

The Rise of 'Conversational Leadership'

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EXECUTIVE SUMMARY

We are seeing the spread of a style of leadership that has dialogue as one of its defining features. This is characterised by a more open and personal style that leaders themselves enact and attempt to institutionalise at all levels of their organisations – helping to create collaborative and inclusive cultures. They recognise that it is necessary for sound decision taking, innovation and employee engagement in any modern, networked organisation.

So far, the importance of this open, conversational style has been much more widely accepted than it has been adopted. In traditional top-down, command and control organisations, working practices that inhibit dialogue need to change, and more than anything, the mind-sets and behaviours of leaders need to change. This can be seen as a challenge or a threat for leaders, and the prevailing culture can undermine any effort to change.

In our experience, many leaders say that they want to improve dialogue, but they do not recognise how much room for improvement there is. As a result, it is often seen as a 'nice to have' rather than being any kind of priority.

A lot of dense theory and ideology surrounds dialogue, and this is a turn-off for most leaders. There are a few key principles, but a lot of practical steps that can produce real improvements in the quality of conversations at work. In the right circumstances these can serve as a catalyst for major change, but many are incremental. And the choice is not black and white – between 'conversational leadership' on the one hand or 'command and control' on the other. We are not aiming to create utopia, just improved performance at work.

In this paper we have set out to give an overview of some of these approaches, illustrated where possible with examples. These are based on our work and experience.

THE DAWN OF A NEW ERA?

In an interview with the *Financial Times* a few months ago Allan Clarke the new CEO of SABMiller described his leadership style as encouraging discussion:

*"Leading a business through conversation is probably how I would best describe it (my leadership style). That's why I'm moving around the business so much."*¹

This is not a young silicon valley outfit, where you might expect to see an informal and personal leadership style, but the world's second largest brewer, with a turnover in excess of \$22bn a year.

Clarke is one of a growing group of business leaders who see conversation and dialogue as being at the heart of their leadership style.

In recent research published in the *Harvard Business Review* – entitled *Leadership Is A*

Conversation – participants from more than 100 companies talked about their efforts to 'have a conversation' with their people or to 'advance the conversation' in their organisation. It found that:

"Smart leaders today engage with employees in ways that resembles an ordinary person-to-person conversation".²

These conversations are much more interactive, informal and personal than traditional corporate communication, where the top determines and distributes content, and where leaders talk rather than listen. They conclude that this style is the key to improve employee engagement in 'today's flatter and more networked organisations'.

But while the personal style of executives is important, in large organisations people at the top can obviously only have real conversations with a limited number of employees. So conversational



leadership depends less on the heroic actions of a few individuals at the top, and more on collaborative leadership practices distributed throughout an organisation.

Marillyn Hewson, CEO and Chairman of US defence giant Lockheed Martin, recently explained how she seeks to foster a collaborative culture that stimulates discussion at the executive level and throughout the wider organisation:

“The best leaders surround themselves with people who offer diverse opinions, complement their abilities and aren’t afraid to offer a different approach... and you need people at every level who have the courage to honestly tell you what’s working and what’s not – and when they disagree with you, they can’t be afraid to say so.”³

This recognises that an environment where people feel free to challenge one another, to share ideas and debate solutions, regardless of their level in the organisation, is crucial for **sound decision taking, creativity and innovation**.

To reinforce and extend this, Lockheed Martin’s promotion and selection process *“always looks for leaders who value diverse teams, who know what they don’t know and who aren’t afraid to hear from people who disagree with them”*.

As the CEO of one South African bank put it succinctly:

“I never learned anything from someone who agreed with me”⁴

A SIGN OF THE TIMES

Many people see the shift to conversational leadership as essential and inevitable – it’s just the way that the world’s gone. Or, as Alan Webber, founder of Fast Company, put it:

“In the knowledge economy conversations are the most important work”⁵

In a modern networked organisation, centralised command and control management is high cost, slow and uncompetitive. It simply does not work in organisations that depend on employees to use their initiative and provide high quality service.

Furthermore, it’s out of touch with broader social change. Deference has been replaced by

reference, so that rather than taking the word of a leader, we are more likely to make our minds up talking with peers or looking on-line.

Employees are better educated, better informed, and they expect to be heard.

“The open and meritocratic architecture of the internet that allows us to express opinions, expose misdeeds and build on-line communities, makes us less tolerant of the closed, top down power structures we experience in the off-line world”⁶

We see these trends in all walks of life – even in the macho world of football management, as noted by Arsene Wenger, manager of Arsenal Football Club, when asked how his role has changed over the years.

“You have to explain things to the people you manage – people are better informed, better educated and want to know more. You are still the boss, and it is you who makes the decisions, but you have to explain things much better than you did 20 or 30 years ago. It is the way in which society has moved.”⁷

Finally, the risks caused by remote and autocratic leadership were thrust into the political spotlight by the financial crisis of 2008. Fred Goodwin, described as a ‘dominant CEO’ by the FSA, ‘intimidated’ colleagues at RBS to the extent that his morning management meetings were known as morning beatings. His counterpart at Lehman Brothers, Dick Fuld, arranged his schedule so that he never met an employee without a formal appointment. These were not leaders who welcomed challenge or debate.

In his memoir, Alistair Darling, former Chancellor of the Exchequer, blamed the crash on the lack of effective challenge at every level in these banks:

“We must ask why increasingly reckless lending was not checked by the Boards of the banks. It can be very difficult to challenge the behaviour of someone you know and like, particularly when times are good and profits are soaring, but that’s what Boards are there to do. Financial regulation failed simply because no one, at whatever level, had been asking the right questions with sufficient determination”⁸



Goodwin and Fuld were only two examples from a large cast of ‘superstar CEOs’ who led their companies through aggressive, debt-fuelled expansion during the boom years. They were feted and billed as ‘visionary leaders’ by *Forbes* magazine, and then they were reduced from heroes to zeros by the crash.

Since the crash people have been demanding that leaders develop corporate cultures that are more open, inclusive and accountable – paving the way for a more conversational style.

TWO WORLDS COLLIDING – THE BARRIERS TO CONVERSATIONAL LEADERSHIP

But all the evidence suggests that conversational leadership has been much more widely accepted in principle than it has been adopted in practice.

“There are enlightened leaders and organisations that are ahead of the curve and have institutionalised a culture of dialogue. Nevertheless, the vast majority of leaders have disengaged employees. Look at Gallup’s annual engagement report – 70% of the workforce has been disengaged year after year since 2000.”⁹

All the research tells the same story – trust and employee engagement are bouncing along the bottom at all-time lows. Employee expectations have risen, but outdated management practices and mind-sets persist like echoes from a bygone age.

So what is the explanation?

The first point to make is that the great majority of leaders are definitely not like Fred Goodwin. In our experience, many leaders say they want to improve dialogue, but they do not see how much room for improvement there is. As a result, they see it as a ‘nice to have’ rather than a priority.

Barrier 1: Persisting with the wrong kind of communication

Many leaders believe that they already have it covered off because of the time and money they already invest in employee communication. Ironically, research by the CIPD into low levels of trust in the workplace shows that this is frequently counter-productive.

“People highlighted the over-use of electronic communication through email, Twitter, blogging and so on, as well as the aptitude and appetite of

corporate communication departments for spinning negative messages – a practice particularly disliked by employees.”¹⁰

The research found that employees trust leaders who are ‘personal, human and relational’, but the communication they mostly experience is stage-managed, impersonal and remote.

The standard model of corporate communication is still top down – leaders literally talk down to employees. The top of the organisation determines content and distributes information. Corporate communicators and many leaders see their role as promoting and defending the organisation. This leaves little room for listening or discussion. The required response is to agree.

In this model, leaders talk rather than listen. Followers listen rather than talk.

There is a vast amount of communication, but little genuine debate or challenge.

Barrier 2: Providing answers not asking questions

The fundamental change introduced by conversational leadership centres on asking and answering questions.

To engage, leaders need to ask questions – open questions, not the kind of tick box questions that feature in employee surveys. They need to draw people out, listen to them, at whatever level they work, and speak with them directly and authentically. In particular, they need to engage constructively with people who might disagree with them.

This replaces the simplicity of monologue with the unpredictable vitality of dialogue – it is open and fluid rather than closed and directive.

In our experience this is difficult for many leaders.

“Our managers dread being asked a question they can’t answer. They are afraid it might ‘undermine their authority’. Before they speak they want a PowerPoint, a script and a detailed Q&A.”¹¹

In turn, employees know that the opportunities they are given to ask questions are not authentic – so they keep quiet.

In too many organisations employees do not make suggestions, because they do not think it will make any difference, or because they are afraid of being branded as troublemakers.

The end product is organisational silence.



Barrier 3: Blaming the culture

The problem is not just about the hierarchy. Many people describe it simply as ‘the culture’ – and dialogue is often a cultural blind spot.

As human beings we are cautious about engaging. When conversation breaks down it often ends in ‘silence or violence’, as people withdraw or attack – and it is a basic human trait to avoid conflict. In teams people want to be seen as ‘team players’, so they often conform to the majority view. This means that many meetings and conversations become comfortable rituals rather than rigorous or challenging, and teams slip into uncritical ‘Groupthink’.

Effective leaders spot these rituals and find ways to make communication more authentic and challenging.

*“In old Nissan, there was hardly any discussion in most senior management meetings... Today (after Carlos Ghosn’s turnaround leadership) our meetings are different. We actually debate issues. We openly disagree with one another. It took some time for all of us to get used to it, but our meetings are much more productive”.*¹²

Many people tell us that their managers are too ‘polite’ to challenge or disagree with colleagues. The organisational culture is geared to avoid conflict, maintaining a cosmetic consensus and speaking with a single voice – even if this is at the expense of authentic conversation.

Leaders who suppress communication to try and avoid conflict and maintain control are not limited to the corporate world. Alistair Darling described cabinet meetings in the last Labour administration as follows.

*“Both Tony (Blair) and Gordon (Brown) were reluctant to have open discussions if there was any possibility of controversy... Too often, the discussion was simply around the reporting back of the latest development, rather than providing an opportunity to stand back and ask where we were going”.*¹³

This ‘fear of rows’ caused growing dissatisfaction among ministers who felt excluded and unable to explain or defend policy that they had not been involved in creating. Ultimately, the approach led to the widespread perception of ‘government by diktat’.

Barrier 4: Avoiding difficult conversations

One of the most pervasive rituals to scar corporate life is the annual performance review. It should be an opportunity for boss and report to have an honest conversation, but almost everywhere managers who want to avoid difficult conversations hide behind a tick box process, and both sides play the game.

The Stanford academic, Robert Sutton jokes that:

*“If performance review (as usually done) was a drug, it wouldn’t be approved by the Federal Food and Drug Administration because it’s so ineffective and its got such vile side effects.”*¹⁴

But it does not need to be this way. In 2012 leaders at Adobe, the technology firm scrapped their annual performance reviews. Managers are now expected to have regular ‘check ins’ – conversations with employees to give them coaching and help with their growth and development programmes. These conversations have no prescribed format or frequency and managers do not complete any forms to document what happens – they just talk. As part of the roll out managers were trained in the nuances of giving and receiving feedback and dealing with difficult conversations.

Adobe was spurred into action because the annual performance review system was ‘such a soulless and soul-crushing exercise’. Internal surveys at the company revealed that ‘employees felt less inspired and motivated afterwards, and staff turnover increased.’

In addition to the demotivating effect of the system, Adobe calculated that the annual review required 80,000 hours from the company’s 2,000 managers – the equivalent of 40 full-time employees per year.

Lack of time is a common reason why many people say that a conversational approach would be impossible where they work – but as Adobe shows, the amount of time being wasted by poor communication rituals is enormous – and ineffective performance management is usually just the tip of an iceberg.

IN CONCLUSION...

If many people see ‘the culture’ as the problem, it is also the answer.

Conversational leaders have personal skills to engage others with confidence – like drawing people out and managing conflict constructively.



But they also identify and change practices that inhibit engagement – like performance management, lack of diversity and divisive reward systems. They aim to create an environment that fosters greater collaboration, openness and engagement.

People are naturally cautious about engaging in open conversation, but they also want to be heard, they want to share and compare ideas with other people – they are social animals. Just look at the success of social media or at groupware projects like Mozilla where there are no organisational barriers and people collaborate because it's something they are passionate about.

When people are working towards a shared purpose, and they are confident that their views will be welcomed, they talk.

Conversation requires trust, but also, it builds trust.

Effective leaders recognise this and manufacture conversations to break the ice and shift the culture. The right conversation serves as a catalyst for truly far reaching change. The Millennials entering the workforce will settle for nothing less. It's up to leaders to take a deep breath, and set the process in motion.

References

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