

Thought Leader Interview with Howard Guttman: “When Goliaths Clash - Managing Executive Conflict”

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Howard Guttman is the Principal of Guttman Development Strategies, a management consulting firm specializing in high performance teams. He is author of the book, “When Goliaths Clash - Managing Executive Conflict to Build a More Dynamic Team.” If you are anywhere near the top of your organization, in most companies, you will see a certain amount of conflict at the executive level, and that obviously is a really key issue. If the conflict is not productive, then your organization is going to run into difficulty.

Howard’s company has been in existence since 1989 and has 20+ consultants in the firm. About 60% of what they do is organization development at the top. Clients include Pfizer, L’Oreal and Colgate-Palmolive.

DC: Conflict is a very important area and it is a tough area, HR is the function meant to be most sensitive to the dynamics and how you can use conflicts productively to move an organization forward, so I hope listeners take it to heart as being one of your core competencies.

HG: As an introduction, when you look at why this is really a key area, there are a few reasons. The first is that it is a complex world right now. It is a global matrix game with many of the companies that we work with. In many cases managers are trying to influence people they do not have authority over. Some of the organizations we work with are so complex that the organizational structures look like the back of a television set. A second aspect is that, when I think about all the companies we work with, the level of pressure to sustain a competitive advantage keeps increasing.

For HR to be seen as a player at that table, they need to be seen as the keeper of the culture, so they are required to become a role model. There is almost, in some cases, an unrealistic expectation of what the organization requires of HR, because they also expect them to be a change agent. So what it really says is this, “in a complex matrix world, you are constantly influencing people that you don’t have authority over and there is an expectation that to retain competitive advantage companies are going to move very quickly; HR is expected to be the role model, and in this sense the keeper of the processes to sustain best practices in the organization,” and this is very difficult when you are also part of the game itself.

DC: And it is also difficult when you have a big set of administrative responsibilities, running a whole suite of processes from recruitment to training, to performance management and compensation. When we are having this kind of discussion I think as an HR leader: what should my job description look like? What should my goals look like for the coming year? I would really like to see some goals or some accountability around these kinds of issues you focus on. It’s not just about making sure that training stays within budget.

HG: That is exactly right. In fact, one of the key things to think about - and this is always one of the challenges - is that, if you want to be seen as a player in an organization today, the expectation is that

you are going to be challenging the status quo and moving the ball ahead. But the reality is that every time you do that you are going to increase the likelihood that you could be creating conflicts, so the expectation in today's world is that you can challenge the status quo, push things ahead, create conflicts and still preserve the business relationship, but one of the things that you look at, when you are looking at HR, is HR needs to be seen as the model for what that level of behavioral best practice looks like, so it does require a higher level of EQ on the part of the HR folks.

In terms of the role of HR in conflict management, there are about five areas that HR is expected to handle. One is just to ensure that you have the right players on the senior team in terms of skill sets. The second is that from a behavioral standpoint, the senior team players have a picture of what good practice looks like, and you are able to hold up the mirror to the players in assessment mode. Every time we work with senior executive teams in essence the HR person is the process keeper, they are the custodians of the team alignment process.

They have to be the principal person to support the senior executive to make sure that accountability is fostered and ultimately, they are the ones who really are the custodians of any effort.

When we do consulting work with senior teams the key for us is that we have a key client who wants to move things ahead; we have somebody in the HR role who has an ability to maintain the process; and the last point is that we have coachable players on the team itself.

DC: Would you say that most senior management teams recognize that they do need to have a custodian of team alignment? Is team alignment something that they are alert to as an issue?

HG: The answer is no, unfortunately. We try to enroll them because it serves us. I mean sincerely, it is far better for us when we have an internal partner. When you try to do consulting work at the top from an organization development standpoint there is no question that an internal/external model is a much more productive model than if it was just us coming in isolation. But in many cases, the HR person inside has never really done the job to enroll the leader or the leadership team around what the breadth of their role could be, other than in many cases, as you said earlier, a transactional HR administrative role. So, they don't always have a three-dimensional picture of what HR can bring to the party.

DC: Do they recognize that they need help with team alignment at the top level? I would imagine even the best companies would recognize that team alignment at the executive level is something that they continually have to work on.

HG: The answer is yes. Because of the competitive pressure and the complexity and the level of the mergers and organizational change, the reality is with a lot of the work we do, whether it be facilitating the Pfizer J&J consumer merger with some of the key teams or a Chico's women's retailer going from a \$300 million to a \$1.8 billion organization over three years, they really see the alignment work that we do as an accelerator. It's not like the old days of 20 years ago when they would bring you in because things were broken and they wanted you to fix it, now it's more where it's really a part of the way that they attempt to try to maintain a competitive advantage in the marketplace. So they see us as another offensive tool in their arsenal.

DC: It's great to be working on something offensive, instead of being a mechanic trying to fix something broken.

HG: That was the legacy of this field, back in the 70s and early 80's but again, it is a function of the world we live in today. So, if you look at part of what HR is responsible to do, which is ensuring the right capability set, the right skill set on the senior team, this really gets into the issue of what type of competency is required at the top. What are the skills of an effective executive? Ultimately, people get paid for three core competencies: technical skills, their ability to engage the EQ area, the interpersonal or the leadership and their conceptual or strategic skills. So at the first line level of management you are really getting paid to be technically buttoned up and to be able to engage well with others.

By the time you get into senior executive ranks, you are really paid to be technically strong but the real game is can you lead? Can you coach? Can you enroll the players below you to follow you? And when you make a move conceptually/strategically, are you aware of the dominos that will fall? But the trickiest area is really that area in the middle and in many cases the reason it's tricky is because most people tend to get promoted based on the success they have had at the level below and unfortunately as we all know that is not necessarily a marker that they are going to succeed in the next span.

You could have someone who is very technically strong from an R&D standpoint, but that doesn't say they can lead an R&D organization; or the expert salesperson who can't necessarily manage the sales organization; or the HR expert in staffing or compensation, who thinks they have the ability to play an enterprise leader role. It's very challenging to try to move into that grey zone and that is really the discomfort zone for a lot of executives, and managing conflict is a key part of that.

Audience Question: We have been talking about the skills of an effective executive at the senior management level. What are the skills that a best-in-class HR professional has who is able to manage team conflict?

HG: The first is that you can influence people without positional authority. That means that the HR person has the capacity to go to the operations person, the salesperson, R&D, whatever it is, and quickly be able to get to the core issues. So when you look at core skill requirement, the first is they have a very good ability to listen and see things in a neutral light. The second is they have to be able to assert, to be able to confront effectively and establish boundaries and again, from my experience, this many times is a difficult arena for many HR people to play in because many of them maintain a story called "I am HR, I am not line, so when the line has an issue it is not necessarily my patch to be able to deal with that unless it falls into the HR space."

The third is that they actually have conflict management skills. The last point is they are able to be authentic and deal with issues in real time but again, what you tend to find is that the HR person falls on the less assertive side of the spectrum.

DC: Can you give us an example of what an effective dialogue might sound like?

HG: The first point is being able to hold up a mirror, so the HR person would need to feel comfortable being able to go to someone and say, "Look, I have an observation, I have a concern that from a standpoint of the new product launch your players are not aligned or that the decision making is not clear and it is something we need to discuss around how we are going to be able to move that ahead." So the

first step is the HR person has to be willing to put something on the table. Once they are able to facilitate putting something on the table then at that point the goal is to be able to land a plane and be able to hold that peer accountable to come up with some type of action.

The second is to clarify that person's take on the situation. The third is to confirm some options to consider and finally the last is to contract for observable actions to move the game ahead.

DC: I think that is an interesting example and a different role than HR people are used to thinking they ought to be playing.

HG: I think that's exactly right. Over the course of the month we align probably 10 to 15 teams a month, sometimes more than that. From an HR standpoint we do alignment work with companies from across the board. So what I am talking about isn't an industry issue, it's more an issue of the stories that HR people make up about what they are entitled to do.

DC: I know there are HR people who are sitting there saying, 'I am looking at what's going on here and there is something really wrong and I wish something would happen about it.' But they don't feel empowered to say anything. I think it is partly because HR people undervalue the fact that they have a special set of skills. If an engineer is looking at the jet engine and it doesn't seem right, they'll speak up because that's their expertise. If an HR person is looking at an organization and something doesn't seem right they should speak up too.

HG: That's true and the thing that is interesting about it is that from an inclusion standpoint, many times they are not brought into the conversation because the perception would be that they don't add content to it, they don't have technical expertise. In the end it becomes the process/change management competence, which is going to enable the HR people to be invited to the party. Whereas sometimes the HR people define the admission price as predicated solely on their business content knowledge, that's not the game they can win because they are never going to have that level of content knowledge as the line executive.

Part of the HR person's role is to assess the conflict management behavior of people on the senior team. If you look at this in terms of the methods to deal with conflict, all of us have essentially four options. The first option is we can confront it head on. The second is we can let it go. The third is we can leave. And the last is we can play a victim role.

Let me explain what I mean. Let's say you are my boss, David, and I am not comfortable with my compensation. The first option would be to say, "David, I would like to sit down and have a conversation with you around comp, are you open to that?"

The second is I say to myself well my comp is not great but I love my job and so I let it go. But letting it go literally means it's gone, I am not doing a psychodrama in my head any more about it. The third option is I tell you that you and I need to have an amicable divorce and I leave cleanly. The fourth one is when I pretend I am OK but I am not. So, when you look at what is a functional play at the senior level, it really is to either confront, let it go, or if you can't get it done you leave. The playing victim is the part that is dysfunctional.

So again, when you go back to the issue of an HR person, an HR person as the keeper of the process, as the steward of functionality in a sense for the senior team, they need to be the one who is constantly in a position to model what behavioral best practices would look like for the other players because the other players hang their hat many times on their business content expertise. The HR person is the one person who by virtue of what their skill set should be, should be able to look at the dynamics more than the other folks who tend to be very focused in terms of their patch.

DC: So HR people need to be aware of how valuable their insights are.

HG: That is exactly right and the sharpest HR people, the most successful, have to be able to re-contract with their boss and the players around them to redefine that aspect of their role, that facilitation, holding up a mirror, creating a level and behavioral best practices for the rest of the team. Now that's a bit of a risk because you are putting yourself out there. But in the absence of that they are not adding as much value as they could and they will not be invited to the party because people will not perceive them as adding business content in the various arenas. This crosses business lines.

DC: What I see you are getting at is HR leaders should not be thinking “I wish I was in an organization where they treated me like this” but rather, if you want to be treated like this you have to be the one demonstrating ‘this is how HR adds value.’

HG: Yes, that's right. Part of this is the skill set; to what degree an HR person is adept at understanding how to be an internal consultant.

In terms of getting our needs met in any organization we have three options. We do things in an aggressive fashion, in an assertive fashion, or a non-assertive fashion. It's important to define what this looks like because this has very interesting ramifications for HR.

If you are not assertive, that means there were issues there but you are not going to necessarily raise them, you are going to pretend that things are okay. You may resent it and inevitably one day there will be the straw that breaks the proverbial camel's back. You will go underground, eventually you will go off, you become aggressive, lose it, so to speak, then you will feel the sense of guilt because you are no longer looking good and in control so you go back into the closet again. When someone is playing out non-assertive behavior, what you are basically saying is, “I have got needs and I am not going to convey to you what they are, but if you do not guess right I am going to get angry, although I am never going to let you know.”

On the other side is aggressive behavior that basically says ‘I have got needs and you don't’ or ‘I have got needs and so do you, but mine count more.’

In the middle is assertive, which is saying, ‘I am going to let you know if you step on my toe.’ At the high end of assertive is ‘I am going to try to get my needs met but I recognize it needs to be a partnering game because it's more of a win-win.’

Where would you think most HR executives are on this non-assertive to aggressive scale?

DC: Far left, non-assertive.

HG: There you go. That's the game, that's exactly right.

DC: It's always interesting to see how valuable these very simple conceptual models can be.

HG: Yes and here becomes the challenge. If you go back to the role of HR in conflict management, if you are trying to set up a high performing team, the HR person is not going to be able to have the impact required if they are non-assertive. That's the issue.

Audience Question: As an HR person looking at this, this is a useful model for me when I am looking at managers around the organization, but how do I rate somebody without playing shrink?

HG: This is not a psychotherapeutic model, it's a behavioral model. And if you think about it very simplistically it is just observing behaviors, nothing more than that. Individuals that are aggressive tend to push their own agendas, and they don't have a strong willingness to partner. Non-assertive people try to play more of a nice guy game where they do not want to offend, they want to preserve business relationships but they are not strong, they play it safe. Assertive people in the middle protect their boundary and they push. So this isn't trying to figure a person out psychotherapeutically or what their Myers-Briggs is, it's nothing about that. It's simply on a behavior level.

If you want to have a team that is functional, people need to play in the assertive space. The further people go to the aggressive or the non-assertive side, the more they inadvertently begin to dismantle the functionality of that senior executive team. And you can pick that up by observation. If you think about being in any type of staff meeting, it becomes very clear when the aggressive people are talking over one another or shutting people down. It becomes very clear when certain people are playing it safe and remaining silent. So this isn't something where one has to have a Ph.D. in psychology to be able to pick up the vibes.

When we go into most organizations, and the goal is to align the organization, there are three types of players you tend to see right off the bat. You see the risk takers, who are the players, and that's good. You see the vacationers who play it safe. And then there are the prisoners who are the people who are like the unhappy vacationers. They don't necessarily like the way the game is getting played but they don't do anything about it. They complain. They go underground. So part of the HR role is to support the organization hiring and sustaining talent at the top, at the player level. Vacationers do not add a hell of a lot of value and the prisoners ultimately are toxic.

So when you talk about creating a high-performing team and the HR person's role, this gets into a very interesting definition of what the HR person feels they're accountable for. What we are talking about here is an active keeper of the culture looking at the talent, as something that they need to create and sustain. So in the end, the HR person needs to model risk-taking behavior to really add the value required, particularly from a conflict management standpoint.

DC: And it is interesting that risk-taking behavior is both what they need to do to be successful and it's also one of the behaviors they have to model in order to fulfill their role in the organization.

HG: That's exactly right. Now let me give you an example of where HR folks tend to fall into a trap. Let's say there is an issue between two people. One person sees himself as being the victim, and usually you would think that somebody is doing it to them so that other person is the persecutor. Usually, the third person in the play is the rescuer.

In dysfunctional conflict resolution, what happens is that the person who feels victimized goes to a third party, who may be the boss. The boss may then go and have a conversation with the persecutor and suddenly all the roles get changed. Now instead of it being a business issue between two people, it becomes a trust issue and the person who the boss talked to, feels like they are being victimized.

Where HR comes in is that many times someone will go to HR to complain. HR does not necessarily hold the individual accountable to handle the issue. So under the guise of confidentiality or wanting to provide a good ear or a shoulder to lean on, HR may be inadvertently sabotaging conflict resolution in that they do not press and coach the individual to handle the initial presenting issue.

Many times you will see HR people fall into that trap under the guise called "I want people to feel comfortable to come and see me." That is the provocative area and gets right to the core of what does an HR person see as their accountability.

DC: It is very natural when somebody comes to you for help to want to be able to rescue them as opposed to saying, "Ok now I have listened to you, go back and solve it."

HG: Yes, you need to say, "OK now given this situation, what options have you considered? What would you see as the next step? What would closure look like?" What you are now doing is starting to move from good listener to playing coach, to move that person to action. When that does not happen then the problem is that the HR person falls in the trap of being the internal social worker and they are not getting paid to do that, they are paid to move the enterprise ahead.

Part of being the custodian of team alignment is that we have to define what alignment looks like. There are five factors that really determine alignment:

- Strategy
- Goals / business priorities / focus
- Individual roles / accountabilities
- Protocols / rules of engagement
- Business relationships / mutual expectations

When you think about your department or you think of the company, it's these five factors that really determine alignment. They also represent the core reason why conflicts emerge in an organization. If you and I do not agree on the strategy, or our priorities, David, we will inadvertently compete for resources. If we don't agree on accountabilities, I am going to have an expectation you are going to do something but you don't see this as your job.

Let me define protocols / rules of engagement. These are not values, these are not things like 'respect one another' or 'value diversity.' Rules of engagement would be when issues come up, how do we escalate them? How do we force closure? When are decisions made? When are they consultative? When are they unilateral?

And then finally with the business relationship, this is where we are interdependent or not. So when you think about an aligned team or an aligned organization, these five factors ultimately lie at the very bedrock of trying to create sustainability with the senior executive team.

DC: And based on what I have seen in your book, the whole business of rules of engagement is a very rich area for HR people to become familiar with.

HG: Yes, you are right, and what's interesting if you look at this model is if you think about the role of HR people as the process keeper, most companies inevitably expend most of their energy at the top of this house. They think that if we focus on the strategy, which obviously you have to, and we can get tighter around the business priorities, then ultimately things should work out. The issue of rules of engagement is like a phantom zone or a twilight zone, because the problem is that if you don't have rules of engagement regarding conflict resolution or decision making or interdependencies, etc., then people just make up their own rules and it's impossible to create functional sustainability within the organization.

This is a great example of where a switched on HR person would be conscious of that and coach the leader and/or the senior team that the job isn't necessarily done just by ensuring that they have a strategic direction.

DC: Yes and the point that keeps coming up is that leaders aren't necessarily going to know how team alignment works. They have got some gut feel for it, but they just won't have thought it through the way Howard has.

HG: The next point is around the HR person's role to help the leader redefine what accountability looks like. The first level of accountability is when the player is accountable for themselves, which is obviously a good thing. Somebody takes personal accountability for whatever they do. The second level up is when you are accountable for your direct reports. In other words if the direct reports do well or don't do well they own that as the leader.

The third level is a high performing team where you are accountable for your peers. The fourth level is you are accountable for your leader's success. The last level is the level of your accountability for the organization at large. So when you are looking at this whole issue of working in a high performance organization, what you are trying to do is redefine people's notions of what they are accountable for.

In a classic siloed organization, people are accountable for themselves and their direct reports. If you want to play a bigger game, then we are talking about level 3 and up. But you can see that is a much different game when you do that. Because if you ask most people what is the most challenging aspect to play in a more horizontal or best practice mode, they would always say it is about peers holding peers accountable.

The next area is making sure that the senior team is working as a high performing team. Here are the eight attributes of a high performing team. The first is that the people are clear regarding the missions, the goals and the priorities—which is pretty straightforward. The second issue: have the right players. The third attribute is that they have the ability to understand, here is my role, here is yours, this is where we intersect horizontally. The fourth one, which is a big idea, is that we are committed to what it will take to move the business ahead versus our functional or parochial self interest. So when we get into conversations about headcount, resource allocation etc., we look at it like a business case versus we are

playing a game of 'win as much as you can poker.' The fifth attribute is that decision making is clear, when is it unilateral, when is consultative, when is it consensus?

The next attribute, and this to me is the big one, is the team working as a managing board of directors. This is where it basically says that it is a fair game to deal with any issue that impacts the business. If I am in HR and I have a concern about what's going on in operations, I have the conversation. If I am in R&D, I have a concern about sales, I have the conversation, but that implies #7 that people can de-personalize conflict. In the 8th, the team periodically self assesses. So, this is a horizontal or a high-performing team.

Now, how do you ultimately get there? There are some predictable stages that every team or organization goes to get to this horizontal team. The first stage is in going from hierarchical to horizontal. The first stage is a testing phase where the issues are under wraps. People do not want to talk about them because it is not permissible. Stage two, we put them on the table, but there could be some discomfort in the air, because they had previously been underground.

The third stage is when you start to tighten up a new game. Protocols, rules of engagement will be talked about and then finally you have this high-performing team.

When you look at the role of the HR person, the goal is to help the leader accelerate that senior team to high performance, but that implies being able to help, getting those issues on the table as rapidly as you can and doing it in a neutral light.

What is the HR skill mix to be able to do this role of conflict resolution? You have to be a good internal consultant, you have to be able to coach people, you have to facilitate the team, be able to hold up a mirror, you have to have good skills, and you have to model the behaviors. That is really what we are talking about. So, in looking at the HR person's role from a conflict management standpoint, we will take them from being seen as an HR transactional administrator to taking them into being an extremely value added important player on this team.

DC: It is exciting to hear those characteristics of a high-performing team because then you can really start to picture it. At the same time, we see how far most teams are from that kind of behavior.

HG: Yes, and I would tell you that in the companies that we have work in, and again we are talking about primarily Fortune 100 or 500, the reality is that you have got to work horizontally. You cannot work as a hub-and-spoke. The bigger a company gets the more impossible it is to have a little star chamber at the top. So, one way or the other, companies are moving down this road.