The Advantage: Why Organizational Health Trumps Everything Else in Business

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xvii - "the conclusions I draw here are not based on reams of statistics of finely crunched data, but rather on my observations as a consultant over the past twenty years. But as Jim Collins, the research giant, once told me, qualitative field research is just as reliable as the quantitative kind, as long as clients and readers attest to its validity."

1 - The Case for Organizational Health

2 - The Three Biases

 \* 3 - "The health of an organization provides the context for strategy, finance, marketing, technology, and everything else that happens within it, which is why it is the single greatest factor determining an oragization's success."

 \* The Sophistication Bias

 \* "In an age where we have come to believe that differentiation and dramatic improvement canbe found only in complexity, it's hard for well-educated executives to embrace something so simple and straightforward."

 \* The Adrenaline Bias

 \* 4 - The Quantification Bias

5 - Understanding Organizational Health

 \* Smart versus Healthy

 \* Signs that indicate on organization has it - "These include minimal politics and confusion, high degrees of morale and productivity, and very low turnover among good employees."

 \* Better Light

 \* 8 - Permission to Play

 \* 9 - Health Begets-and Trumps-Intelligence

 \* 10 - The Multiplier Effect

 \* 11 - Media and Academia

 \* 12 - The Price of Poor Health

15 - **The Four Disciplines Model**

 \* Discipline 1: Build A Cohesive Leadership Team

 \* Discipline 2: Create Clarity

 \* Discipline 3: Overcoming Clarity

 \* 16 - Discipline 4: Reinforce Clarity

19 **- Discipline 1: Build A Cohesive Leadership Team**

20 - "Few organizations invest nearly enough time and energy in making their leadership teams cohesive, and certainly notwith the level of rigor that is requires and deserves."

20 - Defining A Laeadership "Team"

21 - "Teamwork is not a virtue. It is a choice - and a strategic one."

 "A leadership team is a small group of people who are collectively responsible for achieving a common objective for their organization."

 A Small Group Of People

25 - Collectively Responsible

"There are other sacrifices that team members have to make beyond these tangible ones, and they come about on a much more regular basis - often daily. Two big ones are time and emotion."

25 - Common Objectives

26 - "Most of them rely far too heavily on people working exclusively within their areas of expertise, handing out different objectives to different team members based on their titles and management responsibilities."

 "When leaders preach teamwork but exclusively reward individual achievement, they are confusing their people and creating an obstacle to true team behavior."

27 - Behavior 1: Building Trust

 \* To build a great tea you need vulnerability-based trust

 \* 28 - Personal Histories

 \* "At the heart of vulnerability lies the willingness of people to abandon their pride and their fear, to sacrifice their egos for the collective good of the team.

 \* "We have them say where they are born, how many siblingstheyhave, where they fall in the order of children, and finally, what the most interesting or difficult challenge was for them as a kid."

 \* 30 - Profiling

 \* 32 - the fundamental attribution error

 \* "At the heart of the fundamental attribution error is the tendency of human beings to attribute the negative or frustrating behaviors of their colleagues to their intentions and personalities, while attributing their own negative or frustrating behaviors to environmental factors.

 \* 33 - Too Much Vulnerability?

 \* 35 - The Leader Goes First

 \* 38 - Mastering Conflict

 \* "Conflict without trust, however, is politics, an attempt to manipulate others in order to win an argument regardless of truth."

 \* Discomfort

 \* Conflict Intolerance (39)

 \* "In any team, and for that matter,in any family or marriage, someone at some point is going to step over the line and say or do something that isn't constructive. But rather than fearing this, teams need to accept that it will happen and learn to manage it. They must be willing to live through the messiness of recovering from slightly inappropriate conflict, so that they will have the courage Togo ack to the best place again and again."

 \* Rules of Engagement (46)

 \* VP put in place two formal rules

 \* "First, if people remained silent during discussions, he would interpret that as disagreement. People quickly realized that if they didn't weigh in, a decision could not be made. Second, at the end of every discussion, the VP would go around the room and ask every member of his team for a formal commitment to the decision."

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The Case for Organizational Health (1)

- The Three Biases (2)

 \* "The health of an organization provides the context for strategy, finance, marketing, technology, and everything else that happens within it, which is why it is the single greatest factor determining an oragization's success." (3)

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 \* The Adrenaline Bias (3)

 \* The Quantification Bias (4)

Understanding Organizational Health (5)

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 \* Signs that indicate on organization has it - "These include minimal politics and confusion, high degrees of morale and productivity, and very low turnover among good employees."

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 \* Health Begets-and Trumps-Intelligence (9)

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 \* Media and Academia (11)

 \* The Price of Poor Health (12)

The Four Disciplines Model (15)

 \* Discipline 1: Build A Cohesive Leadership Team

 \* Discipline 2: Create Clarity

 \* Discipline 3: Overcoming Clarity

 \* Discipline 4: Reinforce Clarity (16)

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Defining A Leadership "Team" (20)

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 \* "A leadership team is a small group of people who are collectively responsible for achieving a common objective for their organization." (21)

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Collectively Responsible (25)

 \* "There are other sacrifices that team members have to make beyond these tangible ones, and they come about on a much more regular basis - often daily. Two big ones are time and emotion." (25)

Common Objectives (25)

 \* "Most of them rely far too heavily on people working exclusively within their areas of expertise, handing out different objectives to different team members based on their titles and management responsibilities." (26)

 \* "When leaders preach teamwork but exclusively reward individual achievement, they are confusing their people and creating an obstacle to true team behavior." (26)

**Behavior 1: Building Trust** (27)

 \* the kind of trust needed for building a team is vulnerability-based trust (27)

 \* Personal Histories (28)

 \* "At the heart of vulnerability lies the willingness of people to abandon their pride and their fear, to sacrifice their egos for the collective good of the team." (28)

 \* say - where they were born, how many siblings, fall in order of children, most interesting or difficult challenge was for them as a kid (28)

 \* "This inevitably leads to a newly found sense of respect because of the admirations that comes when someone realizes that onw of their peers endured and overcame a hardship or accomplished something remarkable." (29

 \* Profiling (30)

 \* Myers-Briggs

 \* The Fundamental Attribution Error (32)

 \* "... the tendency of human beings to attribute the negative or frustrating behaviors of their colleagues to their intentions and personalities, while attributing their own negative or frustrating behaviors to environmental factors." (32)

**Behavior 2: Mastering Conflict** (38)

 \* "When there is trust, conflict becomes nothing but the pursuit of truth, an attempt to find the best possible answer." (38)

 \* "Conflict without trust, however, is politics, an attempt to manipulate others in order tow in an argument regardless of the truth." (38)

 \* Discomfort (38)

 \* Conflict Avoidance (40)

 \* "When leadership team members avoid discomfort among themselves, they only transfer it in far greater quantities to larger groups of people throughout the organization they're supposed to be serving." (40)

 \* Conflict Continuum (42)

 \* "In any team, and for that matter, in any family or marriage, someone at some point is going to step over the line and say or do something that isn't constructive. But rather than fearing this, teams need to accept that it will happen and learn to manage it. They must be willing to live through the messiness of recovering from slightly inappropriate conflict, so that they will have the courage to go back to the best place again and gain." (43)

 \* Conflict Tools (45)

 \* mining for conflict during meetings (45)

 \* real-time permission - positive feedback as they start this approach to conflict (45)

 \* Rules of Engagement (46)

 \* Two formal rules

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 \* Second, at the end of every discussion, the VP would go around the room and ask every member of his team for a formal commitment to the decision." (46)

**Behavior 3: Achieving Commitment**

 \* "If people don't weigh in, they can't buy in."

 \* "When leadership teams wait for consensus before taking action, they usually end up with decisions that are made too late and are mildly disagreeable to everyone. This is a recipe for mediocrity and frustration." (48)

 \* disagree and commit

 \* "The only way to prevent passive sabotage is for leaders to demand conflict from their team members and to let them know that they are going to be held accountable for doing whatever the team ultimately decides." (51)

 \* Specific Agreements (51)

 \* A good way to ensure people take it seriously - demand they go back to their teams and communicate exactly what was agreed on. When they know they have to lead and vouch for a decision, they are much more likely to push back on that decision if they don't understand it or don't agree with it. (51)

**Behavior 4: Embracing Accountability**

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

 \* Overcoming the "Wuss" Factor

 \* "The irony of all this is that the only way for a team to develop a true culture of peer-to-peer accountability is for the leader to demonstrate that she is willing to confront difficult situations and hold people accountable herself." (56)

 \* "To hold someone accountable is to care about them enough to risk having them blame you for pointing out their deficiencies" (57)

 \* Behaviors Versus Measurables (59)

 \* "Conflict is about issues and ideas, while accountability is about performance and behavior." (60)

 \* Public Versus Private

 \* "...when leaders and team members call one another on issues in front of team members, they get benefits that don't occur when it take place individually." (63)

 \* Second, they know that the leader is holding their colleague accountable, which avoids their wondering whether the boss is doing his job." (63)

**Behavior 5: Focusing on Results**

 \* "No matter how good a leadership team feels about itself, and how noble its mission might be, if the organization it leads rarely achieves its goals, then, by definition, it's simply not a good team." (65)

 \* Team Number One

 \* "Teams that lead healthy organizations come to terms with the difficult but critical requirement that its members must put the needs of the higher team ahead of the needs of their departments." (69)

**Discipline 2: Create Clarity**

Six Critical Questions:

 1. Why do we exist?

 2. How do we behave?

 3. What do we do?

 4. How will we succeed?

 5. What is most important, right now?

 6. Who must do what? (77)

 "More than getting the right answer, it's often more important to simply have an answer-one that is directionally correct and around which all team members can commit." (78)

 Question 1: Why do we exist?

 \* "Employees in every organization, and at every level, need to know that at the heart of what they do lies something grand and aspirational." (82)

 \* reason for existence, its purpose, has to be true. (84)

 \* the process of determining an organization's purpose cannot be confused with marketing, external or internal." (85)

 Questions 2: How do we behave?

 \* "If an organization is tolerant of everything, it will not stand for nothing."

 Question 3: What do we do?

 \* "If an organization's reason for existence answers the question, Why?, then its business definition answers the question." (105)

 Question 4: How will we succeed?

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

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

 Question 5: What is most important, right now?

 \* "Every organization, if it wants to create a sense of alignment and focus, must have a single top priority within a given period of time." (120)

 \* The best way to identify a thematic goal: If we accomplish only one thing during the next x months, what would it be? In other words, What must be true x months from now for us to be able to look back an say with any credibility that we had a good period?" (122)

 Questions 6: Who must do what?

Discipline 3: Over communicate Clarity

 \* "Great leaders see themselves as Chief Reminding Officers as much as anything else." (143)

 \* "If the best way to ensure that a message gets communicated throughout an organization is to spread rumors about it, then leaders simply out to go out and tell "true rumors." (144)

**Discipline 4: Reinforce Clarity**

 \* "An organization has to institutionalize its culture without bureaucratizing it." (154)

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

 \* "Without a clear understanding of what a cultural fit or misfit looks like, and without the active involvement of the leadership team, even the most sophisticated hiring process will fail." (161)

 \* "Many leaders convince themselves that employees are motivated primarily be money. As a result, they discount the impact of authentic and specific expressions of appreciation." (167)

 \* "Almost no employees willingly leave an organization where they are getting the levels of gratitude and appreciation that they deserve just to make a little more money, unless, of course, they are so grossly underpaid that they can't justify staying in the job for the sake of their livelihood." (168)

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

**The Centrality of Great Meetings**

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

 \* "The fact is that the human brain isn't meant to process so many disparate topics in one sitting. There needs to be a greater clarity and focus, which means that there needs to be different kinds of meetings for different kinds of issues." (175)

 \* "The most powerful impact of having teams meet every day is the quick resolution of minor issues that might otherwise fester and create unnecessary busywork for the team." (177)