ONE

Present and Unaccounted For

If civilization is to survive, we must cultivate the science of human relationships.

—FRANKLIN ROOSEVELT, THE DAY BEFORE HE DIED

"Relationships? Get over it," a leader once told me, looking askance. "We're not married. We just have to work together." Yes, and that's exactly the point, I replied. You do have to work together, and if you don't get your relationships right, a lot can go wrong—both for you and your organization.

Countless examples in the historical record and in my own research suggest that if you don't treat relationships as a strategic asset—and invest accordingly—they can easily become a serious, even fatal liability. Think of Apple in the 1980s. Two years after Steve Jobs hired John Sculley as Apple's CEO, the two had a falling out, the board sided with Sculley, Jobs left, and the company nearly faded into oblivion. "I'm actually convinced that if Steve hadn't come back when he did," John Sculley himself said in a 2010 interview, "Apple would have been history. It would have been gone, absolutely gone."[1]

The personal aftermath is harder to discern, since it is less public. But in Jobs and Sculley's occasional post-facto accounts of their breakup, you can see the toll it took on their lives. You can also see, if you look closely, that neither man seems to grasp the role he played in creating a relationship that almost brought down a great company.

In 1995, with Jobs still in exile and Apple struggling to survive, Jobs had this to say about why Apple was doing so poorly: "John Sculley ruined Apple, and he ruined it by bringing a set of values to the top of Apple which were corrupt and corrupted some of the top people who were there, drove out some of the ones who were not corruptible, and brought in more corrupt ones and paid themselves collectively tens of millions of dollars and cared more about their own glory and wealth than they did about what built Apple in the first place—which was making great computers for people to use."[2]

Ten years later, after his triumphant return to Apple, a more sanguine Jobs tells what he calls "a story of love and loss" in a 2005 commencement speech delivered at Stanford University: "I was lucky. I found what I loved to do early in life. Woz and I started Apple in my parents' garage when I was twenty. We worked hard and in ten years, Apple had grown from just the two of us in a garage into a $2 billion company with over 4,000 employees. We'd just released our finest creation, the Macintosh, a year earlier, and I'd just turned thirty, and then I got fired. How can you get fired from a company you started?"

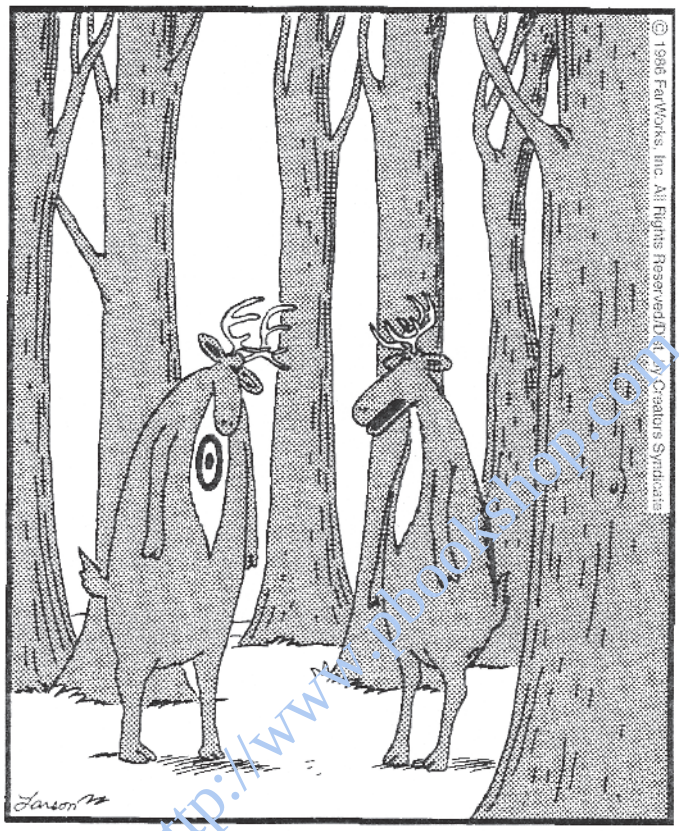
His answer, though brief, says a lot: "Well, as Apple grew, we hired someone who I thought was very talented to run the company with me, and for the first year or so, things went well. But then our visions of the future began to diverge, and eventually we had a falling out. When we did, our board of directors sided with him, and so at thirty, I was out, and very publicly out."

Of what happened next, he says, "What had been the focus of my entire adult life was gone, and it was devastating. I really didn't know what to do for a few months. I felt that I had let the previous generation of entrepreneurs down, that I had dropped the baton as it was being passed to me.... I was a very public failure and I even thought about running away from the Valley. But something slowly began to dawn on me. I still loved what I did. The turn of events at Apple had not changed that one bit. I'd been rejected but I was still in love. And so I decided to start over."[3]

The breakup with Sculley cost Jobs dearly. It was, as he put it, a devastating public failure, from which a lesser man might not have recovered. Still, his answer to the question of how he got fired—their visions diverged; they had a falling out; the board sided with Sculley—displays little insight into *how* their relationship fell apart or why the board felt the need to side with either one of them, but most important: *Why Sculley*?

The point is, there's little here Jobs could use to ensure it wouldn't happen again—if not to him, then to the next generation of entrepreneurs to whom he is passing the baton. While no speech could ever detail the rise and fall of a complicated relationship, this account makes no mention of what we'll see in Chapter Two; namely, that Jobs and Sculley interacted in ways that made it impossible for them to reconcile their differences, brought out the worst in both of them, and led to the choice faced by the board: one or the other had to go, and go quickly, if the company was to survive. What's more, it's not enough simply to say that the board sided with Sculley. *The board felt it had no choice.* Jobs's out-of-control behavior in response to Sculley's increasingly controlling behavior had painted a rather large target on Jobs's chest. By the time the board was forced to choose, they had lost whatever confidence they had in him as a leader.

THE FAR SIDE® By GARY LARSON



"Summer of a birthmark, Hal."

In a 2010 article, "Being Steve Jobs' Boss," Sculley also looks back at his life-changing relationship with Jobs. His version of the events, like the man himself, is more cerebral than the one Jobs tells, his feelings harder to make out. Even so, Sculley's account, like Jobs's, is as revealing for what it leaves out as for what it says:

> Looking back, it was a big mistake that I was ever hired as CEO. I was not the first choice that Steve wanted to be the CEO. He

> was the first choice, but the board wasn't prepared to make him CEO when he was 25, 26 years old. . . . It would have been much more honest if the board had said, "Let's figure out a way for him to be CEO. You could focus on the stuff that you bring, and he focuses on the stuff he brings."
>
> Remember, he was the chairman of the board, the largest shareholder, and he ran the Macintosh division, so he was above me and below me. It was a little bit of a façade, and my guess is we never would have had the breakup if the board had done a better job of thinking through not just how do we get a CEO to come and join the company that Steve will approve of, but how do we make sure we create a situation where this thing is going to be successful over time?[4]

Sculley may be right that Steve was Steve's first choice for CEO and that the board made a mistake in hiring Sculley. They certainly made a mistake in not thinking through how to "create a situation where this thing is going to be successful over time." But then Sculley made the same two mistakes. He agreed to become CEO, and he was the one who put Jobs in charge of the Macintosh division, wedging himself between Jobs-as-boss and Jobs-as-subordinate. Yet to listen to Sculley's account, it's as if he was in the back seat and the board behind the wheel as the firm careened off a cliff.

In earlier accounts, Sculley is a bit more self-scrutinizing. In his 1987 memoir, written while he was riding high as Apple's CEO, he acknowledges that he "created a monster" by giving Steve control of Macintosh. But just as the movie *Frankenstein* focuses on the monster, not the creator, so does Sculley. Nowhere does Sculley entertain the possibility that his cautious, cerebral approach might have evoked more volatility in Jobs, not less, or that his efforts to

control Jobs might have evoked less self-control, not more. In the end, Sculley blames the board; Jobs blames Sculley; and neither says much about his own role in creating a relationship that cost them and Apple dearly.

Relationships: Strategic Asset or Liability?

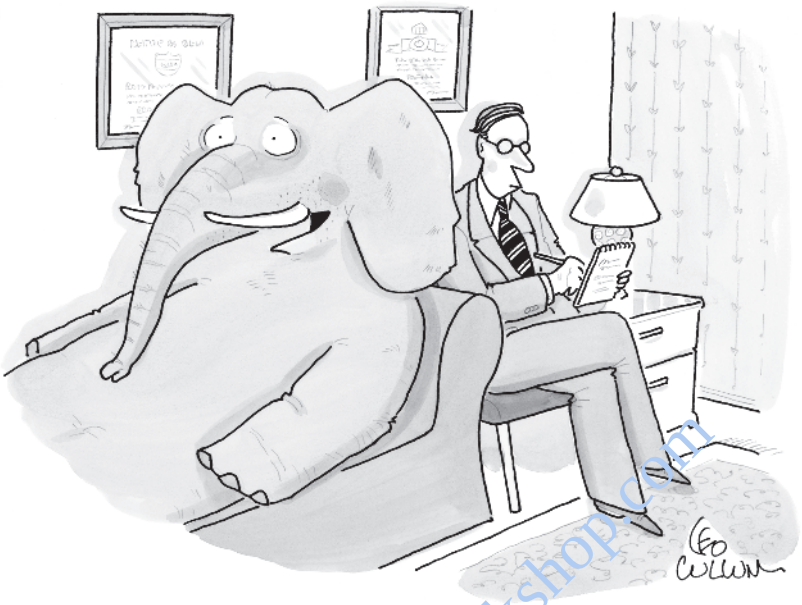
What happened to Jobs and Sculley at Apple may be especially dramatic, but it's not rare. History is awash with accounts of failed relationships among leaders of every stripe. General McChrystal and President Obama; Larry Summers and the Harvard faculty; Carly Fiorina and the Hewlett-Packard board; Michael Ovitz and Michael Eisner at Disney. All the way back to Achilles and Agamemnon on the beaches of Troy, relationships have had the power to create or to destroy enormous amounts of human, social, and economic capital.

But never before have we faced a time when relationships have mattered more. Leaders today must be able to make decisions and take action well and quickly with others with whom they share very little—perhaps not even a time zone. No longer can we work within our own silos without regard for those at work in theirs. No longer can we take the time to send conflicts up the hierarchy instead of settling them ourselves. No longer can we count on like-minded colleagues of the same race, class, culture, or gender to think and act like we do. No longer can we count on slow markets or sloppy competition to make up for the inefficiencies poor relationships create. We face a crisis today not only of leadership but of relationship.

Small wonder so many leadership experts now underscore the importance of relationships. In their best-seller *The Leadership Challenge,* James Kouzes and Barry Posner argued that the success of leaders depends "upon the capacity to build and sustain those human relationships that enable people to get extraordinary things done on a regular basis." In their view, the quality of the relationship between leader and follower is what "matters most when we're engaged in getting extraordinary things done."[5] Leadership experts Ronald Heifetz and Marty Linsky would agree. In their 2002 book *Leadership on the Line,* they claimed that "the nature and quality of the connections human beings have with each other is more important than almost any other factor in determining results."[6] Perhaps that's why for the past fifteen years Daniel Goleman and his colleagues[7] have also given relationships top billing. In 1995, Goleman included relationship management among the core competencies of emotional intelligence,[8] and in 2008, he and Richard Boyatzis went so far as to call for a "more relationship-based construct" for assessing leadership.[9]

These and many other leadership experts today are all pointing in the same direction to the central role relationships play in a leader's performance and success.[10] Yet when it comes to the relationship dynamics upon which all this performance and success rest, most experts are curiously silent. Even Goleman and Boyatzis's search for a more relationship-based construct culminated in the interpersonal competencies, neural circuitry, and endocrine systems *of individuals.*[11]

No one has yet asked, let alone answered, the question, *What exactly is a relationship such that it can be managed or drive exceptional performance?*



"I'm right there in the room, and no one even acknowledges me."

Relationships: Seemingly Familiar, Strangely Unexplored

Most leaders today can say a lot about organizations and individuals, and about how best to manage and lead them. After over a hundred years of scholarship devoted to individual psychology and organizational behavior, we know plenty about how people and organizations tick, how they develop naturally over time, and how, with focused effort, they change.

But we still know relatively little about relationships. True, in the personal arena, you can find a plethora of popular books and an increasingly robust body of scholarly research that covers a wide range of topics from attraction to social exchange to the maintenance and repair of personal relationships.[12] But very little of this work transfers easily or at all to the organizational world.

An exception is John Gottman's work with couples. Unlike most researchers studying relationships,[13] Gottman doesn't rely on self-reports. Rather, he observes the words and behaviors couples use to discuss their most recent arguments, then catalogues different behaviors in terms of their effects on the relationship. Those behaviors most damaging to relationships are what Gottman calls "The Four Horsemen of the Apocalypse"—criticism, contempt, defensiveness, and stonewalling.[14] After just *three minutes* of an argument, Gottman is able to use his theory to predict with 83 percent accuracy which couples will divorce within six years![15]

Much less can be said about relationships in the organizational arena.[16] While almost all leadership experts acknowledge the importance of relationships, they haven't investigated the nature of relationships themselves, the behavioral patterns underlying them, or their effects.

The same can be said of most leaders. While many believe relationships are important, few can tell you much about the patterns of interaction that define how their most important relationships work (or fail to work). Others view relationships in a purely transactional light, believing what one leader half-jokingly told me: "You hire employees, and then people show up." And still others get so riveted on the other guy—his quirks, motivations, fears, or defenses—they overlook how they themselves might be reinforcing the very behavior they don't like. Almost all of them are convinced that individual people are the source of their woes and that relationships are too soft to be analyzed and too mysterious to be altered.

As it ends up, they're wrong. This book will show that just as people and organizations have an identifiable character based on predictable patterns, so do relationships. These patterns, which with the proper tools can be analyzed and altered, determine how well a relationship works and whether it will make or break a leader's success.

About This Book

The Elephant in the Room explores a terrain with which all leaders are intimately familiar, yet few are able to discuss, let alone consistently master—relationships.[17] It draws on material from public sources, the historical record, and my own clinical research[18] to take a close look at how relationships at the top of organizations work, why they fail, how they affect the performance and growth of leaders and their firms, and how leaders can strengthen or transform those relationships most critical to their success. In so doing, it takes a topic most of us relegate to our personal lives and puts it at the center of our lives as leaders, where it also belongs.

To anticipate what's to come, Chapter Two draws on Steve Jobs and John Sculley's much publicized breakup to show how, over the course of three stages, leaders negotiate and renegotiate not only their formal roles but their informal roles as well. By looking closely at both negotiations, you can see how an informal structure emerges and evolves, and how that structure determines the fate of leaders far more than any formal structure ever could.

Chapter Three explains why some relationships grow stronger over time, while others grow weaker. It uses stories from the historical record and my own practice to identify two perspectives leaders take to the challenges, conflicts, and pressures they face. The most common of these is what I call *the individual perspective*. When leaders take this perspective, they assume that they alone are right, that this is obvious, and that others don't get it because they're either mad or bad. As we'll see, this set of assumptions brings out the worst in people, lies at the root of blame games and waiting games, and causes even good relationships to break down over time. A second perspective is what I call *the relational perspective*. When leaders take this perspective, they assume that

everyone sees some things and misses others, that circumstances shape behavior at least as much as people's dispositions do, and that people together can shape and reshape the circumstances they face. These assumptions help leaders bring out the best in each other, so they can work together to create innovative solutions to the challenges they face together.

The second part of the book provides a set of tools and strategies for building relationships strong enough to handle the most intense pressures and the hottest conflicts. Chapter Four tells the story of two leaders who were able to use a conflict in the heat of the moment to strengthen their relationship. By relying on two essential relational capabilities—reflecting and reframing, first alone, then together—they were able to shift perspective and put their differences to work.

Chapter Five then tells the story of an entrepreneurial CEO and her second-in-command to introduce a powerful new lens through which to see and discuss relationship patterns that are affecting your growth and performance. This lens, which I call the *Anatomy Framework*, makes the underlying structure of a relationship visible and discussable, so you can exert greater control over patterns that have been exerting too much control over you. Over time, using this framework will make it easier, even second nature, for you to see things from a relational perspective.

Chapter Six brings this second part of the book to a close by presenting two tools you can use to more systematically assess *when* to invest in *which* relationships. The first tool offers four basic strategies for handling relationships—ignore, separate, manage, or invest—depending on the degree of interdependence between leaders and the importance of a relationship to their growth and performance. The second tool helps you sequence your investments, depending on the odds of success and the impact of a relationship on you and your organization.

The third part of the book demonstrates something most people doubt: that it's possible to fundamentally transform the underlying structure or character of a relationship. To illustrate, it tells an in-depth story of how two leaders at a professional services firm took their relationship from good to great with the help of a coach and a three-stage model of change. Based on the Anatomy Framework in Chapter Five, this change model describes how you can transform relationships—first by interrupting the act-react patterns that define a relationship, then by challenging and changing the interpretations or "frames" that perpetuate those patterns, and finally by revisiting and revising the experiential knowledge and contextual constraints that lock those frames into place.

In writing this book, I had two audiences in mind: those charged with helping leaders—coaches, consultants, HR professionals, faculty at professional schools—and those in leadership positions or aspiring to be. My own use of the ideas and tools presented in this book is based on thirty years of practice; still, my work with leaders, consultants, and academics has convinced me (and them) that these ideas and tools are useful, even powerful, in other people's hands. That's because each one offers a new way of seeing and doing things that will allow you, or those you help, to discuss and navigate even the toughest relationships more effectively.

What This Book Is Not About

This book is not about individual leaders or their styles, personalities, habits, or principles. So you'll find no mention of difficult people or personalities, narcissists or neurotics. If anything, these notions are part of the problem, because they locate the crux of any

troubles you face in people's dispositions, rendering you powerless to change what you see.

This isn't to say that people don't have dispositions or that those dispositions don't affect the health of a relationship. It is to say two other things.

First, when someone behaves in ways we don't like, we make a mistake so pervasive cognitive psychologists call it the *fundamental attribution error:* we overattribute the cause of behavior to a person's disposition, and we systematically underestimate the impact situations have on behavior.[19] Second, our tendency to focus on people's dispositions leads us to overlook the power that relationships have to modify or amplify even genetically programmed dispositions. As I'll detail later, recent research on genetics and families transcends the debate over nature versus nurture to show how nature (our genes) works hand-in-hand with nurture (our relationships) to shape the person we become.

The Heart of the Matter

In our shrinking, shifting world of tighter interdependencies and tougher competition, building strong relationships is no longer an elective; it's a requirement. Leaders today must be able to forge relationships that can span divides, withstand constant pressure and uncertainty, help them learn and turn on a dime, inspire trust and confidence in a diverse set of constituents, and make the most of even the hottest conflicts.

That's a tall order—and a new order.

Today's leaders need a new set of ideas and tools to fulfill it. Only then can they acknowledge the elephant in the room, stop it from running amok, and perhaps even invite it to dance.