LEADING IN THE HEAT OF

Conflict

By Michael Maccoby and Tim Scudder

"Howard, I think you need to leave."

Starbucks CEO Howard Schultz was working with a small team to plan a shareholders meeting in New York City. Earnings were down. Expansive and expensive changes were under way; it was too soon to show the results of these changes, and there wasn't agreement about some future changes. The stock could free-fall if the message to Wall Street was not on point, and Starbucks could be taken over. The CFO abruptly resigned. The challenge of presenting an optimistic, yet realistic, story was amplified by the short timeline.

As the Starbucks executives practiced their presentations on stage in New York, Schultz thought he sensed insecurity and began to doubt their effectiveness. He interrupted their presentations, redirected them, and caused the lack of confidence that he perceived. Patience was wearing thin. The other executives felt threatened and micromanaged. That's when someone said, "Howard, I think you need to leave."

Leaders in the midst of conflict make decisions with the head and heart, with intellect and emotion. These conflicts involve elements of opposition: the different possible futures for an organization, the different tactics related to a shared strategy, or vastly different strategies. In this article the term opposition is used to describe contrasting or contradictory ideas, and the term conflict is used to describe situations where people experience it at a deeply personal level.

Leaders need to learn during conflict and encourage opposition based on fact and analysis. The ones who do will be successful leaders.

Social Character Conflict

A clash of values and attitudes between bureaucratic and interactive social characters can cause significant interpersonal and intergroup conflict at work. The social character is the shared values and attitudes of people brought up in the same circumstances. In the past, children were raised in traditional families to fit into hierarchical bureaucracies. Recently, children have been raised in dual-career families to a world of interactive technologies. Both social characters can be found in organizations, but the bureaucratics tend to be older. The following are typical triggers for conflict.

- Traditional top-down hierarchies and reporting structures set up barriers to cross-functional networked teams. Bureaucratics prefer clear hierarchical roles; interactives want authority based on contribution to a given situation or project, not hierarchical position.
- Bureaucratic structures designed for long-term employment and a career path in an organization don't support the interactive value of enhancing employability. Interactive knowledge workers see themselves as free agents and want an employer who will train them for their next job in another company or offer a stepping stone to the next episode of their career.
- The interactive desire for quick increases in work responsibility and authority is driven by the idea of matching their talents to their work. The bureaucratic organization advances people in steps based on experience. Interactives tend to view bureaucratics as people who withhold opportunity, making them "pay their dues" or "punch their ticket." Bureaucratics tend to view interactives as having an "entitlement mentality," wanting rewards and opportunities without having earned them.

Furthermore, cultural variations in social character can complicate possibilities of conflict. Interactives in one culture may still adhere to longstanding cultural traditions that are not understood or appreciated by interactives in other cultures. When a bureaucratic and an interactive are also from different cultures, the potential sources of conflict multiply.

Schultz's input was intended to encourage and support the executives who were dealing with the business problem (the opposition), but he caused conflict by the obtrusive manner of his input. He did not offer a discussion about the presentations that might have produced better ideas. Instead, he threatened their self-esteem and confidence. The executives reminded Schultz that they knew what they needed to do, that they shared a vision for the presentation—and Schultz left.

Opposition versus conflict

Leaders who encourage opposition based on experience, facts, and analysis are able to more fully consider the issue at hand and generally get better results. According to research, the most successful leaders address 60 percent more opposition than their peers. In many ways, a leader's job is to encourage opposition by creating conditions where productive debate can flourish and the best decisions can be made.

The productiveness of this dialogue, however, is at risk when people take things personally and experience conflict. Many people avoid opposition because they fear it will turn into conflict. But avoiding opposition can actually create issues, and when ignored, can get bigger and become more frustrating, which creates conflict.

The experience of conflict short-circuits debate and dialogue. People may try to avoid the unpleasantness of conflict, saying that they agree with the leader and then act differently or half-heartedly. They may become aggressive and challenging, competing for power or influence. Or they may pull back and analyze the situation, try to wait it out, or distance themselves from the issue.

Whatever the response in conflict, people tend to manage the potentially productive elements of opposition less skillfully—leading to poor results for the organization. Survey after survey shows that the main reason people leave their organization is because of a bad relationship with their boss. The costs of this turnover may exceed 200 percent of the departing employee's annual salary. Turnover, however, is not the whole story. Poor strategic decisions, lackluster implementation, and missed opportunities resulting from conflict can be more costly than turnover.

Leaders in the heat of conflict often fail because they, with good intentions, use strategies that are meant to deal with opposition. Conflict is a personal experience; it's about the relationship, the emotion, responding to something that could potentially threaten a person's self-worth. Schultz was experiencing doubt and he sought to resolve it by micromanaging the team during rehearsal. This caused conflict in them because they could all see that Schultz was damaging their preparation to address the business challenge. They

refocused Schultz on their shared vision and after Schultz's departure they refocused the meeting. Schultz learned that he was getting in the way of the very thing he cared about.

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Learning from conflict

Leaders need to learn from conflict. People experience conflict only about things that are important to them; therefore, conflict can serve to uncover people's values. The experience of conflict shows us that something important (to ourselves or others) is not being valued or respected. This opens windows of learning in the relationship and the organization. For learning and development professionals, the burning question is: How can we teach leaders to learn during conflict?

First, and possibly most important, is to clearly distinguish conflict from opposition. While many people are conflict-averse, there is no reason to be opposition-averse. We know, intellectually, that the clash of opposing ideas can spark creativity and innovation, that it tests ideas against each other

How to Develop a Leadership Philosophy

A leadership philosophy should have, at a minimum, the following four elements.

Purpose describes where and why you are leading an organization. A powerful statement of purpose will have meaning to all stakeholders. Peter Drucker once stated that the purpose of a business should not be just to make a profit, just as the purpose of living is not to breathe. However, without either of these purposes, no other one is possible. The purpose of an organization may be to solve a business or societal problem, or to improve conditions or quality of life. The purpose of a business should include gaining and retaining customers.

Ethical and moral reasoning is not about compliance or regulations, but the principles that underlie the rules. Organizations may be guided by different levels of moral reasoning such as avoiding punishment or gaining rewards, typically with a focus on maximizing short-term value while complying with stated rules or regulations; understanding what's best for a given group or organization without considering the implications on other groups; and creating a broader definition of the common good that includes concern for all who may be affected by the organization's actions, including employees, customers, communities, future generations, and the environment.

Practical values express a belief in what it takes to achieve a purpose. The values are not selected because they seem right, are popular, or are comfortable. Instead they can be tested against the purpose, and the purpose cannot be accomplished without them. Because leadership is a relationship, these values are most convincing when they are connected to a leader's personality. However, leaders need to be aware that different people have different values and need to work to help people connect to the organization's purpose in different and meaningful ways.

For a leadership philosophy to be credible, the **definition of results** should be consistent with the description of purpose. Organizations always measure some type of financial result, but financial results are based on history, not the future. Future success depends on many other factors such as hiring, retaining and developing talent, and finding innovative ways to satisfy customer needs.

and leads to better decisions. When we mistakenly call opposition conflict, we project all the emotion and experience of a potentially threatening situation onto one that has the potential for great productivity. This may lead to a self-fulfilling prophecy because the opposition does, in fact, turn into conflict when we treat it as such.

There also are deeper, and subtler, sources of conflict. Much has been written about conflict between different generations in the workplace.

As the developed world continues its transition from an industrial mode of production to a knowledge and service economy, the social character shifts from bureaucratic to interactive.

Generational differences can be more fully understood as waves on top of the changing tide of social character. Social character, a concept introduced by psychoanalyst Erich Fromm, is the shared values and attitudes of people in a culture. The faster the culture changes, the more potential there is

Five Keys to Conflict

1. Anticipate: Any change may be disruptive to employees, customers, or other partners. Taking time to think systemically about changes may yield insight into the potential causes of conflict.

2. Prevent: Based on accurate anticipation of conflict, leaders may be able to adjust a strategy, tactic, or communication to stop conflict from occurring. Calling on the organization's purpose may garner support for a change instead of creating conflict—especially if current results are not satisfactory and the change is intended to improve results.

3. Identify: Not all conflicts can be prevented; leaders who quickly identify the experience of interpersonal conflict are able to move more quickly to manage it.

4. Manage: Rather than taking the emotion out of the conflict, or attempting to solve the problem, successful leaders who have accurately identified conflict manage the emotions and motives during conflict to build the relationship and move the conflict toward resolution.

5. Resolve: Once the interpersonal issues are addressed, people are more able to engage in productive dialogue about the opposing issues. Leaders who take the extra time to manage conflict achieve better results during resolution because people are no longer taking things personally. Instead they are able to engage in a free and open dialogue and make the best decision with the information available at the time.

for conflict related to value differences between people in the workplace. We are in a period of social character transition, and social character changes more slowly than culture.

Leaders in the heat of conflict need to be able to identify and manage the emotions and motives of conflict. When we teach leaders to take the emotion out of conflict, or separate the people from the problem, we misapply opposition-management techniques to conflict. Conflict is about the emotions and the people. We need to teach leaders to address these issues before applying their negotiation or problem-solving skills—or we run the risk of solving the wrong problem and alienating the people involved.

Different approaches to conflict

The experience of conflict is different for each of us, but there are some common themes. According to Elias Porter's Relationship Awareness Theory, conflict is characterized by three progressively serious stages that are internally experienced. The observable behaviors connected with these internal experiences appear as accommodation, assertiveness, and analysis—and different people may experience these in different orders. When leaders, through exploration of their own conflict sequences, learn that they experience all three stages, they also learn to perceive different conflict experiences in others.

People who *accommodate* in conflict generally do so because they want to maintain harmony. They hope that others will notice the problem and address it. They do not want to make the problem worse by expressing their own view, and may at times deny that there is a problem. A calm, respectful approach is most effective when people experience

conflict in this manner. A leader who can affirm the relationship, listen carefully, and craft questions that will allow the person in conflict to express himself will be more likely to resolve the interpersonal conflict—and more able to engage in productive dialogue about opposing ideas.

People who *assert* themselves in conflict generally want to rise to the challenge, to take quick action. They are passionate about the issue and want others to act with the same urgency. They do not want to let the problem get worse by ignoring it, so they confront the issue directly. A direct, open, and timely approach is most effective when people experience conflict in this manner. A leader who can be confident, prepared for a robust exchange of ideas, and focused on action will be more likely to resolve the interpersonal conflict— and more able to engage in productive dialogue about opposing ideas.

People who *analyze* in conflict generally want order and logic to prevail; they want rationality and objectivity. They want time, space, and information. They do not want to make the problem worse by taking impetuous action, so they ask questions, challenge assumptions, and seek to separate opinion from fact. An objective, open, and rational approach is most effective when people experience conflict in this manner. A leader who can set opinions and preconceived ideas aside, respect another person's need for processing time, address ideas in a logical order, and focus on getting things right will be more likely to resolve the interpersonal conflict—and more able to engage in productive dialogue about opposing ideas.

Leadership philosophy and change

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because conflict, by its nature, is subjective. That's where a clear philosophy can add value to a leader's strategic decisions during conflict. A written philosophy not only guides a leader, but when shared with collaborators, invites open dialogue about whether a leader is acting in accordance with the philosophy.

When leaders have clearly expressed the purpose of the organization and the practical values that are essential to accomplishing that purpose, they provide a set of principles to guide themselves and their collaborators—not just when things are going well for the organization, but also at times of change and crisis.

Leaders may not always act in ways that are consistent with their philosophy. But leaders with a clear philosophy, like Schultz, generally will be more responsive to followers who "call him out" for behaving in ways that are not consistent with the philosophy, or in ways that cause conflict for followers such as in the meeting rehearsal.

The practical values expressed in Starbucks's philosophy include the phrase "we always treat each other with respect and dignity and we hold each other to that standard." When Schultz interrupted and redirected the rehearsal, the other team members

reminded him of his philosophy and Schultz left them alone.

The meeting (held in late 2008 and reflected upon in Schultz's 2011 book *Onward*) was ultimately successful and marked a turning point for Schultz and Starbucks. In reflection, Schultz said that people were telling him things he already believed; he just needed to hear them again.

Leaders lead change, and change usually involves opposing strategies, ideas, and opinions. The foundation of an organization may be challenged, and with it the daily activities and the source of income for employees. These changes hold the potential for conflict.

To succeed at leading complex changes, leaders must think systemically, not just about the organization and its context, but also about the organization's social system, the human values and drives that are expressed through work. Leaders with a clear philosophy are likely to spend more time working with opposition and the productive outcomes that can be achieved through it. Those who have not clearly defined their philosophy are more likely to lose their way and find themselves mired in the interpersonal conflict that often accompanies opposition.

The secret to successful leadership of conflict is to recognize that managing conflict is not just an intellectual

exercise. As current neuroscience research (such as that done by Antonio Damasio) has shown, people are unable to reason effectively when the reasoning center of the brain is detached from their emotional center. We must not, in fact cannot, take the emotion out of conflict. Managing conflict engages both head and heart.

Note: This article is drawn from the book *Onward*.

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