

THE IMPORTANCE OF A DISSENTING VOICE IN BUSINESS

By A. Brent Strong, Brigham Young University

Business today — The real reason the stock market is down

The dot.com fiasco certainly caused a severe drop in the stock market, but the dot.coms are largely behind us now and yet we still see continuing stock market woes. What nags at many of us is a loss of confidence in our corporate leaders. It's the Enrons, Global Crossings, and numerous other examples of unethical or illegal activities that disturb us. Evidences of corporate malfeasance continue and suggest that more trouble is in store. Hence, we don't know where to put our investment money.

The Federal Government has properly taken the stance that the corporate leaders were wrong in their unethical and illegal activities and must be punished. The government has also laid blame on those who should have, but didn't, strongly advise the corporate leaders that they were engaging in wrongful acts. Hence, the Enron executives have been indicted and so have the Arthur Anderson accountants. Recently, a proposed ruling from the Securities and Exchange Commission seeks to hold corporate lawyers responsible for not taking a stronger position on these illegal and unethical activities. The SEC says that the lawyers should have told the leaders not to do the illegal and unethical activities and, if not listened to, the lawyers should have resigned. In essence, the government is suggesting that it will be mandatory that those who should give dissenting views do so.

These problems of large corporations are certainly disturbing. But, what is even more unsettling is the feeling among many that unethical and even illegal behavior is rampant among all industry, including small companies. Surely there is a standard of ethical performance that is higher. This article aims to assist in establishing a realistic system for guarding against activities that might be viewed as less than the high standard for which we all want to be known.

A different corporate culture – Reasonable dissent

The current system of guidance for corporations is clearly not working properly. What we need in corporations is a system of evaluation and constructive criticism that will spotlight potential problems and then resolve them openly. This open system usually also leads to empowerment of employees deep within the organization because it gives voice to people other than the top executives. The role of management becomes a support for those who actually do the work of the company. The leaders develop the goals and principles for the company, provide the resources needed for success, encourage achievements, and allow the people to create success where it is most important—in products and services to customers. This type of culture requires that top management be able to separate their personal egos from finding the best solution. Throughout the corporation, the people must be able to accept new ideas, even those “not invented here.” Some corporations have already developed this type of culture and they seem to believe that the culture has contributed to their success. One such company is Nike.

Outsiders look at Nike and see a company where the employees are passionate about their work, sometimes to the extent that they ignore corporate decisions to cancel a development effort. Such was the case with employees who wouldn't stop working on shoes for car racing teams to be sold to NASCAR drivers and pit crews. Now that market is a hit and Nike rewarded

the rebellious behavior of those employees. The management has a "rebel is hero" mentality. And why not. That same mentality also created the fantastically popular cross-trainer line of shoes.

The acceptance of dissent can lead to a very unusual pattern of promotions. Nike promotes people who work hard and make things happen rather than those who have extensive qualifications. Some of the people could not qualify for their jobs in other organizations. But at Nike, success and passion are rewarded. As a result, the company is at its best when it is creating trends rather than capitalizing on them. These trends come from those whose dissenting voice says, "Look beyond the horizon!" not from those in management and operations plead for conservatism and efficiency.

Nike lacks a strong corporate structure. Teams are the principle organizational feature and are considered to be the units of innovation. Sometimes the teams are assembled by management but other times the teams are self-assembled. Both are accepted.

Teams and their various stages

Nike's use of teams is logical for their corporate structure and culture. That is also true of Microsoft and IDEO, two other very innovative and successful organizations. Teams foster enthusiasm and also allow dissent. Understanding teams and the four evolving stages that they pass through can be important in understanding how dissent is helpful in an organization. These are the stages of a team, from beginning to final excellence.

1. Forming is the first phase of team growth. The activities during this phase are getting organized, setting objectives and rules, and getting to know each other.

2. Storming is the second phase of team growth. This phase grows naturally because people do not see things in the same way. During this phase the team experiences much dissent and conflict. Many teams (and some marriages) fail during this phase. Because of the unpleasantness of this phase, some teams work very hard to go around the Storming Phase. This is generally a mistake. The team needs the frank and, sometimes, rocky interactions of Storming to develop true understanding that will be important for later stages. In essence, the team needs dissent and the positive outgrowths of dissent.

3. Norming is the next phase of team growth. It is characterized by a *toleration* of each other and an agreement to disagree. Many groups (and marriages) believe that they have achieved success when they get to this stage. They become "normalized" and pleasant, but still lack strength.

4. Performing is the final stage of team growth. In this stage the members of the team *appreciate* the differences between them. They adopt the attitude that they are better because of the synergy between them, that is, the whole is greater than the sum of its parts. In another analogy, the team members feel that they are like pieces of 2x4s. Individually they can support well, but when two are joined together, they are able to support more than four times the amount they could individually. The characteristic of this stage of the team is *dynamic accomplishment*.

Teams, like corporations, need to pass through all of the stages. When they finally get to the performing stage, they have not only learned to tolerate dissent (differences), they have learned to appreciate dissent and use it to make them better. Notice that dissent can come from all members of the organization and should be encouraged at all levels. This requires that the management be tolerant and appreciative of dissent.

Dissent within management – A case study at Hardie Irrigation

You've probably never heard of Hardie Irrigation, but for me it was an important part of my career and I hope you won't mind this personal story. It really illustrates well the value of dissent within a management team. Hardie Irrigation used plastics extrusion and injection molding to make products for the drip irrigation market. It was a relatively small company but had an important niche in the irrigation market. I was hired as the Technical Director but became the president of the company within a few months. The company was in chaos and was losing about \$1 million a year on sales of \$ 9 million. We needed a major revision in the way the company was being run, and, because I had never had CEO experience before, I assembled a team with four strong vice presidents to help me.

One of those vice presidents, Jack Langa, was responsible for new product development. He had invented the principal product of the company when he worked as an agricultural engineer in Hawaii. He knew the products from the viewpoint of the customer. He was also a strong voice of dissent whenever we made decisions that he considered to not be in the interest of the customers. For instance, sometimes a warranty problem would be fuzzy. The product may have had some problems, but the customer clearly also had done something wrong. Nevertheless, Jack made sure that the customer's views and problems were always represented. He did the same thing when we were evaluating products that had been set aside for quality where the quality problem was not covered by our normal product quality procedures.

Over several years Jack was a voice of dissent in my ear. One day he came in and said to me, "I know I am a burr under your saddle. I also know that you won't always do what I say, but I always appreciate that you will listen to what I say."

We had a great management team and the company was very successful under our guidance. All five of the management team became good friends and we remain so today. We didn't always (often) agree, but we valued each other's strengths and opinions. We all agree that our time together was a highlight in our corporate lives.

What does dissent enable

Clearly in my case at Hardie Irrigation, dissent led to success. Our customers trusted us, we were able to solve problems by joint effort of the management team, and we developed a culture in the company in which most of the other employees enjoyed their work and felt empowered. Much the same is true, I think, at Nike.

I also believe that dissent is a critical, necessary element in creativity. Dissent leads to questioning the status quo and that leads to finding better ways to do something. Hence, progress is tied to the ability to listen to and evaluate dissent. For instance, as a professor I ask the students to evaluate my teaching at the end of every semester. The students give numerical scores and some make additional comments. After reading them, I often give them to my wife to read. She gets angry and defensive on my behalf when a student really gives me a strong criticism. But, I remind my wife, the criticisms are the best reviews because those are the ones that lead to improvement. I think that all executives should ask their subordinates to give honest performance evaluations of the executive himself, just as the executive gives reviews of the subordinates. If this is not done, how will the executives know where to improve. Who grades the boss if not the boss's closest associates?

It would be a rare executive that did not want quality control on the product or service that is provided. What kind of product would be made if only good data were released? In a

very constructive way, quality control is dissent. It says when the process is not right. The concepts of good quality control should be applied to the executives and, with equal vigor, to the entire organization. Perhaps the most important of the quality principles in this regard is "continuous improvement." That doesn't happen unless some dissenting voice is willing to say when the status quo is not good enough. We need data that is both good and bad. The good data puts the negative data in perspective, and vice versa.

Where should we look for dissent?

Teams must have dissent, at least during the storming phase of their existence. These teams might be project teams, production teams, or management teams. It is a wise executive that can anticipate this dissent and then move on to acceptance and eventually appreciation of the dissent. The leader should also work to get the team to move through all of the phases of team development so that the final and most productive phase can be achieved.

Among the most important teams in an organization is the management team. This is especially important in a small company where resource limitations require that everyone give to their capacity. Hence, a good executive of a small company should seek management assistance from a carefully chosen team of subordinates. Then, empower them to say what they really think.

Management should also look to their board for dissent. There is good efficiency in the British system of corporate boards where, usually, the board is composed of the management team. However, I prefer the independent board that is more common in the United States. The purpose of the board is to give a broad perspective. Sometimes that overview is critical. That is usually a benefit to management because it forces management to think out-of-the-box. It forces

examination of the status quo. Even if you have a very small company, with only yourself or a few others as management, you should consider forming a board to advise you. This board should be given the power to offer dissenting opinions.

Sometimes outside consultants or employees, like lawyers and accountants, have the perspective that is valuable for giving broad and independent views. Too often these outside people have wanted to keep their positions more than they wanted to say the truth. I find that situation both sad and alarming. Professional integrity should lead to openness and healthy criticism, no matter what the consequences might be.

The employees of a company are a tremendous asset if allowed to be. They are in positions where they can see the need for improvements at the level where those improvement can often bring quick and positive results. Too often, usually for reasons of pride and false sense of organizational discipline, management depreciates this employee honesty. The suggestion box has become a joke in most companies. Rather, company leaders should have an open door policy and real rewards for suggestions that lead to improvements. If the suggestion is negative, that dissent should not be punished but, rather, encouraged. Remember, the secret to success in getting honest dissent is not always implementing the suggested change but, rather, always honestly listening to the suggestion.

Finally, customers are a wonderful source of healthy criticism. I remember when I was in the irrigation company I paid a visit to Minute Maid Orange Juice, our biggest customer in Florida. The manager of Minute Maid told me that he liked our product (it was black irrigation hose), and was willing to pay the premium price we charged because he believed that our product was superior in quality and consistency to the competition. However, when he bought

the product from our dealer, the hose was in coils that looked the same as all our competitors. This was polyethylene and so we could not get printing to stick to it. Hence, we could not easily print our name on the hose and everybody's hose looked the same. I brought the problem back to our management team and the sales manager suggested that we put a blue stripe on the hose. We could extrude the stripe on with blue polyethylene that was applied at the extrusion die, thus making the stripe permanent. Although we had objections from manufacturing, we agreed to try it. Our customer was delighted because he could then identify our hose. (We obtained a trademark on the stripe so that only we could use it.) Today, that hose is common in irrigation installations and we have been told that some system designers simply specify "blue striped hose." A success story that arose from a customer complaint!

Is there bad or harmful dissent?

Harmful dissent is probably that dissent where the focus is destructive. It may sow seeds of discord in the organization. My experience, however, is that even this dissent, with proper management attitudes and corporate culture, will be widely viewed as not helpful and, therefore not taken seriously. Hence, it probably doesn't really hurt.

What about whistle blowers? Are they helpful? Whistle blowers have a place when management is doing something illegal. Because so many corporate managers don't tolerate dissent, the ultimate recourse of some employees is to become a whistle blower. The problem is with unresponsive management.

The manager that demands blind obedience is asking for stagnation and discontent. Even the most obedient of organizations, the US Army, has recognized the need for dissent and openness. William Pagonis, in an article published in the December 2001 *Harvard Business*

Review, reports on a time when he was a commander in Viet Nam. He was told by his superior not to rescue his comrades. Pagonis says that he developed "radio trouble" and said to his own men, "We've got to go back and help." He further reports that he asked constantly, "What do the other people on our team need? Why do they think they need it, and how can we give it to them?" In essence, he describes a people-oriented military. It is increasingly a military in which decision-making is pushed downward in the organization. This is, of course, the process of empowerment. But empowerment doesn't operate well in a vacuum of information. It operates best when people know all the issues; and that requires open dissent.

There is a time and place for this dissent in both the military and in corporate society. A good leader will be able to allow the dissent and then use that openness to build passion for the mission of the organization. Emotional involvement of that type comes with being respected and valued. These are fostered by openness.