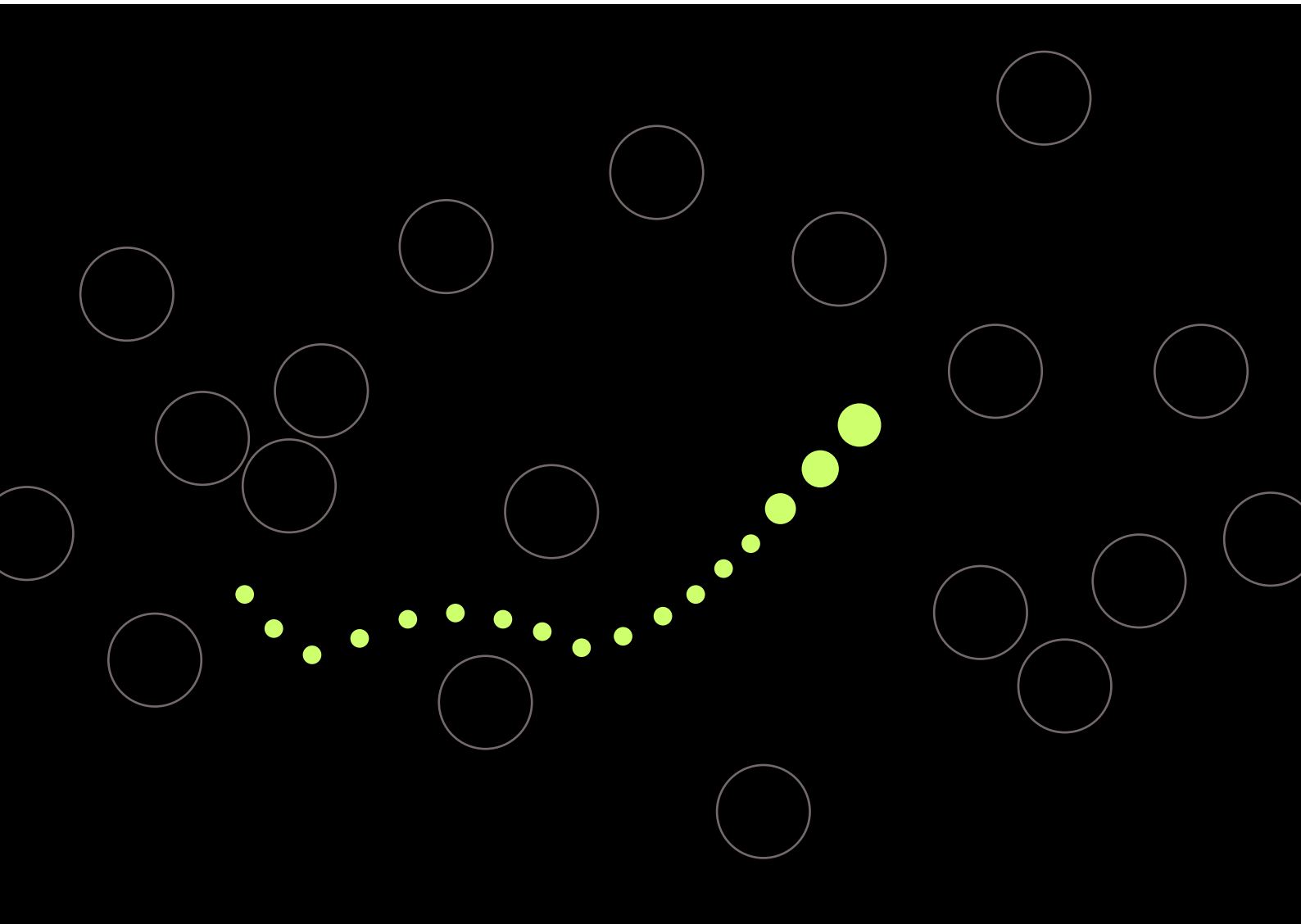
Matthias Kolbusa

SECRETS OF EXECUTION®

Emotions in Management

The Underestimated Power in the Background



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1. Complexity – Blessing and Curse

Complexity is a wonderful thing! Everyone complains about rising complexity, yet it is the very reason why we as end customers now have tools that would have been unthinkable five or more years ago: we stand in front of a product and compare prices online, we use an app to check when the parcel will arrive, and we control the heating at home from our smartphone. Many business units and business models wouldn't exist at all without this complexity! Driven by the three megatrends of globalisation, technology and demographic change, we are seeing countless opportunities to develop our companies' products and services further or to launch entirely new ones. Anyone who ignores this will fall by the wayside sooner or later. The cycle in which business models become obsolete is getting ever shorter, and those who regularly pause to question their business models and the way they create value will use this greater complexity to grow revenue and profitability. Ignoring it can spell the end of a company. Like everything in the world, of course, this coin has two sides. We humans don't like complexity.

In the 1960s, following George A. Miller's article, it was still believed that we humans could use our cognitive abilities to handle "7 plus or minus 2" aspects (hence the article's title) in parallel and in connection with one another at any one time. Today we know for certain: it is three aspects at most. So it is hardly surprising that we humans don't like complexity. We quickly flee into simplification – that is, into abstracting and generalising things – and we are subject to further limitations, such as the longing for monocausality: if I turn this dial, that happens; or we believe that this one factor is the reason for a delay or a slump in

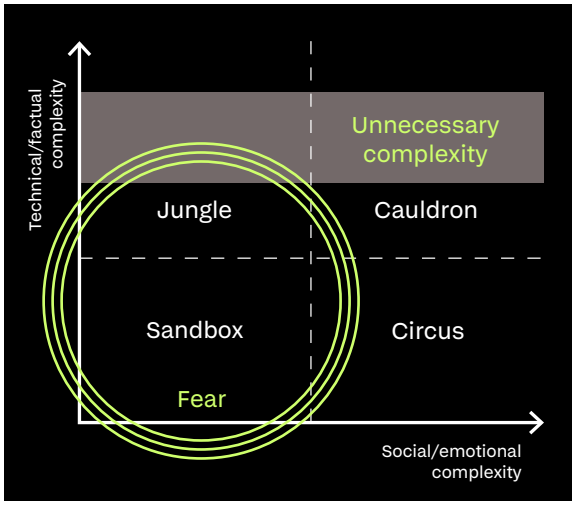


Fig. 1: Fear – the driver of unnecessary complexity

sales – conclusions that simply don't exist in such contexts. Complexity quite simply makes us insecure. We soon get the feeling that we are not in control of the situation, and – whether we consciously perceive it or not – we feel fear. This fear, often accompanied by a certain sense of powerlessness, then unfortunately leads us to make things even more complex than they already are. We create an unnecessary degree of internal complexity, a complexity that the market, with the complexity already prevailing in it, doesn't actually demand of us. Out of fear, we begin to plan in detail and to control in minute detail, both in depth and in frequency. Unfortunately, this micro-control creates something that further increases the social/emotional complexity in our teams and organisations. A demanding, complex project – in itself a trek through the jungle, because you don't know all the variables and their relationships and

Move with the times, or the times will leave you behind.

cannot see through them, which is the hallmark of complexity – turns into a real cauldron.

Complex issues – conquering a new market, for example, changing a form of production or restructuring the supply chain – are characterised by new variables constantly appearing and disappearing again, variables that are never truly predictable: the behaviour of competitors, suppliers or key customers, say, as well as the reactions of your own organisation. The dependencies between these variables are like dense undergrowth: almost impenetrable and constantly changing.

We then quickly get the feeling that we are not in control of the situation, that we cannot control things. Quite apart from the fact that we can only do so to a limited extent anyway, at certain moments this becomes very clear to us. And that is exactly when, driven by this emotion, we start arguing with others about whose assessment is right or wrong and which path is the right one. Complex issues naturally also involve a division of labour, which in turn carries certain risks. Consequently, in immature organisations the people involved generally make sure that they won't be the scapegoat afterwards and that the blame can't be pinned on them. They record in detail what is done, when and why, and who discussed what with whom, so that if in doubt they can prove beyond question that they are not to blame for a possible shortcoming or even the failure of the project. These planning and control mechanisms increase internal complexity, and a great deal of energy is wasted on activities that create no value – energy that is urgently needed elsewhere. Depending on the attitudes of the players involved, baser motives may also come into play, linked to individuals' efforts to position and profile themselves, making the whole thing even worse.

There is no causality!

High-performance organisations don't get caught in this cycle in the first place, because they are able to deal confidently with the vagueness and uncertainty that complex issues bring. This confidence has two hallmarks. First, the key players have a very high tolerance for uncertainty. There is no need, driven by uncertainty, to know exactly how the project will unfold over the coming months, which imponderables will arise and how to deal with them. There is a certain composure with which things are thought through carefully and everyone prepares as well as they can, without proverbially losing their heads and driving the organisation into building up unnecessary complexity. Second, this confidence is reflected in a fundamentally insight-oriented mindset and style of leadership. Conversations, especially controversial ones, are not conducted on the principle of "right or wrong", where opinions clash and only one is meant to win, but purely dialectically, with the aim of gaining insight.

2. Technocracy – A Dangerous Management Fallacy

One of my central insights into why a good strategy or a well-intentioned project comes to nothing concerns a fallacy I was subject to myself for a long time: the belief that generating clarity creates something like enthusiasm or followership. We think we have to convince others of something, and with logical arguments at that. For a long time I considered this an indispensable condition, but my own observations taught me that it isn't even a necessary one. At certain times you come across organisations where people simply get on with things together, in an uncomplicated yet purposeful way, without a truly clear and cleanly defined strategy in place.

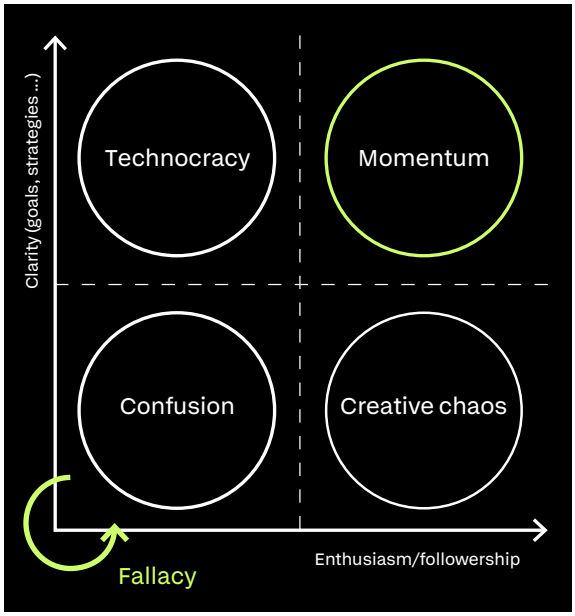


Fig. 2: The link between logic and emotions – a fallacy

Why Desperation Leads Us to Ruin Commitment Rather Than Build It

Thoughts can trigger emotions, as every one of us knows. We only need to consciously recall a moment when our children got up to some glorious nonsense, and we start laughing. Equally, emotions come over us without our being aware of their cause. Who hasn't felt a latent anger or aggression at some point without being able to pin down or name its cause? Emotions and thoughts are interdependent; ultimately, though, the motive – the trigger for action – is always emotion. The consequences of this insight are manifold. Here I will name just three for further reflection:

- Turning those affected into participants is often a waste of time. The meaning and a deeper understanding of the logical connections behind a change, a project or a strategy are merely a helpful condition for securing engagement or commitment to the cause.

- Getting stuck in the technocracy corner. When engagement is too low and commitment insufficient, desperation makes us start detailing things: even more presentations, even more discussions, even more communication. This doesn't generate followership, just more unnecessary complexity (see section 1).

- Meaning comes from action, not from talk. As the psychoanalyst and concentration camp survivor Viktor Frankl showed in his books, people find meaning through doing, not through thinking or talking. Talking and broad-based communication are therefore, in a certain sense, overrated.

At this point, let's take a look at how primary emotions are fundamentally structured in a management context.

3. Emotions – Thrust and Drag in Management

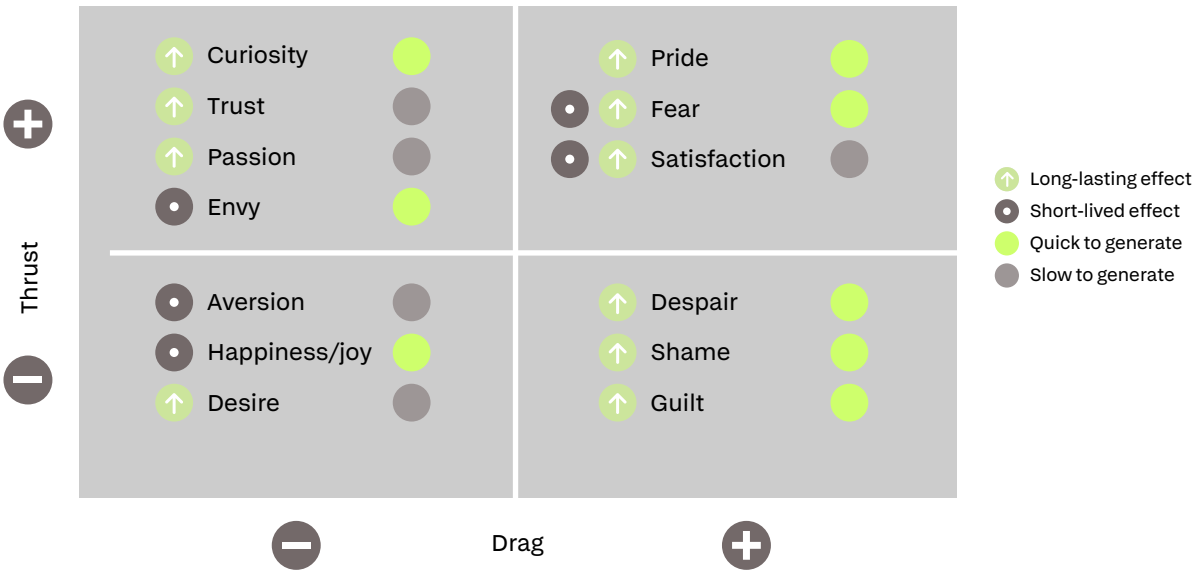


Fig. 3: Classifying emotions in a management context / thrust and drag

Ever since Freud, psychologists have argued about how many primary emotions we actually have and which emotions are secondary in nature, that is, arise from these primary emotions. Current research oscillates between eight and twelve. Everyone agrees that love, regret and disappointment arise from a mix of other emotions. It would be pointless to go into this in depth here, so I draw on a model by Christof Wahner to derive the consequences for day-to-day management.

Why Bonus and Incentive Systems Achieve Little

As you can see from Fig. 3, I have classified the emotions according to the thrust they generate in management and the drag they exert. Thrust in the sense of: which emotions drive people in organisations to commit to a cause? Drag in the sense of: which emotions lead us, on the one hand, not to identify with a cause or "burn" for it but rather to hold back, and on the other hand to start covering ourselves and pursuing avoidance strategies? It is these latter emotions, in turn, that lead to the production of unnecessary internal complexity and thus weaken competitiveness.

At this point, a few core theses can be derived for further reflection and inspiration:

- **The way we usually manage** – going straight from a goal to planning activities and controlling them – often programmes in emotions from the "dark side of the force" (shame, guilt, despair). As a rule, plans are never kept, because a) things turn out differently anyway and b) differently than expected, and we use them in management to gain a sense of security and clarity. So far, so good. But in most steering committees the dialogue resembles a court hearing in which programme or project managers have to justify themselves. The emotions of this "dark side" that come with it quite naturally lead to avoidance strategies: elaborately working out

explanations of why certain things are the way they are and why you are not to blame. Needless to say, this has nothing to do with the value the project creates; the whole thing is a pure waste of resources. Setting out the consequences in detail here would go beyond the scope of this issue. So, just this as food for thought: we need to develop a stronger progress orientation and less of an input orientation towards planning and control. We also need to train our own ability, and that of our colleagues, to deal with vagueness and uncertainty, rather than stifling it with planning and control. (Note: in the next volume of SECRETS of Execution, "Underperformance by Design", I will deal with this topic in detail.)

- **Fear is ambivalent.** Every one of us has experienced this effect: we are astonished at everything we managed to achieve once a deadline was within reach, or at what an organisation could pull off when danger was imminent. Fear is therefore an emotion with enormous thrust. But it can also exert considerable drag and thus weaken competitiveness, for two reasons. The first has already been described in detail: fear leads us to produce unnecessary internal complexity. The second is, figuratively speaking, the "paralysis" we fall into before we begin to despair and simply stop delivering anything at all. Leading through fear is generally frowned upon, and to some extent rightly so. But it is worth asking when to use this factor to achieve additional, exceptional performance in an emergency. It must never become a permanent means of increasing performance!

- **Competitive strategies are envy-based.** A very simple mechanism for emotional thrust is creating an enemy. Ultimately, all competition-based strategies aim to drive the organisation to exceptional performance through the emotion of envy. If you sit in on a relevant meeting at Airbus, everyone's behaviour is entirely geared to the motto "Beat Boeing!" An envy-based approach that unites people, creates commitment and followership and can thus contribute to a momentum culture. Further simple mechanisms in this context are shown in Fig. 4.

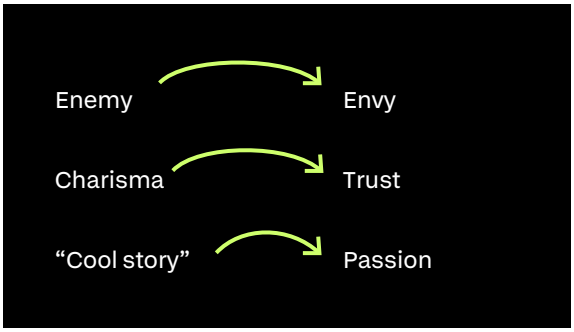


Fig. 4: Simple mechanisms for creating emotion

- **Trust and passion are boosters and complexity killers.** Imagine someone who devotes every evening and weekend, with great passion, to restoring a classic car. In his mind's eye, the good man sees this rusty wreck with its wonderful shape standing in front of him one day, painted a gleaming red, with sparkling chrome rims. He will look at his work filled with pride. No detailed plans are needed, no control over

The "dark side of the force" – shame, guilt and despair lead to massive underperformance and unnecessarily high internal complexity.

which activities are done when and how, no discussions about everything that could break or go wrong, because he simply keeps going: striving towards the picture in his mind, he does the right thing. This behaviour is the exact opposite of what we often do in management. Why is that? We don't take the trouble to develop a precise picture of the states we actually want to bring about with a strategy or a project. The sole purpose: to build trust in ourselves and in those involved, fed by a clear picture, and to kindle a "desire", a passion, to make this imagined state a reality.

It is precisely this last aspect – generating trust and passion in order to kindle these emotions, with their enormous thrust, in part of the organisation – that poses a considerable difficulty in practice. For a long time I asked myself why, so often, nothing comes of a good strategy, despite intensive work on visions of what exactly this strategy means for customer service, production, sales and so on – or why no real performance and execution culture emerges. A culture in which trust and passion are the emotional driving forces. I attempt an explanation in the next section.

4. Burn Factor – Why Nobody Moves, Even at the Eleventh Hour

Looking back, it has given all of us pause for thought that once again we let a deadline approach for so long that we felt we absolutely had to get into gear as quickly as possible. How often have we reflected on this and been annoyed, because the results were, naturally, often suboptimal? If only we had started earlier! If only we had worked on this concept a little every day instead of producing something in a last-minute rush that costs an unnecessary amount of energy, brings little joy and isn't really satisfying in the end. This rather personal phenomenon is found in a similar form when we look at our organisations: the logically recognised need to work on the strategy, because it is foreseeable that the existing business model will only last a few more years, is pushed ahead of us just like, say, the long-overdue overhaul of the IT architecture. Now you could say: the shoe just isn't pinching hard enough yet. In my view, that falls short, because, as we saw above, there are several primary emotions besides fear. Fear can develop enormous thrust, as can envy, trust or passion. So why is it that a strategy or a change that has been recognised as necessary isn't executed with follow-through? Why do we love playing "firefighter", something that many organisations regard as a supposed strength? It is by no means a strength; it is a weakness: doing what is obvious instead of what is necessary.

This is a relationship I call the "emotional anticipatory horizon"; colloquially, it might be described as "focal length". How close does a deadline have to come before it triggers an emotional reaction?

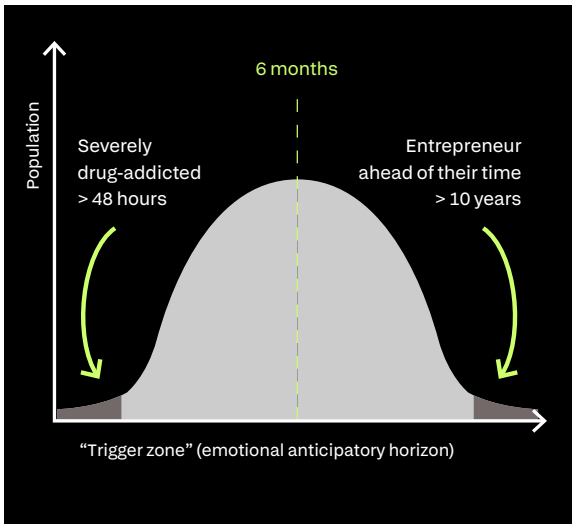


Fig. 5: Gaussian distribution of population ⟷ emotional anticipatory horizon

When does it cross this anticipatory horizon, within whose reach we imagine a state, anticipate it and draw from it an emotional trigger experience that sets us in motion? Herein lies a secret, too: an incredibly effective management lever for true execution performance.

First, the following relationship: as with so many things, there are extremes here, around which a Gaussian bell curve forms. At one end we find the severely drug-addicted person, at whose sight everyone asks: "Why doesn't he just go into rehab? That's three or more months of hard work, but afterwards life returns to normal. Why all this unnecessary suffering?" Ultimately, the answer is quite simple: the emotional anticipatory horizon of a severely drug-addicted person is a mere 48 hours! The consequence: anything beyond that – a supposedly desirable state in three days, two weeks or three months – generates no emotion whatsoever that kindles the thrust, the will and the strength to do what is necessary to bring that state about. This example makes it very clear that we humans act only out of emotions and not out of logical considerations. At the other end of this Gaussian bell curve we find the entrepreneur who thinks far ahead of their time. This, too, can be a curse and a blessing. An executive board member I know from the energy sector recognised business models in alternative energies and electric mobility as early as the early 1990s and tried to realise them. Unfortunately, he failed with his ideas! He was quite simply too early! Acting uncontrollably out of a passion fed by the image of a future vision led to failure.

The average "focal length" – that is, the average emotional trigger zone – is around six months! The consequences of this relationship are so far-reaching that they would go beyond the scope of this issue. So here is just an outline of one very central idea that follows from this insight for managing operations, projects, strategies or "change":

Fig. 6 illustrates the relationship worked out above in a management context: the emotional trigger zone of the average manager and employee is six months.

- This means that anything beyond this period – on average (!) – may interest your colleagues and employees, but will not lead to any action.
- This gives rise to the dilemma mentioned above: the challenge is to bring important topics such as larger projects, strategies, "change" or even the budget into this horizon. Because only

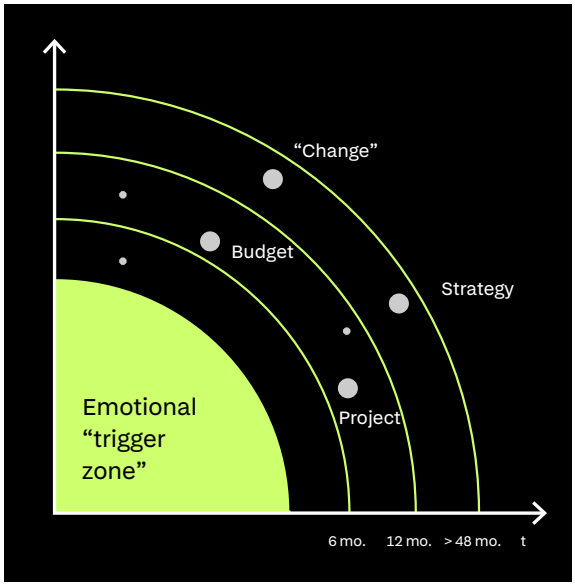


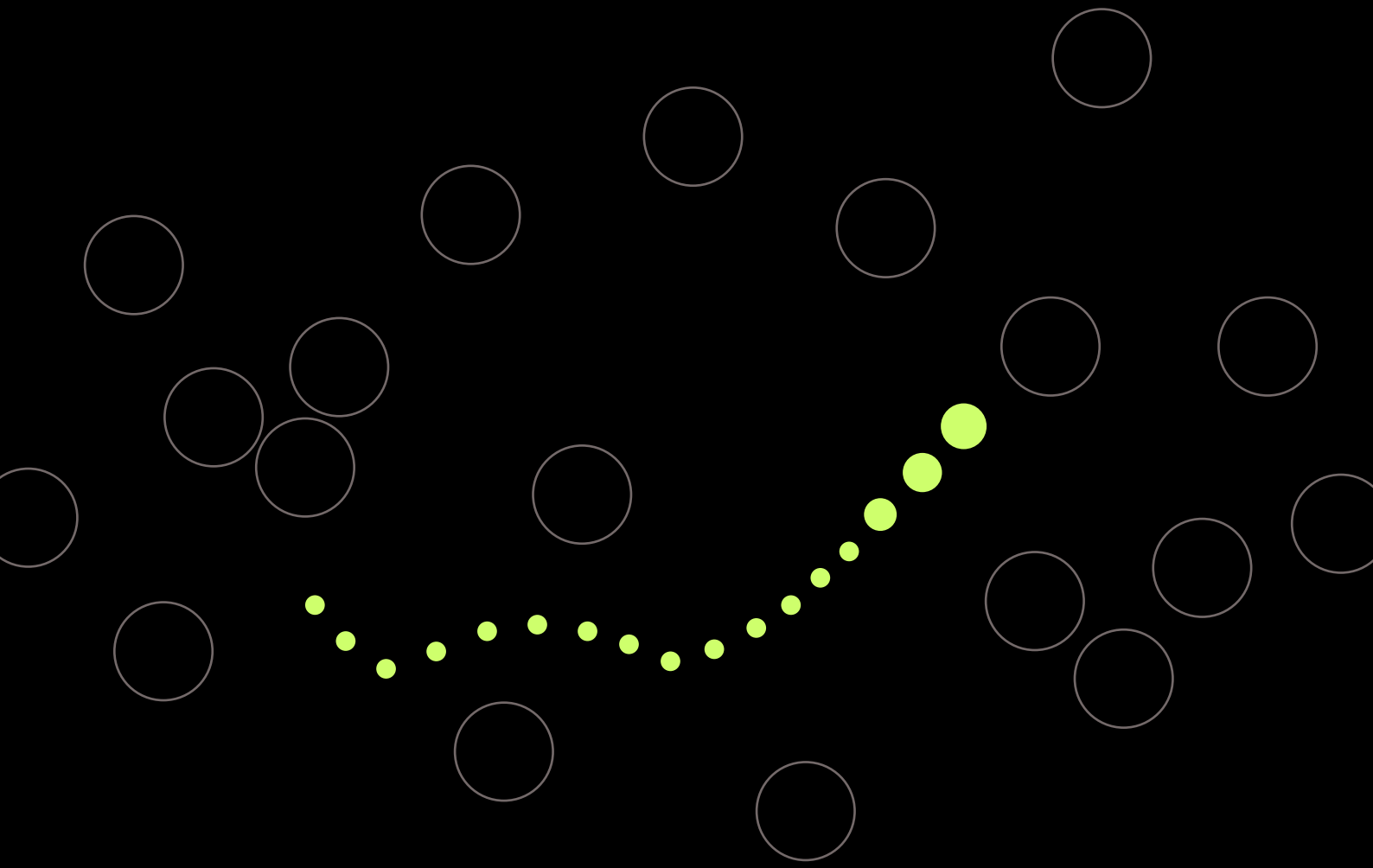
Fig. 6: Emotional consequences for operations, projects, strategies, change, etc.

within this emotional trigger horizon of six months can we assume that people will form an emotional connection to the topic in question. So it's no surprise that budget rounds (which often take place at the start of the fourth quarter) are frequently conducted naively or even in negligent misjudgement of the facts – and then, in the third quarter of the following year, those involved suddenly start to panic. The emotional anticipatory horizon has been crossed, and emotions such as fear or avoidance strategies kick in, so as not to experience guilt, shame or even despair towards the end of the year. Suddenly, hectic actionism breaks out among those affected.

- The consequence of this insight is therefore that most important topics lie beyond those six months and must now be linked to one of the primary emotions (ideally trust, passion or curiosity).

- In practice, this conceals a wonderful lever, though it requires some effort and thought in management: we are called upon to break important topics such as the execution of a strategy into portions of at least six months. And we need to work out what will be different in six months. This target state must be described to colleagues and employees in such detail that a clear picture of it emerges and a passion for it grows from that, so that people act out of the corresponding emotions.

- The alternative is to penetrate the strategic target state, which is usually several years away, in detail and then lapse into a more classic pattern of planning and control activities. This comes with the natural consequence of, once again, creating unnecessary internal complexity around these planning and control mechanisms. And this in turn comes with the negative consequence of bringing the "dark side of the force" to life through this style of steering (see the explanations in section 3) and ending up with a low-performance culture and execution.



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