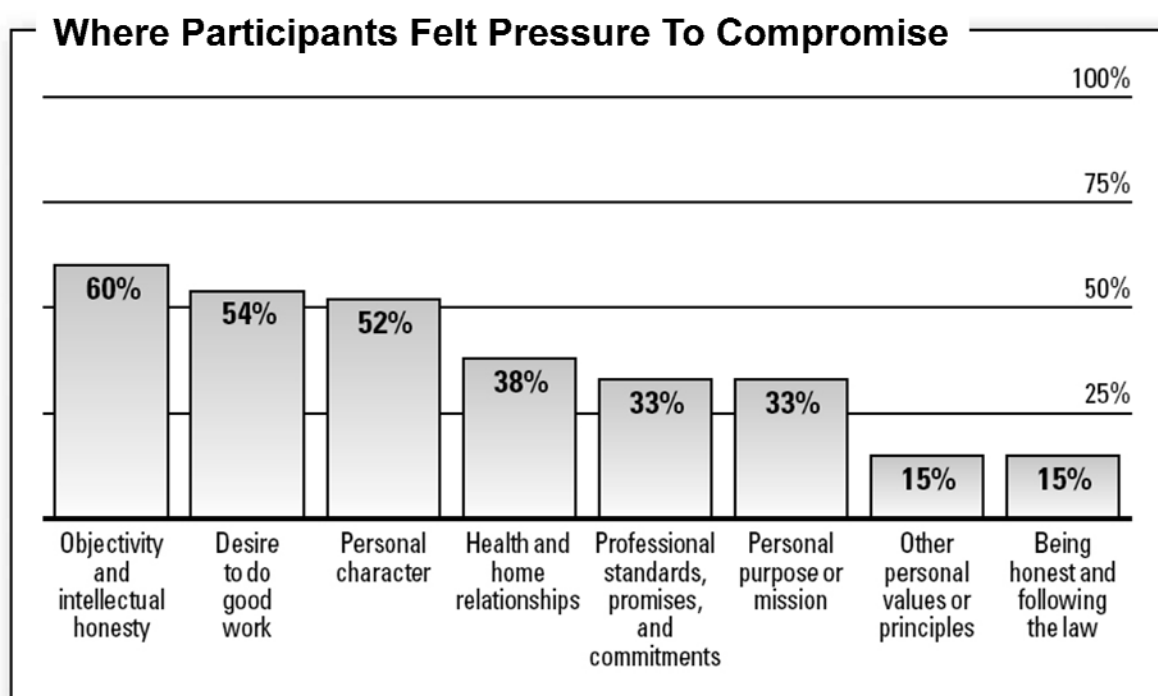# Is compromise holding your team back?

During this uneven economic recovery, one thing is absolutely clear: you need all hands on deck. You simply cannot afford *not* to have the committed, intelligent action of every member of your team -- and not just following orders but taking the initiative to attract new customers, strengthen relationships, pursue strategic opportunities, improve processes, reduce waste, and minimize risks.

Though leaders often assume this level of engagement requires new players, research by The Sirota Group shows that employees usually start out highly engaged, only to lose that commitment over time. [i] My research for *The Compromise Trap* confirms this pattern, as many employees I spoke with felt subtle pressures to "play the game" in ways that made their work feel hollow or false – even in companies they otherwise admired. (See Figure 1)

Figure 1[ii].

Where Participants Felt Pressure To Compromise

Objectivity and intellectual honesty	Desire to do good work	Personal character	Health and home relationships	Professional standards, promises, and commitments	Personal purpose or mission	Other personal values or principles	Being honest and following the law
60%	54%	52%	38%	33%	33%	15%	15%

Most leaders would be astonished to learn how often this pressure seems to come from the top. For example, the local office of a nationwide insurance company decided to embark on a quality improvement initiative. Shortly after, they received a personal note from their executive vice president offering his support but cautioning them against going too far. The note was stapled to an article that began, "Most quality efforts have as much ritual and hoopla as a rain dance… and produce just about as much in results." Being savvy corporate citizens, they quickly decoded the real message: proceed at your own risk.

Most teams respond to such cautions by pulling back, compromising effective action in favor of politics. Yet this team was just too passionate to be stopped. Within a year, they had dramatically reduced losses and claimant lawsuits, with significant benefits to the bottom

line. I was brought in to document the story, which led me to interview the senior leader who had sent the note. He told me he was mystified that the team had not taken advantage of his support. Amazingly, he asked me to wait while he dug out the article he had sent them as encouragement… *and it was the very same article* they had taken as proof of his opposition! Needless to say, he and the branch office leader had a good laugh once they realized their potentially costly misunderstanding.

Clearly, no leader wants employees to feel they are putting their organizational lives at risk to pursue promising improvements or innovations. Yet in my 20 years tracking down self-imposed barriers to organizational success, I have found just this type of disconnect all too often – and usually without the happy ending.

For example, one professional services firm found that cost overruns and scope creep too often made their projects unprofitable. The root cause turned out to be lack of up-front discussion about roles and scope, so they implemented a mandatory project start-up process. Yet in practice, managers felt pressured to compromise on this requirement because clients did not understand its value and senior leaders chided them about keeping clients happy. Unfortunately, this meant that only those managers who learned to push back on the cultural norms, helping clients understand the payoffs in terms of budget and schedule, were able to deliver more profitable projects and ultimately, happier clients.

Put simply, organizational contradictions create mixed messages, leaving employees guessing what is really wanted, and forced to compromise one imperative or another. "Is this real change or fake change?" One manager asked, noting the disconnect between leadership communications and how decisions were actually made. Mixed messages become double-binds if employees worry that speaking up will get them labeled whiners, creating a cycle of distrust where leaders wonder why their teams are uncommitted and followers assume their leaders know what is happening but don't care.

The Costs of Compromise

The potential damage when employees go along with unhealthy pressure to compromise is enormous. One employee who misinterprets what you mean by "do whatever it takes" can bring down your company; yet as the example shows above, unhealthy compromise can hurt day-to-day results as well.

The Costs of (Unhealthy) Compromise

- **Decreased productivity & engagement** – employees' effectiveness and commitment are hampered by stress and ambiguity as they deal with contradictions
- **Poor quality & execution** – as the professional service firm found above, shortcuts reduce reliability and quality because best practices are not followed
- **Increased rework** – more staff time goes into service recovery and fire-drills, trying to address poor processes and maintain quality through sheer effort
- **Leadership overload** – when employees experience conflicting messages, they tend to exert less initiative, disinvest emotionally, and check in more frequently for direction
- **Lost talent** – employees who have the option will find employers they believe in, increasing turnover costs and eroding the bench strength needed for growth
- **Lost customers** – as execution suffers, customers shift from "net promoters" to captives, ready to jump ship when they can, increasing customer acquisition costs
- **Increased risks** – as employees become accustomed to sub-standard approaches and shortcuts, they fail to recognize or call out critical hazards, liabilities and risks

- **Missed opportunities to innovate** – taking shortcuts to make numbers look good erodes employee commitment and crowds out attention for game-changing innovations
- **Brand erosion & damaged trust** – customers, employees, shareholders, regulators, and the public lose faith in organizations that say one thing and do another
- **Legal, regulatory & reputational costs** – a single scandal could destroy your company, quite apart from the regret you may feel personally from such a failure

Why It Happens: Five Myths about Compromise

With so much at stake, why do leaders and teams perpetuate this cycle of contradictions, pressure and compromise? My research and experience indicates that we just don't see it at the time, because certain myths about compromise cause us to unwittingly undermine our own interests.

Myth #1: Compromise is always healthy.
Reality: Compromise can be unhealthy, too.
Example: Five levels of executive come down on a junior loan officer for refusing a loan to a close friend of the chairman, only to discover it is a poor loan and he is right to refuse.

Myth #2: Good companies and leaders don't create unhealthy pressure to compromise.
Reality: Even good companies and leaders can create unhealthy pressure.
Example: A CIO dismisses a manager's repeated budget complaints. But she persists and the CIO finally understands they are risking a bet-the-company product launch to save a few thousand dollars on servers. Together they work out a solution.

Myth #3: You'll always know if you're crossing a line.
Reality: Compromise is often gradual because blinders make it hard to see at the time.
Example: A CFO is shocked to discover how little his staff and peers trust him. "I thought it was ok to the 'bad guy' if it was for the company." Only later did he discover the costs.

Myth #4: Refusing to compromise means fighting back.
Reality: There are many ways to influence a situation.
Example: A member of a team designing an environmentally sustainable product begins to feel the goals are just double-speak. Instead of mentally checking out, he says, "Hey, let's make this real." His comment becomes the tipping point for the project's success.

Myth #5: Individual integrity adds up to organizational integrity.
Reality: Organizational integrity is much harder to accomplish than individual integrity – yet it has a much larger impact.
Example: An energy company ends up unintentionally playing both sides of an issue because their corporate social responsibility department and the group which lobbies for favorable legislation don't talk with each other.

How can you tell if compromise is holding *your* team back?

It can be hard to know how unhealthy compromise is hurting your business, especially if employees hesitate to speak up. A periodic "opportunity scan", ideally with the help of a skilled facilitator, can help you identify the ways you may be unintentionally undermining profitability or eroding the assets needed for growth.

Opportunity Scan Questions[iii]

- When have you been most proud to work here? What made you proud?
- Where do you find yourself disappointed or scrambling to keep organizational promises?
- Do you ever feel guilty or uncomfortable towards customers or other stakeholders?
- Is there anything we are doing that does not make sense?
- Where might we be compromising in ways that could come back to bite us?
- What actions could I take to increase your willingness to speak frankly with me?
- What do we need to renegotiate or clarify based on these realities?
- Where do we need to invent new solutions to do better?

One sales manager using her own scan discovered that, under pressure from a prior leader, her team was providing inappropriate perks to potential customers. "This has to be keeping you up nights," she told her team. "I need you focused. This is unacceptable, illegal behavior." With approval from her superiors and regulators, she set up an amnesty program to identify and clean up every transaction. Freed from guilt and anxiety, the team recovered its morale and went on to become one of the top performers in the country.

Though your situation is probably less severe, an opportunity scan can help your team unleash a whole new level of competence and initiative. Energy spent decoding conflicting messages or tap dancing to make numbers look good can be turned toward the innovations that give you a sustainable advantage as we navigate into this new global economy.

Elizabeth Doty, President
WorkLore.com
edoty@worklore.com
888-WorkLore

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[i] Sirota Consulting http://www.sirota.com/pdfs/Pride_The_Hidden_Corporate_Asset.pdf, p 3
[ii] Elizabeth Doty, *The Compromise Trap: How to Thrive at Work without Selling your Soul* (San Francisco: Berrett-Koehler, 2009) p. 40
[iii] Please see http://www.worklore.com/WorkLore_OpportunityScan_Overview.pdf for a more detailed description of the Opportunity Scan process.