



Digging Beneath Deep Dialog

Leadership begins with communicating. But real dialogue is harder than you think.



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Leaders usually are good communicators, but few are as good as they think they are. And over time, even the best leaders tend to speak more and listen less.

That's unfortunate, whether the group they lead is a company or a nation. For most businesses in this rapidly changing world, the most important role of the leader is to create the collaborative structures and processes that facilitate high-quality communication among people who need to work together.

So-called deficits in the dialogue that takes place among key people within and between organizations can be disastrous. The poor communication of key pieces of information played a starring role in the failure of the NASA Explorer mission to Mars--a billion-dollar debacle--as well as in the Ford-Firestone tire recall and the Daimler-Chrysler merger. Postmortems of unsuccessful projects in any company, or any IT organization, are likely to uncover gaps in dialogue.

On the other hand, anecdotal and systemic evidence shows that constructive dialogue--what I call Deep Dialog™--among the right people can lead to major breakthroughs in business processes and cooperation with customers. The initial stages of Jack Welch's uniquely successful term as chairman of GE were spent in dialogues with customers that became the basis of major changes. His successor, Jeff Immelt, took the cue and started his term recently with a set of dialogues with his senior executives.

The skills that help us communicate are only partially inborn. The ability to enter into more meaningful dialogue with corporate management, internal staffers, suppliers, and customers--and to teach others to do the same--is a skill that can be practiced and honed.

Over the past decade, I've studied more than 1,000 management challenges that were identified by senior executives from around the world as the most serious their companies faced. The challenges fell rather neatly into three categories: Changes were occurring faster than ever before; the changes had broader sources of influence; or they had deeper impact.

Faster changes in markets and customers were caused by technological discontinuities such as the spread of the Internet and the increasing need to outsource. Broader changes included the globalization of markets, customers, and competition, as well as the appearance of stronger local

competition. Deeper changes included challenges to leadership's vision of the world.

Leaders who base their competitive advantage on going it alone are particularly challenged in a world that demands more alliances and a corporate-culture shift that supports "seamless" relationships inside the company and with suppliers and customers. This shift in leadership orientation is away from a globally competitive model to one that's both globally competitive and cooperative.

The past year brought another challenge as well: the need to downsize in the face of slower growth and to face the unfortunate consequences of losing personnel who are part of the key informal networks that often form the basis of a business' competitive advantage.

Beneath the surface of these challenges, I found common issues: problems of, or barriers to, communication--which I call dialogue deficits; gaps in the corporate structures that should be promoting collaboration, including the roles of leadership and the performance measures and incentives used to develop effective cooperation; and gaps in the mental model that guides senior management. Many leaders are accustomed to occupying a largely dominant position, where hierarchy, status, power, and control are central. But real dialogue calls for a partnership, or symbiotic paradigm, that emphasizes cooperation as a way to adapt to rapid change.

Talk To Me Like Partners Do		
High Deep Dialog scores correlate with more positive relationships throughout the organization.		
Are these statements true in your company?	% Low scorers saying yes	% High scorers saying yes
Ideas are freely shared between IT and other groups	27%	63%
IT people's feelings are respected	25%	67%
IT people do the right thing in dealing with others	30%	54%
IT people respect the ideas of others	27%	53%
IT people have the resources they need to do their work	28%	44%
IT has good/excellent strategic partnerships with suppliers	19%	66%
DATA: Perlmutter survey of 96 CIOs, senior IT executives, and suppliers, August 2001		

The DNA of Deep Dialog

Is the concept of dialogue really understood around the world? To answer this question, I conducted research over the past 10 years with more than 150 executives from more than 30 countries. They were asked 1) what constitutes real, or deep, dialogue, and 2) how did this kind of dialogue lead to the success of specific projects.

Their answers were remarkably similar. They identified the following Deep Dialog behaviors: sharing objectives; engaging in real communication in an atmosphere of respect; finding mutual understanding of meaning; having conversations to share important information where external factors such as power and status aren't major barriers, and where people show empathic listening and open-mindedness; and being willing to build relationships that permit knowledge sharing and co-learning.

Dialogue is not the same as negotiation. As one executive puts it, "In negotiation, you bargain for a limited pie; in dialogue, you increase the size of the pie to share." Sir John Browne, chairman of BP Amoco, says the point is for people to talk openly to each other rather than to have a "bazaar mentality," where conversations amount to little more than bargaining for information.

All the executives interviewed agree that dialogue is a vital kind of human interaction and that its presence or absence is critical to business success or failure.

To compare the quality of dialogue at different companies, I developed a set of rating scales that measure the seven essential processes of meaningful communication, which I call the DNA of Deep Dialog, and the five types of dialogue deficits that get in the way of meaningful sharing of information. These measures are both statistically highly reliable and valid (see appended "*Reliability And Validity Of Deep Dialog*").

We've administered more than 6,000 surveys in hundreds of companies, rating the strength of their Deep Dialog drivers. Level I, the lowest rating, is where the dialogue is relatively superficial and oriented to the correct tactical and transactional behaviors. Level II is a moderate rating, where the relationship deepens and there's an awareness of the personalities involved and the uniqueness of the people interacting. Level III, the deepest level, is where real sharing occurs.

The seven Deep Dialog drivers we identified are bridging, bonding, banding, blending, bounding, binding, and building, described as follows:

- Bridging begins with an openness to differences. In later stages, there's a willingness to identify and accept these differences and find common ground. The highest level involves rejoicing in differences, listening for reciprocal meaning, and building on and transcending differences.
- Bonding starts with a person seeking and beginning to find personal chemistry, with limited initial trust. At subsequent stages, trust and respect grow, as does compatibility. At the highest level, feelings of deep friendship may grow, and heart-to-heart conversation ensue. Key features are high levels of mutual trust and respect, and seeking continuity of relationships. In some countries, mainly Latin and Asian, bonding may be the key dialogue driver with customers.
- Banding, in its initial stages, involves less "I vs. you." Later, the use of "we" begins to prevail and people begin to share a vision and engage in team thinking. At the highest level, people experience real interdependence and shared identity based on common values. We found in one

study that banding is a key indicator of good relationships with customers, where they feel the vendor is "on their side."

- Blending begins with a co-learning orientation that may come initially from brainstorming, but more likely is born of merging different views and coming up with ideas neither side had alone. Moving higher on the scale, it may involve reframing one another's ideas and can lead to discovering new directions. At the highest level, it may involve building on each other's strengths and reducing weaknesses to create breakthrough ideas.
- Bounding represents a concern with focus and finding a common direction. This can lead to seeking doable initial projects, as well as understanding or revising the boundaries of cooperation. The result is that relevant resources are made accessible to suppliers and customers.
- Binding involves a joint commitment and a future orientation with the different dialogue partners, each of whom accepts a stake in achieving the shared objectives. At the highest level, mutual trust and respect are sufficient to ensure continuity among partners, including suppliers and customers.
- Building is a joint implementation through collaborative social architecture, i.e., a shared vision and mission, with shared governance or leadership process, a shared strategy, and shared operating cultures, with structures for easing implementation. (a chart outlining all the characteristics at each level appears at the end of this article)

The head of private banking at a European bank says his goal is to achieve the highest level of dialogue relationship in all seven dimensions with all the bank's clients. The danger, though, is that if a banker reaches this level and then leaves the bank, his clients are likely to go with him.

As admirable as these goals may be, dialogue doesn't always go well. The primary deficits are fallow, feeble, frozen, failing, and failed dialogues.

- Fallow relationships are moribund; each side knows little about the other. There may be underlying fears or disinterest, or geography may keep the sides far apart physically--but we also found people who work a short geographical distance from each other and yet never have had a conversation. This applies especially to some corporate leaders.
- Feeble dialogue is characterized by a low level of openness, inattentive listening, and an unwillingness to share good information. It's often marked by defensive encounters and infrequent meetings, resulting in lowest-common-denominator outcomes.
- Frozen communication occurs when people get stuck in fixed or polarized positions. Egocentrism prevails. Intermediation may fail, as efforts to unfreeze the relationship are resisted. When this occurs between vendors and customers, the ensuing debates can be disastrous.
- Failing dialogue is signaled by increasing mutual distrust and lack of respect. Efforts to bridge differences diminish, conspiratorial theories develop, and there's a marked reduction in bonding. Without third-party intervention, failing dialogue tends to break down--a particularly serious situation when it involves key customers. Empathy is low, and there even may be sporadic hostility.

- Failed dialogue is marked by bad memories and unsettled scores, and efforts to renew dialogue are discouraged. Empathy is absent.

We also conducted a series of studies to test the predictive power of Deep Dialog ratings. Each of 150 senior executives from more than 30 countries was asked to analyze one successful project and one failed one, using the ratings for Deep Dialog drivers and deficits in one of five specific areas: new product introduction, building alliances, postmerger integration, cross-cultural management, and headquarter-affiliate relations.

The results were highly significant statistically. Successful projects scored very much higher on Deep Dialog drivers and very much lower on Deep Dialog deficits than failed projects; conversely, failed projects scored very low on drivers and very high on deficits. Subsequent studies found that the dialogic relationship is central to a great variety of successes and failures in global knowledge creation, customer-relations management, and government and community partnerships.

In another study, we compared ratings for the inter-relationships among a large number of employees at two companies. Both studies found merely average ratings for dialogue drivers but high ratings for dialogue deficits between managers and employees. The two CEOs were disappointed--but their reactions were quite different.

Richard Lindemuth, CEO of Quantegy, a privately held developer of magnetic-media products, viewed the identification of dialogue deficits within the company as a challenge.

He convened groups of managers and workers, and engaged in dialogue with personnel at all levels. The very first dialogue session he held with employees was hugely successful, uncovering potential savings of more than \$60 million on projects already under way. He's still leading Quantegy.

The CEO of the second company denied the importance of the findings and ignored the underlying message. It took a couple of years, but eventually he lost his position at the multinational corporation.

These findings fit very well with previous research showing that high barriers to upward communication correlate very strongly with major disasters, accidents, and poor performance.

More Meaningful Communication		
Groups that score high on the Deep Dialog scale rate their satisfaction with suppliers much higher than groups with low Deep Dialog scores.		
IT satisfaction with suppliers	Low Deep Dialog scorers	High Deep Dialog scorers
Ease of doing business	50%	100%
Productivity of collaboration	41%	83%
Strategic partnership	50%	100%
Customer-service performance	45%	100%
Product quality	80%	100%
Quality of service	35%	94%
Technical support	30%	94%
DATA: Perlmutter survey of 96 CIOs, senior IT executives, and suppliers, August 2001		

The IT Connection

In August 2001, I conducted a survey for *InformationWeek* on the dialogic relationship between corporate leadership and IT executives in 117 companies. The survey found that both sides rated their relationship as only moderately positive on Deep Dialog drivers and relatively low on deficits. But accompanying commentary indicated that the dialogue deficits were more serious than either side cared to admit. Corporate executives rated their relationship with IT slightly higher with regard to working together and mutual trust and respect than IT did vis-à-vis the executives. But IT scored lower on bonding and binding--that is, on a joint commitment to action. Business leaders said IT was "too arrogant," "too parochial," "too techy." "We see IT as a cost, not a value," they noted. "IT does not understand business issues."

The view was not much prettier across the table. IT saw organizational leadership as "showing a lack of trust, and little bonding with us," as using "IT as a fall guy," and as giving IT "a secondary, lower status." In general, the relations are seen as less direct, scoring high on fallow and feeble.

But there's another side to the story of the dialogue deficit between CIOs and CEOs. Michael Earl and David Feeney, in a recent Sloan Management Review article entitled "How to Be a CEO in the Information Age" (Winter, 2000), shed light on the roles some CEOs may unwittingly play in creating deficits to communication with their business-technology executives. The authors found that a majority of CEOs feel insecure in their dealings with IT and find it hard to engage in a dialogic relationship with their CIOs. Earl and Feeney described this type of CEO as "hypocrites," expressing interest in working with IT but always having "more important things to do" when they are scheduled to meet. Other CEOs are "technology atheists," who decry the cost of technology and advocate a return to the basics of business, rather than supporting "IT pipe dreams."

Then there are "believers," CEOs who build constructive relationships with IT based on understanding and respect for the potentials of technology. Believers see IT as possessing "first-order, not second-order, thinking." They relate to the CIO with quality time; sponsoring internal and external architecture supportive of IT.

The IT group in the *InformationWeek* survey recognized that dialogue deficits may exist and suggested that organizational leadership work with them to foster collaboration. To that end, they recognized that IT must develop its own dialogue skills and use them to demonstrate that it can add value in staff meetings.

Organizational leadership also suggested ways to elevate IT to first-class citizenship. They suggested they might develop shared goals, bring IT into the business-planning process as peers, coach IT in a service orientation, help IT develop open-communication techniques, and engage IT in dialogue more frequently. Some leaders said they aren't certain they have the right IT people in the absence of Deep Dialog relationships.

Global Team-Building

It should come as no surprise that behaviors that drive Deep Dialog are essential for effective global business teams. Since team members usually come from different countries, the team will need cross-cultural learning as it clarifies objectives, builds mutual confidence and trust, bridges differences, and aligns motivations and capabilities to the tasks it faces. One senior executive, whose global research-and-development team functions virtually, found it necessary to bring the team members together physically every three or four months, and to convene a global R&D conference for face-to-face bonding and banding. There's considerable evidence that the face-to-face experience has distinctive properties, perhaps even a biochemical reinforcement that stimulates long-distance co-learning.

While companies like British Petroleum and General Electric strive to forge seamless relationships inside and outside their corporate walls, developing boundaryless dialogue relationships is especially important inside the company--between headquarters and affiliates, organizational leadership and IT, IT and suppliers, and within global R&D teams. In one global computer company where CIOs are the clients, suppliers who rank very high on Deep Dialog drivers are recommended to other clients by the CIOs, while suppliers who score low tend not to be recommended.

Businesses engaged in cutting back on costs and people soon may find they're destroying the productive, informal communication networks that serve the needs of important customers and make their companies work. The key properties of leadership, then, will become easing collaborative social architectures inside and outside the company; fostering Deep Dialog communication; and orchestrating the functions of multinational stakeholders. AOL Time Warner, for example, chose its new president, Richard Parsons, largely for his skills in building partnership and symbiotic relationships.

Moving forward, the symbiotic paradigm also will encourage the development of collaborative roles for employees and affiliates, the creation of centers of excellence in flatter and more responsive organizations, and partnerships to get the best ideas from anywhere in the organization to serve customers anywhere in the world. The same holds true for building networks of cooperating companies, both public and private.

In this millennium, partnerships will prevail over the dominance-dependence model and serve as the basis for optimizing the use of resources. Talents in bridging, bonding, banding, and so on can only become more valued in a world where changes occur faster, more deeply, and more broadly. Talents in developing innovations in collaborative social architecture with customers also will be increasingly valued.

There's a long list of possible applications of the concepts of Deep Dialog that will be of interest to business-technology executives: knowledge management, post-merger integration, downsizing, developing information and communication technology, and developing international networks to deal with such global problems as genocide, disease, pollution, and terrorism. ♦

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Sidebar: The 90-Day Plan

Businesses of the future will find it indispensable to audit the quality of their dialogue as rated by managers, employees, suppliers, communities, and government. There's no reason to wait, though. Take the initiative and uncover the asymmetries around your own dialogue--where you may see a relationship driven by dialogue, the other side may see mainly communication deficits. Here are some steps to get you started:

- **Assess the quality of your dialogic relationships** with the people within the IT group, and between IT and other key functions in your company. Go through the list of dialogue drivers and rate where you stand with each. CIOs should focus particularly on the CEO leadership relationship.
- **Review successful and failed IT projects** to detect the extent to which Deep Dialog factors influenced their success or failure. Determine corrective actions you can take to improve the probability of success of future projects.
- **Think about which supplier relationships** need improvement, and convene an informal meeting to discuss dialogue issues.
- **Corporate leadership often believes that technology executives** are out of touch with the real driver of business--the customer. In your next meeting with a key supplier, turn the conversation into a real dialogue. Talk about how you can meet each other's needs, discussing each of the seven dialogue drivers. Get the supplier involved in a shared goal of coming up with new ideas to meet the needs of your customers. ♦

Sidebar: Reliability And Validity Of Deep Dialog

We have demonstrated the reliability and validity of the Deep Dialog measurements across a series of studies, including thousands of clients rating their vendors, business partners, and co-workers. The internal consistency statistics of Deep Dialog drivers and deficits are very high (0.97 and 0.92, respectively, on Chronbach's Alphas reliability scale, where generally the target is 0.8 or above.) We also have a large body of data on the validity of Deep Dialog and how closely it reflects important business performance indicators such as the likelihood of purchasing additional products from a vendor and satisfaction with business collaborations. The following table compares ratings of key business relationships for individuals who met the targets for good Deep Dialog ratings, scoring at least 7 out of 10 for drivers, and 3 or below for deficits.

	Those meeting targets	Those not meeting targets
Likely to purchase additional products	70%	25.2%
Likely to renew contract	90%	57.8%
Likely to recommend to others	96.9%	58.6%
Satisfied with product quality	93.3%	65.9%
Satisfied with customer service	96.6%	56.1%
Satisfied with account team	88.1%	46.7%
Satisfied with technical support	90%	46.4%
Satisfied with strategic partnership	95.6%	59.2%
Satisfied with productivity of collaboration	86.6%	48.9%
Satisfied with benefits to business	82.5%	49.4%
Satisfied with understanding business needs	83.6%	31.4%
Satisfied with product value	100%	62.5%

Data obtained across several studies, including more than 3,000 participants. Ratings include categories of "likely" or "very likely," "satisfied" or "highly satisfied," and "good" or "excellent." Ongoing research surveys on Deep Dialog are conducted by GuideStar Research (www.guidestarco.com).

Sidebar: The Road to Dialog

Dialog Drivers			
	Level I	Level II	Level III
Bridging	<ul style="list-style-type: none"> • Unfreezing • Identify differences • Develop openness to differences 	<ul style="list-style-type: none"> • Accept differences • Build on differences • Listen for reciprocal meaning 	<ul style="list-style-type: none"> • Rejoice in differences • Transcend differences
Bonding	<ul style="list-style-type: none"> • Initial personal contact 	<ul style="list-style-type: none"> • Feelings of friendship, compatibility • Desire for continuity of relationship 	<ul style="list-style-type: none"> • Heart to heart conversation • Mutual trust and respect
Banding	<ul style="list-style-type: none"> • Initially experiencing "we" • Finding common ground and interdependence 	<ul style="list-style-type: none"> • Sharing vision • Joint team thinking 	<ul style="list-style-type: none"> • Shared identity • Deep common values
Blending	<ul style="list-style-type: none"> • Co-learning orientation • Initial brainstorming 	<ul style="list-style-type: none"> • Reframing each other's ideas 	<ul style="list-style-type: none"> • Dynamic syncretism • Major breakthrough ideas
Bounding	<p>Concern with focus Seeking a domain of sharing</p>	<p>See doable initial project Understand boundaries of cooperation</p>	<p>Make resources available for shared important direction</p>
Binding	<ul style="list-style-type: none"> • Initial joint commitment • Joint stakes in outcomes 	<ul style="list-style-type: none"> • Trust level sufficient for real commitment 	<ul style="list-style-type: none"> • Profound irreversible commitment • Long term continuity assured
Building	<ul style="list-style-type: none"> • Joint implementation orientation • First steps for shared social architecture 	<ul style="list-style-type: none"> • Vision linked to initiatives • Shared governance • Shared understanding of strategic positioning 	<ul style="list-style-type: none"> • Shared operating culture and structures to facilitate implementation

Dialog Deficits			
	Level I	Level II	Level III
Fallow	<ul style="list-style-type: none"> • No knowledge of other • No interest in other 	<ul style="list-style-type: none"> • Underlying fears about contact 	<ul style="list-style-type: none"> • Real aversion to contact • No opportunities seen for contact • Depersonalization, negative stereotypes
Feeble	<ul style="list-style-type: none"> • Low openness • Superficial meetings 	<ul style="list-style-type: none"> • Inattentive listening • Defensive encounters • Defensive encounters 	<ul style="list-style-type: none"> • Lowest-common-denominator outcomes • Narrow domain of sharing
Frozen	<ul style="list-style-type: none"> • Stuck in fixed positions • Polarization on issues 	<ul style="list-style-type: none"> • No bridging appears possible • Egocentrism prevails 	<ul style="list-style-type: none"> • Deep chronic stalemate • Intermediation fails
Failing	<ul style="list-style-type: none"> • Fewer efforts to bridge • Distrust increasing 	<ul style="list-style-type: none"> • Respect decreasing • Marked reduction in bonding 	<ul style="list-style-type: none"> • Conspiratorial theories • De-bonding well underway • Poor performance outcomes
Failed	<ul style="list-style-type: none"> • Bad memories • Unhealed wounds • Empathy discouraged 	<ul style="list-style-type: none"> • Unsettled scores • Resist all efforts to renew dialog 	<ul style="list-style-type: none"> • Depersonalization of others • Seen as the enemy • Hostility, hatreds may be expressed