



## ***The R Factor™ – If It's business, It's Personal***

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How would you describe the relationships that exist within your organization's workforce? Hopefully words like trusting, respectful, team-oriented and cooperative are among the first that come to mind because, as you'll read below, the quality of those professional relationships has a greater impact on the bottom line than you might expect.

***Somehow along the evolutionary path of business and commerce,*** it appears some of us became increasingly enamored with the efficiency that a mechanistic and impersonal focus could bring us, and concentrated on using the "hands" of employees at the neglect of employing their hearts and minds. We created command and control hierarchical organizations and an emphasis on functional competency and silos. In the process, we lost sight of the human need for connection and interaction and minimized the importance of productive and meaningful relationships.

Or, said another way, in the words of Don Corleone in the movie, *The Godfather*, "*It's not personal, it's business.*"

But for many the pendulum is swinging back, as more of us are finding that the old attitude about separating business from personal issues no longer serves us well.

In fact, there is increasing belief that becoming *more* personal in the workplace might actually work to the advantage of organizations; and topics such as trust, interpersonal relationships, engagement, coaching, mentoring, and values-based leadership are now critical in an increasing number of organizations.

Similarly, it is becoming more evident that relationships, and the quality of relationships in the workplace, do matter. For example, Mike Morrison, VP and Dean of Toyota University in a recent interview went so far as to boldly say, "*My message to leaders is actually quite simple: It's the relationship... stupid!*"

He went on to suggest that human capital is useless without relationships – particularly in our fast-paced, global economy – and that leaders can be best measured by their ability to create *social capital* or the sum total of all their relationships.

*"It is through this network of relationships that their work is conducted,"* Morrison stated. *"As leaders, we need to be relentless relationship-builders and be 100 times more deliberate about relating to people.*

*"Work is much more relational than it was twenty years ago, when you could have narrow, clearly defined jobs. Those jobs don't exist anymore... today we get work done through others... in today's*



*world we achieve results primarily through relationships.”*

Morrison concluded that relationships are truly the most effective pathway to the highest levels of commitment, creativity, and performance within organizations. The reason is that positive relationships have a transformational impact on the individual. They draw out the best in each of us.

Management guru Peter F. Drucker also commented on the need to focus on workplace relationships. *“Increasingly, command and control is being replaced by or intermixed with all kinds of relationships,”* he said. *“Alliances, joint ventures, minority participations, partnerships, know-how, and marketing agreements... these are all relationships in which no one controls and no one commands. These relationships have to be based on a common understanding of objectives, policies, and strategies; on teamwork; and on persuasion – or they don’t work at all”.*

### ***“Show Me The Money!”***

It has also been well-documented with facts and data that the cost of poor relationships in the workplace is significant; and in contrast, improving relationships improves the bottom line.

For example, a Watson Wyatt Worldwide study found a direct correlation between trust and profitability. Where employees trusted executives, companies posted returns 42% higher than those where distrust was the norm. In a different study, they found that of the 7,500 employees surveyed only half trusted their senior managers. So imagine the impact of improving the relationships with the ‘other’ half!

Another study on trust in the workplace conducted by Leadership IQ, which involved a database of 7,209 executives, managers and employees, revealed that 44% of participants’ responses ranged from not trusting to strongly distrusting their top management, and that trust significantly predicts employee loyalty and their inclination to stay or leave the organization. Having employees “go” is costly and especially so at the managerial and executive level. As cited in the *Orange County Business Journal*, March 13-19, 2006, the cost of losing one executive who underperforms or one who chooses to join another executive team is an average of \$1.5 million per executive hire. Calculated another way, the cost can reach 400% of the yearly salary of a high level employee.

Along the same lines, in his book [\*The Speed of Trust\*](#), Covey quoted Professor John Whitney of Columbia Business School, who said *“Mistrust doubles the cost of doing business.”*

In addition to the obvious and direct costs of attrition (recruitment, severance, training, etc.), there are other costs associated with dissatisfied employees at any level. There is the pervasive, though often not measured, cost of wasted time and lowered productivity – the unproductive time spent in unresolved conflicts, complaining about management or co-workers, lack of engagement and not putting forth best efforts. It follows that reducing wasted time, like reducing other forms of waste, can contribute to improved profitability.

Imagine how much better-off we all might be if we could better manage our relationships; as noted above, the improvements could be staggering!



## ***Teams and the R Factor™ – The Strength of Relationships***

While the quality of relationships can be observed and evaluated within one-on-one interactions, nothing brings to light the quality of relationships more than in the workings of a team. Teams have become the primary and core structure for getting work done and it would be difficult to find an organization which does not have “teamwork” as a fundamental value.

This is highly logical when you consider that it is nearly impossible for a single person to possess the same amount of knowledge and experience that a high performing team possesses, and that the involvement of multiple people in decision-making strengthens commitment. The exchange of ideas that takes place in a team environment, (as opposed to a setting in which people work in individual silos), promotes new thinking and innovation as well.

Yet, it is interesting that although the value of teams is readily accepted, it is rare to find teams that have truly reached their potential. In team language, this means they have yet to reach a level of high performance.

What is often missing is the realization that creating high performing teams is not just about implementing the basics of team structures. Going from an effective team to a high performing team requires additional skills, practice, commitment, and most importantly, in the words again of Mike Morrison, “*It’s the relationship!*” Teams seeking to become high performing must have strong relationships at their very core.

Consider the following key areas when measuring the strength of your organizational or team relationships:

- Mutual Accountability
- Trust and Loyalty
- Esprit de Corps
- Commitment to Results

These characteristics are exemplified by the preeminent model for high performance – The Navy SEALs! Their creed, actions, and success solidly point to their reputation of high performance. Observe any high performing team and you will find these same characteristics evident – and not just “some of the time.” A high performing team reflects these characteristics in every way and at all times.

You might also take a look upward, or a more reflective look depending upon job function, because a concerted, focused effort needs to take place. And as is most often the case with any change or improvement initiative, it needs to happen at the top. Hence it is an absolute requirement that the Senior Executive Team “walks the talk” of high performing teams. It is not enough to accept a “do as we say, not as we do” attitude. Failure to model high performing team characteristics at the executive level is a sure path to mediocre team results throughout the organization.



In actuality, high performing executive teams are less plentiful than high performance workforce teams, and possibly for good reason. Many executives got to the top by their individual ability to be the best; and many successful executives have not necessarily had a track record of either leading high performing teams, or even having been a part of a high performing team. In addition, because of the rotating door of management (one of Dr. Deming’s “deadly sins”), many executives aren’t around in one position long enough to develop the skills and most importantly the relationships required for high performing teams.

Yet, in spite of the inherent challenges for executives to truly create high performing teams, it is a challenge worth overcoming. This need is particularly strong, not only because of the clear advantages of a high performing team anywhere in an organization, but also because of the need to model such behavior at the executive level. When any value is proclaimed by an organization (in this case teamwork), the first and constant litmus test of the value is evidence that the value is demonstrated at the top levels.

As you go about measuring team effectiveness and making improvements, a resource you might find useful is Patrick Lencioni’s work on dysfunctional teams. His book, [The Five Dysfunctions of a Team](#), is widely used in many different types of organizations; and his book, [Overcoming the Five Dysfunctions of a Team: A Field Guide for Leaders, Managers, and Facilitators](#) contains a host of ideas about how a team can become higher performing and overcome the “Five Dysfunctions.”

The guidance provided in any book is, of course, only as useful as the resources, commitment and skills of those who will ultimately adapt and apply the learnings to a particular organization; the process of moving teams toward the high-performance category is not easy. But we strongly believe the results will make the effort worthwhile, and the newly-defined relationships might also yield a workplace that is not only performing at higher-levels, but also a more enjoyable place to be!

**Based on our work with thousands of teams, there are 8 key attributes associated with high-performing teams**

1.	Work on what matters – no matter how well the team performs, if it is working on something of little consequence, it is wasting its time
2.	Have the right structure, including sponsor, leader, members and facilitator, each with clear roles and responsibilities
3.	Have a proper team charter and project plan, including goals and measures
4.	Manage team meetings well
5.	Follow a defined method for problem solving and process improvement
6.	Monitor and improve teamwork and relationship-building skills
7.	Share accountability for results
8.	Recognize and publicize accomplishments