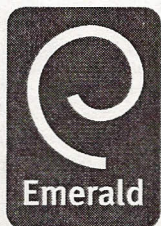


# Handbook of Business Strategy

## High performance organizations: creating a culture of agreement

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An organization's culture includes both social and behavioral actions and experiences such as the way work is organized and experienced; how authority is exercised and distributed; how people are and feel rewarded, organized and controlled; the values and work orientation of staff; the degree of formalization, standardization and control through systems; the value placed on planning, analysis, logic, fairness; how much initiative, risk-taking, scope for individuality and expression is given; rules and expectations about such things as formality in interpersonal relations, dress, personal eccentricity; and the importance of rules, procedures, specifications of performance and results, for a team or an individual.

Different organizations have different cultures. They can be:

- autocratic, benevolent autocratic, consultative and participative;
- mechanistic and organic;
- simple structure, machine bureaucracy, divisionalized, professional bureaucracy, adhocracy;
- power, role, task and personal;
- the learning organization;
- pushy, harsh and authoritarian;
- political;
- rule and ritual bound;
- cold and separated;
- brisk, dynamic, opportunistic;
- exploitative, all take and no give; and
- caring and genuinely interested in people as people.

Culture is embedded in all organizational relationships and organizational relationships are a function of the agreements, usually implicit, between members of the organization. What is missing in the great majority of organizations is a structured process for consciously creating explicit agreements that embody and reflect the culture, and a process to sustain the relationships through periods of break-down. This article provides the needed conversational models.

To understand an organization's cultures you can begin by describing the type of organization from the examples above. The descriptions are representative "models." Models enable us to predict events so that we can influence our own



behavior, and the behavior of others (Handy, 1993; Reddin, 1970; Buchanan and Huczynski, 2003).

### Creating culture

Culture reflects the quality and character of organizational relationships. And the quality and character of organizational relationships reflect the nature and quality of the web of implicit and explicit agreements that are the foundation and glue of organizational relationships.

Regardless of how you might categorize or develop a particular culture, one key to satisfaction, success, accomplishment and productivity is the ability to cultivate and sustain sequential and concurrent effective long-term relationships. In fact, this is true both personally, and at work. Organizational effectiveness in business, government, non-profit or educational organizations depends on the quality of relationships. Without high-quality relationships an organization will be challenged in its ability to accomplish its mission, or even to survive.

The quality of organizational relationships depends on the quality of the agreements among and between every person in the organization. This is true for agreements between individuals and the organization; the organization with all its stakeholders; between departments; among team members; and with reporting relationships.

Unfortunately, most people never developed a specific kind of conversational competence that enables them to establish and sustain effective long-term collaborative relationships. Most of us never learned what to talk about in building solid agreements with team members; direct reports; supervisors; suppliers; and all members of our virtual team. And, we never learned how to deal with conflict in a non-adversarial way, or how to create ground rules for moving through challenging times.

As a result of our own experience, we all understand the huge payoff of being able to engage in the dialogues that both create and sustain long-term relationships, that lead to high levels of performance and effective, happy people. Rather than thinking about how you might protect or get an edge, the following conversational template creates and sustains effective relationships, and contributes to a culture of high performance.

### Agreements for results

Collaboration, productivity and job satisfaction are a function of effective explicit agreements. We collaborate with others in language by forming agreements. These agreements are express (spoken or written) or implied (assumed.) Conflict often arises because we do not take the time to craft effective, explicit agreements on the front end of any collaborative relationship. Surprisingly this is a skill we were never taught in the context of our working environment, even though agreements are the foundation of joint enterprise. The cause of wasteful, expensive conflicts are implicit, in incomplete

**“ Conflict often arises because we do not take the time to craft effective, explicit agreements on the front end of any collaborative relationship. Surprisingly this is a skill we were never taught in the context of our working environment, even though agreements are the foundation of joint enterprise. ”**

agreements that do not express a joint vision, and do not solidify trust and true relationship in the process of crafting the agreement. This often happens because the other, in any context, is seen as a competitor, and the process of negotiating an agreement is seen as an adversarial exercise you try to win.

Imagine the difference if you begin to see the context differently. Imagine if you see the engagement with others as a joint visioning process that expresses an inclusive vision of desired outcomes, and the road map to those desired results!

### Agreements, the foundation of organizational culture

Agreements impact every aspect of organizational life including:

- ability to inspire, engage and enroll others in mission, vision and values;
- quality of work relationships – setting expectations and standards;
- employment relationships and performance review – quality of work-product;
- strength and productivity of teams;
- amount and intensity of conflict;
- level of trust;
- leadership ability; and
- relationship to consumers, suppliers and the community.

You can create a culture of high-trust relationships by crafting agreements using the following ten element template. Following the conversational template will foster real partnerships with colleagues, bosses, support staff, suppliers, joint venture partners, clients and collaborators.

The key is articulating joint vision and specifying the actions needed to produce desired outcomes, standards to evaluate your results, and who you need to reach your objectives.



Crafting "Agreements for results" is a simple way of creating a culture containing a high degree of trust because it is empowering, inclusive and highly participatory.

### **The ten elements of agreements for results**

#### *1. Intent and specific vision*

The big picture of what you intend to accomplish together must be specified. The first step of any effective collaboration is sharing a big picture of what you are doing together. This provides a framework to hang the details on. A joint enterprise works best when everyone is working toward the same specific goals. The clearer the detail of desired outcomes, the more likely you will attain them as visualized.

#### *2. Roles and necessary parties*

The duties, responsibilities, and commitment of everyone must be clearly defined. Everyone necessary to achieve the desired results must be part of the agreement.

#### *3. Promises/commitments to action*

The agreement contains clear promises so everyone knows who will do what. When commitments to take action are specific, you can determine if the actions are sufficient to obtain the desired results and what actions are missing.

#### *4. Time and value*

All promises must have specific time deadlines for task completion. By when will you do this, and by when will you do that. Value specifies who gets what for what. Is the exchange satisfactory? Is it fair? Does it provide adequate incentive? This must be clearly understood. If someone does not believe they are getting an adequate return for what they are putting in they will sabotage the transaction.

#### *5. Measurements of satisfaction*

The evidence that everyone has achieved his or her objectives must be clear, direct, and measurable so there can be no disagreement. This element is critical because it eliminates conflict about the ultimate question – Did you accomplish what you set out to do?

#### *6. Concerns and fears*

Bringing unspoken difficulties to the surface provides the opportunity to anticipate and minimize the disagreements you know will happen during the collaboration. The discussion will deepen the partnership being created, or let you know this is not a partnership you want to be part of.

#### *7. Renegotiation*

No matter how optimistic and clear you are it will become necessary to renegotiate promises and conditions of satisfaction. Circumstances change, and you must put in place a mechanism to address the new conditions. Being

realistic about this at the beginning enables the relationship to evolve and prosper.

#### *8. Consequences*

Although you may not want to police the agreement, it is important to agree on consequences for anyone who breaks a promise. More important what are the real costs and consequences of not achieving the vision – to those that are part of the agreement and those who would benefit.

#### *9. Conflict resolution*

Acknowledge that conflicts and disagreements arise as a matter of course as people work together. If you know that and establish the attitude of resolution and a process that leads to a new agreement, resolving conflicts will be easier.

#### *10. Agreement*

Trust (*or not*) is developed from speaking about 1-9. Everyone is satisfied and ready to take action. It is important to work on the agreement until you are satisfied that you have an agreement or do not have one. Unless and until you are satisfied, do not move into action. You will not have a shared vision to work toward. Also ask yourself whether the outcome will be worth it.

Most people never think about investing the time to make explicit the implicit agreement they believe they have at the beginning of a new personal or professional relationship, team, or project. They are off and running, everyone with their own vision of the destination, and how to get there, often without the clarity necessary to minimize the potential for conflict. Like the Quaker State company's earlier slogan: "You can pay me now or you can pay me later," if you do not do the preventative maintenance of "changing your oil," you will incur the cost of inevitable conflict, a cost that can be prevented, down the road.

We often get into conflict because we never learned how to craft explicit agreements that create a meeting of mind and heart with people we want to collaborate with in personal or professional relationships. The best way to prevent conflict and to have more productive and satisfying relationships with others is to have "agreements for results" on the front end.

When we think about the idea of having an agreement we often think about long legal documents, lots of "what if's" and how we can protect ourselves from something we do not want to happen. I believe that we would all be better off if, when beginning a new endeavor, we could shift our focus to a vision of results you want to produce, not the calamities you want to avoid.

The ten essential elements are elementary items that must be discussed if you want to create a vision and a map to getting the results you want. I have compared the mindset of an



"Agreements for results" perspective, with the traditional "Agreements for protection" mental model.

### 1. Intent and vision

#### *Results-oriented*

Focus on what you want to happen.

#### *Protection-oriented*

Focus on all the "what ifs" that could go wrong

What we really want in any collaborative context is everyone focusing on desired results – the best possible vision of the future. That will greatly improve the chances of what we want to materialize happening. It is obvious that when you bring on a new hire, it is more useful to see them leaping tall buildings than focusing on the mistakes they might make.

### 2. Roles

#### *Results-oriented*

Making sure someone has responsibility for all critical tasks.

#### *Protection-oriented*

Narrowly defining responsibility to limit accountability and liability.

We want to make sure we have what we need to get the job done without anything slipping through the cracks. We want clarity about who can be counted on for what, compared to someone saying, "that's not my job!" In the old context people liked to hide. They did not like to take the responsibility for making something happen because if something went wrong, they were responsible. We have all learned that the need for innovation requires experimentation. We know that mistakes cannot be "punished" if you expect continued risking, the heart of entrepreneurship.

### 3. Promises

#### *Results-oriented*

Committing to wholeheartedly do your part required for success, not out of coercion, but from belief in the projects mission.

#### *Protection-oriented*

Doing the least; hiding behind qualifying words that cloud and condition what you are promising.

Who specifically will be doing what? Consider this a project management plan. This is also a checkpoint – if everyone delivers what he or she promises, will you produce the desired results? In the example, promises were made about securing financing, sales goals, producing collateral material, and time frames for creative design deadlines. Each promise must have the discipline of a "by when," as without a date commitment is illustrated.

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### 4. Time and value

#### *Results-oriented*

Clear time commitments and satisfaction with the value given and received.

#### *Protection-oriented*

The most for the least.

Clearly state "By when's," and for how long the promises will be kept. Everyone must be satisfied that what they will get from the project is worth what they are putting in. If someone is under compensated they will be resentful. Resentful participants do not produce results that are "beyond expectation," but people committed to a vision do.

### 5. Measurements and satisfaction

#### *Results-oriented*

Goals that inspire and state clearly and measurably what is expected.

#### *Protection-oriented*

Qualifiers to argue from and use as excuses.

What are the objective measures that will tell you if you accomplished what you set out to do so there are no arguments about it? For some people it is frightening to make a commitment that will hold them visibly accountable to a promise they made, so they will look for an edge.

### 6. Concerns and fears

#### *Results-oriented*

Compassion for any "anxiety-producing" concerns and risks that a "partner" sees and feels.

#### *Protection-oriented*

An edge to take strategic advantage of when you are inside their head, in a position to play "games."

You address concerns and fears to make everyone as comfortable as possible about moving forward. Doing this is a way of responding to "internal chatter" that might inhibit full



participation. It solidifies partnership by addressing what is lingering in people's minds. It enables people to clearly identify risks, and to choose to move forward anyway. Each person should be willing to take the other's deal.

## **7. Renegotiation**

### *Results-oriented*

How can we make this work as unanticipated changes take place.

### *Protection-oriented*

How can changes be used for advantage.

A commitment to renegotiation requires ongoing learning and staying in the mind set of solving a mutual problem to get desired results, even though things happen that no one anticipated (which is one thing you can be sure of.) This is the key principal that drives every learning organization.

## **8. Consequences**

### *Results-oriented*

What reminds everyone of the significance of promises and failure.

### *Protection-oriented*

What would be a good punishment.

It is important to keep people mindful of promises they made and focused on delivering promised performance. It is as important to have people realize the connection between their expectations and failure to perform. Becoming conscious of that gap serves as a motivator. Consequences are put in place not as punishment, but to remind us of the loss of an unrealized vision, and the sanctity of our promises.

## **9. Conflict resolution**

### *Results-oriented*

What will get us back on track quickly.

### *Protection-oriented*

How can the resolution process be used for leverage or advantage?

It is important to embrace conflict as expected and to hold it as an opportunity for creativity in how we deal with specifics we did not anticipate. It is very important to understand the magnitude of the transaction cost of remaining in conflict.

## **10. Agreement**

### *Results-oriented*

Do I trust enough to be in an open, ongoing collaboration.

### *Protection-oriented*

Can I get out without getting hurt? Is there an opportunity for a windfall?

Has the process produced enough trust so you can say "Let's do it, I'm comfortable moving forward with you, and sense we'll be able to work things out as we go forward." Has the deep dialogue we have exchanged produced what Max DePree calls a relationship based on covenant – a heart- felt connection and commitment to people and results.

### **When conflicts or breakdowns happen**

No matter how good the agreement, conflict and differences will surface. Conflicts, differences and internal "chatter" pervade organizational relationships. The ability to prevent destructive conflict (dissonance that gets in the way of productivity,) and always move toward resolution and agreement is a critical competence for building a high performance culture. Resolution and a new agreement that articulates the resolution increases productivity and returns everyone to optimal levels of output and satisfaction. Resolution restores the ability and desire to take action, coordinate action and see the productive benefits of our collaborative actions. Resolution enables effective collaboration by allowing everyone to quickly move through the conflict and get back to productive activity. The goal is a new agreement that everyone is comfortable with . There are action steps\*\* and there are mental steps.

Getting to resolution can be as simple as letting go of the conflict without the need to process it at length, and crafting a new agreement. In fact, in my experience, the compelling characteristic of high performing teams is the competence to quickly move through conflicts that come up. Be it wisdom, maturity or focus high performance comes from getting out of one's own way and doing the work.

### **The resolution process**

- 1 *Attitude of resolution* – new thinking about conflict/ agreement.
- 2 *Telling the story* – everyone's uninterrupted turn to speak.
- 3 *Preliminary vision* – the focus on what would be fair to everyone.
- 4 *Current and complete* – letting go and leaving the past behind.
- 5 *Agreement principle* – what is the new relationship.
- 6 *New agreement* – details and plan for the new relationship.
- 7 *Resolution* – in action and productivity without "chatter".



### *Developing the attitude of resolution*

Ten principles hold the values that make up the attitude of resolution. This attitude is a creative, generative way of thinking about conflict that engages people in a different way. The new attitude emerges from a conscious choice to see the conflict and the breakdown as holding an opportunity for learning and a building a stronger partnership. This does not happen immediately, it is a learning process. It takes time to change the way you think. This is the foundational step. The goal is internalizing the principles. The principles are:

- 1 *Abundance* – there is enough for everyone.
- 2 *Efficiency* – are we wasting resources.
- 3 *Creativity* – focus on a new solution.
- 4 *Fostering resolution* – does the process do this.
- 5 *Disclosure* – everything on the table.
- 6 *Openness* – no posturing.
- 7 *Long term focus* – think about ongoing relationships.
- 8 *Feelings and logic* – honor people's emotions based on their life experience.
- 9 *Learning* – teaching other's your perspective and your needs.
- 10 *Responsibility* – resolving conflict is a deeply personal matter.

#### *Conversational Step 1. Telling your story*

You begin getting the facts on the table when you start telling your story and listening to all stories, including yours. It is about understanding and being understood, one of the Seven Habits of Highly Effective People that Dr Steven Covey inspires us to cultivate.

If you learn to listen with a careful ear and honor everyone's story about a situation, you take a big step toward getting to resolution.

*Listening for a preliminary vision of resolution.* As you are listening start thinking about a resolution that honors all concerns in the situation. It is about shifting from the desire to win and get your way to a vision that everyone can buy into. It comes from a sense of fairness. This initial vision may change as you gather more information and learn more.

#### *Conversational Step 2. Dealing with the emotion: getting current and complete*

This step can demand saying difficult things. It is about articulating what usually goes unexpressed and escaping from

the emotional and intellectual prisons that keep us locked in the past. It is a way to face the good and bad in any situation and to experience and grieve for the disappointment of unrealized expectations. It is a way to put all of the detail out on the table – and choose those remnants that can be used to weave a new tapestry of resolution. These are the really courageous conversations. For a detailed description of the conversational process please (Levine, 1998.)

*Seeing a vision for the future: agreement in principle.* Having looked at what other people need and noticing the cracks in your righteous position, you are ready to reach a general understanding of the resolution. This is the foundation of a new agreement. You let go of the desire for what you know will not work, and you focus on what will. This is a broad brush stroke vision of the future.

#### *Conversational Step 3. Crafting the new agreement: making the vision into reality*

It is time to put specifics onto the agreement in principle. You design and construct a detailed vision of the future using the "Agreement for results" template. You have a map, a formula for the dialogue that will maximize the potential for everyone to obtain their desired results. The more time you spend in detailing the desired results, the greater the chance to realize them.

*Resolution: When your agreement becomes reality.* The final step is moving back into action. With a new agreement and a quiet, clear mind about the past, you can freely move forward, devoting your energy and intention to currently desired outcomes. You will have a new and profound sense of freedom because you have spoken everything that needs to be said. You have completed the past and constructed a clear picture of the future and of the highway that will get you there. You will be empowered by the process. You are resolved. ■

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