

# Are You a Collaborative Leader?

*How great CEOs keep their teams connected*

by **Herminia Ibarra and Morten T. Hansen**

**WATCHING HIS EMPLOYEES** use a new social technology, Marc Benioff, the CEO of Salesforce.com, had an epiphany: His company had developed Chatter, a Facebook-inspired application for companies that allows users to keep track of their colleagues and customers and share information and ideas. The employees had been trying it out internally, not just within their own work groups but across the entire organization. As Benioff read the Chatter posts, he realized that many of the people who had critical customer knowledge and were adding the most value were not even known to the management team.

The view into top management from the rank and file was just as obscure, Benioff knew. For instance, the company's annual management off site was coming up, and he could tell from talking to employees that they wondered about what went on behind closed doors at that gathering. "They imagined we were dressing up in robes and chanting," he says.

What could he do to bring the top tier of the company closer to the workforce? Benioff asked himself. And then it hit him: Let's use Chatter to blow open the doors of the management off-site.

What greeted the 200 executives who attended that meeting was a typical. All 5,000 Salesforce.com employees had been invited to join them—

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virtually. Huge TV monitors placed throughout the meeting room displayed the special Chatter forum set up for the off-site. Every manager received an iPod Touch, and every table had an iPad, which attendees could use to post to the forum. A video service broadcast the meeting in real time to all employees, who could beam in and instantaneously express their views on Chatter, too.

The meeting began with the standard presentations. The managers watching them weren't quite sure what to do. Nothing unusual happened at first. Finally, Benioff grabbed the iPad on his table and made a comment on Chatter, noting what he found interesting about what was being said and adding a joke to spice it up. Some in the room followed with a few comments, and then employees watching from their offices launched a few comments back. The snowball started rolling. "Suddenly, the meeting went from a select group participating to the entire company participating," Benioff says.

Comments flew. "We felt the empowerment in the room," recalls Sieve Gillmor, the head of technical media strategy.

In the end the dialogue lasted for weeks beyond the actual meeting. More important, by fostering a discussion across the entire organization, Benioff has been able to better align the whole workforce around its mission. The event served as a catalyst for the creation of a more open and empowered culture at the company.

Like Salesforce.com's managers and employees, businesspeople today are working more collaboratively than ever before, not just inside companies but also with suppliers, customers, governments, and universities. Global virtual teams are the norm, not the exception. Facebook, Twitter, LinkedIn, videoconferencing, and a host of other technologies have put connectivity on steroids and enabled new forms of collaboration that would have been impossible a short while ago.

Many executives realize that they need a new playbook for this hyperconnected environment. Those who climbed the corporate ladder in silos while using a "command and control" style can have a difficult time adjusting to the new realities. Conversely, managers who try to lead by consensus can quickly see decision making and execution grind to a halt. Crafting the right leadership style isn't easy.

As part of our research on top-performing CEOs (see "The Best-Performing CEOs in the World," HBR January–February 2010), we've examined what it means to be a collaborative leader. We've discovered that it requires strong skills in four areas: playing the role of connector, attracting diverse talent, modeling collaboration at the top, and showing a strong hand to keep teams from getting mired in debate. The good news is, our research also suggests that these skills can be learned—and can help executives generate exceptional long-term performance.



#### PLAY GLOBAL CONNECTOR

Do you attend conferences outside your professional specialty?

Are you part of a global network like Young Presidents' Organization?

Do you regularly blog or e-mail employees about trends, ideas, and people you encounter outside your organization?

How often do you meet with parties outside your company (competitors, consumers, government officials, university contacts, and so on) who are not directly relevant to your immediate job demands or current operations?

Are you on the board of any outside organizations?

#### Play Global Connector

In his best-selling book *The Tipping Point*, Malcolm Gladwell used the term "connector" to describe individuals who have many ties to different social worlds. It's not the number of people they know that makes connectors significant, however; it's their ability to link people, ideas, and resources that wouldn't normally bump into one another. In business, connectors are critical facilitators of collaboration.

For David Kenney, the president of Akamai Technologies, being a connector is one of the most important ways he adds value. He spends much of his time traveling around the world to meet with employees, partners, and customers. "I spend time with media owners to hear what they think about digital platforms, Facebook, and new pricing models, and with Microsoft leaders to get their views on cloud computing," he says. "I'm interested in hearing how our clients feel about macroeconomic issues, the G20, and how debt will affect future generations." These conversations lead to new strategic insights and relationships, and help Akamai develop critical external partnerships.

Connecting the world outside to people inside the company is crucial to Kenney. He uses a number of tactics to do this. "First, I check in on foursquare often and post my location to Facebook and Twitter," he says. "It lets employees in different Akamai locations know I'm in town so that anybody at any level can bring me suggestions or concerns. Second, every time I go to one of our locations, I have lunch or coffee with 20 to 40 people. We go around the room, and people ask questions on topics they most want to address. Often my answer is to connect them with others in Akamai or even people at other companies who have expertise on the topic. Third, if I see a big opportunity when meeting

with a customer or colleague, I will schedule a follow-up visit and bring along the right experts from Akamai. Fourth, whenever I travel, I try to make room to meet with two to three people I know in that location. Whenever possible, I bring someone else from Akamai with me to those meetings.”

Kenny's networking recently resulted in an important strategic alliance with Ericsson. Akamai is now working with the mobile giant to change consumers' internet experiences on mobile devices. The partnership evolved out of a conversation Kenny had with a midlevel Ericsson executive two years ago at the Monaco Media Forum. “It really changed my idea of what Ericsson could be, and I saw that we were both trying to solve a similar technical problem,” Kenny says. “Then I worked through mutual friends to meet their CEO and arranged for the right people on his team to meet with their Akamai counterparts.”

Presidents and CEOs aren't the only executives building bridges between their organizations and the outside world nowadays. Take Beth Comstock, the chief marketing officer of General Electric. She is famous for her weekly “BlackBerry Beth” blog, in which she shares what she has learned in her external role for busy (and perhaps more internally focused) GE managers. The pity and provocation blog goes out to thousands of GE's sales, marketing, and technology leaders. In it, Comstock passes along interesting information that people might have missed, taking care to tie it back to challenges and opportunities GE faces. For example, in a recent post from the World Economic Forum, she reported that a GE survey had—that had come to the same conclusion that a GE survey had—that technology alone cannot ensure innovation and that more training in creativity is needed.

“I work hard to curate information that I don't believe many at GE will have heard and to translate information in a way that is relevant to our challenges,” says Comstock. “I probably spend half of my time immersed in worlds beyond GE. I hope this encourages my colleagues to be more externally focused. The message is ‘If I find it important to spend some of my time this way, maybe you will, too.’”

To connect their organizations to the wider world, collaborative leaders develop contacts not only in the typical areas—local clubs, industry associations, and customer and supplier relations—but beyond them. Networking in adjacent industries, innovation hot spots like Silicon Valley, or emerging economies or with people of different educational or ethnic backgrounds helps open their eyes to new business opportunities and partners. For example, Comstock's external contacts in the innovation space led GE to NASA, with which the corporation has shared insights and best practices. The two organizations have also begun discussions about space technologies that might have applications in health care.

### Engage Talent at the Periphery

Research has consistently shown that diverse teams produce better results, provided they are well led. The ability to bring to

### THE IDEA IN BRIEF

A hyperconnected business world, spurred on by social media and globalization, demands a leadership style that can harness the power of connections. Leaders need to shed the command-and-control and consensus styles in favor of collaborative leadership. Our research shows that collaborative leaders who get results do four things well:

#### RATHER THAN

Make global connections that help them spot opportunities	Focus on internal connections
Engage diverse talent from everywhere to produce results	Rely on homogeneous teams for new ideas
Collaborate at the top to model expectations	Seize corporate politics and parochial agendas
Show a strong hand to speed decisions and ensure agility	Let groups get mired in conflict or attempts at consensus

gether people from different backgrounds, disciplines, cultures, and generations and leverage all they have to offer, therefore, is a must-have for leaders. Yet many companies spend inordinate amounts of time, money, and energy attracting talented employees only to subject them to homogenizing processes that kill creativity. In a lot of multinational companies, for example, nonnative English speakers are at a disadvantage. To senior management, they don't sound as “leader-like” as the Anglophones, and they end up getting passed over for promotions. At a time when innovations are increasingly originating in emerging markets, companies that allow this to happen lose out.

Françoise Danone, one of the top performers in our research, makes sure its executives don't encounter such obstacles. When all the managers worldwide get together for the company's annual strategic review, many choose to present in their native tongue. Says CEO Franck Riboud: “We spend a fortune on interpreters so that

### TAKING YOUR COLLABORATIVE PULSE

#### ENGAGE TALENT AT THE PERIPHERY

How diverse is your immediate team in terms of nationality? Gender? Age?

How much time do you spend outside your home country?

Have you visited your emerging markets this year?

Does your network include people in their twenties (who aren't your kids)?

being less articulate in English is not a barrier. Some of our executives have even presented their business case in native dress. This helps us steal away talent from competitors where those who don't speak perfect English get stuck."

Rekhat Benckiser, the UK-based producer of home, health, and personal care products and another top performer in our research, considers the diversity of its workforce to be one of its competitive advantages—and a key reason it has seen net income grow 17% annually, on average, from 1999 to 2010. No nationality dominates the company's senior team. Two executives are Dutch, one is German, two are British, one is South African, two are Italian, and one is from India. According to (soon-to-retire) CFO Bart Becht: "It doesn't matter whether I have a Pakistani, a Chinese person, a Brit, or a Turk, man or woman, sitting in the same room, or whether I have people from sales or something else, so long as I have people with different experiences—because the chance for new ideas is much greater when you have people with different backgrounds. The chance for conflict is also higher—and conflict is good per se, as long as it's constructive and gets us to the best idea."

As Becht suggests, nationality isn't the only kind of diversity that matters. Research on creative industries shows that the collaborations that are most successful (whether in terms of patent citation, critical acclaim, or financial return) include both experienced people and newcomers and bring together people who haven't worked with one another before. Leaders need to make a concerted effort to promote this mix: I felt to their own devices, people will choose to collaborate with others they know well or who have similar backgrounds. Static groups breed insularity, which can be deadly for innovation. Nokia's former executive team, for example, was 100% Finnish and had worked closely together for more than a decade. Many believe homogeneity explains why the team failed to see the smartphone threat emerging from Silicon Valley.

Collaborative leaders ensure that teams stay fresh via periodic infusions of new players, including employees from Generation Y—those born from the mid-1970s to the early 2000s, who have grown up sharing knowledge and opinions online—is another obvious way to enliven collaborations. A number of leading companies have begun using technology to harness Gen Y

ideas and perspectives. Salesforce.com, as we have seen, brought them in from the periphery by using Chatter to open its management off-site to all staff. At India's HCL, employees throughout the company join virtual conversations on topics that are important to them, and CEO Viveet Nayar reaches out personally through a popular blog that allows him to interact with a broad cross section of employees. In a market where the competition for engineering talent is fierce, the ability to attract the best and brightest helped HCL grow 30% annually from 2008 to 2010.



#### **COLLABORATE AT THE TOP FIRST**

Do members of your team have any joint responsibilities beyond their individual goals?

Does the compensation of your direct reports depend on any collective goals or reflect any collective responsibilities?

What specifically have you done to eradicate power struggles within your team?

Do your direct reports have both performance and learning goals?

#### **Collaborate at the Top First**

It's not enough for leaders to spot collaborative opportunities and attract the best talent to them. They must also set the tone by being good collaborators themselves. All too often, efforts to collaborate in the middle are sabotaged by political games and turf battles higher up in the organization. Consider that Microsoft, according to a former company executive writing in the *New York Times* last year, developed a viable tablet computer more than a decade ago but failed to preempt Apple's smash hit because competing Microsoft divisions conspired to kill the project.

Part of the problem is that many leadership teams, composed of the CFO and his or her direct reports, actually don't operate as teams. Each member runs his or her own region, function, or product or service category, without much responsibility—or incentive—for aligning the organization's various projects and operations into a coherent whole.

At Brazil's Natura Cosméticos, CEO Alessandro Carlucci has instituted a comprehensive "engagement process" that promotes a collaborative mind-set at all levels and has helped the firm win a top spot on *Fortune's* list of best companies for leaders. The process was implemented after Natura's highly successful IPO in 2004, when competing agendas among the senior managers began to threaten the company's prospects. Carlucci decided he needed to reorganize the executive committee to unify its members around common goals and stop the power struggles. He asked the members of the top team to make a commitment to self-development as part of their stewardship of the company.

Each executive embarked on a "personal journey" with an external coach, who met with

everyone individually and with the team as a group. "It is a different type of coaching," Carlucci explains. "It's not just talking to your boss or subordinates but talking about a person's life history, with their families; it is more holistic, broader, integrating all the different roles of a human being."

Roberto Pedrote, Natura's senior vice president for finance, IT, and legal affairs, adds: "I think that the main point is that we are making ourselves vulnerable, showing that we are not supermen, that we have failures; that we are afraid of some things and we don't have all the answers."

Since the engagement process was adopted, Natura's executives have become much better at teaming up on efforts to improve the business, which grew by 21% in 2010. The collaborative mind-set at the top has cascaded down to the rest of the organization, and the process has been rolled out to all the company's managers.

If leaders are to encourage more innovation through partnerships across sectors and with suppliers, customers, and consumers, they need to stop relying heavily on short-term performance indicators. According to the psychologist Carol Dweck, people are driven to do tasks by either performance or learning goals. When performance goals dominate an environment, people are motivated to show others that they have a valued attribute, such as intelligence or leadership. When learning goals dominate, they are motivated to develop the attribute. Performance goals, she finds, induce people to favor tasks that will make them look good over tasks that will help them learn. A shift toward learning goals will make managers more open to exploring opportunities to acquire knowledge from others.

At HCL, CFO Vinod Nayar demonstrated his commitment to collaboration by adopting a radically different 360-degree evaluation for his top managers—one that invited a wide range of employees to weigh in. Although the company had done 360-degree reviews before, each manager had been assessed by a relatively small number of people, mostly within the manager's immediate span of control. As Nayar recalls in his book *Employees First, Customers Second* (Harvard Business Review Press, 2010), "most of the respondents operated

## Collaboration Does Not Equal Consensus

Collaborative leadership is the capacity to engage people and groups outside one's formal control and inspire them to work toward common goals—despite differences in convictions, cultural values, and operating norms.

Most people understand intuitively that collaborative leadership is the opposite of the old command-and-control model, but the differences with a consensus-based approach are more nuanced. Below are some helpful distinctions between the three leadership styles.

### COMPARING THREE STYLES OF LEADERSHIP

	COMMAND AND CONTROL	CONSENSUS	COLLABORATIVE
<b>ORGANIZATIONAL STRUCTURE</b>	Hierarchy	Matrix or small group	Dispersed, cross-organizational networks
<b>WHO HAS THE RELEVANT INFORMATION?</b>	Senior management	Formally designated members or representatives of the relevant geographies and disciplines	Employees at all levels and locations and a variety of external stakeholders
<b>WHO HAS THE AUTHORITY TO MAKE FINAL DECISIONS?</b>	The people at the top of the organization have clear authority	All parties have equal authority	The people leading organizations have clear authority
<b>WHAT IS THE BASIS FOR ACCOUNTABILITY AND CONTROL?</b>	Financial results against plan	Many performance indicators, by function or geography	Performance on achieving shared goals
<b>WHERE DOES IT WORK BEST?</b>	Works well within a defined hierarchy; works poorly for complex organizations and when innovation is important	Works in small teams; works poorly when speed is important	Works well for diverse groups and cross-unit and cross-company work, and when innovation and creativity are critical

within the same area as the person they were evaluating. This reinforced the boundaries between the parts of the pyramid. But we were trying to change all that. We wanted to encourage people to operate across these boundaries." Nayar set the tone by posting his own 360-degree evaluation on the web. Once executives got used to the new transparency, the 360-degree reviews were expanded to a broader group. A new feature, "Happy Feet," was added, allowing all employees whom a manager might affect or influence to evaluate that manager—regardless of their reporting relationship.

Depoliticizing senior management so that executives are rewarded for collaborating rather than promoting their individual agendas is an absolute essential. At Reckitt Benckiser, there's little tolerance for politics. Says Bart Becht:



"We go out of our way to make sure that politics get eradicated, because I think they're very bad for an organization. I think they're poison, to be honest with you." Becht's direct, no-nonsense style and the expectation that people should openly disagree with one another in meetings also help keep politics to a minimum, allowing real teamwork to take hold.

#### SHOW A

#### STRONG HAND

Have you killed any collaboration projects in the past six months?

Do you manage dynamically—forming and disbanding teams quickly as opportunities arise?

Do the right people in your organization know they can "close" a discussion and make a decision?

Does your team debate ideas vigorously but then unite behind decisions made?

#### Show a Strong Hand

Once leaders start getting employees to collaborate, they face a different problem: overdoing it. Too often people will try to collaborate on everything and wind up in endless meetings, debating ideas and struggling to find consensus. They can't reach decisions and execute quickly. Collaboration becomes not the oil greasing the wheel but the sand grinding it to a halt.

Effective collaborative leaders assume a strong role directing teams. They maintain agility by forming and disbanding them as opportunities come and go—in much the same way that Hollywood producers, directors, actors, writers, and technicians establish teams for the life of movie projects. Collaborative efforts are highly fluid and not confined to company silos.

Effective leaders also assign clear decision rights and responsibilities, so that at the appropriate point someone can end the discussion and make a final call. Although constructive confrontation and tempered disagreements are encouraged, battles aren't left raging or. This is exactly how things work at Reckitt Benckiser: When teams meet, people know that it is OK—in fact expected—to propose ideas and challenge one another. They debate loudly and furiously until the best idea wins. If no obvious agreement is reached in time, the person chairing the meeting normally makes a decision and the rest of the group falls in line. This ensures vigorous debate but clear decisions and quick action—diversity in counsel, unity in command, as Cyrus the Great once said.

#### Loosening Control without Losing Control

In the old world of silos and solo players, leaders had access to everything they needed under one roof, and a command-and-control style served them well. But things have changed: The world has become much more interconnected, and if executives don't know how to tap into the power of those connections, they'll be left behind.

Leaders today must be able to harness ideas, people, and resources from across boundaries of all kinds. That requires reinventing their talent strategies and building strong connections both inside and outside their organizations. To get all the disparate players to work together effectively, they also need to know when to wield influence rather than authority to move things forward, and when to halt unproductive discussions, squash politicking, and make final calls.

Differences in convictions, cultural values, and operating norms inevitably add complexity to collaborative efforts. But they also make them richer, more innovative, and more valuable. Getting that value is the heart of collaborative leadership. **5**

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