Center for
Creative
Leadership®

Better Culture Starts with Better Conversations

How More Effective Conversations Can Transform Your Organization

If you can improve the quality of the conversations in your organization, you can shift the culture and accelerate positive business outcomes.

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EXECUTIVE SUMMARY

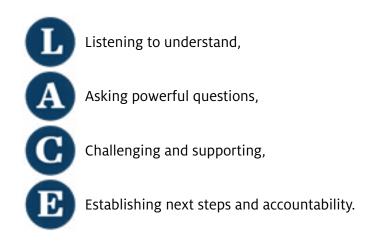# The Power & Pervasiveness of Conversations

To truly understand an organization's culture, just listen to the conversations. How people interact with one another — in the hallways, in conference rooms, in one-on-ones, even in informal chats by the coffee maker — is the truest indicator of a company's culture.

From grand business strategies and industry-shaking innovations, to everyday interactions between frontline employees and customers, conversation is the software — the operating system — of modern organizations. If you can improve the quality of the conversations in your organization, you can shift the culture and accelerate positive business outcomes. Conversely, poor quality conversations foil the best strategies, frustrate and demotivate high-performing talent, and impede organizational success.

At many organizations, the quality of conversations has evolved little in the last 25 years, even as the competitive environment has changed dramatically. The most successful teams have learned how to foster higher-quality conversations that are richer and more nuanced, consistently lead to action and accountability, and produce more adaptable, resilient, and dynamic cultures.

The best news? There are a few specific conversational behaviors that can make an outsized difference, and anyone — from the CEO to entry-level workers — can learn and practice these behaviors, significantly improving the quality of every interaction.

Better conversations are built on 4 core skills, which we refer to as LACE™:

L Listening to understand,

A Asking powerful questions,

C Challenging and supporting,

E Establishing next steps and accountability.

While these principles may seem unsurprising at first glance, our research has found that most individuals have significant deficiencies in one or more of these areas, **and people who practice all 4 of these skills are rated as more effective by their superiors than those who don't.**[1]

This white paper explores the role of conversation in organizational culture and business outcomes. It also lays out the behaviors that distinguish high-quality conversations and the impact those behaviors have on productivity, culture, and business results. Finally, it illustrates the importance of pairing these ideas with highly effective, scalable, and sustainable learning solutions.

[1] *Based on a study carried out by CCL researchers. Data from 1,852 leaders was evaluated by comparing their performance on various behaviors measured on a 360-degree assessment (as rated by their peers) against their perceived effectiveness by their manager.*

Better Conversations Are a Business Imperative

It doesn't matter what the plaque on the wall says or how the website reads. The true picture of an organization's culture shows through in the conversations.

Conversation is the 21st-century organization's operating system. It is the single activity that connects everything a company does — from operations, sales, and strategy, to marketing, customer service, and more. Problem-solving, organizational change, talent development, and a host of other critical daily functions are mediated by conversations between individuals and in groups.

Most organizations and most people, though, are using an outmoded approach to conversations. Like an outdated operating system, the conversation isn't up to the challenge of a diverse, digitally hyper-connected, furiously fast, global environment.

The result is a familiar litany of corporate woes: failed change initiatives, difficulties implementing new strategies, challenges retaining top talent, lost productivity, low customer satisfaction, and more.

The risk is significant for organizations. If conversation is the underlying operating system, then key business priorities — such as strategy, innovation, growth, and enhancing equity, diversity, and inclusion — are like individual software applications that run on it. Just as with a computer, the effectiveness of the individual priorities is constrained by the adaptability, responsiveness, and capacity of the overall operating system — in this case, the quality of the conversations.

That's why better conversations are a business imperative.

Conversation Is Simple — But Not Easy. What Gets in the Way?

At first glance, it may seem simplistic to suggest we need to learn how to have better conversations. After all, talking with each other is a skill we first learn as young children. Most of us have practiced it every day of our lives in a wide range of personal, educational, and professional contexts. How could we not already be highly skilled at something we do so much?

It turns out that having effective, efficient, and emotionally intelligent conversation doesn't come naturally to most people. There are a number of challenges that get in the way:

- Neuroscience has revealed **how our brains can be hijacked by emotions** that cause us to react in conversations in ways we don't intend to, and which can sometimes derail the discussion and be harmful to the overall relationship.

- We also know that **our brains, left unchecked, make up stories** — interpretations of data or experiences — that are often inaccurate. Confirmation bias is a related risk, only seeing or hearing data that supports our pre-existing beliefs.

- Ego gets in our way. **We think that what we have to say is really important**, and instead of truly listening, we focus on not forgetting our important thought and on finding a break in the conversation to interject our brilliant remark.

- We're taught to act professionally at work, to react to people according to their relative position in the organizational hierarchy, and to focus on facts and objective data. In the realm of feelings and perceived conflicts around values, conversations may not get to the heart of the issue, resulting in a collective failure to acknowledge what is really going on. This can result in **masked communication and skirting around difficult truths.**

These are just a few of the challenges representative of an outdated operating system that prevents organizations from talking about what really matters and unlocking their full potential.

So, how do we minimize the chance of that happening, and improve organizational culture by strengthening conversations?

4 CORE BEHAVIORS FOR
BETTER CONVERSATIONS
EVERY DAY

(L)

LISTEN TO UNDERSTAND

(A)

ASK POWERFUL QUESTIONS

(C)

CHALLENGE & SUPPORT

(E)

ESTABLISH NEXT STEPS & ACCOUNTABILITY

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4 Core Behaviors That Make the Greatest Difference
LACE™-ing Together Better Conversations

Fortunately, better conversation skills can be learned, and these challenges can be mitigated, leading to better relationships and better business outcomes. The following 4 behaviors are helpful for everyday conversations among leaders at every level, and are flexible enough that they can be used one at a time, or all together. They're just as powerful and effective in common daily interactions like team meetings, brainstorming sessions, weekly one-on-ones, and impromptu hallway conversations as they are in sensitive, high-stakes, or emotionally charged conversations.

Listening to understand. While most of us naturally concentrate on communicating in a way that ensures we are understood, few of us focus nearly as much on listening to truly and deeply understand. Listening to understand goes far beyond the "active listening" skills popularized in the media, which many professionals pick up in school or early in their careers.

Listening to understand focuses on the idea that there are multiple levels of information we must tune into during conversations. One level, of course, is the factual information being presented — most of us tend to pay attention primarily to that. But listening for the values behind the topic at hand and the emotions that people bring to an issue is an important part of a better conversation. That's where we often find unstated objections, sensible reservations, and concealed barriers that might torpedo new initiatives. Stronger and more robust solutions to business challenges emerge when people are really listening to understand one another.

Asking powerful questions. Though it sounds simple, there is an art and a science to asking questions. The goal is to do more than create mutual understanding about the facts. At their best, questions can help uncover insights that wouldn't have come to light otherwise. Powerful questions can help take people somewhere new — beyond their original understanding of a topic or issue.

A non-directive prompting question like "*How do you want your team to feel when you announce the new initiative?*" is likely to spark more reflection and lead to greater insights than asking "*When are you announcing the new initiative?*" While the latter question might be helpful in getting the person inquiring up to speed, it isn't particularly powerful and isn't likely to add any real value for the person answering, as they simply repeat a straightforward fact they already know.

Challenging and supporting. We all need our thinking challenged at times. Challenge can stress-test ideas and uncover unexamined assumptions. It can lead to stronger, shared understanding. But taken too far — or offered at the wrong moment and without sufficient support — challenge can cause damage. Providing support includes assuring people that they've been heard and, especially, that their feelings and values are understood. It provides an important sense of psychological safety, builds trust, and encourages honesty and transparency.

The real art of conversation, informed by neuroscience, is balancing an appropriate mix of challenge and support. When that ratio is right, and practiced in an authentic rather than formulaic way, challenge is received and actually fosters more constructive dialogue, rather than triggering defensiveness.

Establishing next steps and accountability. The goal of a conversation is always that those involved walk away with a shared understanding of what they discussed, and that those conversations lead to actions that will create positive change. Connect conversations to action by establishing next steps and accountability ("*So, I'll send you an email by Friday, letting you know how it went*"). This ensures that the value, insights, and decisions created by a better conversation aren't lost.

One of the difficulties in establishing next steps and accountability is when a conversation is related to a very complex and layered challenge. The result is often that people feel overwhelmed and "stuck," unsure of what to do next. Equipping your people with simple techniques to prepare them for this situation can help them move a colleague from overwhelmed and confused to empowered and clear — ready to take the "first right next step," exponentially increasing the chance of successful follow-through.

How Better Conversations Can Impact the Bottom Line

A financial services company was going through a major corporate reorganization. As part of the transition, a finance manager was having trouble getting what should have been routine information to close out certain financial accounts. The manager was baffled at the opposition to his request until he learned about the 4 core behaviors of better conversations, and put those into practice. When he applied "Listening to understand" and "Asking powerful questions," he uncovered the source of the hidden resistance in the employee he was dealing with. With the resistance surfaced and concerns visible, the issues were quickly resolved. The conversation sped up the process of moving the funds and saved the company an estimated $300,000 in fees.

The Importance of Scaling a Conversational Upgrade

When enough people at an organization upgrade the quality of their conversations, something powerful begins to happen. As a critical mass is reached, relationships strengthen, engagement increases, culture changes, and performance improves. Interactions become more effective when most or all individuals within an organization have learned and practiced the skills of better conversation.

Because a conversation by definition involves two or more people, the quality of the dialogue will be higher when all individuals involved have a similar baseline level of familiarity with how quality conversations work, than when some have those skills and knowledge and some do not.

Also, because conversation functions like the operating system within an organization, individuals or sub-units that *don't* get a conversational upgrade will find themselves stuck in an old and outdated mode of dialogue. This limits their potential to add value through the conversations they have, and constrains the success of the business priorities the organization is trying to run through or layer on top of the operating system.

And finally, when a critical mass of people share a common understanding of concepts and terms around what constitutes an effective conversation, it smooths the way for people to apply their new skills in their everyday work. Widely applied, improved conversational skills benefit the organization by creating a more robust, dynamic, and psychologically safe culture.

That's why leaders who want to truly transform their cultures should consider how the pervasive nature of conversation makes it perhaps the most powerful lever possible for organizational transformation.

Critical Success Factors for Upgrading Your Conversations

A stronger organizational culture powered by an investment in better conversations requires an operating system that is:

Driven by business priorities. Improving the quality and effectiveness of conversations for the sake of better communication alone isn't the point. Better conversations must happen in service of accomplishing business priorities. If you are investing in a conversational skills upgrade, we recommend making this connection clear and explicit, so everyone — from your frontline employees to your CEO — understands that strengthening conversations helps support organizational priorities. Failure to clarify the compelling business case for improving your conversations is like forgetting to connect your operating system to a power source.
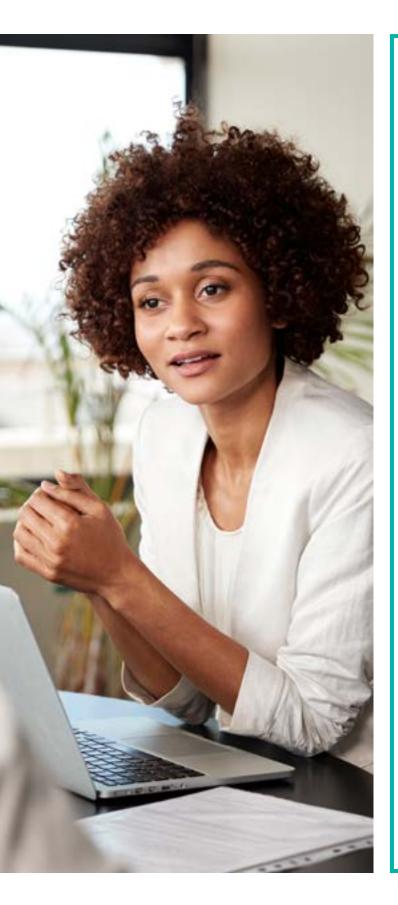
Multi-directional and designed for the entire organization. A generation ago, leaders at the top had more information than anyone else about how to run the business and compete in the marketplace. They shared knowledge and provided direction through hierarchical structures. Today, insights are spread across highly matrixed organizations, and frontline employees have access to information critical to the business. Knowledge that was once difficult to obtain is now more widely available than ever before. And shifting preferences, attitudes, and behaviors among customers and younger employees may be seen first by frontline managers and workers. Companies that enable conversation to flow freely and accurately up, down, and across the org chart are therefore better equipped to understand and respond quickly to changing environments and shifting customer needs.

Emotionally intelligent to unlock engagement and performance. Leaders and their direct reports must do more than just openly share information with one another, though. Leaders must also understand the emotions, values, and attitudes woven into daily work — the factors that fuel commitment in an organization. Candid, constructive feedback must be provided, and those receiving the feedback must understand and act on it. These kinds of conversations are richer, more nuanced, and more valuable, but they also require additional skills. Decades ago, many organizations operated successfully under strict command-and-control hierarchies: The boss issued orders; workers obeyed. But changes in social values, increasing diversity, and leaner org structures mean leaders must now engage the hearts and minds of their talent. An investment in better conversations creates a more engaged, focused, and effective workforce.

Future-proof and practical enough to be practiced daily in the real world. Information comes incessantly, bringing data (though not necessarily insights) about customer needs, new competitors, disruptive innovations, political surprises, and economic uncertainty. Teams often feel stressed by the pace and complexity of the modern workplace, and things aren't slowing down any time soon. The conversational operating system must be capable of responding to current and future demands — even when tensions are high and our primitive "lizard brains" threaten to overwhelm our logical faculties. And upgrading that operating system must be done in a way that's not too theoretical and disconnected from daily work. All too often, organizations invest in trainings or employee engagement initiatives based on popular books or current fads, only to find that while they may hold nuggets of truth, they're too theoretical and academic for everyday use. As a result, yet another workshop book ends up on employees' bookshelves, but little of the organization's culture actually changes.

Straight Talk on Conversational Skills for Organizational Change

Choosing to develop conversation skills across your organization is an investment. Consider:

Does the approach address a single challenge or would it impact multiple business priorities? Conversations are at the heart of your organization, but not all conversational skills trainings or coaching skills programs will shift your culture. Most approaches focus on manager training or are oriented around single challenges. Like patching a single piece of software, that's helpful, but of limited value — for a limited audience and limited application. To truly impact multiple business priorities while strengthening the fabric of your entire organization, the larger operating system of conversation must be universally upgraded.

Can you scale across your organization? Don't underestimate the power of equipping everyone to really glean the benefits of transforming how the entire organization interacts. Impact is measurably greater and results are more sustainable when everyone in the organization is brought along in the culture change, rather than simply training managers and hoping for a trickle-down effect. Consider the cost, the time required, and whether the provider offers options — such as a licensing program or the option for your own in-house facilitators to lead learning programs — which would make it easier to reach most or all of your people.

Will employees be able to put the learning to work immediately? Some programs may seem attractive because they're laser-focused on a single type of conversation such as "difficult conversations." But when your employees leave the training and go back to work, how soon and how often will they put what they've learned into practice? New skills will fade and soon be forgotten if they're not used right away. The best approach is to focus on skills that can be used each day, and to wrap those skills in a learning journey for continual reinforcement.

CONCLUSION

Recommendations for Senior Leaders

Conversation is the most basic building block of your organization's culture.

Improving the quality of conversations in your organization can create a cascading culture change that will make your organization smarter, faster, more resilient, and more change-ready.

This begins with equipping individuals at all levels of the organization with the 4 core skills: listening to understand, asking powerful questions, challenging and supporting, and establishing next steps and accountability. As a critical mass of individuals learn and practice these skills, the quality, quantity, and velocity of information-sharing inside your organization will increase. Likewise, the ability of your organization to change its collective behaviors, to innovate and collaborate, and to take a more proactive, aggressive stance in the face of change will get stronger.

For greatest impact, ensure your organization begins this journey thinking about culture change, not just training managers or developing coaching skills. Anchor the work to clear business priorities. Adopt an approach that is simple, scalable, and able to be practiced by everyone in your organization on a daily basis. Ditch theoretical, academic, or merely entertaining approaches for one that ensures people apply these new skills to solve real workplace challenges. Reinforce the learning early and often so these new skills turn into habits. Celebrate successes and tell stories of impact as you watch a culture of better conversations become the predominant operating system of your organization.

Ready to Take the Next Step?

*Upgrade Your Culture and Make Learning Stick
with Better Conversations Every Day*

At CCL, we've distilled learnings from the over 20,000+ hours of 1:1 coaching we deliver each year to clients around the globe into a simple yet potent approach that is accessible and applicable far beyond a formal coaching conversation. Our proprietary, powerful, and proven methodology for developing conversational skills is called **Better Conversations Every Day™ (BCE)**.

The BCE experience develops the 4 core conversational skills in attendees in a remarkably short period of time, but even more importantly, when combined with our ecosystem approach, BCE provides a clear, efficient, and scalable path to an enhanced organizational culture. We can partner with you through the phases of the culture change journey, helping you navigate key choice points, and can lead the experience for you or equip you to leverage your own internal resources.

Experience how the art of conversation can drive business results.

Learn more at ccl.org/betterconversations.

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