. What a mess. The situation was impossible and getting worse. I wanted out, but the job market was not great.

I sighed and picked up my glass of tea. As I sipped, I noticed some words printed at the bottom of the napkin. Below the wet ring that blurred the café name I read:

There are more things in Heaven and Earth, Horatio,
Than are dreamt of in your philosophy.
William Shakespeare, *Hamlet*, Act 1 Scene 5

I thought, “This is one strange barbecue joint. Who *is* this Rev Baker guy?” The implications of the Shakespeare quote rattled me a little. Then a gray blur entered my peripheral vision.

“Hello.”

I looked up to see a face I knew, though only through newspapers and television. Sara McGregor was the founder and CEO of the most successful venture capital fund in Texas. The current media adulation was about how she and the fund somehow emerged from the dot-com crash in strong financial condition. “Sara Mac,” as she was known, made millions as one of the early executives in Austin’s famous computer company. Those millions launched The McGregor Fund.

I shook the offered hand as she introduced herself. I said, “I know who you are, most everyone does. I’m Walker O’Reilly.” I looked under my stool to see if she had left some personal item earlier.

“May I offer some advice, Walker O’Reilly?”

I looked at this impeccably tailored icon and stumbled through, “Of course.” It is not that easy to talk while in opened-mouth awe.

“I overheard some of your conversation with Rev. Confide in him and then listen. I know people who would pay thousands of dollars for the advice he is prepared to give you for free.” This wildly successful, widely respected executive looked directly into my eyes. She flashed a smile, nodded slightly, and walked toward the café door.

“Bye, Mac!” Rev’s voice boomed across the café.

“See you soon, Rev,” Sara Mac boomed right back. I watched her go, listening to her shoes hit the gravel parking lot. Then I think I closed my mouth.

Rev Baker was obviously a man superior to my first impression. When he returned, I spilled my sorry tale into his lap. Then he asked me again if I had anything else to say.

“Rev, I can’t think of anything else right now.”

“Fine, Walker, fine. I have a question for you. Do you want help or pity?”

“What? I don’t want pity. Of course I want help.” I was offended by the implication.

“OK, Walker, I’ll take you at your word and give you your first lesson in world-class problem solving.”

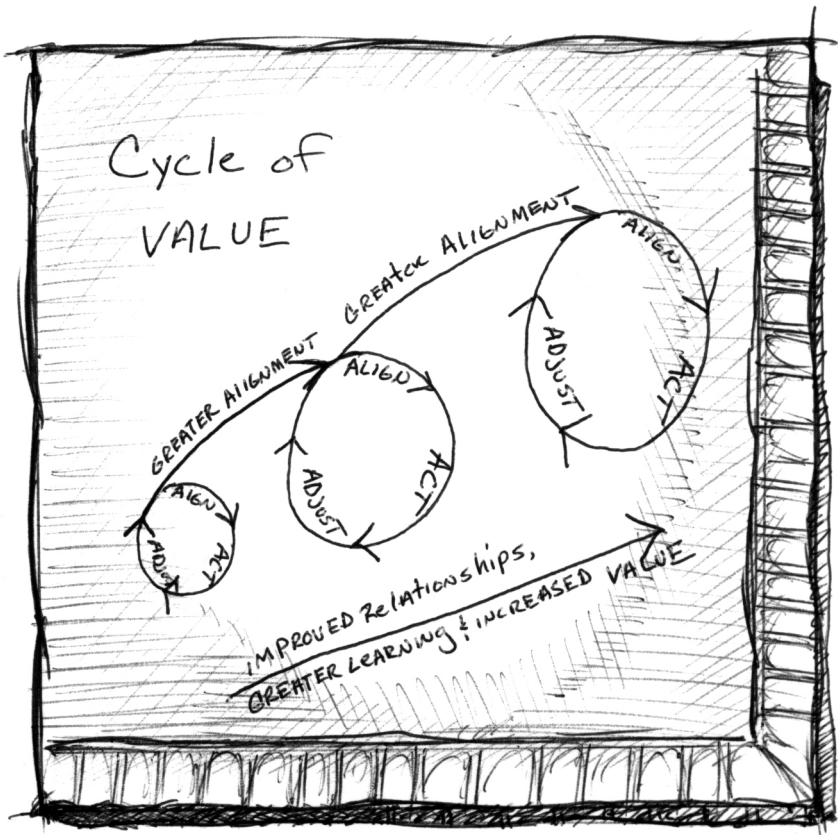
That got my attention. I leaned forward.

Rev’s large, dark face leaned a little closer to mine. “You talk like someone who is proving doom, not reporting facts. Here’s the lesson: *If you want to solve really big problems, first you’ve got to stop proving that you can’t.*”

Rev walked away and tended to his café. All of my “yeah, but” reactions were sticking in my throat. When he came back I said, “Alright, Rev, you got me. I want help and I’ll stop getting in the way of your helping me.”

"Walker, let's make a deal. I'll show you some things to think through and do differently *only* if you promise you'll take one new action by the end of the day tomorrow. If you get value out of the action, come back. You don't get value, we stop."

I agreed. Rev grabbed one of those square napkins and started to sketch out a design. He called it a "conversational cycle of value." Thus began the first of my "bevnep" lessons (that's what Rev called the napkins, which was I think short for beverage napkin). Over time, my collection of bevnep insights became more valuable than my MBA.



Rev said that:

- I needed to look at my two projects as networks of conversation rather than hierarchies of authority.
- Anyone who really knows how conversation affects behavior can lead high-performance teams through difficult times.

- Any shared achievement (for example, the projects I was leading) requires three conversations. The first is the launchpad for the second and third.
 1. *Align*: get together.
 - Locate a point of common interest and translate it into a shared purpose (Rev calls that “intersect”).
 - Give the new “mutual purpose group” chances to brainstorm new ideas and sort them for value to the shared purpose (Rev calls that “invent”).
 - Allocate time, money, and key people to the valuable ideas so the shared purpose group knows what they are *really* doing to support the purpose (Rev calls that “invest”).
 2. *Act*: produce results together.
 - Clarify accountabilities.
 - Secure genuine commitments from specific people.
 - Move into action to fulfill the promises.
 3. *Adjust*: learn and adjust together.
 - Summarize results early and often.
 - Note which conversations (align, act, adjust) are strong or weak; try changing the *conversations* before you decide to change the *people* involved (as in fix them or fire them).
 - Appreciate and acknowledge valuable contributions.
 - Translate failure into actionable lessons.
 - Share lessons and improvements with the shared purpose group.

Rev drew a wheel divided into align, act, and adjust sections. He said they work together like a value cycle, one with its own source of fuel. Rev also said I should only claim value for what MightyTek employees provide that customers and share-owners pay for.

“Walker,” Rev said, “the value is at the intersection, not in your disconnected opinion. In a business, people tell you what they value in a real plain way: how they spend time and money. It’s a bad fisherman who thinks he is doing a great job fishing but the fish just won’t bite. Fish bite when you got something that interests them.”

Rev made a lot of sense, so I took a lot of notes.

“This is a lot to swallow, Walker. If we keep gettin’ together, I’ll explain how all these conversations work. For now, let’s move on to what new action you’re gonna take. Tell me, Walker, who are you having the most trouble working with?”

“My boss, Shotgun Sharon.”

Right then, one of the cooks walked by and said, smiling at me, “Now you listen up when Doctor Baker is talking. He only does it after an awful lot of listening.”

I looked at Rev and said, “So, are you a doctor *and* a minister? Pills and prayers from the same man?” I thought I was being clever. Rev ignored my questions and went back to the subject of my boss.

“Do you want some coaching, Walker?” I nodded yes.

“Here’s my coaching, son, in three pieces. First, stop calling Sharon Scott Shotgun Sharon. Don’t call her anything she would not want to answer to, even when you’re talking to yourself. You got that?”

I nodded again. I could tell that would make more sense than I’d fully understood yet.

“Next,” Rev continued, “make three lists regarding Ms. Scott. First, any *purposes* she has that you can respect. Second, any *concerns* she might have that you can respect. Y’know, things that might get in the way of her purposes. Third, any important *circumstances* you know she has to deal with.

“Last, write a description of Ms. Scott using only the words on your three lists. This is important: No words other than the ones on your three lists. Read your description right before you hook up with her next and see if it helps any. If it does, you call me and we’ll have another sandwich. If not, we won’t.”

I thanked Rev for his time and promised to take the three-part coaching to heart.

“That’s good, taking it to heart . . . if that means you take it to action, too,” Rev said.

“Walker,” he went on, “you are a good man, a valuable man. The only reason you suffer so much is because you have big purposes that truly matter to you. The sufferin’ is just nature’s way to remind you of what matters. If you didn’t have purposes that matter, you wouldn’t care so darn much about how things are going.

“It’s time to shift your attention from the sufferin’ back to the purposes you suffer about. Otherwise, you’ve got your attention on the very things you don’t want. Then you can give yourself another chance. I’ve found that it’s best if I don’t give up too quick on something that matters enough to suffer over.”

I felt my mouth open and my eyes widen just barely. I was seeing something important, and it had not come into full focus yet.

“Oh, and Walker, you have a really fast trigger ‘bout what things mean. We’ll talk about that next time, if there is one. You see, the name ‘Rev’ has got nothing to do with ministry, and my doctorate is in social psychology, not medicine.”

Rev winked at me and straightened up from leaning on the granite counter. He waved as he turned to go into the kitchen. I watched him through the opening as he put on a white apron over his denim shirt. I pushed my stool back and he looked up. A smile split his dark, leathery face. His eyes were bright, clear, and relaxed.

As I left I could hear Rev singing. Someone in the kitchen joined in:

"Here's a little tip that I would like to relate,
Many fish bites if you got good bait,
I'm a goin' fishin', yes I'm goin' fishin',
And my baby's goin' fishin' too."

I left Rev Baker's barbecue café that day more confused than when I entered. Somehow I was more hopeful, though. It seemed strange for both confusion and hope to get bigger at the same time. Interesting lunch, that's for sure.