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THE LEADERSHIP CHALLENGE

"Diversity in counsel, unity in command."

—Cyrus the Great

In February 2003, the Columbia space shuttle disintegrated while re-entering the earth's atmosphere. In May 1996, Rob Hall and Scott Fischer, two of the world's most accomplished mountaineers, died on the slopes of Everest along with three of their clients during the deadliest day in the mountain's history. In April 1985, the Coca-Cola Company changed the formula of its flagship product and enraged its most loyal customers. In April 1961, a brigade of Cuban exiles invaded the Bay of Pigs with the support of the United States government, and Fidel Castro's military captured or killed nearly the entire rebel force. Catastrophe and failure, whether in business, politics, or other walks of life, always brings forth many troubling questions. Why did NASA managers decide not to undertake corrective action when they discovered that a potentially dangerous foam debris strike had occurred during the launch of the Columbia space shuttle? Why did Hall and Fischer choose to ignore their own safety rules and procedures and push forward toward the summit of Mount Everest despite knowing that they would be forced to conduct a very dangerous nighttime descent? Why did Roberto Goizueta and his management team fail to anticipate the overwhelmingly negative public reaction to New Coke? Why did President John F. Kennedy decide to support a rebel invasion despite the existence of information that suggested an extremely low probability of success?

We ask these questions because we hope to learn from others' mistakes, and we do not wish to repeat them. Often, however, a few misconceptions about the nature of organizational decision making cloud our judgment and make it difficult to draw the appropriate lessons from these failures. Many of us have an image of how these failures transpire. We envision a chief executive, or a management team, sitting in a room one day making a fateful decision. We rush to find fault with the analysis that they conducted, wonder about their business acumen, and perhaps even question their motives. When others falter, we often search for flaws in others' intellect or personality. Yet, differences in mental horsepower seldom distinguish success from failure when it comes to strategic decision making in complex organizations.

What do I mean by strategic decision making? Strategic choices occur when the stakes are high, ambiguity and novelty characterize the situation, and the decision represents a substantial commitment of financial, physical, and/or human resources. By definition, these choices occur rather infrequently, and they have a potentially significant impact on an organization's future performance. They differ from routine or tactical choices that managers make each and every day, in which the problem is well-defined, the alternatives are clear, and the impact on the overall organization is rather minimal.[1]

Strategic decision making in a business enterprise or public sector institution is a dynamic process that unfolds over time, moves in fits and starts, and flows across multiple levels of an organization.[2] Social, political, and emotional forces play an enormous role. Whereas the cognitive task of decision making may prove challenging for many leaders, the socio-emotional component often proves to be a manager's Achilles' heel. Moreover, leaders not only must select the appropriate course of action, they need to mobilize and motivate the organization to implement it effectively. As Noel Tichy and Dave Ulrich write, "CEOs tend to overlook the lesson Moses learned several thousand years ago—namely, getting the ten commandments written down and communicated is the easy part; getting them implemented is the challenge."[3] Thus, decision-making success is a function of both decision quality and implementation effectiveness. Decision quality means that managers choose the course of action that enables the organization to achieve its objectives more efficiently than all other plausible alternatives. Implementation effectiveness means that the organization successfully carries out the selected course of action, thereby meeting the objectives established during the decision-making process. A central premise of this book is that a leader's ability to navigate his or her way through the personality clashes, politics, and social pressures of the decision process often determines whether managers will select the appropriate alternative and implementation will proceed smoothly.

Many executives can run the numbers or analyze the economic structure of an industry; a precious few can master the social and political dynamic of decision making. Consider the nature and quality of dialogue within many organizations. Candor, conflict, and debate appear conspicuously absent during their decision-making processes. Managers feel uncomfortable expressing dissent, groups converge quickly on a particular solution, and individuals assume that unanimity exists when, in fact, it does not. As a result, critical assumptions remain untested, and creative alternatives do not surface or receive adequate attention. In all too many cases, the problem begins with the person directing the process, as their words and deeds discourage a vigorous exchange of views. Powerful, popular, and highly successful leaders hear "yes" much too often, or they simply hear nothing when people really mean "no." In those situations, organizations may not only make poor choices, but they may find that unethical choices remain unchallenged. As *Business Week* declared in its 2002 special issue on corporate governance, "The best insurance against crossing the ethical divide is a roomful of skeptics…By advocating dissent, top executives can create a climate where wrongdoing will not go unchallenged."[4]

Of course, conflict alone does not lead to better decisions. Leaders also need to build consensus in their organizations. Consensus, as we define it here, does *not* mean unanimity, widespread agreement on all facets of a decision, or complete approval by a majority of organization members. It does *not* mean that teams, rather than leaders, make decisions. Consensus *does* mean that people have agreed to cooperate in the implementation of a decision. They have accepted the final choice, even though they may not be completely satisfied with it. Consensus has two critical components: a high level of commitment to the chosen course of action and a strong, shared understanding of the rationale for the decision.[5] Commitment helps to prevent the implementation process from becoming derailed by organizational units or individuals who object to the selected course of action. Moreover, commitment may promote management perseverance in the face of other kinds of implementation obstacles, while encouraging individuals to think creatively and innovatively about how to overcome those obstacles. Common understanding of the decision rationale allows individuals to coordinate their actions effectively, and it enhances the likelihood that everyone will act in a manner that is "consistent with the spirit of the decision."[6] Naturally, consensus does not ensure effective implementation, but it enhances the likelihood that managers can work together effectively to overcome obstacles that arise during decision execution.

Commitment without deep understanding can amount to "blind devotion" on the part of a group of managers. Individuals may accept a call to action and dedicate themselves to the implementation of a particular plan, but they take action based on differing interpretations of the decision. Managers may find themselves working at cross-purposes, not because they want to derail the decision, but because they perceive goals and priorities differently than their colleagues. When leaders articulate a decision, they hope that subordinates understand the core intent of the decision, because people undoubtedly will encounter moments of ambiguity as they execute the plan of action. During these uncertain situations, managers need to make choices without taking the time to consult the leader or all other colleagues. Managers also may need to improvise a bit to solve problems or capitalize on opportunities that may arise during the implementation process. A leader cannot micromanage the execution of a decision; he needs people throughout the organization to be capable of making adjustments and trade-offs as obstacles arise; shared understanding promotes that type of coordinated, independent action.

Shared understanding without commitment leads to problems as well. Implementation performance suffers if managers comprehend goals and priorities clearly, but harbor doubts about the wisdom of the choice that has been made. Execution also lags if people do not engage and invest emotionally in the process. Managers need to not only comprehend their required contribution to the implementation effort, they must be willing to "go the extra mile" to solve difficult problems and overcome unexpected hurdles that arise.[7]

Unfortunately, if executives engage in vigorous debate during the decision process, people may walk away dissatisfied with the outcome, disgruntled with their colleagues, and not fully dedicated to the implementation effort. Conflict may diminish consensus, and thereby hinder the execution of a chosen course of action, as Figure 1-1 illustrates. Herein lies a fundamental dilemma for leaders: How does one foster conflict and dissent to enhance decision quality while simultaneously building the consensus required to implement decisions effectively? In short, how does one achieve "diversity in counsel, unity in command?" The purpose of this book is to help leaders tackle this daunting challenge.

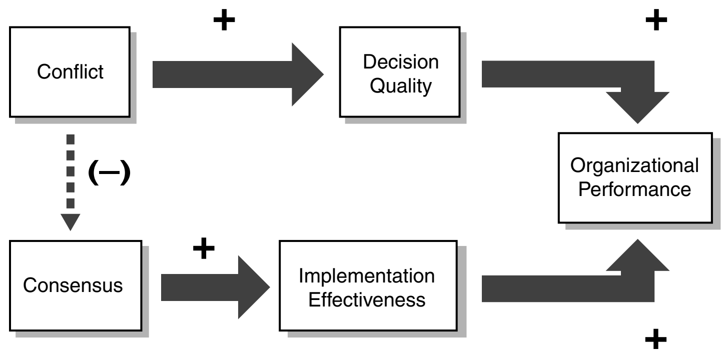

FIGURE 1-1: The effects of conflict and consensus

Decision-Making Myths

When we read about a CEO's failed strategy in *Business Week*, or analyze the actions of the manager profiled in a case study at Harvard Business School, we often ask ourselves: How could that individual make such a stupid decision? My students ask themselves this question on numerous occasions each semester as they read about companies that falter or fold. Perhaps we think of others' failures in these terms because of our hubris, or because we might need to convince ourselves that we can succeed when embarking upon similar endeavors fraught with ambiguity and risk. Jon Krakauer, a member of Rob Hall's 1996 Everest expedition, wrote, "If you can convince yourself that Rob Hall died because he made a string of stupid errors and that you are too clever to repeat those errors, it makes it easier for you to attempt Everest in the face of some rather compelling evidence that doing so is injudicious."[8]

Let's examine a few of our misconceptions about decision making in more detail and attempt to distinguish myth from reality. (See Table 1-1 for a summary of these common myths.) Can we, in fact, attribute the failure to a particular individual, namely the CEO, president, or expedition leader? Does the outcome truly suggest a lack of intelligence, industry expertise, or technical knowledge on the part of key participants? Did the failure originate with one particular flawed decision or should we examine a pattern of choices over time?

TABLE 1-1: Myth Versus Reality in Strategic Decision Making

Myth	Reality
The chief executive decides.	Strategic decision making entails simultaneous activity by people at multiple levels of the organization.
Decisions are made in the room.	Much of the real work occurs "offline," in one-on-one conversations or small subgroups, not around a conference table.
Decisions are largely intellectual exercises.	Strategic decisions are complex social, emotional, and political processes.
Managers analyze and then decide.	Strategic decisions unfold in a nonlinear fashion, with solutions frequently arising before managers define problems or analyze alternatives.
Managers decide and then act.	Strategic decisions often evolve over time and proceed through an iterative process of choice and action.

Myth 1: The Chief Executive Decides

When Harry Truman served as president of the United States, he placed a sign on his desk in the Oval Office. It read *The Buck Stops Here*. The now-famous saying offers an important reminder for all leaders. The CEO bears ultimate responsibility for the actions of his or her firm, and the president must be accountable for the policies of his administration. However, when we examine the failures of large, complex organizations, we ought to be careful before we assume that poor decisions are the work of a single actor, even if that person serves as the powerful and authoritative chief executive of the institution.

A great deal of research dispels the notion that CEOs or presidents make most critical decisions on their own. Studies show that bargaining, negotiating, and coalition building among managers shape the decisions that an organization makes. The decision-making process often involves managers from multiple levels of the organization, and it does not proceed in a strictly "bottom-up" or "top-down" fashion. Instead, activity occurs simultaneously at multiple levels of the organization. The decision-making process becomes quite diffuse in some instances.[9] For example, in one study of foreign policy decision making, political scientist Graham Allison concluded that, "Large acts result from innumerable and often conflicting smaller actions by individuals at various levels of organization in the service of a variety of only partially compatible conceptions of national goals, organizational goals, and political objectives."[10] In short, the chief executive may make the ultimate call, but that decision often emerges from a process of intense interaction among individuals and subunits throughout the organization.

Myth 2: Decisions Are Made in the Room

Many scholars and consultants have argued that a firm's strategic choices emerge from deliberations among members of the "top management team." However, this concept of a senior team may be a bit misleading.[11] As management scholar Donald Hambrick wrote, "Many top management 'teams' may have little 'teamness' to them. If so, this is at odds with the implicit image…of an executive conference table where officers convene to discuss problems and make major judgments."[12]

In most organizations, strategic choices do not occur during the chief executive's staff meetings with his direct reports. In James Brian Quinn's research, he reported than an executive once told him, "When I was younger, I always conceived of a room where all these [strategic] concepts were worked out for the whole company. Later, I didn't find any such room."[13] In my research, I have found that crucial conversations occur "offline"—during one-on-one interactions and informal meetings of subgroups. People lobby their colleagues or superiors prior to meetings, and they bounce ideas off one another before presenting proposals to the entire management team. Managers garner commitment from key constituents prior to taking a public stance on an issue. Formal staff meetings often become an occasion for ratifying choices that have already been made, rather than a forum for real decision making.[14]

Myth 3: Decisions Are Largely Intellectual Exercises

Many people think of decision making as a largely cognitive endeavor. In school and at work, we learn that "smart" people think through issues carefully, gather data, conduct comprehensive analysis, and then choose a course of action. Perhaps they apply a bit of intuition and a few lessons from experience as well. Poor decisions must result from a lack of intelligence, insufficient expertise in a particular domain, or a failure to conduct rigorous analysis. Psychologists offer a slightly more forgiving explanation for faulty choices. They find that all of us—expert or novice, professor or student, leader or follower—suffer from certain cognitive biases. In other words, we make systematic errors in judgment, rooted in the cognitive, information processing limits of the human brain, that impair our decision making.[15] For instance, most human beings are susceptible to the "sunk-cost bias"—the tendency to escalate commitment to a flawed and risky course of action if one has made a substantial prior investment of time, money, and other resources. We fail to recognize that the sunk costs should be irrelevant when deciding whether to move forward, and therefore, we throw "good money after bad" in many instances.[16]

Cognition undoubtedly plays a major role in decision making. However, social pressures become a critical factor at times. People have a strong need to belong—a desire for interpersonal attachment. At times, we feel powerful pressures to conform to the expectations or behavior of others. Moreover, individuals compare themselves to others regularly, often in ways that reflect favorably on themselves. These social behaviors shape and influence the decisions that organizations make. Emotions also play a role. Individuals appraise how proposed courses of action might affect them, and these assessments arouse certain feelings. These emotions can energize and motivate individuals, or they can lead to resistance or paralysis. Finally, political behavior permeates many decision-making processes, and it can have positive or negative effects. At times, coalition building, lobbying, bargaining, and influence tactics enhance the quality of decisions that are ultimately made; in other instances, they lead to suboptimal outcomes.[17] Without a doubt, leaders ignore these social, emotional, and political forces at their own peril.

Myth 4: Managers Analyze and Then Decide

At one point or another, most of us have learned structured problem-solving techniques. A typical approach consists of five well-defined phases: 1) identify and define the problem, 2) gather information and data, 3) identify alternative solutions, 4) evaluate each of the options, 5) select a course of action. In short, we learn to analyze a situation in a systematic manner and then make a decision. Unfortunately, most strategic decision processes do not unfold in a linear fashion, passing neatly from one phase to the next.[18] Activities such as alternative evaluation, problem definition, and data collection often occur in parallel, rather than sequentially. Multiple process iterations take place, as managers circle back to redefine problems or gather more information even after a decision has seemingly been made. At times, solutions even arise in search of problems to solve.[19]

In my research, I have found that managers often select a preferred course of action, and *then* employ formal analytical techniques to evaluate various alternatives. What's going on here? Why does analysis follow choice in certain instances? Some managers arrive a decision intuitively, but they want to "check their gut" using a more systematic method of assessing the situation. Others use the analytics as a tool of persuasion when confronting skeptics or external constituencies, or because they must conform to cultural norms within the organization. Finally, many managers employ analytical frameworks for symbolic reasons. They want to signal that they have employed a thorough and logical decision-making process. By enhancing the perceived legitimacy of the process, they hope to gain support for the choice that they prefer.[20]

Consider the story of the Ford Mustang—one of the most remarkable and surprising new product launches in auto-industry history. Lee Iacocca's sales and product design instincts told him that the Mustang would be a smashing success in the mid-1960s, but much to his chagrin, he could not persuade senior executives to produce the car. Iacocca recognized that quantitative data analysis trumped intuition in the intensively numbers-driven culture created by former Ford executive Robert McNamara. Thus, Iacocca set out to marshal quantitative evidence, based on market research, which suggested that the Mustang would attract enough customers to justify the capital investment required to design and manufacture the car. Not surprisingly, Iacocca's analysis supported his initial position! Having produced data to support his intuition, Iacocca prevailed in his battle to launch the Mustang.[21]

The nonlinear nature of strategic decision making may seem dysfunctional at first glance. It contradicts so much of what we have learned or teach in schools of business and management. However, multiple iterations, feedback loops, and simultaneous activity need not be dysfunctional. A great deal of learning and improvement can occur as a decision process proceeds in fits and starts. Some nonlinear processes may be fraught with dysfunctional political behavior, but without a doubt, effective decision making involves a healthy dose of reflection, revision, and learning over time.

Myth 5: Managers Decide and Then Act

Consider the case of a firm apparently pursuing a diversification strategy. We might believe that executives made a choice at a specific point in time to enter new markets or seek growth opportunities beyond the core business. In reality, however, we may not find a clear starting or ending point for that decision process. Instead, the diversification decision may have evolved over time, as multiple parties investigated new technologies, grappled with declining growth in the core business, and considered how to invest excess cash flow. Executives might have witnessed certain actions taking place at various points in the organization and then engaged in a process of retrospective sense making, interpretation, and synthesis.[22] From this interplay between thought and action, a "decision" emerged.[23]

In my research, I studied an aerospace and defense firm's decision to invest more than $200 million in a new shipbuilding facility; the project completely transformed the organization's manufacturing process. When asked about the timing of the decision, one executive commented to me, "The decision to do this didn't come in November of 1996, it didn't come in February of 1997, it didn't come in May of 1997. You know, there was a concept, and the concept evolved." The implementation process did not follow neatly after a choice had been made. Instead, actions pertaining to the execution of the decision become intermingled with the deliberations regarding whether and how to proceed. The project gained momentum over time, and by the time the board of directors met to formally approve the project, everyone understood that the decision had already been made.

Managing Reality

When Jack Welch took over as CEO of General Electric, he exhorted his managers to "face reality…see the world the way it is, not the way you wish it were."[24] This advice certainly applies to the challenge of managing high-stakes decision-making processes in complex and dynamic organizations. Leaders need to understand how decisions actually unfold so that they can shape and influence the process to their advantage. To cultivate conflict and build consensus effectively, they must recognize that the decision process unfolds across multiple levels of the organization, not simply in the executive suite. They need to welcome divergent views, manage interpersonal disagreements, and build commitment across those levels. Leaders also need to recognize that they cannot remove politics completely from the decision process, somehow magically transforming it into the purely intellectual exercise that they wish it would become. As Joseph Bower wrote, "politics is not pathology; it is a fact of large organization."[25] Effective leaders use political mechanisms to help them build consensus among multiple constituencies. Moreover, leaders cannot ignore the fact that managers often perform analyses to justify a preferred solution, rather than proceeding sequentially from problem identification to alternative evaluation to choice. Leaders must identify when such methods of persuasion become dysfunctional, and then intervene appropriately to maintain the legitimacy of the process, if they hope to build widespread commitment to a chosen course of action. With this organizational reality in mind, let's turn to the first element of Cyrus the Great's wise advice for decision makers: namely, the challenge of cultivating constructive conflict.

The Absence of Dissent

How many of you have censored your views during a management meeting? Have you offered a polite nod of approval as your boss or a respected colleague puts forth a proposal, while privately harboring serious doubts? Have you immediately begun to devise ways to alter or reverse the decision at a later date?

If you have answered "yes" to these questions, be comforted by the fact that you are not alone. Many groups and organizations shy away from vigorous conflict and debate. For starters, managers often feel uncomfortable expressing dissent in the presence of a powerful, popular, and highly successful chief executive. It becomes difficult to be candid when the boss' presence dominates the room. We also find ourselves deferring to the technical experts in many instances, rather than challenging the pronouncements of company or industry veterans. Certain deeply held assumptions about customers, markets, and competition can become so in-grained in people's thought processes that an entire industry finds itself blindly accepting the prevailing conventional wisdom. Pressures for conformity also arise because cohesive, relatively homogenous groups of like-minded people have worked with one another for a long time.[26] Finally, some leaders engage in conflict avoidance because they do not feel comfortable with confrontation in a public setting. Whatever the reasons—and they are bountiful—the absence of healthy debate and dissent frequently leads to faulty decisions. Let's turn to a tragic example to see this dynamic in action.[27]

Tragedy on Everest

In 1996, Rob Hall and Scott Fischer each led a commercial expedition team attempting to climb Mount Everest. Each group consisted of the leader, several guides, and eight paying clients. Although many team members reached the summit on May 10, they encountered grave dangers during their descent. Five individuals, including the two highly talented leaders, perished as they tried to climb down the mountain during a stormy night.

Many survivors and mountaineering experts have pointed out that the two leaders made a number of poor decisions during this tragedy. Perhaps most importantly, the groups ignored a critical decision rule created to protect against the dangers of descending after nightfall. Climbers typically begin their final push to the summit from a camp located at an altitude of about 26,000 feet (7,900 meters). They climb through the night, hoping to reach the summit by midday. Then, they scramble back down to camp, striving to reach the safety of their tents before sunset. This tight 18-hour schedule leaves little room for error. If climbers fall behind during the ascent, they face an extremely perilous nighttime descent. Hall and Fischer recognized these dangers. Moreover, they understood that individuals would find it difficult to abandon their summit attempt after coming so tantalizingly close to achieving their goal. They knew that climbers, as they near the summit, are particularly susceptible to the "sunk-cost bias." Thus, they advocated strict adherence to a predetermined decision rule. Fischer described it as the "two o'clock rule,"—i.e., when it became clear that a climber could not reach the top by two o'clock in the afternoon, that individual should abandon his summit bid and head back to the safety of the camp. If he failed to do so, the leaders and/or the guides should order the climbers to turn around. One team member recalled, "Rob had lectured us repeatedly about the importance of having a predetermined turnaround time on summit day…and abiding by it no matter how close we were to the top."[28]

Unfortunately, the leaders, guides, and most clients ignored the turnaround rule during the ascent. Nearly all the team members, including the two leaders, arrived at the summit after two o'clock. As a result, many climbers found themselves descending in darkness, well past midnight, as a ferocious blizzard enveloped the mountain. Not only did five people die, many others barely escaped with their lives.

Why did the climbers ignore the two o'clock rule? Many team members recognized quite explicitly the perils associated with violating the turnaround rule, but they chose not to question the leaders' judgment. The groups never engaged in an open and candid dialogue regarding the choice to push ahead. Neil Beidleman, a guide on Fischer's team, had serious reservations about climbing well past midday. However, he did not feel comfortable telling Fischer that the group should turn around. Perceptions of his relative status within the group affected Beidleman's behavior. He was "quite conscious of his place in the expedition pecking order," and consequently, he chose not to voice his concerns.[29] He reflected back, "I was definitely considered the third guide…so I tried not to be too pushy. As a consequence, I didn't always speak up when maybe I should have, and now I kick myself for it."[30] Similarly, Jon Krakauer, a journalist climbing as a member of Hall's team, began to sense the emergence of a "guide-client protocol" that shaped the climbers' behavior. Krakauer remarked, "On this expedition, he (Andy Harris—one of Rob Hall's guides) had been cast in the role of invincible guide, there to look after me and the other clients; we had been specifically indoctrinated not to question our guides' judgment."[31]

The climbers on these expedition teams also did not know one another very well. Many of them had not met their colleagues prior to arriving in Nepal. They found it difficult to develop mutual respect and trust during their short time together. Not knowing how others might react to their questions or comments, many climbers remained hesitant when doubts surfaced in their minds. Russian guide Anatoli Boukreev, who did not have a strong command of the English language, found it especially difficult to build relationships with his teammates. Consequently, he did not express his concerns about key aspects of the leaders' plans, for fear of how others might react to his opinions. Regretfully, he later wrote, "I tried not to be too argumentative, choosing instead to downplay my intuitions."[32]

Hall also made it clear to his team during the early days of the expedition that he would not welcome disagreement and debate during the ascent. He believed that others should defer to him because of his vast mountain-climbing expertise and remarkable track record of guiding clients to the summit of Everest. After all, Hall had guided a total of 39 clients to the top during 4 prior expeditions. He offered a stern pronouncement during the early days of the climb: "I will tolerate no dissension up there. My word will be absolute law, beyond appeal."[33] Hall made the statement because he wanted to preempt pushback from clients who might resist turning around if he instructed them to do so. Ironically, Hall fell behind schedule on summit day and should have turned back, but the clients did not challenge his decision to push ahead. Because of Hall's early declaration of authority, Krakauer concluded that, "Passivity on the part of the clients had thus been encouraged throughout our expedition."[34]

Before long, deference to the "experts" became a routine behavior for the team members. When the experts began to violate their own procedures or make other crucial mistakes, that pattern of deference persisted. Less-experienced team members remained hesitant to raise questions or concerns. Fischer's situation proved especially tragic. His physical condition deteriorated badly during the final summit push, and his difficulties became apparent to everyone including the relative novices. He struggled to put one foot in front of the other, yet "nobody discussed Fischer's exhausted appearance" or suggested that he should retreat down the slopes.[35]

Unfortunately, the experience of these teams on the slopes of Everest mirrors the group dynamic within many executive suites and corporate boardrooms in businesses around the world. The factors suppressing debate and dissent within these expedition teams also affect managers as they make business decisions. People often find themselves standing in Neil Beidleman's shoes—lower in status than other decision makers and unsure of the consequences of challenging those positioned on a higher rung in the organizational pecking order. Many leaders boast of remarkable track records, like Rob Hall, and employ an autocratic leadership style. Inexperienced individuals find themselves demonstrating excessive deference to those with apparent expertise in the subject at hand. Plenty of teams lack the atmosphere of mutual trust and respect that facilitates and encourages candid dialogue. Fortunately, most business decisions are not a matter of life or death.[36]

The Perils of Conflict and Dissent

Of course, dissent does not always prove to be productive; cultivating conflict has its risks. To understand the perils, we must distinguish between two forms of conflict. Suppose that you ask your management team to compare and contrast two alternative courses of action. Individuals may engage in substantive debate over issues and ideas, which we refer to as cognitive, or task-oriented, conflict. This form of disagreement exposes each proposal's risks and weaknesses, challenges the validity of key assumptions, and even might encourage people to define the problem or opportunity confronting the firm in an entirely different light. For these reasons, cognitive conflict tends to enhance the quality of the solutions that groups produce. As former Intel CEO Andrew Grove once wrote, "Debates are like the process through which a photographer sharpens the contrast when developing a print. The clearer images that result permit management to make a more informed—and more likely correct—call."[37]

Unfortunately, when differences of opinion emerge during a discussion, managers may find it difficult to reconcile divergent views. At times, people become wedded to their ideas, and they begin to react defensively to criticism. Deliberations become heated, emotions flare, and disagreements become personal. Scholars refer to these types of personality clashes and personal friction as affective conflict. When it surfaces, decision processes often derail. Unfortunately, most leaders find it difficult to foster cognitive conflict without also stimulating interpersonal friction. The inability to disentangle the two forms of conflict has pernicious consequences. Affective conflict diminishes commitment to the choices that are made, and it disrupts the development of shared understanding. It also leads to costly delays in the decision process, meaning that organizations fail to make timely decisions, and they provide competitors with an opportunity to capture advantages in the marketplace.[38] Figure 1-2 depicts how cognitive and affective conflict shape decision-making outcomes.[39]

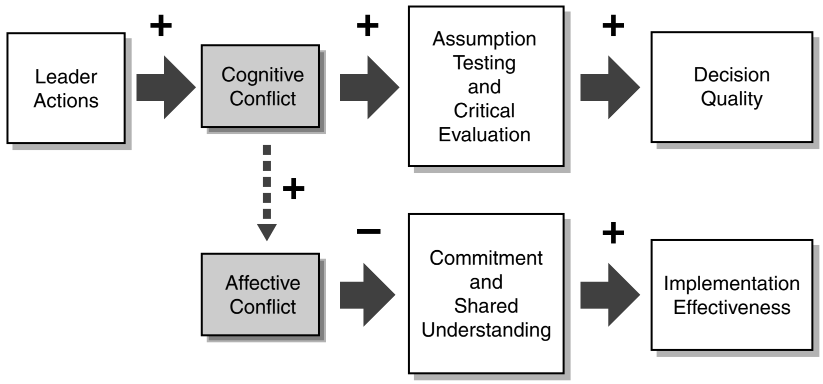

FIGURE 1-2: Cognitive and affective conflict

Consider the case of a defense electronics firm examining how to restructure a particular line of business. The chief executive wanted to take a hard look at the unit because it had become unprofitable. Multiple options emerged, and managers conducted a great deal of quantitative analysis to compare and contrast each possible course of action. A lively set of deliberations ensued. The chief financial officer played a particularly important role. He scrutinized all the proposals closely, treating each with equal skepticism. One manager remarked that, "He would be able to articulate the black and white logical reasons why things made sense, or why they didn't make sense…He was incredibly objective…like Spock on *Star Trek*." Unfortunately, not everyone could remain as objective. Some managers took criticism very personally during the deliberations, and working relationships became strained. Discussions became heated as individuals defended their proposals in which they had invested a great deal of time and energy. Some differences of opinion centered on a substantive issue; in other cases, people disagreed with one another simply because they did not want others to "win" the dispute. As one executive commented, "We could have put the legitimate roadblocks on the table, and separated those from the emotional roadblocks. We would have been much better off. But, we put them all in the same pot and had trouble sorting out which were real and which weren't." Ultimately, the organization made a decision regarding how to restructure, and looking back, nearly everyone agreed that they had discovered a creative and effective solution to the unit's problems. However, the organization struggled mightily to execute its chosen course of action in a timely and efficient manner. The entire implementation effort suffered from a lack of buy-in among people at various levels of the organization. Management overcame these obstacles and, eventually, the business became much more profitable. Nevertheless, the failure to develop a high level of consensus during the decision process cost the organization precious time and resources. Figure 1-3 depicts how conflict and consensus can come together to lead to positive outcomes rather than poor choices and flawed implementation efforts.

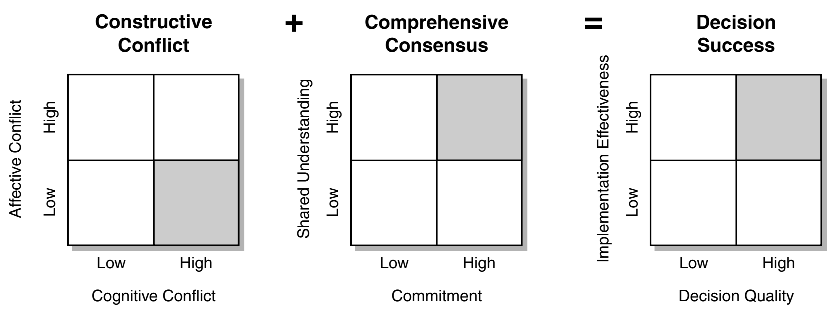

FIGURE 1-3: The path to decision success

Why Is This So Difficult?

Why is managing conflict and building consensus so challenging? The roots of the problem may reside in one's style of leadership. Often, however, the difficulty reflects persistent patterns of dysfunction within groups and organizations. Let's try to understand a few sources of difficulty that leaders must overcome as they shape and direct decision processes.

Leadership Style

Leaders may have certain personal preferences and attributes that make it difficult to cultivate constructive conflict and/or build consensus within their organizations. For instance, some executives may be uncomfortable with confrontation, and therefore, they tend to avoid vigorous debates at all costs. They shy away from cognitive conflict because loud voices and sharp criticism simply make them uneasy. Others may be highly introverted, and consequently, they may discover that their employees find it difficult to discern their intentions as well as the rationale that they have employed to make decisions.

Some executives prefer to manage by fear and intimidation, and they enjoy imposing their will on organizations. That leadership style also squelches dissenting voices, and it can leave employees feeling unenthusiastic about a proposed plan of action that they did not help to formulate. Of course, a few extraordinary leaders foster enormous levels of commitment while employing this approach. Consider, for instance, the management style of Bill Parcells, the famous professional football coach. He has dramatically turned around four very unsuccessful franchises over the past two decades, and his teams have won two world championships. He thrives on confrontation, instills a great deal of fear in his players, and makes decisions in a highly autocratic fashion. Yet, players put forth an incredible effort for Parcells, and they frequently express an intense desire to please him, despite the fact that he makes their lives difficult at times. In general, however, success often proves difficult to sustain over the long haul for those who employ this leadership pattern. Perhaps that explains why Parcells has chosen to shift frequently from one team to another during his coaching career.[40]

Cognitive Biases

A few mental traps also stand in the way as leaders try to manage conflict and consensus. For instance, most individuals search for information in a biased manner. They tend to downplay data that contradicts their existing views and beliefs, while emphasizing the information that supports their original conclusions. This confirmation bias explains why leaders may not aggressively seek to surface dissenting views, or why they may not listen carefully to those voices. Naturally, managers become frustrated if they perceive that leaders are processing information in a biased manner, and that disappointment can diminish buy-in.[41] Overconfidence bias becomes a factor in many situations as well. Most of us tend to overestimate our own capabilities. Consequently, we may not recognize when we need to solicit input and advice from others, or we downplay the doubts that others display regarding our judgments and decisions.[42]

Threat Rigidity

In many cases, strategic decision making occurs in the context of a threatening situation—the organization must deal with poor financial performance, deteriorating competitive position, and/or a dramatic shift in customer requirements. When faced with a threatening context, the psychological stress and anxiety may induce a rigid cognitive response on the part of individuals. People tend to draw upon deeply ingrained mental models of the environment that served them well in the past. Individuals also constrict their information gathering efforts, and they revert to the comfort of well-learned practices and routines. This cognitive rigidity impairs a leader's ability to surface and discuss a wide range of dissenting views. To make matters worse, factors at the group and organizational level complement and reinforce this inflexible and dysfunctional response to threatening problems. Consequently, organizational decision processes become characterized by restricted information processing, a constrained search for solutions, a reduction in the breadth of participants, and increased reliance on formal communication procedures.[43]

In-Groups Versus Out-Groups

As people work together throughout the decision process, they have a natural tendency to categorize other members of the groups in which they interact. They classify some people as similar to them (the in-group) and others as quite different based on a few salient demographic characteristics or professional attributes (the out-group). For instance, an engineer may distinguish those group members with similar functional backgrounds from individuals who have spent their careers working in finance or marketing. In general, people tend to perceive in-group members in a positive light and out-group members in a negative light. These perceptions shape the way that individuals interact with one another. Highly divisive categorization processes—those circumstances in which people draw sharp distinctions between in-groups and out-groups—can diminish social interaction among group members, impede information flows, and foster interpersonal tensions.

Individuals also appraise other group members in terms of personal attributes such as intelligence, integrity, and conscientiousness. Unfortunately, a person's self-appraisal often does not match the view that others have. An individual may see himself as highly trustworthy, whereas others have serious doubts about whether he is reliable and dependable. When individuals tend to see themselves in a manner consistent with others' views and perceptions, groups perform more effectively. If many perceptual disconnects exist within a group, people find it difficult to interact constructively. It becomes difficult to manage disputes and lead deliberations smoothly.[44]

Organizational Defensive Routines

Organizations often develop mechanisms to bypass or minimize the embarrassment or threat that individuals might experience. Managers employ these "defensive routines" to preserve morale, make "bad news" a bit more palatable, and soften the impact of negative feedback. They want people to remain upbeat and positive about the organization's mission as well as their own situation. For instance, in many firms, we witness the existence of an implicit understanding of the need to employ a routine for helping employees to "save face" when they have failed. Unfortunately, such behaviors depress the level of candor within the organization, and they make certain issues "undiscussable." Over time, these defensive practices become deeply ingrained in the organizational culture. They do not occur because a specific individual wants to avoid embarrassing a colleague, but rather because all managers understand that this is "the way things are done around here." Leaders often find it extremely difficult to dismantle these deeply embedded barriers to open and honest dialogue.[45]

A Deeper Explanation

All the factors described previously certainly make it difficult to manage conflict and consensus effectively. The core contention of this book, however, is that many leaders fail to make and implement decisions successfully for a more fundamental reason—that is, they tend to focus first and foremost on finding the "right" solution when a problem arises, rather than stepping back to determine the "right" process that should be employed to make the decision. They fixate on the question, "What decision should I make?" rather than asking "How should I go about making the decision?" Answering this "how" question correctly often has a profound impact on a leader's decision-making effectiveness. It enables leaders to create the conditions and mechanisms that will lead to healthy debate and dissent as well as a comprehensive and enduring consensus.

Naturally, leaders also must address the content of critical high-stakes decisions, not simply the processes of deliberation and analysis. They have to take a stand on the issues, and they must make difficult trade-offs in many cases. Moreover, creating and leading an effective decision-making process does *not* guarantee a successful choice and smooth implementation. However, developing and managing a high-quality decision-making process does greatly enhance the *probability* of successful choices and results.[46]

Throughout this book, I argue that leaders should stay attuned constantly to the social, emotional, and political processes of decision. However, they need to do more than this. They must not simply react passively to the personality clashes and backroom maneuvering that emerges during a decision-making process. Instead, they should actively shape and influence the conditions under which people will interact and deliberate. They must make choices about the type of process that they want to employ and the roles that they want various people to play. In short, leaders must "decide how to decide" as they confront complex and ambiguous situations, rather than fixating solely on the intellectual challenge of finding the optimal solution to the organization's perplexing problems. With this broad theme in mind, let's begin to tackle the marvelous challenge of discovering how leaders can cultivate "diversity in counsel, unity in command."