

“If Only I Knew”

How To Use Information Flow To Avoid Mistakes and Get Results

If only I knew -- the managerial refrain of many a derailed project, results shortfall and career failure, as critical information inside an organization didn't get to leadership in time to make a difference. With 20/20 hindsight we can see that healthy information flow – the movement of complete, accurate, candid and timely information people need to do their jobs -- might have avoided failures ranging from the fall of WorldCom to the destruction of the Space Shuttle Columbia. If the Board of Directors, senior leaders, or even project managers had the facts (and the various interpretations of the facts) things would have been different.

It doesn't have to be that way. Instead of looking back on mistakes, leaders can look deeper into their organizations and in real time capture the information that previously buzzed “under the radar.” With good information, innovation can emerge, better decisions can be made, and strategy can be executed more precisely. Bringing information to the fore, however, requires discipline and a dedicated approach to information flow.

This is not a novel idea. To promote information flow, managements build IT systems, install video networks, create intranets, train managers in communications skills, hold town hall meetings, lunch with employees, publish newsletter after newsletter...the list goes on. Sometimes these moves make a difference. More often they work at the edges of deeper information flow issues, and critical information held by one employee often fails to reach those who need it.

To solve this problem, leaders need to approach information flow in a comprehensive, disciplined way that addresses six critical “accelerators” that determine whether information moves in an organization: employee direction, skills, inclusion, intentions and dialogue, and communications infrastructure. These accelerators work together to shape information flow. If even one is ignored, information flow could slow to a trickle or even worse, generate faulty information. For example, leaders might try to address issues

of inclusion by creating cross functional teams (an infrastructure issue), but fail to achieve optimal information flow because of conflicting goals among the functions (direction), or because “group think” stifles dissenting opinions (intents). Likewise, leaders might believe they are getting the information they need through detailed written reports and question-and-answer sessions with employees, but in reality, they are only getting part of the story, because there is no true dialogue around the information.

Leaders can avoid these kinds of pitfalls by addressing all the information flow accelerators, starting by asking six simple questions.

Direction. Do employees understand what their organization is trying to accomplish, how they fit in, why it’s critical to work together? Every employee in an organization, functioning at any level, could possess information that would help leadership make decisions, evaluate progress and prompt necessary action. Whether employees share that information, however, depends in part on how they assign it a perceived value -- do they know the information they have is important to others in the organization? The perspective required to answer this question depends in part on the quality of direction the employee receives.

The more clear, aligned and consistent the direction is from all parts of the organization, the better-equipped employees are to identify important information. First, there must be clarity around enterprise-wide goals for the organization – what are we trying to achieve together? With that question answered, employees can determine if information could be valuable to leaders or sister departments. Second, employees need to understand their role in achieving enterprise-wide goals. With a clear line of sight between their goals and those of the organization, they can better evaluate whether information will be valuable to their

One company designed a strategy with about half the information they needed, which is kind of like trying to hit a curve ball with one eye closed. They struck out.

A dynamic COO called his troops to action by imploring, “The time for debate is over.” Unfortunately, the company’s leadership team seldom debated in earnest and never engaged in dialogue. Information was held close to the vest instead of put on the table. Difficult challenges were overlooked. Dissenting opinions were never heard. Action was misdirected. As a result, the creativity, focus and emotional zeal required for success never emerged, and new initiatives failed.

This failure can be related directly to poor information flow. A subsequent assessment in that COO’s operations revealed employees felt free to provide information up the ladder only 60% of the time, and employees downstream received complete and timely information less than half the time. The reasons: dialogue, inclusion and intent accelerators were not adequately addressed.

The negative impact that poor information flow had on the company extended well into its bottom line results. In fact, there were very strong correlations between a “command” management style employed by many company leaders, and reduced sales, profit and growth.

Information flow and results go hand in hand. In this case, the COO would have been well served by taking the time to get the full knowledge of the organization on the table, and by driving action through dialogue and motivation.

team and leadership in decision-making and execution. Finally, employees must know that it's important that they share the information they have, and that managers are trained not only to draw that information out, but to let it emerge on a continuous basis.

Infrastructure. Are effective channels, reporting devices and processes in place to support flow up, down and across the organization? All employees – from the CEO to front line workers -- need a means to receive and disseminate information up, down and across the organization. Creating such a communications infrastructure can be a puzzling undertaking. Important information often gets lost on its way to the office next door, while damaging rumors seem to move from department to department -- even from continent to continent -- with amazing speed and intensity. To generate productive information flow, leadership must create a communication infrastructure on three levels:

- *Organizational Level*, which may consist of many of the traditional “broadcast” communication tools: publications, the company intranet, video networks, employee surveys, conferences, presentations, message envelopes that “cascade” from level to level, and the like.
- *Inter-group Level*, which deals with how various parts of the organization communicate with each other. Channels typically involve meetings and conferences, cross-functional “steering” teams, ad-hoc interfaces at the departmental level, intranet chat groups and more.
- *Interpersonal Level*, which involves how employees share information person-to-person. This may involve leadership coaching, management training, proximity of employees, and processes that enable leaders to influence information flow that takes place not only in formal settings such as meetings, but also

The view from the ivory tower looks much different from the scenery in the field. As one global company decided, good decision making requires a communication infrastructure that melds both.

Companies might organize themselves around geographic borders, and a region might define a P&L, but issues and the information related to them know no boundaries. One global company faced pressures around concerns ranging from genetically modified organisms in some countries to “cultural imperialism” in others. Historically, local managers handled actions around such issues with guidance from Corporate.

That wasn't good enough. Corporate wasn't omniscient – leaders there could never begin to fully understand and track the concerns of the more than 100 countries in which the company operated. And what happened in London, New York or Berlin had a decided impact on decision-making in Tokyo, Sidney or Buenos Aires.

To ensure issues-related decisions at Corporate and local levels were being made with all the information available, the company established a Global Issues Council comprised of managers from every region of the globe. The Council met on a regular basis to build trust and rapport, to gain greater understanding of the global impact of local actions, and to establish means to move information about tough issues quickly to the people who needed it.

Said one leader: “This council is enabling us not only to coordinate our actions, but to leverage ideas, knowledge and experience so our actions are better designed. We're truly becoming a global entity not only in name, but in essence.”

during informal opportunities such as spontaneous gatherings around the water cooler.

As a communications infrastructure is built on these three levels, it must be designed to deal with each of the five other information-flow accelerators. It also must be able to overcome communication “static” generated by the internal rumor mill and external sources such as the media, competitors and industry followers.

Skills. Do people have the skills to use the infrastructure effectively?

Once an infrastructure is created leaders and managers need to be adept in utilizing it. Driving information flow requires a set of skills and competencies among leaders and managers that are often overlooked, particularly in project management where process and control historically are emphasized. Among the most important competencies needed to create information flow are the abilities to:

- Establish rapport with superiors, subordinates and peers.
- Articulate direction with clarity and simplicity.
- Anticipate the impact of specific information on one’s team as well as others in the organization.
- Listen without resistance, while also evaluating hard data to get answers to problems.
- Consider truth as a valuable asset in and of itself and communicate that mindset to others.
- Stand alone if necessary in communicating truthful information.
- Draw out information from others who might hold it back for a variety of intent issues ranging from fear of reprisal to intense introversion.
- Create an environment in which productive dialogue can flourish.
- Manage the processes that make the information flow infrastructure effective.

At the same time, skill levels among non-managerial ranks must be adequate to deliver effective information flow. Employees can be deficient in the competencies required to identify important information, as well as in the verbal and written skills necessary to convey it correctly. Moreover, skill deficiencies can be exacerbated in multi-cultural situations.

One mid-level manager could have saved the company \$400,000 but didn’t have the opportunity to because he wasn’t invited to the party...and the money went down the drain.

The company established a cross functional team to manage a major manufacturing move from Canada to a new operation in Mexico. The team was built along traditional lines of accountability, and failed to include several critical Mexican functions not part of the normal US/Canadian operations group.

One missing link: the Mexican manager responsible for ensuring customs compliance. He was not consulted in early planning processes (managers thought US regulatory affairs had it covered) and as a result, vital equipment was held up in customs two months beyond when it was due at the new plant. This pushed out project deadlines, forced the use of airfreight instead of land shipment, and added \$400,000 to the cost of the project.

As the old adage goes: you don’t know what you don’t know. But somebody does...and healthy information flow practices will tap into their knowledge.

Inclusion. Do we include the right functions, as well as employees with differing perspectives, in gathering and interpreting information? Companies have recognized the need to create in their ranks diversity in background, thinking and experience. Many have launched diversity programs supported by aggressive human resource practices. These efforts often fail to capitalize on that diversity, however, because of poor information flow.

Leadership can leverage the diversity in their organizations by consciously promoting inclusion, and by implementing processes that ensure inclusion in information gathering and decision-making. At the same time, they must consider the other five accelerators, as they have a profound impact on inclusion.

For example, the information flow infrastructure must be designed to be inclusive by providing for the exchange of information at all levels and across silos – from the front line to the corner office; across legal, finance, sales, marketing, operations and other functions. Checks and balances must be put in place so minority opinions are not only offered, but also preserved as valuable information for consideration “up the ladder.”

Leaders must fight exclusion caused by intentions associated with “group think,” which is a condition that suppresses views that differ from the status quo or majority of employees. In that vein, employee groups in many workplace settings often start to categorize people into the “in-group” and the “out-group” – the latter group being the one that works against the goals of the former. Individuals in the “in-group” can get so comfortable with their collective view, that they will preserve this unanimity at all cost. They will get people to buy into group loyalty, and establish implicit agreements not to bring up upsetting facts. This means that they will not raise difficult questions or question weak arguments.

Skills also play a role in inclusion. For example, employees in hourly jobs are often less able or confident in expressing their opinions to groups of senior management, and therefore the information they hold is less likely to be introduced for management consideration.

Intent. Are people acting on positive psychological and emotional factors such as trust, loyalty and excitement, or negative factors such as fear, intimidation and ambivalence? Leadership style, group dynamics and workplace culture have a strong impact on employee intent as it relates to holding or sharing information. Leaders who operate with a “tell-and-respond” style generally will receive information that’s less complete, candid and accurate than those who emphasize discussion and dialogue. Likewise, leaders who intimidate and create an environment based on fear or who embarrass employees who bring forward negative information will stifle information flow. Sometimes, leadership actions can inhibit information flow in subtle ways. For example, employees who perceive that leaders

are unwilling to listen create a culture of ambivalence. Along those lines, in very authoritarian organizations employees often relieve themselves of accountability for information, believing that “management must know what they are doing.”

Organizational culture clearly plays a critical role in information flow. Some cultures emphasize *reporting* information, which typically promotes timely and accurate information flow. On the other hand, other cultures that stress *knowledge sharing* often generate more candid, complete information flow. In some companies, getting along is more valued than offering debate or honest feedback. This type of culture will cause conformity among workplace peers, and could lead to the flow of inaccurate information. Likewise, a workplace environment where people are together day after day can foster another dimension of group think, where the group is so concerned with maintaining unanimity that they fail to evaluate all their alternatives and options, and sometimes ignore crucial information.

Peer group pressure has a profound influence on information flow. What others are doing—or perceived to be doing—can make a person act in a way that he or she would not ordinarily act in on his or her own, especially in businesses where affinity, or getting along with one another, is greatly valued. Moreover, the more a person believes the opinion he or she holds is similar to the prevailing public opinion, the more he or she is willing to openly disclose that opinion in public. People are also keenly aware of what behaviors will increase their likelihood of being socially isolated. Before sharing information, employees ask themselves questions such as: “Will sharing this information hurt my career? Embarrass me? Hurt my peers and therefore my relationship with them? Invite retaliation? Make me look adversarial? The many questions that impede information flow are important to consider and address.

Dialogue. Do people engage in dialogue around information, or do they just “tell and respond?”

Larry Bossidy, Chairman of Honeywell International, put it well in his book “Execution:”

“You cannot have an execution culture without robust dialogue – one that brings reality to the surface through openness, candor, and informality. Robust dialogue makes an organization effective in gathering information, understanding the information, and reshaping it to produce decisions. It fosters creativity – most innovations are incubated through robust dialogue. Ultimately, it creates more competitive advantage and shareholder value.”

There are a number of dimensions of dialogue that must be considered from an information flow standpoint. Certainly skillful conversation (even debate) can be employed to use data to get at answers and solve problems. True dialogue, however, occurs when participants can let go of preconceived positions and explore new options, evoke new insights and find new solutions. In dialogue, people listen without resistance, explore underlying rules and assumptions to get past symptoms to reach root causes,

and produce solutions unprecedented in their creativity and efficacy. Moreover, productive dialogue helps teams coalesce and commit to strategy and actions.

True dialogue is one of the most difficult accelerators to achieve. There are processes and techniques that can be employed to stimulate facilitated dialogue, and these have been used successfully to address short-term challenges. Moreover, these short-term solutions help expand leadership thinking to consider the positive impact of dialogue on decision-making and results, and how they can elevate dialogue through their actions. Longer term, creating dialogue is a leadership development challenge that must incorporate process development and management, training, specialized coaching, leadership selection, and other HR and Communication elements.

Improving Information Flow And Getting Results

Does information flow up, down and across your organization in a timely, complete, accurate and candid manner? If the answer involves a “no,” then leadership has an opportunity to improve performance and avoid surprises. A recent Gagen MacDonald survey of communications departments illustrates the impact information flow can have on the bottom line.

In some companies, management operates in a “command” fashion that is effective in moving data up, down and across the organization, but is less inclusive and motivational, and does not engage managers through dialogue. When employee survey results from 29 companies were analyzed against a University of Michigan index of more than 1000 companies, it showed these “command style” companies underperformed companies that operated with “open” information flow in profit margins, return on assets and return on equity. Likewise, the analysis showed that companies operating in the “open” style were among the highest performers in stock returns, sales, EBITA, profit margins and returns on assets and equity.

Information flow, without doubt, impacts bottom line results. What is your company doing to make sure its information flow is healthy?