

# The smart manager

India's first world-class management magazine



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# ORGANIZATIONAL

# HEALTH

## DRIVER OF HIGH PERFORMANCE

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SCAN THIS TO STAY CONNECTED



**DR CHRISTIAN MARCOLLI**

IS THE FOUNDER OF MARCOLLI EXECUTIVE EXCELLENCE AND AUTHOR OF *MORE LIFE, PLEASE!*, *TEACH ME PATIENCE - NOW!*, AND *THE MELTING POINT*.

## the anchor

In *The Advantage*, author Patrick Lencioni highlights the potential of organizational health vis-à-vis competitive advantage, as opposed to other disciplines such as marketing, strategy, and technology. In this exclusive with *The Smart Manager*, Dr Christian Marcolli focuses on the leadership aspect of organizational well-being—how high performance can be tied directly to how leadership communicates and why it is crucial for leaders to maintain their credibility.

**O**rganizational well-being is an indisputable indicator of high performance across industries and geographies. But it is not always universally defined. How do you define organizational health?

Organizational health has to do with how a company functions and what it can deliver in the long term. It is also about how the organization comes together around a

mission and a strategy, shapes its own culture, and responds to changes in its market. That has everything to do with leadership. It takes a dynamic and inspiring leader to really ‘captain’ the ship. And it takes a cohesive leadership team to set the direction for the organization, and communicate that direction with clarity to the rest of the company. Leadership is also a matter of continuity of vision, making sure that direction is sustained over time, and that there is a structure to support it.

In terms of being a key indicator of high performance, a healthy organization gets more done in less time, retains its best people, identifies challenges earlier, and solves them faster. Health is a competitive strategic advantage here. Healthy companies surpass their rivals, who are mired in fighting among themselves and wasting time, money and energy doing so, ultimately driving away both employees and customers.

You can correlate high performance to leaders who are dynamic but operate on an even keel. They do not add emotional tension or inflict anger or frustration on the organization, even in the heat of a crisis. I have seen organizations thrive under that kind of leadership. But when a leader has a meltdown, that can trigger a crisis in confidence all the way down the ranks.

### To what extent do you think data can help measure organizational health?

To a large extent, actually. Tracking organizational health metrics in addition to financial-performance metrics may be very much helpful to illustrate the impact of organizational health beyond financial success. And measuring organizational health with analytics needs to be a best practice. We have the ability to glean tremendous information using data. Really—to not utilize this is a strategic mistake.

In his book, *The Advantage: Why Organizational Health Trumps Everything Else in Business*, my colleague Patrick Lencioni makes an overwhelming case that organizational health will surpass all other disciplines in business as the greatest opportunity for improvement and competitive advantage. When politics, ambiguity, dysfunction,

and confusion are reduced to a minimum, people are empowered to design products, serve customers, solve problems, and help one another in ways that unhealthy organizations can only dream about. Healthy organizations recover from setbacks, attract and keep the best people, repel the others, and create opportunities that they could not have expected.

### What factors make an organization healthy?

There are four essential factors for shaping a healthy organization, starting and ending with leadership:

**build and maintain a cohesive leadership team:** It is critical to get the leaders of the organization to behave in a functional, cohesive way. If the people responsible for running an organization—whatever its nature, from a corporation to a department within it, from a startup to a longstanding firm—are behaving in dysfunctional ways, that dysfunction will cascade into the rest of the organization. This is not just a matter of setting a behavioral expectation and then assuming it will succeed. Leaders from the C-suite level to managers can work to learn how to keep themselves calm. In terms of that, given today's climate, being able to keep your cool no matter the pressure is critical. But it is a skill, not an innate characteristic. It can be practiced and improved upon like any skill.

All businesses, big and small, invariably revolve around the person at the helm. They need to be able to stay cool under pressure (which is the topic of my latest book *The Melting Point: How to Stay Cool and Sustain World-Class Business Performance*). They need to create a compelling vision and focus on results, make sure they hold people

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accountable, and provide clarity. If there is conflict—and there probably will be—it needs to be productive conflict, and that is where leaders play a key role. Part of that is building trust. Everyone needs to feel confident that the boat is not going to tip as the organization hashes out next steps. It is up to the leader to stay the course.

Once that is established, the next steps are relatively straightforward, and all revolved around clarity:

**create clarity:** The members of that leadership team need to be intellectually aligned around six simple but critical questions:

- Why do we exist?
- How do we behave?
- What do we do?
- How will we succeed?
- What is most important, right now?
- Who must do what?

**over-communicate clarity:** Leaders need to over-communicate the answers to those six questions, to the organization. Leaders of a healthy organization constantly repeat themselves and consistently reinforce what is true and important.

**reinforce clarity:** Finally, leaders need to ensure that any process involving people, from hiring and firing to performance management and decision-making, is designed to intentionally support and emphasize the uniqueness of the organization.

All of this tends to play out in meetings: It is essential that a healthy organization also get better at the one

activity that underpins everything it does, which is meetings. Again, it is up to leadership to implement a few simple, but fundamental changes to the way meetings happen. Otherwise the organization will not be able to evolve.

**Stability is invariably linked to adaptability—the readiness to face challenges, adapt to the present, and thereby shape a healthy future. How can a high-potential leader lead by example, and help shape a stable organization?**

This is a really interesting question. The capacity for renewal is one of the consequences of organizational health. Leaders need to remain clear on the reason the organization exists, what its most important priority is for the next few months, and other issues—and then link them. Closing the gaps between mission and goals is what gives those people one, two or three levels below the clarity they need to help make the organization successful. Mission, goals, and methods. It is all tied into being able to face challenges as they come with an eye to the future as well as the present. And that is, of course, a fundamental part of a healthy organization.

My firm works with clients around a deliberate, highly structured process that regularly re-visits those six key questions. We keep asking the why, the how, and the way—and making sure it correlates to priorities in the immediate and the long term. We not only look at those priorities but also who should be tackling them. That enables leaders to adapt strategies and tactics to changing environments—and build resiliency in the face of disruptions and new challenges in the market.

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The key reason for poor organizational health is not necessarily that leaders lack a vision, but that they lack the courage and willingness to confront themselves, their peers, their teams, and whatever dysfunction marks the organization.

**Companies often fail to achieve goals owing to the lack of a shared vision. How can a leader ensure alignment around purpose, and take employees along the path of continuous growth?**

Actually, the key reason for poor organizational health is not necessarily that leaders lack a vision, but that they lack the courage and willingness to confront themselves, their peers, their teams, and whatever dysfunction marks the organization. They need to address these issues head on, with an uncommon level of honesty and persistence, and be prepared to walk straight into uncomfortable situations to address them. Nearly all organizations have the potential to be healthy, but they are prevented by these kind of flaws. So being strong and sustainable eludes them. It is a weakness that takes many organizations down.

It does go back to overcommunicating, which is really not overcommunicating at all. I would say it is more about reinforcing the message. And then making sure that all the human systems are working in alignment with the answers to those six critical questions. Human systems include any process that involves people, from hiring and firing to performance management and decision-making. When they match the focus of the organization, leadership becomes credible.

**How important is it for a leader to stay cool under pressure—not just as a reflection of a healthy organization, but as a catalyst for one?**

I have spent a decade working with high level managers and executives on just this issue, and learning how to

sustain a cool head and deliver high performance is the subject of *The Melting Point*. What is clear is that if a leader does not keep a cool head, they become untrustworthy and lose credibility—which is damaging enough for both the leader and the firm. But in the mess that often accompanies a meltdown, there is so much other fallout—the image of the company to its shareholders, its employees, its customers; the meaning of the brand itself; and also the ability of the company to maintain its sense of direction and keep functioning and delivering. There is a big distinction to be made between holding your people accountable and pointing fingers, and between fomenting competition and rivalry between teams and inspiring high performance. We see that play out in the news, again and again: a leader melts down, and what happens next? It diminishes the value of the company. ■

*(As told to Anitha Moosath)*