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A Note From Dave

Listening is such an important leadership skill, but perhaps not one that enough leaders effectively demonstrate. They certainly have plenty of constituents who should be listened to, from employees to customers who can provide valuable information from the trenches.



Editors of the *Harvard Business Review* recently interviewed Cisco CEO John Chambers, a conversation in which he reveals some of the secrets of his success over the years.

Chambers reveals how his company separates itself from the competition by listening to what its customers say and then putting that knowledge into action. He says the strategy is simple: “listening to our customers, who tell us what the market transitions are and then capturing those market transitions.”

It sounds logical enough. And Chambers provides a pretty strong example of how powerful and effective this strategy really is. He tells the story of a customer who told him that he wouldn't give Chambers a \$10 million order unless he bought a company the customer recommended. Chambers left the meeting with the \$10 million and a plan to acquire the company, Crescendo. “We paid \$92 million for a company with less than \$10 million in revenue in 1993, and a lot of analysts thought we were crazy,” Chambers relates in the article. “But that turned into a \$7 billion a year business for our switching unit.”

That is certainly a solid example of how truly listening to your most valued supporters can truly pay off. Open a dialogue with your constituents. Imagine what the resulting collaboration could achieve.

Sincerely,



Dave Opton
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Negotiating Your Severance Package

By Marji McClure

During these tough economic times, many executives are concerned about their careers and making plans to ensure financial stability. For working executives, it could be a time to review employment contracts to determine provisions should there be a separation from the company, and those in transition are likely thinking about what they can negotiate when they land their next role.

A lapse in compensation can be incredibly stressful, and severance packages can act as a financial stabilizer while also minimizing the inclination to take any job just for the paycheck. According to data from ExecuNet's *Executive Job Market Intelligence Report* (EJMIR), it took executives an average of 9.7 months to find a new position. Couple that with the fact that just 44 percent of senior-level executive respondents said they received a guaranteed severance in their 2007 compensation package, and there is certainly cause for concern.

Standard Severance Facts

For the 44 percent of executives who received a severance package, the average length of the term was 9.8 months. But for the majority of respondents, a severance package was not included in their total compensation package and isn't based on terms specific to each executive. If these executives become separated from their companies, they may instead receive a standard severance that their organization offers to all exiting employees.

Some companies have established policies for severance pay, and there are some basic facts about the packages that apply in most cases. Severance can be offered in either a lump sum or as a salary continuation, according to Dave Bisson, senior consultant for San Francisco-based Presidio Pay Advisors Inc.

Sometimes executives can keep their benefits, which might include three to six months of COBRA payments and outplacement services, notes Linda Konstan, senior consultant of Sensible Human Resources Consulting.

Bisson adds that the formula for severance can look something like this: two weeks of severance for every year of employment for all employees and one month for vice presidents.

“An old rule of thumb was that it took one month of search for each

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Books Worth Your Time: Q&A with Authors Craig E. Runde and Tim A. Flanagan

Building Conflict Competent Teams

As disagreements abound, expecting employees to always agree and work in complete harmony is unrealistic. However, skilled leaders have the ability to see the opportunity to transform spirited debates into a platform for new ideas. In *Building Conflict Competent Teams* [Wiley, 2008], authors Craig E. Runde and Tim A. Flanagan extend the messages from their previous book, *Becoming a Conflict Competent Leader* [Wiley, 2006] so that executives can strengthen corporate foundations.

The authors answered some questions designed to help ExecuNet members develop strong competency in conflict management.

Q. Why is it so important for an executive to possess conflict management skills?

A. Conflict is inevitable, but it doesn't have to be bad. In organizations that place a high value on innovation and creativity, conflict is bound to occur; the only question is whether the executive and his or her organization get something good out of it or something bad. In some ways, it's not just inevitable, but necessary. In fact, some leaders' best ideas come from conflict (as well as some of their worst failures). Developing and using effective approaches to conflict management makes the difference in what results will be achieved. Executives don't want people who think alike; they need people who think differently. When people are thinking differently, innovations arise and so does conflict.

Q. Are there certain characteristics an executive must possess to excel at conflict management?

A. Conflict competent leaders need to

understand the importance of dealing with conflict effectively (both in terms of cost savings as well as in terms of using conflict to generate more creativity and better decision-making). They also need to understand how they currently respond to conflict so that they can leverage areas of strength and work to improve ineffective responses.

We use the Conflict Dynamics Profile assessment instrument as one means of developing this self-awareness. Leaders need to be able to manage their emotional responses to conflict. They need to be able to cool down and slow down so that their emotions don't cause them to react and use destructive behaviors that enflame the conflict. Rather, they need to use constructive responses (like trying to understand the other person's perspective, collaborating to develop creative solutions to the problem, etc.).

Ultimately, leaders who develop these personal skills can become more credible champions for cultural change that helps the organization become more conflict competent. One of our research studies demonstrated a clear correlation between the use of constructive conflict behaviors and perceived leadership effectiveness.

Q. Do executives need special training or coaching to develop conflict management skills? How can they learn conflict management skills?

A. Executives as well as other people generally don't respond effectively to conflict. They often respond with fight or flight behaviors fueled by negative emotions stirred up by the conflict.

In order to change that, they need to

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understand how they currently respond (the self-awareness process we described). They can then leverage their current strengths and look at improving behaviors that are not serving them so well. Changing behaviors is not easy, so we recommend that training include opportunities to practice new behaviors in safe contexts. These new responses take time to mature, so often on-going executive coaching can be an important follow up to any training.

Q. Under what circumstances are such skills most valuable?

A. While these new skills can be valuable in a wide variety of situations, both at work and at home, the biggest opportunity comes when executives are able to stimulate creative debate around important issues where people have clear differences about how to approach the matter. By using constructive conflict behaviors, the executive can help promote robust discussion, and at the same time, keep it from going negative. When this happens, new ideas are generated and good decisions are made because various approaches are adequately vetted. When executives enable open, honest, robust debate, previously unimaginable suggestions and solutions become possible. Participants in such discussions stay focused on the substance of the ideas instead of the distractions related to criticism, blame or cynicism.

Q. What positive actions/events in an organization can come from effectively dealing with conflict? When is this a win-win situation?

A. As mentioned above, perhaps the biggest win-win is that constructive conflict can generate better creativity and innovation. It also can result in better decisions and more buy-in because people have been encouraged to share their ideas and feel that they had a chance to be heard. This helps in implementing whatever decision is made. Long term, the less people in organizations fear conflict, the more willing they will be to participate in



challenging discussions. Differences that lead to avoidance or retaliation can just as easily lead to curiosity and wonder. Leaders who foster a climate of trust and safety, provide opportunities to learn constructive conflict skills, support collaboration and establish processes for conflict management will reap the benefits of “good” conflict.

As a collateral benefit, these same approaches to conflict help lessen the harmful results of poorly managed conflict, which include finger pointing, bruised relationships and poorer team productivity.

Q. When is it a bad idea for executives to just avoid conflict? What are the repercussions?

A. When executives (or others) avoid conflict it doesn't go away — it festers. Whatever good can come from discussing differences is lost or, at least, postponed. At the same time, the bad things that can come from conflict are brewing under the surface and will eventually emerge.

In general, leaders are like most people when it comes to conflict: They prefer to avoid it because they are concerned that it will get out of hand, are uncomfortable with the emotional aspects of it and have never learned how to deal with it. How many leaders learned to effectively deal with conflict at school? Once they have developed skills, they are much more able to address it effectively. It still may not be fun, but because it is so important to handle it rather than let it fester, they will be willing to address it.

Q. How can executives help their colleagues, direct reports (essentially their entire organization) more effectively manage conflict? How can leaders create such a culture within their organization?

A. As leaders become personally conflict competent, they are in a position to help others by first modeling effective behaviors. This not only shows others how it can be done, but provides them with implicit (or even explicit) permission to use these same behaviors.

They can also mentor or coach others in the organization about these responses. Finally, they have credibility to champion organization culture change because they are “walking the talk.” They can also support tangible processes like training to help improve others skills. One aspect that can be particularly important is assuring alignment among an organization's mission, policies, performance measures and reward structures — and the way it wants people to respond to conflict. It doesn't do much good to preach effective conflict management skills and then reward people who don't follow them.

Q. How can being a conflict competent leader benefit an executive's career? Why is there such a strong need for these kinds of leaders?

A. We've spoken to many leaders who have indicated they would have loved to learn these skills earlier in their careers. They routinely say they would have been more successful and have risen higher if they had known how to deal with conflict. From an organizational effectiveness standpoint, we strongly believe that organizations won't effectively deal with conflict unless the leaders develop their personal conflict competence and champion organization-wide competence.

Since conflict is such an inevitable part of organizational life and since it can be the source of either good or bad outcomes, we believe it is essential to effectively deal with it. The costs are too high to just ignore it — although many do at their own peril. The opportunities are great for those who learn effective skills to address it. ■