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The Right Fight



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The Right Fight

Why tension is key to peak organizational performance—and why alignment is only half the story.

Until now, management wisdom would have you believe that the single most important thing leaders have to get right is alignment. To accomplish anything, employees must agree about the mission, strategy and goals of an organization. Aligned employees are happy employees, and happy employees are productive employees. Simple, right?

Well, in a word, no. Counter to conventional wisdom, a leader's time is not always best spent trying to help her teams make nice and get along. Research at top companies in numerous industries has shown that happy workers can become bored, complacent, and less productive than those who are subjected to a little properly managed tension.

It turns out that a certain amount of healthy struggle is good for organizations, and indeed that organizations perform optimally when they are under the right kinds and amounts of stress. A key aspect of a leader's job is to create the right battles and to make sure they are well fought. This is what we call creating "the right fight" – strategically employing tension to bring out the best in organizations – and their leaders. Right fights unleash the creative, productive potential of teams, organizations, and communities. Right fights make for better possibilities.

These battles need to be well-designed and subject to certain rules to be effective. Alignment cannot be ignored; without alignment, organizations can be plagued with bitter, energy-draining wrong fights. But with alignment and properly managed tension, organizations hit a sweet spot and start realizing their potential.

The good news is that the skills for enabling this kind of tension are learnable. Although there is still a lot of art to this kind of leadership, the rules of thumb are clear. Applying them, you can easily distinguish a right fight from a wrong one. More importantly, through our work clients understand when to fight and how to turn the inevitable conflicts into productive performance.

Think of it like racing a sailboat. You have to prepare the mast, the sails, the ship itself, and the team. That's alignment. It's the key prerequisite to success because it ensures that, once you get going, everything will work together. But alignment by itself gets your organization nowhere without the tension of the wind in your sails. You're literally stuck at the dock.

The point of alignment is not to avoid the rough seas, but rather, to be ready to exploit the tension created by the winds and the waves – in the moment – in order to win the race.

So the job of a leader is to get the alignment right, first, and then to find out how and when to inject the correct amount of tension into the organization to keep the sails taut, the line true, and the boat on an even keel. That's the only way in the end to win races in the marketplace.

Putting Tension to Work

Achieving the proper balance is essential. Not all tensions are productive – think internal politicking and Machiavellian maneuvering. How do leaders get it right? Let's start by looking at a couple of examples:

Using a Right Fight to Build the Right Future for GE

When Jack Welch sets out to pick his successor at GE in 1994, it was a 4-year process to narrow the field to 3 strong choices from 23. Jack's main goal was to minimize internal politics, while maximizing the odds of choosing the right successor, so the company wouldn't stumble while the high-stakes power struggle was going on. He hoped to create a 3-man team, with 2 vice-chairs supporting the top person.

When Jack interviewed the three finalists in 1998 – Bob Nardelli, from power systems, Jim McNerney, from aircraft engines, and Jeff Immelt, from medical systems – he was impressed by how able each man was. It was going to be a difficult choice.

He decided it was worth the cost of increasing internal tensions to visibly test each man in the final six months by having them train their own replacements. Inevitably, people from the C-suite down found subtle ways to play games and line up behind their choices - but the contest allowed Jack to see how well each of them undertook a high-stakes managerial assignment under scrutiny. Jack told each man the one rule of the fight was that no dirty politics were allowed. He promised the three that he would help each of them become CEOs, though, of course, only one will succeed him at GE.

All three men played the game well, running their own businesses superbly and supporting one another. When Jack picked Jeff Immelt, the other two reacted well in public, and shortly thereafter go to their new CEO posts: Bob becomes CEO of Home Depot and Jim of 3M.

By all accounts, then, this successor fight was as clean as they come. Was it fair to the three men? Was it a good use of company resources – both human and material? Is there a better way of choosing the next company leader?

The answers to these questions may surprise you. First of all, this fight was not fair to the three men – they all had very different strengths and weaknesses and in the end there could only be one winner. But that's OK; fights don't have to be fair in the modern sense that 'everyone's a winner'. In the real world of business, there are winners and losers everyday. Second, this was a very good use of company resources, because the need to find the best possible successor to Jack Welch was so vital to the company's future. And third, while in some circumstances there are other good ways to pick the next leader of company, there are none that are automatically better than this one.

Jack Welch did what good leaders need to do – he started a right fight. Jack made two key moves: he consciously raised tensions and he created rules of the game to mitigate the consequences. The process to pick a strong successor at GE was a very high-stakes one. It was worth a right fight – the future depended on it.

Closing the Tech Support Loop at Microsoft

By the time Bill Gates asked Patti Stonesifer to fix the Microsoft Tech Support organization in 1990, it had become a disaster. Customers might wait on hold for an hour, only to get a technician who didn't have a clue about the answer and who dropped the call. Some calls never got answered. Even in those days, Bill knew this was unsustainable, but the price tag to fix it looked staggering.

Enter Patti. At first, she did the obvious: fixed trunk lines, put in call answering systems, changed schedules, trained techs.

But six months into it, it was clear to Patti that however much she fixed the tech centers, everything she did led to rising costs, and rising expectations. She was never going to get to the goal, whatever that became, and it would cost too much.

The real problem was that the products were too 'buggy' to begin with when they were released. As the system was run, each product was charged back at cost for its share of tech support activity. So the product managers preferred to pay the charge backs – they were cheaper than fixing the bugs. Any attempt to persuade the product engineers fell on deaf ears. Call center staff were lower than second-class citizens. How could Patti level the playing field?

Patti devised a plan where each year Bill and a team would decide which kinds of bugs should get better with new releases. Working this list took time and judgment; different bugs were more acceptable in the early stages than as the product matured. Some bugs were more annoying to customers than others. Some created big problems on large networks. With this list in hand, charge-backs for calls for certain types of bugs were made increasingly expensive. A product group did not have to fix them in any given release if these fixes didn't make it to the top of the priority lists, but over time, it would become increasingly expensive not to fix them. This put the trade-off back in the business hands of the product leadership and forced real collaboration with the tech center.

Patti had created new rules of play with Bill personally refereeing the game. And it worked. The day after launch the call center was filled with product engineers trying to figure out how to eliminate bugs. The value of call center knowledge skyrocketed.

From a traditional perspective, not being charged back at cost wasn't "fair," but at the company level, it was a brilliant way to greatly increase quality and keep tech costs from spiraling out of control. It was sport rather than war, and it solved the problem. It also got tech support and product teams working together on the fixes, rather than ignoring each other.

By creating a system that awarded product groups for performance (and penalized them for being slower to produce solutions), Patti provoked a right fight that vastly improved Microsoft's consumer tech support. The product groups understood the rules, knew just who was monitoring them, and came to see the intervention as fair and effective. Patti relied on sportsmanship rather than warfare, and she achieved winning results.

Avoiding the Wrong Fights

To better understand what makes a right fight, it's important to also know how to recognize a wrong fight. Wrong fights have plagued organizational life as long as there have been organizations. Turf battles, egos, and petty concerns dominate all too many organizations' agendas over the long haul.

We see three internal culprits at the center of most wrong fights:

1. Alignment issues (especially financial ones)
2. Runaway successes (leading to complacency)
3. Personal agendas (getting in the way of organizational goals)

The external barriers are, not surprisingly, mirror images of the internal ones. Success too often creates complacency that can erode productive tension. But failure can also be destructive to right fights. Alignment works best in crisis situations and it can be difficult to know when to stop. It's one of the reasons good turnaround leaders are often not successful in normal times. And the need to explain past failures and, more importantly, promise future results puts tremendous pressure on executives to quell dissenting voices. Finally poor results translate to personal stress for many executives who become the target of constant external criticism. It's not surprising that these leaders "drop sail" on productive tensions when the business encounters rough seas.

A couple of cases highlight these pressures and the interplay between them. Take the mistaken belief among senior leaders that the answer to performance challenges is more alignment, leading to a damper on constructive debate. Combined, those two tendencies can lead to ruin.

Alignment Overkill at Dell Computer

The recent departure of Kevin Rollins, the former CEO of Dell, captures this pitfall. When Dell was confronted in 2004 with lackluster growth and declining performance, Rollins' response was predictably ineffective. Rollins architected the company's turnaround in the mid 1990's by pulling the levers of alignment hard. At that point, the company created hundreds of different variants of pocket cards that illustrated how each individual employee affected the company's return on invested capital. It's difficult to find a more extreme example of strategic alignment driven down to front line workers.

But Dell's problem a decade later was lackluster growth, not poor return on capital. Rollins' attempts to replicate the company's successful direct PC model didn't work as well in consumer products such as flat screen TVs. It's not that the company's strategic alignment was wrong. Dell did have a very low cost model for distributing the new products. What was wrong were the assumptions that enough people wanted to buy these products without going to a store, and that quality and timeliness of services after the product was purchased didn't really matter. Although there were leaders who questioned the company's strategy, their voices carried little weight when stock prices were high and the entire management team was held together by stock option plans that promised extraordinary personal wealth.

The Dell story illustrates the roller coaster ride that these internal and external obstacles can create. Rollins' troubles began in a period of extraordinary prosperity for the company, but ended in less than two years amidst extraordinary public criticism, poor stock price performance, and wholesale departures of his senior team. At times like this, the external pressure that leaders like Rollins face makes it difficult to encourage the right level of strategic debate.

At one level, the trick is to avoid the extremes of the complacency/distress cycle, to adopt a "never empty, never full" attitude. Knowing where and when to use tension is critical. Knowing how to work through the tensions is equally important. Leaders have to see that right fights are fought well.

How Do You Pick the Right Fights?

So, the real question is, how do you, as a leader, find the right fights and enable your teams to fight them productively?

Today, almost every leader approaches this question as a matter of personal style. But the organizational field has become too complicated and crowded for style to carry the day. How do you understand the subtle nuances that separate the right fights from the wrong ones? Is it enough to rely on intuition and gut feel?

We think not. Great leaders are not just intuitive about this. They are systematic, thoughtful, and proactive in the never-ending balancing act of alignment and tension. From our extensive research, we've extracted five rules of thumb that every leader needs to know as they step up to the full job of leadership:

First, make it sport, not war. Even though business fights are tough and can sometimes get ugly, there is a code of conduct that good leaders follow. They establish themselves or others as referees to make sure that things don't get out of hand. They minimize wasted energy over manipulative infighting. They make sure that the energies of their teams are focused on the right things. They make sure that along the way, everyone has the opportunity to learn and grow. There will be winners and losers, but there do not need to be humiliating and debilitating personal attacks.

Second, focus on creating the future. If you're arguing about the past, or about power struggles that are already over, or about apportioning blame, then you're not fighting the right fight. Right fights are about the future, not the past. Good leaders have clarity of vision; they know what to direct their people to focus on, and what to eliminate from the field. They know how to listen, how to invite dissent, how to translate strategy at the top into terms that matter to the front line. They know that hearts matter as much as minds, and they know that change is relentless. They are committed to molding and shaping a future that many will want to be part of.

Third, connect to a purpose outside the organization – improving the lives of customers, for example. Real leaders know the power of purpose. Right fights can't be about something internal and irrelevant to the larger purpose of the company. Creating profound alignment linked to a purpose is the first mark of all great leadership. But alignment in and of itself is not the goal. Rather, it creates the environment in which you can have right fights for a future worth creating, a future that reaches across boundaries between investors and employees, customers and communities touching all those you intend to serve.

Fourth, manage tension through relationships. Successful leaders structure the fights through the formal organization – the chain of command – but make them work through the informal organization – all the networks of personal and professional connection that are not on the org chart. What motivates one person is likely to shut someone else down. How do you manage this complexity? If you use your informal organization, you can gain extraordinary power to mediate passions and self-interest, and keep the tensions from running amok. Knowing how to harness the power of your informal organization is the best way to ensure that things don't cross the line from sport to destructive war.

And finally, make sure everyone grows, even if they don't win. When the fights are the right ones, and everyone behaves well enough, the struggle will teach valuable lessons to all involved. There is no doubt that Nardelli's and McNerney's experiences during the last six months of their unsuccessful struggle to become the next chairman of GE helped prepare them to become CEOs of other companies. A hallmark of right fights is that when they are well orchestrated, all who participate will benefit even when they don't win – and most will recognize that in time.

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