

FROM BREAKDOWN TO BREAKTHROUGH

Forging Resilient
Business Relationships
in the Heat of Change

MICHAEL PAPANEK
with Liz Alexander, PhD



New York

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Forging Resilient Business Relationships in the Heat of Change

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*This book is dedicated to my mother Miriam Lewin,
my father George Papanek, and my son Daniel Papanek.*

I miss you.

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INTRODUCTION

August 8, 2008 (8/8/08), seemed an auspicious date on which to launch myself as a self-employed consultant. So it was with positive anticipation that I left the firm where I'd worked for more than sixteen years to set up my own consulting practice. The enormity of the change—and the challenge—was not lost on me. I kept my spirits high and my confidence fired up by thinking about what I had to bring to the table: over twenty years of experience as a leadership and organizational change consultant with a strong resume, a reputation as a rainmaker, and a wealth of contacts. There was also the possibility of working for my old firm as an independent consultant, and at much higher rates.

Twenty-three days later, Lehman Brothers filed for the largest bankruptcy in US history. The New York Stock Exchange fell more than seven hundred points in one day. Commentators were predicting that ATMs might stop working and that we would all be “eating grass” within a week.

Had I just made the biggest mistake of my professional career?

As the initial shock began to wear off, I realized that what I had always taken for granted was now in jeopardy. My former business

life had been like driving a speedboat along an easily navigable river: no obstacles, full speed ahead. Now it seemed as if the water level had dropped precariously, exposing all the rocks, garbage, and other barriers that had always been there but that I'd never had to consciously consider before. I started to doubt whether my business relationships were strong enough to allow me to navigate in this new, uncertain environment.

I wondered: had I always been fair to others in my business dealings? Did I really try hard enough to produce results that benefited everyone, or was the focus more on my needs? I knew I had the skills, but did I have a *good-enough* reputation to weather this new storm?

Because my old company used a group of independent consultants as contract workers to meet shifting client needs, I'd assumed they'd send work my way while I built my own practice. However, my fears grew as I realized my former colleagues had many independent consultants to choose from and, now, less work to farm out to them. Why would they choose me?

As I took a long, hard look at my current business relationships, I realized that too many of them were in *breakdown* mode—meaning they were not as positive, solid, or likely to survive these challenging times as I needed them to be. In fact, some of the relationships at my old firm had been so dysfunctional that they had largely influenced my decision to move on. Now that everyone was experiencing enormous stress in the wake of what was to be known as the Great Recession, many of these relationships appeared to be too tenuous to survive this new “normal.” What I needed was a way to transform them from *breakdown* to *breakthrough*.

You may have experienced something similar. Whether starting your own business or adapting to today's uncertainty and rapid change, perhaps you have also found that stress has detrimentally impacted your business relationships?

Let's face it: our hyper-connected world has profoundly changed the rules of business engagement. The higher up the hierarchy we go, the less inclined we may be to adapt quickly to a more cooperative, collaborative way of interacting. After all, isn't that what leadership is about, according to popular culture? Getting people to buy into *our* vision, directing them to do what *we* want, being wholly focused on what "I" need to achieve?

You Don't Need "Connections," You Need Relationships

The idea that relationships matter in business is not new. Some of the most successful companies of our time are really relationship stories: Hewlett and Packard; Jobs and Wozniak; Gates and Allen. The impact of broken relationships is also clear. Think of the conflicts at the heart of breakdowns at Yahoo! (Carol Bartz versus Yahoo!'s board of directors); Apple (Sculley versus Jobs in the 1990s); and General Motors (Roger Smith versus Ross Perot in the 1980s). Long gone are the days when leaders could expect to gain respect through the unabashed exercise of power alone. Now we see successful leaders who have implemented new products and grown revenues and profits, but then were removed from their positions because of their inability to work effectively with others.

For example, consider the resignation in 2012 of Steven Sinofsky, a twenty-three-year veteran executive of Microsoft who many thought was next in line for a top job at that organization. Sinofsky had successfully brought Windows 8 and the new Microsoft tablet to market but had to resign because of his poor relationships with other executives—a leadership brand that other Microsoft employees described as "ruthless." Without strong relationships with other employees, Sinofsky's wildly successful business outcomes were not enough to protect him once his key benefactor, Bill Gates,

left Microsoft. Sinofsky had been “winning” according to the old leadership model, but the heat and stress he created had burned bridges along the way. While he had a great relationship with Gates, that was not the case with Microsoft overall.

The conclusion to draw from this example isn’t that leaders should try to eliminate any conflict or “heat.” Successful teams benefit from diversity of thinking, and there will always be some degree of conflict evident within powerful teams. Indeed, we do need *some* degree of tension to stimulate creativity and innovation. But when the head of sales can’t get along with the head of marketing, or one fiefdom within the organization is always at odds with another, the effect not only potentially impacts customers, clients, and investors—this friction also takes its toll on the employees caught in the crossfire.

The secret lies in having *resilient* working relationships. But what do I mean by that?

Have you ever tried sitting on a rickety old or poorly manufactured chair? Maybe it needs repairing or had never been designed properly to begin with; you just know you can’t rely on it. If you are stuck having to use the chair, you always sit down carefully, knowing it’s unwise to put all your weight on it. It’s nerve-racking every time, because you’re always wondering if you’re going to end up sprawled on the floor.

This is analogous to many business relationships today. A weak business relationship is not designed to hold the “weight” generated by the continual stress and strain of work.

On the other hand, a resilient relationship is like a solid, totally reliable chair, one you know you can confidently sink into when the stress of a long day has worn you out or when you need to get some focused work done. No matter how much weight or pressure you put on that chair, it’s constructed well enough to ensure you always feel fully supported.

Relationships Under Stress

Though we recovered from the 2008 meltdown, continuing crisis, such as the US government shutdown and near-default, show that the world has changed. In our new “VUCA” world (volatile, uncertain, complex, ambiguous), relationships are even more important. When the everyday assumptions we make at work are changing quickly, we need to know we can count on our colleagues; that we are all in this together. Too often, change and stress can cause us to attack, protect ourselves, and pull away from one another. This behavior reinforces a vicious cycle of isolation, conflict, and fear, causing relationships to break down and important business projects and goals to fail.

Take a look at some of the results that show the importance of relationships in today’s stressful work environment:

- 41 percent of employees are stressed (American Psychological Association).¹
- 71 percent of employees are not engaged—worse yet, this number has barely moved over twelve years of surveys (Gallup).²
- Managers are almost as disengaged as employees—with only 35 percent engaged—and through their negative impact, Gallup estimates that managers who are not engaged or who are actively disengaged cost the US economy \$319 billion to \$398 billion annually (Gallup).³
- Employees do not leave an *organization*; they leave their *poor relationships* with their bosses (Buckingham & Coffman, Gallup).⁴

1 American Psychological Association, Stress in America 2009, accessed June 11, 2014, <http://www.apa.org/news/press/releases/stress-exec-summary.pdf>.

2 “State of the American Manager,” Gallup, 2015.

3 “State of the American Manager,” Gallup, 2015.

4 Marcus Buckingham and Curt Coffman, *First, Break All The Rules: What the World’s Greatest Managers Do Differently* (New York: Simon & Schuster, 1999), 33.

- Engagement with an organization is emotional and based on the sum of relationships with managers and other team members or partners (Conference Board).⁵
- Highly driven engineers say leaders with great technical skills are not enough, and that they also expect people skills from managers (Google Project Oxygen/*New York Times*).⁶

The main premise of this book is that we *are in charge* of our relationships, not subject to them. Only when we confront the unvarnished truth about our *own* power over our business relationships can we make a conscious choice to change them for the better.

A Rude Awakening

Remember I told you I was hoping to continue receiving assignments from my former firm? As luck would have it, within a short period of time I received a call from them, asking me to work on a project that focused on accelerating sales and lead generation, an area in which I excelled. Everything sounded wonderful until I was told who my key contact in the firm would be.

Let's call her Julie. She was someone with whom I'd had one of the most contentious relationships of my entire career. I felt, based on my past experience with her, that she was sometimes destructive, often seemed motivated by her own agenda, and I feared was actually incompetent in our field of organizational development. I had argued against the decision to hire her because of her lack of relevant background, then continued to disagree with most of her actions as she made her mark on the company. Now she held my contract in her hands and would be the one directing and evaluating my work!

5 Ann Barrett and John Beeson, *Developing Business Leaders for 2010* (Conference Board, 2002).

6 Adam Bryant, "Google's Quest to Build a Better Boss," *New York Times*, March 12, 2011.

Without having the luxury of turning down a lucrative deal, I realized I could either fight a potentially losing battle with a person who spared no opportunity to show that she felt the same antipathy toward me—or I could try to make this relationship work. Changed economic circumstances forced me to think seriously about how I could achieve a breakthrough in this relationship, when we'd previously only experienced one breakdown after another. And I needed to make sure this happened quickly if my fledgling consulting business was to survive.

As I prepared for our first meeting together, I went through a thought process that I later developed into a unique breakthrough strategy.

First I asked myself: what was most important to this person? I knew that what Julie wanted above all else was results.

So did I, of course, but I began to recognize that we each had different approaches to achieving those outcomes. This had been a particular source of friction in our previous relationship. If I was going to make the relationship work now, I needed to focus on becoming more *flexible*. I needed to learn how to let go of my firmly held beliefs concerning Julie's ulterior motives and lack of skills. I promised myself that no matter what she said, I would find a way to be more accommodating.

As I forced myself to view my relationship with Julie more objectively and less emotionally—to look at it largely from Julie's point of view—I recognized how my behavior and attitude had conspired to plunge our relationship into breakdown mode. This realization did not sit well with me. Did I want to be someone who helped create a difficult situation and then, when things fell apart, blamed the intransigence of the other person? No! Although I had no way of knowing whether Julie would now be any more accommodating of my viewpoints than when we last met, at least I could control what *I* did. If this relationship were to fall apart again, at least I would know that I'd been *flexible* enough to give it a real, honest try.

Next, I wondered what else I might need to understand about Julie. Looking back, I could see that she had been frustrated that we'd not been able to combine our considerable talents to become an effective and successful team. I committed to *strengthening* our relationship by finding ways in which we could multiply each other's value and contributions.

Finally, I turned the focus even more deeply inward, to ask: what was my real intention here? In what ways did I have a tendency to espouse my values and expect others to live up to them, but not do so myself?

I had always thought of myself as an honest, hardworking person and I felt good when I helped and supported others. It was time for me to live up to this ideal of myself, not just with those with whom I found it easy to get along, but with a person I'd found very difficult to collaborate with in the past. I committed to going into that first meeting with Julie and—while I wouldn't pretend the past had never happened—giving her agenda a *fair* hearing, showing respect, and being prepared for some give-and-take.

Thinking Is Not Enough

Many of you might consider my decision to improve my relationship with Julie to be all the preparation necessary to change my long-held beliefs about her, and sufficient enough to allow me to work with her more smoothly. But it isn't! Just thinking about what you intend to do isn't enough, especially if you make a one-off decision to act differently and then set the decision aside until the event or experience actually takes place.

That's why I didn't stop with my decision to view my relationship with Julie differently. Instead, before our first meeting I visualized a series of responses from her so I could rehearse how I would react and wouldn't be caught off-guard when we were face-to-face. I imagined her making comments during our meeting, saw myself listening, nodding in assent, and saying yes to her suggestions.

But I knew that would only get me so far. After all, I had to prepare myself for consequences I didn't like and suggestions with which I didn't agree. I had to also picture myself reacting more optimally at times when, deliberately or unconsciously, Julie caused a strong negative reaction in me, as I expected her to do.

In order to help myself respond favorably to Julie's behavior, I trained myself to focus on what it was I intended to achieve in this relationship. It was important for me to continually ask: what is the true goal here? It wasn't to "win" over Julie, but for us to work together to grow sales for my old firm.

Double-Loop Learning

What I needed to practice is called "double-loop" learning. Single-loop, or simple, learning essentially means accepting the status quo and optimizing what you are already doing. This is good enough if the task is simple—such as baking a cake—and your current approach seems to be working pretty well (next time, just a tad more vanilla, for example).

However, most real change requires double-loop learning. Double-loop learning occurs when you question your current assumptions, beliefs, and values so you can try something new and achieve more dramatic impact. To be successful in this more complex situation, I knew I needed to be willing to learn and change at a deeper level. I even role-played my conversation with Julie in advance with someone I knew well and felt safe with.

Into the Heat

On the day of our meeting, I had barely gotten in the room when Julie began turning up the heat. Now that the context was different, she explained, she hoped this project would offer "a chance for me to turn over a new leaf at the company." Normally that kind of statement would have been sufficient bait for me to go into attack mode. (You can

see now, can't you, why the visualization and practice exercises are so essential? If you haven't taken time to bring yourself into alignment with your new approach, it's easy to snap back into old, negative habits, and watch helplessly as things go downhill.)

What I did instead of becoming angry was to observe my own reactions, suspend and set aside my judgment, and try a new approach with Julie. While previously I would have resisted her at every opportunity, this time, when she made a suggestion that I thought was ill-informed or untenable, I asked, "OK. How might we do that?"

My old firm had assigned Julie and me to deal with what we called "zombie accounts." These were accounts that were usually dead in the water, but that our salespeople nevertheless claimed were worth the time, effort, and expense to try and resurrect. One of the reasons Sales wanted us to try to revive these accounts was so that they could avoid cold-calling and breaking into new companies, which was not easy.

Most of these "zombies" had a stench of long-term decay about them, and I was skeptical about whether it was worth bothering to go down the list. Given that I wanted to work more effectively with Julie—who did think there was more money to be squeezed out of these accounts—I stopped myself from dismissing the possibility, even though I remained doubtful.

I continued to respond openly and respectfully to Julie's point of view. I remembered that my goal was as much about creating a positive, successful working relationship with her as it was about generating more money for the firm. If the relationship did not work, we would never make any more money for the firm, in any case.

I couldn't have been more surprised at how quickly Julie's demeanor changed—and how fundamentally. To our joint surprise, we both achieved a partial win. As we pursued these zombie accounts, Julie was able to see that my intuition—that there was considerably less money to be gained from them than she had thought—was right. But there

were some benefits to reviewing these accounts that I had not realized. By looking at the accounts in detail, Julie and I were able to help the organization develop more accurate financial forecasts and better understand why they had lost the accounts to begin with.

Had I caused Julie to change? Not really. It was *my* being willing to change and taking practical steps to hold to that higher intention that made the real difference. By modifying my relationship strategy so that it was no longer a zero-sum game but a win-win, I had created a functional path down which we could walk together. This contrasted with the dysfunctional path we had each taken to get our individual needs met in the past. Our ongoing partnership was never perfectly smooth, of course, but working together became less fraught for both of us. Through this improved relationship, we were able to achieve a number of important breakthroughs that enhanced our reputation, both within the company and with each other.

At some point in your career, you have likely experienced a similar business relationship challenge and are wondering how you might learn to achieve your own breakthrough change—for yourself, your team, and your organization. That is what I'll be showing you throughout this book.

Where We're Going and How It Will Work

Drawing on my grandfather Kurt Lewin's legacy about how transformational change takes place, I have adapted his paradigm of unfreezing, reforming, and refreezing to organize the book into three sections that will allow you to quickly and permanently transform yourself and your relationships:

Part One: Unfreezing and New Awareness will provoke you to look afresh at the beliefs and assumptions that exist in your mind, and perhaps your organizational culture, which may be contributing to more breakdowns than breakthroughs. You learn the key attributes of resilient

business relationships and will be prompted to ask questions of yourself and others in order to create a new awareness, reimagine what is possible, and make informed decisions about what you intend to achieve.

Part Two: Reforming and Making New Choices delves even further into the resilient business relationships model outlined in Part One. Here we spell out in greater detail what's involved in developing and maintaining relationships that are strong, flexible, and fair enough to thrive under challenge and not collapse into breakdown mode. A few key strategies, combined with the practical exercises and prompts found in these chapters, are designed to help you apply your new awareness and skills in order to experience quick, specific, beneficial results.

Part Three: Refreezing and Locking in Change offers advice and guidance on how to implement new values, behaviors, rewards, and metrics within your team, department, and division, and throughout your organization, so that resilient business relationships—internally and externally—become part of your culture and a source of sustained advantage.

As Scott Noteboom, the former Head of Infrastructure Strategy, Design & Development at Apple (essentially Cloud products and services)—one of a number of leading executives interviewed for this book who have shared their stories—has pointed out:

“Whenever a big change occurs, the engineering mindset tends to go to ‘I,’ as in: ‘what do *I* need to do?’ Whereas a true leader who needs to get things done realizes that’s not the right perspective. It has to be about community and aligning others with a vested interest in the envisioned outcome. *Our* solution is so much stronger than *my* solution. At the end of it you have a team that produces more, has more trust in each member and ends up better all around.”

By the time you have read this book, worked through the exercises, and implemented the advice given, you will know:

- Why some relationships survive and get stronger under conditions of change and stress while others fail and break down.
- What characterizes resilient business relationships and how your most important relationships stack up.
- How you can build the key business relationships you need to succeed.
- How you can save those key business relationships that appear to be heading toward breakdown mode.
- How to ensure that your team, and perhaps the entire organization, can develop the resilient relationships needed for sustained success.

At this point, you will know how to operate confidently and permanently in breakthrough mode.

This book is not a course in basic communication skills, however. We are assuming that you already know how to have crucial conversations, share effective feedback, actively listen, and conduct successful meetings. (For further advice and guidance on those issues, you'll find a number of books and other resources listed in the Bibliography.)

Nor is it a book about large-scale organizational change methodologies or how to create effective teams. This book offers a practical model that explains how you can transform yourself using techniques that allow you to create effective business relationships, whether they be manager-employee, customer-supplier, or cross-functional. With these tools at your fingertips, you can enjoy the strong, flexible, and fair relationships that are the foundation of sustained and personally satisfying twenty-first century business success.

Are you ready to move forward? Then get yourself settled in and comfortable; just be sure to choose a reliable chair.