

Lateral Leadership Stages of Growth – From Trust to Breakthrough Thinking

**A White Paper
By Lateral Leadership LLC**

**Authors:
Terry Benzia, David Burnet, Carole Oliver, and Ronald Paxton**

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Introduction

Layoffs, downsizings, mergers, acquisitions, reduction in staff are words and phrases that have become an integral part of The New Economy. The unwritten contract between employee and employer used to be “do a good job and be loyal to our company, and we will be loyal to you.” Today the contract is “We’ll keep you as long as we need you, and we expect that you’ll stay as long as it makes sense for you.” This new unwritten contract does not engender much employee trust. In fact, a recent study by The Hay Group, a global human resource management consultancy, found that trust and confidence in top leadership was the single most reliable predictor of employee satisfaction in an organization.

In Jeffrey Garten’s new book, “Inside the Mind of the C.E.O.”, Garten’s research showed that a central issue is “the need for CEO’s to be trusted by their employees and the need for trust between a company and its constituents” and that “these qualities are becoming increasingly elusive even as they grow more important.”

Indeed, trust is the foundation upon which all successful organizations are built. Without trust, employees will not contribute anything new. Their energy and creativity will instead be directed to preserving their position and paycheck. Worse, internal communications will be guarded, and sharing and collaboration across functional boundaries will be limited, at best. It is estimated that over 70% of organizational change initiatives fail for reasons related to these issues.

This white paper is intended to provide an overview of how trust can be re-established in organizations, leading to improved levels of empowerment, collaboration, alignment, and breakthrough thinking. We have provided questions to assist you in assessing your companies’ current state of trust, and the other stages leading to breakthrough thinking.

About Lateral Leadership, LLC

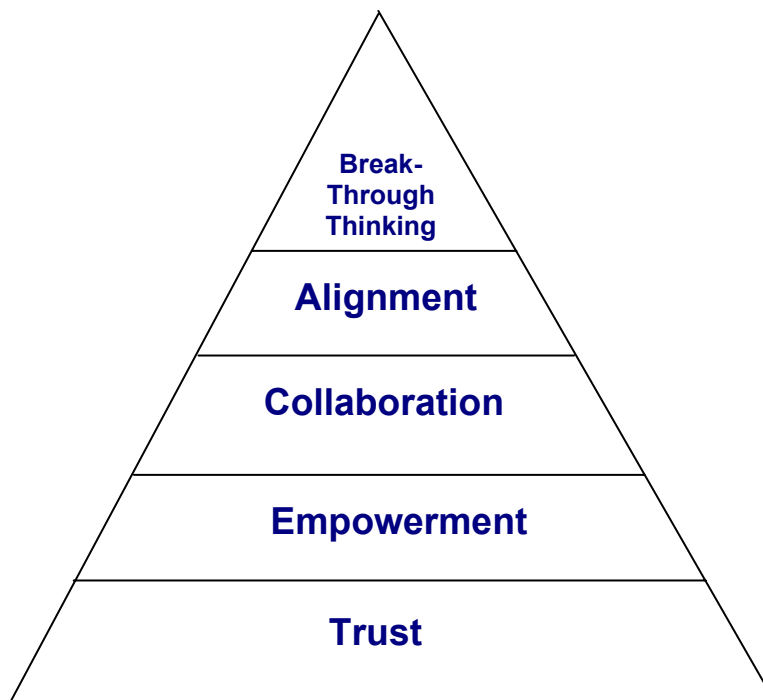
Lateral Leadership, LLC is an executive coaching, change management consulting, and leadership training and development company. Our mission is to help leaders unleash the creative power and passion of their people and partners. At Lateral Leadership, we have coaching and training solutions that support the foundational basics of mutual trust, effective communications, and alignment around shared goals that are essential to corporate longevity and profitability.

We invite you to call us for a confidential and complimentary “CEO Discovery Assessment and Feedback Session” to assist you understand where you are in regard to the foundational issues, and your organization’s readiness to achieve breakthrough results. We can then create a customized coaching/training program that really works for you and your team. For more information, call Ron Paxton at 201-405-0973, or visit our website at www.LateralLeadership.com.

Lateral Leadership Stages of Growth Model

Lateral Leadership is a new leadership paradigm for inspiring others to greater achievement, in alignment with organizational objectives. A great sports coach not only sets the game plan, he/she also coaches individual players to higher performance, during the game, and from the sidelines (or laterally). Hence, the Lateral Leader is a coach as well as a leader.

Here is our *Lateral Leadership Stages of Growth Model* for achieving an environment where Lateral Leadership is achieved and everyday breakthroughs become ordinary. It shows that the foundation for creating this type of organization begins with building an environment of trust. Stages cannot be skipped – for example, you cannot have meaningful breakthroughs without alignment, or empowerment without trust.



When there is trust and mutual respect, people feel satisfied with management and safe to be empowered.

When people are empowered, they feel free to express their individual brilliance

When there is open communications and collaboration, people can translate their individual brilliance into more powerful collective results

When there is alignment and commitment around a compelling organizational purpose, the collaborative energy and brilliance of people is channeled to achieve breakthrough results.

When there are breakthrough results and continual re-invention, your organization will create new markets, dominate existing markets, improve employee satisfaction, and increase shareholder value.

Top 10 Ways to Build Trust in Your Organization

1. **Walk the talk.** As a leader you must be authentic to inspire the trust of your people. It's not enough to set values and standards for your organization – you must live those values and standards in every facet of your behavior. If your company's value proposition is high customer service, do you treat your employees and suppliers the same way? Do you know how your people in your organization perceive your behavior? Are your personal values congruent to the organization's values? Have you gone out to your company loading dock lately and helped the workers ship product, or meet regularly with workers at all levels during a weekly luncheon?
2. **Trust yourself first.** Show confidence in your own leadership abilities and competencies. Take tough stands to support your principles when necessary. At the root of many communication difficulties or social problems is a lack of trust - often starting with a lack of trust in ourselves (we are afraid of our anger, our commitment, etc.). When difficulties in trust occur among people, first look to your own level of self-trust. Trust grows as we keep our promises and as we ourselves are congruent. How do you need to be to inspire trust in others? Do others perceive every aspect of your behavior, on or off the job, as completely trustworthy? Are you ready to confront others who are not trustworthy or ethical?
3. **Have a genuine interest in others.** Rapport and shared values help create a context for building trust more quickly. How well do you know your people? One of the most successful teams in history, the Manhattan Project (that designed the atomic bomb), began with two months of socializing so that the team leaders, scientists, physicists and military personnel got to know their colleagues' competencies and behavioral styles so well that they were able to work together far more effectively.
4. **Believe in the basic trustworthiness of your people.** Relationships, managing, and sales – cannot proceed better than the level of trust, which has already been established. For a particular kind of relationship to work, or for management to be possible and effective, or for a sale to occur -- a certain appropriate amount of trust needs to be established, first, as a pre-condition. People reporting to you will generally give you leeway in proportion to how much you trust THEM. The more you trust and respect, the more they will trust and respect you. If you are a “Theory X” leader, and believe that people are not to be trusted, your management systems will reinforce that aspect of behavior and people will tend to play out their “roles.” “Theory Y” and learning organization leaders believe that people will do the right thing for the organization, and that structures and management systems are an important determinant in ensuring and supporting that behavior. What are your beliefs about the basic nature of people?
5. **Be willing to hear it all – the good and the bad.** Trust can be deepened and often re-established when people talk about difficult issues...the "hard to talk about issues", especially when people do so with a constructive attitude. Discussing what has been previously "undiscussable" can restore or deepen trust, dramatically. And communicate your willingness to hear it all through frequent contact with your

people. Use techniques and design systems and processes for encouraging honest feedback. Do you and your leadership team encourage open and honest communications? Or is there a propensity to “shoot the messenger” when there is bad news? What are the perceptions of your willingness to “hear it all” at all organizational levels? Are there “sacred cows” that are never discussed? Is confidentiality assured for individuals who speak up?

6. **Be willing to say it all – the good and the bad.** When we fail to trust others, we tend to judge them, de-humanize them, and treat them in subtle ways that are not only unconstructive, but which destroy relationships. When this has been happening, usually we ourselves have held back from communicating something important, constructively and cleanly. Either because we distrusted another person, ourselves, or both. Do you and your leadership team say it all, constructively? What processes and management systems are in place to support leadership feedback?
7. **Create a climate of trust with customers and suppliers.** Customers and clients will put up with almost any mistake your organization makes - if there is a climate of trust, and when your people demonstrate care. How well do your customers and clients really trust your organization? Do you measure customer satisfaction frequently? Have any issues related to trust surfaced? What action has been taken to remedy those situations?
8. **Keep your antenna up for signs of trust breakdowns.** Collaboration and negotiation can occur and be successful to the degree that there is a relationship of trust and mutual respect. Without trust and respect, collaboration and negotiation are bound to fail. When they are failing, look first to the amount of trust. Prosperity grows out of a climate of trust. When there is a lack of prosperity, look first to see where trust has fallen short or is not what it should be. Take care of those issues and restore trust...then prosperity can re-occur. Fail to re-establish trust, and prosperity will not re-occur. What monitoring systems does your team have in place to ensure that levels of trust are high? Have you used 360-degree feedback or other assessment tools to learn where the gaps are?
9. **Be sensitive to trust issues during major organizational change.** Mergers and acquisitions can have a monumental impact on trust. Trust issues can surface with the first rumor of a major change. Often the diverse cultures of merged companies can lead to major trust breakdowns. Have you carefully considered the trust issues that M&A activity is likely to engender? What have you done to avoid or mitigate trust breakdowns?
10. **Provide coaching and training for management and staff.** Trust building training and workshops can be extremely useful in improving levels of trust in an organization. Coaching provides on-going support and feedback systems for maintaining high levels of trust within the organization, as well as with customers and suppliers. What training and coaching initiatives have you implemented or planned?

Top 10 Ways to Create an Environment That Empowers People

1. **Create an environment of Experiential Learning.** Develop a culture to uncover and influence beliefs. Learning truly happens when behavior changes. To create a learning organization that creates continuous breakthroughs, a leader must have systems and underlying principles that continually empower the entire corporate team. What systems do you have in place to empower employees?
2. **Eliminate unproductive Internal Competition.** Individuals on your team will not use the greatest team building or self managed team strategies as long as they believe their peers are their competition and individually hold the belief of individual competition within your organization. They will naturally withhold from team building. Do you have systems in place that squash beliefs about internal competition? Does your staff naturally feel empowered by the culture and leadership of your organization?
3. **Encourage continual learning.** Great ideas are simply not enough. Until people are empowered and great ideas actually become daily routines, they have not been learned. Empowerment is credible when people have the training and experience in order to make significant contributions. Do you have concepts and ideas that sound great and don't get fully tested and/or implemented? Do you have the systems and training in place that empower all your people to learn new and innovative approaches that will assist in the growth in your organization or do you sense some reluctance to even positive change within your organization?
4. **Coach your people.** When people are properly coached they feel empowered and capable. When you tell people what to do, however well intended, you diminish their sense of power and responsibility. Instead of telling, ask powerful questions that bring out the best ideas and solutions that people have. Has your organization implemented a coaching model? Are your coaches (internal or external) seasoned professional coaches? How are the results from coaching measured? Do you coach your leadership team? Do your coaches receive training? Do your coaches have mentor coaches?
5. **Create an environment where everyone wants to contribute.** Treat others as colleagues and actively seek open and authentic communications. Recognize the opinions and contributions of others. Do you use facilitators to assist in meeting management? Do you have “Code of Honor” agreements that groups create for facilitating their working together as a team? How well do your people contribute? Do you get divergent ideas, not just “rubber stamping” of the leader’s ideas?
6. **Practice the art of dialogue.** Be willing to suspend your beliefs and listen deeply for the meaning in conversations with your people. Come from a perspective of not knowing the solution. Listen for the emotions behind the words, and acknowledge feelings (yours and others). If the conversation isn’t getting anywhere, take the other person’s position and present it, to show that you understand their position. Do you distinguish dialogue from other types of communications? Can you shift a

discussion to a dialogue? Have you provided training to your people on how to have dialogues?

7. **Develop management systems to support empowerment.** Most breakthrough ideas in corporations come from individuals (at all levels). Develop and implement management processes that encourage individual contributions and risk-taking. Reward systems can help, although research shows that monetary rewards are not the best way to encourage individual contributions. Recognition and openness to new ideas are more effective ways to create a climate for individual empowerment. What behaviors do your management systems engender?
8. **Provide easy access to information.** It's difficult for people to feel empowered when they can't access the information they need to do their jobs or collaborate with others. The middle management role of information controller is a relic from the 20th century. The Internet, company intranets, and extranets to link with customers and suppliers are the new paradigm for ensuring needed information flow. Are your information systems meeting the information access needs of your people, customers, and suppliers? Do you have a "Balanced Scorecard" set of objectives for your information technology services?
9. **Build teams that are truly representative of the organization.** Cross-functional teams are fairly common in organizations. Multi-level teams that provide representation of executives, management, and workers are far less common. Are your teams both cross-functional and multi-level? Are workers perspectives included in key decision-making processes?
10. **Be a democratic leader.** Give your people real choices (and the information to make informed choices), not just cosmetic ones. Leaders who see the value in democratic, self-organizing systems can create a powerful context for learning and contributing. What kind of a leader are you today? What kind of a leader do you need to be to create the results you seek? What are the gaps and how will you close them?

Top 10 Ways to Create a Climate of Collaboration

1. **Establish organizational values that encourage collaboration.** Declare the intent to create a culture that values and supports collaboration among all organizational entities. Be a lateral leader and regularly engage in dialogue with your leadership team, customers, suppliers, and representatives of all levels in your organization. Provide the time for communications, informal and formal. What are your communicated values regarding communications? What are the perceptions of the value of collaboration at all levels of your organization?
2. **Break down functional and hierarchical barriers to communications.** Provide processes and management systems that encourage, support and reward collaborative efforts. Recognition needs to be given, including for managing group processes and securing the flow of information. Channels of communication need to be simplified, the more direct communication between participants, the better. Do people have unencumbered access to others throughout the organization? Does your organization have functional “silos” that hamper communications across business functions?
3. **Have a compelling and audacious goal that galvanizes others.** A purpose that motivates and stretches participants is the first necessary step for collaboration to take place. Members of the Manhattan Project Team were judged to be 10 times more productive when they understood that success could shorten World War II. Are your organizational goals really understood by people at all levels? How are people selected to work on common goals? Can people self-select themselves to work on teams where they have passion and competence to significantly contribute?
4. **Seek to have diversity on teams and projects.** Participants should have talents and approaches that differ and compliment one another, rather than having similar backgrounds and talents. The diversity of perspective (and respect for that diversity) is the trigger for breakthrough thinking. A standard and expectation needs to be set that participants will actively seek to compliment one another, rather than insist that others be the same...needs to be effectively established as a group norm. How diverse is the representation on key projects and teams? How is diversity respected and honored?
5. **Clearly define roles and responsibilities for team and project members.** When a possible breakthrough idea is identified, someone needs to be made responsible for managing follow through of the R&D that is necessary to discover and develop that idea. Authority should not tell HOW it should be done, which should as much as possible, be left up to the participants themselves. Is good team management practiced on a consistent basis? Are team leaders trained in group facilitation and coaching? Do they have mentor coaches?
6. **Employ best-practices team dynamics.** Fighting about issues is good; fighting other people is not only unproductive, but tends to be destructive and should be avoided. Frank and open dialogue should be encouraged. Surprises usually develop, and the how well they are handled is a benchmark for a successful team. If new insights and surprises weren't needed, the collaboration wouldn't have been

necessary in the first place. How do your groups handle team dynamics? How well are they trained and coached in team facilitation?

7. **Set high standards, and enforce them.** Behavioral standards for team and project members should be decided as soon as the team begins to work together. Having the team develop a “Code of Honor” for behavior, such as starting on time, keeping discussions confidential, one person talking at a time, etc. is important for ensuring high team performance. A standard and expectation needs to be set that participants will actively seek to compliment one another, rather than insist that others be the same needs to be effectively established as a group norm. Breaches of any team standards need to be addressed quickly to prevent further breakdowns. Do your teams establish clear standards of behavior? Are the standards enforced? What processes are used to create and enforce standards?
8. **Seek out innovative ways to collaborate with customers, suppliers, alliance partners, and other companies.** Getting internal groups to work together on projects is a good start, but there are many more opportunities for collaboration that are external to your company. Using current customers to provide feedback on ideas for new products and services leads to more focused and productive use of resources. Suppliers and alliance partners should be brought into discussions and dialogue as soon as possible on new projects that may affect them. Other companies who represent your target market can be an excellent source of information, and possibly as collaborators (e.g., developing a product or service jointly with them, in return for exclusive use for some period of time). What processes does your company use to reach out beyond your enterprise?
9. **Provide the resources to do it right.** Big projects require big effort. For project teams to be really effective, members must have enough time to participate as a group and as individuals. Studies have shown that the most effective teams for innovation and break-through thinking have processes where members work individually then get together as a group. If team members have the new project as an added responsibility they may not have the time to devote to this. Team leaders are most effective when they are dedicated to the project work. Be especially careful when assigning people with operational responsibility since day-to-day urgencies can severely diminish their team contributions. Have you provided the appropriate level of resources (e.g., people, time, budget, facilities) to support collaborative endeavors?
10. **Have fun.** Teams that socialize, especially at the beginning, get to know each other on a deeper level and consequently can work more effectively as a group. Encourage and allow time for informal communications between team meetings. Effective team building exercises provide experiential learning experiences to help shift unproductive behaviors and they are fun. Happy employees are more productive employees. How well do your teams work together when they are not at a team meeting? What opportunities can you provide to create stronger bonds between team members? Is collaboration a task that is tolerated, or one that is personally satisfying and fun?

Top 10 Ways to Create Organizational Alignment

1. **Express a compelling vision for a more desirable future.** The right vision energizes employees at all levels and provides a cause to align skills, talents and resources to make it happen. The vision statement expresses a desired future state, even though you may not have any idea how that will be achieved. Write it as if it has already been achieved. Communicate the vision throughout the organization. Do you have a compelling vision statement? How well does it energize your employees?
2. **Have an organizational mission statement that is simple and sincere.** Write simple and sincere mission statements, including an internal version for yourself and your company, and external versions for those you serve. The form and focus may seem different, when said for yourself or yours company versus when said for those that you serve, but the essential meaning is the same. The mission statement answers the question “How will my company help create that vision?” What is your company’s answer? Is it clearly communicated, shared by your employees, and does it inspire and motivate?
3. **Clearly communicate your organizational purpose.** An organizational purpose statement answers the question “Why is my business here?” Deeply purposeful organizations are high performing organizations. The purpose statement integrates the vision and mission. Organizational alignment begins with employees at all levels having their individual purpose aligned with the organizational purpose. Is your individual purpose in alignment with your organizational purpose? What about the rest of your employees?
4. **Decide what's most important.** Too many leaders never do this, and assume that it is understood. Write a simple description of what business you are in, and how you achieve that result. Describe where your business captures value, and how. Make it bold. Make it measurable. Would the person on your loading dock have the same understanding of what’s important for the company as you do? Do your employees do enough of what is really important? Do you know where they are directing their energy?
5. **Engage others in an ongoing visionary planning process.** The more your employees participate in creating the vision, mission, and purpose of your company, the more sense of ownership and alignment they will have for the organizational purpose. The result is much higher levels of performance from employees who are committed to excellence. Do you have an ongoing visionary planning process that is well established? How do employees participate in the creation of a shared vision?
6. **Organize resources, input and output so that they are in alignment with your vision and mission.** Orchestrate your organizational resources so that all key elements of the mission receive proper focus. Create an environment of alignment by allowing people to self-select their roles in business functions and on teams as much as possible. This will ensure that people are in roles and have responsibilities that they are truly passionate about. Do you know what your employees are

passionate about? How can their passion and energy be harnessed to achieve organizational goals?

7. **You get what you measure, so be careful with what you measure.** Design measurement systems to engender organizational alignment. Ensure that individually focused metrics and incentives do not undermine your efforts to achieve team and organizational objectives. Clearly communicate the measurement system's purpose and features. Seek ongoing feedback to refine systems so that they do encourage the desired performance standards. Consult with your customers (internal or external) to ensure that their needs are met when new measurement systems are developed. Do your measurement systems encourage organizational alignment? Are all your stakeholders' needs met by the measurement systems that are in place today?
8. **Have clear accountabilities for results.** The best vision, mission, and strategies will not be implemented without action. Ensure that responsibilities and accountabilities are well defined for each strategic objective and project. Clarify the roles that people have in the decision-making process, including approval, providing information, consulting, or being informed. Are roles well defined in your organization? How is accountability measured?
9. **Before you can change the organization, you must change yourself.** Culture is a very powerful force in any organization, and as a leader you set the standard for organizational behavior. To create an environment for organizational alignment, ensure that you and the leadership team are aligned with your organization's vision and mission. To take your company to new levels of performance requires different behaviors than already exist. What are the behaviors that are needed? Do you set the standard for those behaviors?
10. **Be an inspirational leader and coach.** Jack Welch, CEO of General Electric stated this best when he said, "The pace of events is going to be so fast that people aren't going to wait for the next layer of approvals. There's going to have to be far more delegation. There's going to have to be far more participation. The leader must become an ever more engaging coach, an ever more engaging person. You're going to have to create an environment where excitement reigns, where the challenges are everywhere, and where the rewards are both in the wallet, yes, but also in the soul." Are you this type of leader and coach? What would it take to become one?

Top 10 Ways to Inspire Breakthrough Thinking

1. **Build an environment that supports individual as well as team creativity.** Most breakthroughs occur through unofficial activity and serendipity, often by individuals working in areas not related to the breakthrough. Design a process to identify and fund promising ideas. How does your culture encourage experimentation and risk-taking by individuals as well as teams?
2. **Go after stretch goals that you don't know how to achieve, yet.** Building upon your corporate legacy usually leads to improvements, not breakthroughs. Collaborate with experts you don't normally associate with to support your organization in achieving breakthrough goals. Bring in outside experts and top thinkers from unrelated disciplines. Have them brainstorm, explore and play with your top thinkers for 2-3 days, while they do nothing else. Be ready to be surprised at the outcome. What experts help your company innovate?
3. **Promote the art of dialogue at all levels.** Coach employees to listen deeper than usual, and speak with greater depth and authenticity than usual. Be willing to suspend your beliefs. Watch for breakthroughs and insights that will naturally emerge from such a conversation. How is open and authentic dialogue practiced in your organization?
4. **Talk to people you normally don't talk to.** Find out what they want, what their dreams are, and what their problems are. Help them discover new ways to achieve what they most want. See what you can learn in the process. There just might be a new market opportunity for your company. How do you and your leadership team uncover new market opportunities?
5. **Challenge your employees to define problems in many ways.** Ask them to look for solutions, hints, and ideas in places that are unrelated and where they would not normally look. This will force individuals and teams to have new insights with ideas they would normally not have. This is valuable in breakthrough thinking, because the Breakthrough is NOT where you were looking. Do you challenge your employees to widen their perspectives? What resources are provided?
6. **Combine the problem with an apparently unrelated problem, and find a new joint solution.** This sounds so weird that you may tend to not want to even try it, and it doesn't always yield a solution. That can cause a lot of breakthrough thinking along the way, and that is the real point of the exercise. Provide the opportunity for collaboration between diverse parts of your organization, so that employees can fresh perspectives and creative thinking. What opportunities for joint problem solving does your company provide?
7. **Find a solution or part of a solution that can be tested and refined on a small scale.** Then those who were involved in the success teach other units, so the new methods can spread. Allow for improvements along the way. This approach tends to yield low cost solutions that are very effective, and that continue to evolve and

improve even while being implemented. Do you have a process for pilot and prototype development and implementation?

8. **Make everyone a manager and an owner.** Share all the metrics, the goals and purposes; give everyone a stake in the outcome. This is much more effective than most suggestion systems at encouraging innovation. That's how Microsoft does it! Are your employees also owners?
9. **Organize small groups of brilliant people, give them freedom, and then get out of the way.** If that's too hard to do, organize small groups of seemingly ordinary people - tell them what you want accomplished, that you are serious about it, and that you want and expect them to come up with a breakthrough. Then get out of their way. Authority should not tell HOW it should be done, which should as much as possible, be left up to the participants themselves. How does your company organize and manage teams responsible for breakthrough projects?
10. **Create a learning organization.** Breakthrough thinking, innovation, quickly capitalizing on new market opportunities, and creating new markets isn't a one-time event; it's an on-going process! Support the creation of a solid foundation of trust, empowerment, and collaboration within your organization. Challenge and inspire employees to stretch by setting energizing and audacious goals. Then coach and support them in achieving breakthrough results. Know the characteristics of learning organizations, and study the leadership of the best companies. Finally, "walk the talk" by demonstrating your own ability and commitment to change. Are you ready for the challenge?