Reading the Informal Organization: Decoding Meanings Implicit in People’s Behavior to Better Frame and Time Proposals
ALICE, I'M SENDING YOU TO A COMMUNICATION CLASS.

BECAUSE I'VE NOTICED THAT YOUR WORDS OFTEN SAY ONE THING WHILE YOUR BODY LANGUAGE SAYS ANOTHER.

FRANKLY, IT'S CREEPY. THANK YOU. I APPRECIATE THE USEFUL FEEDBACK.
As any client of The Communication Center will tell you, be mindful of the messages your body communicates. Messages and opinions are not solely sent from your lips. Crossed arms, bad posture, and poor eye contact show negative communication.

Take this recent Associated Press photo. Russia's Prime Minister, Vladimir Putin's intense glare, forward posture and pointed finger all point to one thing: he has complete control over the meeting with Russian president, Dmitry Medvedev. Judging by his body language, Medvedev can do nothing but concede to Russia's past power mogul.

So be aware all current and future leaders: your body language speaks louder than words.

Abe Fortas, newly nominated as associate justice of the Supreme Court, a position he would hold for the next four years, gets "The Johnson Treatment," July 1965. LBJ early mastered the art of one-on-one persuasion. Photo by Yoichi Okamoto.
02-0312 The Johnson Treatment: George Tames, the legendary New York Times photographer, captures the essence of Lyndon B. Johnson's power in this series of images. Johnson, left, then Senate majority leader, works over Theodore F. Green, chairman of the Senate Foreign Relations Committee, in 1957.

Sold as a set of four silver-gelatin prints; three sizes available: 5" x 7", 8" x 10" and 11" x 14".
Schumpeter

The look of a leader

Getting to the top is as much to do with how you look as what you achieve

Sep 27th 2014 From the print edition

IN GORILLA society, power belongs to silverback males. These splendid creatures have numerous status markers besides their back hair: they are bigger than the rest of their band, strike space-filling postures, produce deeper sounds, thump their chests lustily and, in general, exude an air of physical fitness. Things are not that different in the corporate world. The typical chief executive is more than six feet tall, has a deep voice, a good posture, a touch of grey in his thick, lustrous hair and, for his age, a fit body. Bosses spread themselves out behind their large desks. They stand tall when talking to subordinates. Their conversation is laden with prestige pauses and declarative statements.

The big difference between gorillas and humans is, of course, that human society changes rapidly. The past few decades have seen a striking change in the distribution of power—between men and women, the West and the emerging world and geeks and non-geeks. Women run some of America’s largest firms, such as General Motors (Mary Barra) and IBM (Virginia Rometty). More than half of the world’s biggest 2,500 public companies have their headquarters outside the West. Geeks barely out of short trousers run some of the world’s most dynamic businesses. Peter Thiel, one of Silicon Valley’s leading investors, has introduced a blanket rule: never invest in a CEO who wears a suit.
Yet it is remarkable, in this supposed age of diversity, how many bosses still conform to the stereotype. First, they are tall: in research for his 2005 book, “Blink”, Malcolm Gladwell found that 30% of CEOs of *Fortune* 500 companies are 6 feet 2 inches or taller, compared with 3.9% of the American population.

People who “sound right” also have a marked advantage in the race for the top. Quantified Communications, a Texas-based company, asked people to evaluate speeches delivered by 120 executives. They found that voice quality accounted for 23% of listeners’ evaluations and the content of the speech only accounted for 11%. Academics from the business schools of the University of California, San Diego and Duke University listened to 792 male CEOs giving presentations to investors and found that those with the deepest voices earned $187,000 a year more than the average.

**Physical fitness seems to matter too:** a study published this month, by Peter Limbach of the Karlsruhe Institute of Technology and Florian Sonnenburg of the University of Cologne, found that companies in America’s S&P 1500 index whose CEOs had finished a marathon were worth 5% more on average than those whose bosses had not.

Good posture makes people act like leaders as well as look like them: Amy Cuddy of Harvard Business School notes that the very act of standing tall, with your feet planted solidly and somewhat apart, your chest out and your shoulders back, boosts the supply of testosterone to the blood and lowers the supply of cortisol, a steroid associated with stress. (Unfortunately, this also increases the chance that you will make a risky bet.)

**Besides relying on all these supposedly positive indicators of fitness to lead, those who choose bosses also rely on some negative stereotypes.** Overweight people—women especially—are judged incapable of controlling themselves, let alone others. Those who “uptalk”—habitually ending their statements on a high note as if asking a question—rule themselves out on the grounds that they sound tentative and juvenile.

The rise of the giant emerging-market multinationals has yet to make much difference to all this stereotyping. Such firms’ bosses often suffer from the corporate equivalent of a colonial cringe. They wear Western business suits. They litter their conversations with Western management-speak. And they pack their children off to Harvard Business School, where they will learn how to look and sound like Western-style managers. High-tech companies merrily abandon Mr Thiel’s rule once they reach a certain size and recruit a
Amy Cuddy holds forth on “body language” as a key to feeling, being seen, and being accepted as a leader (TED2012).

This is the second-most downloaded TED talk as of October, 2014.
Will Smith’s easygoing charm makes Hitch the kind of pleasant, uplifting comedy that you could recommend to almost anyone.

As suave Manhattan dating consultant Alex “Hitch” Hitchens, Smith plays up the sophisticated side of his established screen persona as he mentors a pudgy financial advisor (Kevin James) on the lessons of love.

The joke is that Hitch’s own love life is a mess, and as he coaches James toward romance with a rich, powerful, and seemingly inaccessible beauty named Allegra (Amber Valetta), he’s trying too hard to impress a savvy gossip columnist with whom he’s fallen in love.
Status: Among other things, status refers to social standing, relative rank in a hierarchy of prestige. For example, the status of a doctor, or the status of a banker, or a rigid status system evolved during feudalism.

What do you see in the conference room that indicates who has status?
British Steel to 1975

complex history
- 1949 nationalized
- 1951 privatized (but Iron & Steel Board sets price, rules on large purchases)
- 1967 nationalized (ongoing in 1975)
  260K employees in 14 companies
  28 dialects
  different unions for same job
  at different plants
- 1988 privatized
- 1999 merges with Dutch firm and becomes Corus
- 2007 acquired by Indian firm Tata Steel

at the time of the film (1975; 2.5 x 4.3 ~ 11)
- losing £5 million a week (about $55 million today)
- in a £5 billion re-structuring as 14 firms are combined (about $55 billion)
- pending decision on acquiring the Direct Reduction capability
  - 1 plant at £26 million (about $286 million)
  - 2 plants at £43 million (about $473 million)

(with delays £56, or about $616 million)
British Steel’s Korf Contract

Part I. STRATEGY
*Introduction — substance & context of DR decision
  *Planning’s initial views
  *Martin & Atkin in early progress meeting
    Planners meet
    Atkin with Korf representatives
    Morley in Atkin’s office
  Planners continue to meet

Part II. Recommendation
Introduction — DR looks like a poor idea
  *Morley reports in Chairman Finniston’s office
    Atkin in Morley’s Office just afterward
    Atkin sets new understanding with Korf representative
  *Atkin and Morley in corridor during Korf negotiations
    *Morley reports again on DR in Finniston’s office
    Atkin & Foster in Morley’s office before Policy Committee meeting

Part III. Decision
Introduction — DR is a poor idea
  *Policy Committee meets
    Atkin & Morley down hall to office after meeting
    Grieve-Smith office discussion
  *Planners meet to re-do their recommendation
    *Policy Committee meets again
      Atkin telephones Korf
      Atkin in Morley’s office
    Grieve-Smith reports back to Planning
    Korf negotiations are concluded
    BSC Board meets for final decision
  *final construction scene

STRATEGY
Early January*

Video Footage of Closed-Network Framing Failure

Jon Martin
Senior Planner

Ron Atkin
Director of Project Engineering
(and BSC’s chief negotiator with Korf)

*Stills are from the video shown during the session.
“Framing effects” should be familiar under other labels:

- Network brokers are more flexible because they more easily see things from alternative perspectives (“frames”)

- Network closure embeds broker relations in mutual acquaintances to manage risk, and so facilitate trust.

- Bent preferences are perceptions affected by the social context from which perception is made.

- The advantage of a strategic partner involves an insider affiliated with a suspect outsider in order to re-frame the outsider as “not like” other people of that kind.

**Strong framing effects can be elicited with a single word:**

(Ellen Langer results discussed on p. 4 in Cialdini reading from *Influence*)

Excuse me, I have five pages. May I use the xerox machine because I’m in a rush? (93% yes)

Excuse me, I have five pages. May I use the xerox machine? (60% yes)

Excuse me, I have five pages. May I use the xerox machine because I have to make some copies? (93% yes)
Successful Framing

Going back to India in 1919, what are the implications of Gandhi framing his proposed aggressive response to the new British law as a “day of prayer and fasting,” versus Jinnah’s interpretation of the idea as a “general strike,” or Jinnah’s proposal for “direct action on a scale they can never handle”?

Returning to Britain in 1975, what are the implications of Jon Martin framing the Korf DRI purchase as a “finance” issue?

How else could you frame the Korf DRI purchase?

“He will win who knows when to fight and when not to fight.” (from one of the two authors Sun Tzu, in The Art of War, a melange of advisories assembled before the birth of Christ).
Recommendation

Late January*

*Stills are from the video shown during the session.
DECISION
February*

Dr. H. Montague “Monty” Finniston
Chairman and CEO of the BSC

Lionel Pugh
Board Member for Finance

*Stills are from the video shown during the session.
Framing from Another Angle: Social Conflict

Dr. Jeffrey Sonnenfeld is the Associate Dean for Executive Programs at the Yale School of Management as well as the Founder, President & Chief Executive Officer of The Chief Executive Leadership Institute in Atlanta. The Yale-affiliated Institute is dedicated to the advancement of management education through scholarly research and peer-driven educational programs. Previously, he was a professor at the Goizueta Business School of Emory University. There he founded the Center for Leadership & Career Studies, which he ran for eight years. Prior to this, Sonnenfeld spent ten years as a professor at the Harvard Business School. His research, publications and consulting address issues of top leadership development, executive succession, and board governance.

Sonnenfeld received his AB, MBA, and doctorate from Harvard University. He has been the recipient of: the Irwin Award for Social Research in Industry; AT&T's Hawthorne Fellowship for Social Research in Industry; the John P. Whitehead Faculty Fellowship; and, on two occasions, Emory's "Outstanding Educator Award." He was awarded the "Outstanding Educator Award" in 1996 from the American Society for Training and Development, the nation's professional association for corporate educators.


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William M. Chace, an award-winning teacher and scholar, was elected the 18th president of Emory University in May 1994. The son of teachers, he was born in Newport News, Virginia in 1938, and grew up in Chevy Chase, Maryland, a suburb of Washington, D.C., attending local schools. He earned a bachelor's degree in English with honors from Haverford College (1961) and master's (1963) and doctoral (1968) degrees in literature from the University of California at Berkeley.

You might also enjoy "Firing back," by Sonnenfeld and Ward in the January 2007 HBR.
Anger and Character Assassination in Closed Networks

Third-Party Ties Surrounding Explained Relationship
(93.33 chi-square, 2 d.f., P < .001)

- **Blame the Situation** (e.g., “language barrier,” “parallel organization,” conflict of goals; n = 63)
  - Weak third-party ties: 21%
  - Strong third-party ties: 79%

- **Blame Colleague’s Competence** (e.g., “promoted too high, too fast;” n = 103)
  - Weak third-party ties: 47%
  - Strong third-party ties: 53%

- **Blame Colleague’s Character** (e.g., “unethical charlatan,” “back-stabber,” “nasty, ill-tempered;” n = 90)
  - Weak third-party ties: 4%
  - Strong third-party ties: 96%

Anger in the Explanation
(box shows 25%, mean, 75%; 11.56 t-test for association with strong third-party ties, P < .001)

from Figure 4.4 in *Brokerage and Closure*, and see Appendix IX on character assassination.
Detail (from Coleman, 1957, *Community Conflict*):

1. Initial single issue.
2. Disrupts equilibrium of community relations.
3. Allows previously suppressed issues against opponent to appear.
4. More and more of opponent’s beliefs enter into the disagreement.
5. The opponent appears totally bad.
6. Charges against opponent as a person.
7. Dispute becomes independent of initial disagreement.
Still Another Angle: Hubris

Fred found himself on a career to be the “Florence Nightingale of Death Row.” The acclaimed documentary was directed by Errol Morris in 2000 (also Gates of Heaven, The Fog of War, Thin Blue Line, and Fast, Cheap & Out of Control). As one quoted observer summarized Fred’s story: “He had no idea what he was blundering into. He came from nowhere and returned to nowhere.”
It is fascinating when you look at Enron’s evolution from trading natural gas — an industry Enron understood very well, had in its predecessor companies decades of history — to this company that believed it could trade anything. Its really a sign of the arrogance that took a hold in the company.

They forgot that trading is based on informational advantage; you know more than the other guy. If you’ve got decades of experience in an industry, by definition you know more than a lot of other guys. By the end, Enron had moved into industries like pulp and paper, like advertising, where their lack of knowledge of the industry would astound people in the industry who heard them talk.

These funds that were known as the LJM funds — named after Andy Fastow’s wife Lea and his two sons — would take opportunities for which Enron itself didn’t have the capital. In practice they invested in Enron’s worst deals, and made money by secret kick-back agreements that protected Andy Fastow’s investors at the expense of Enron investors. These funds became a core way for Enron to manipulate its earnings.

Its part of the tragedy of the Enron story that most of the key figures weren’t people born to great riches or easy opportunity. They were people like Ken Lay, who was the son of a dirt-poor Baptist minister, and didn’t even have indoor plumbing until he was 11 years old. Or Jeff Skilling, who worked some 50 hours a week all the way through his high-school years. Rebecca Mark grew up on a farm in Missouri and put herself through college.

These were people who really created themselves just by sheer force of will; really made something out of nothing. And to see their fatal flaws, which they all had, bring them down — there’s something especially tragic about that.

DVD interview with Bethany McLean, co-author of The Smartest Guys in the Room.
MALICE is one of those movies that you simply MUST see more than once to believe. The first time through, MALICE is a great psychological thriller, with twists and turns through a plot that contains rape, murder, life-and-death trauma, and a fight to the death...all within the first 45 minutes. The second time through, though, provides a look at all the things you might have missed the first time around...and a chance to savor an outstanding performance from perhaps the most underrated actor in Hollywood, Alec Baldwin.

Bill Pullman plays Andy Safian, an associate dean at a small New England college outside of Boston that's currently under siege by a serial rapist who claims his latest victim as the film opens. Nicole Kidman plays his wife Tracy, a volunteer in the pediatrics ward of St. Agnes Hospital. They're renovating a Victorian house and need $14,000 for the plumbing. Enter Alec Baldwin as Dr. Jed Hill, a former high school classmate of Andy's, who's brand new in town and needs a place to stay. Andy needs the money, Jed needs a room, so the two hook up and soon Jed is sleeping upstairs in the Safiens' home...usually not alone, and his sexual escapades are grating on Tracy's nerves. The rapes continue, Andy is fingered as a suspect, and in the midst of it all, Tracy collapses with a ruptured ovarian cyst. Jed operates to save her life (after a night of drinking and wild partying), but renders her unable to bear children...leading to a malpractice suit from Tracy and an incredible soliloquy on surgeons with a God complex from Jed during the deposition.

But once the first half of the film is over, things really start to roll. Without revealing the rest of the plot, suffice it to say that as Andy, Tracy, and Jed all try to start their lives over again, their fates become inextricably entangled.

The movie is worth seeing once as a thriller. But the second time around, Baldwin’s mesmerizing performance is what stands out. Jed is charismatic, seductive, and as charming as a cobra as he weaves his spell over the Safiens. Baldwin’s ability to jump from utterly charming to incredibly chilling in the blink of an eye is on full display here; it is truly the performance of a lifetime.

See it once for the suspense, and again for the acting.
Wrap-Up

1. Continuing a theme from earlier sessions, framing and timing can be critical to the exercise of power and influence outside familiar settings, so a significant component in the network broker’s competitive advantage is knowing the frames of reference used in the different groups to which a broker is attached — which provides, in short, an enhanced ability to “read the informal organization.” The result of exposure to alternative frames is that network brokers connected across the structural holes in an organization or market can be expected to:
   
   ● know better when it is time to re-frame,
   
   ● be more able to re-frame quickly, and
   
   ● be more likely to re-frame into a frame that persuades.

2. Illustrations:
   
   ● closed network “authentic,” ignorant of framing (Jon Martin in strategy meeting)
   
   ● insecure broker can have difficulty picking a frame (Morley briefing CEO)
   
   ● social conflict can induce a closed network, blind to framing (Chase at Emory)
   
   ● successful closed network induces hubris, blind to framing (Mr. Death, etc.)
Post Mortem*

Framing and timing can be an important, some would argue an essential, success factor in implementing corporate change. The key parameter is to know the strength of individual commitments to the old way of doing things, then to select frames and time moves consistent with who is less able to adapt to the new way of doing things.

A. Lionel Pugh, board member for finance (at the right), does not support the purchase of the DR plants. Suppose you were retained by Mr. Pugh to advise him on the DR decision. Knowing what you now know about the way the decision played out, and given the planning department analysis showing that the DR plants are probably not a wise purchase, what strategic advice would you offer to Pugh to prevent the purchase from happening? Be explicit about the current or potential constituency for Pugh that is served by his opposition to the purchase.

B. Herbert Morley, the Yorkshireman with “a reputation for toughness” (below), has hired you as a consultant to advise him on the DR decision. Knowing what you now know about the DR decision, and given the planning department analysis showing that the DR plants are probably not a wise purchase, what strategic advice would you offer to Morley to prevent the purchase from happening?

Regardless of his chances for success, what might Morley gain by opposing the purchase? In other words, what current or potential constituency for Morley is served by opposition to the purchase?

C. *Ceteris paribus*, is it easier to support or oppose the DR purchase? What does this tell you about when to act if you believe you, as a responsible person, should prevent your firm from taking a specific action?

*Stills are from the video shown during the session.*
Evaluation of Thin Slices

Much of what passes for considered judgment can be captured by quick evaluations of “thin slices.” A thin slice is a short (typically less than 5 minutes), random sample of a person’s behavior. The below results are a widely-cited example.

13 teachers were evaluated teaching small classes (8 to 20+ students). Teachers were graduate students selected to represent variation in quality and gender (6 women, 7 men). The criterion variable is the usual end-of-course evaluation of the teacher.

Three 10-second videos of each teacher were taken from the beginning, middle, and end of a class session. Nine female college students evaluated each video. “They were told that they would see short segments of teachers teaching a class and would be asked to rate the nonverbal behavior of the teacher in each segment on 15 dimensions from 1 (not at all) to 9 (very).” The evaluators received no other training and had no prior contact with the teachers.

Table shows usual end-of-course evaluation strongly correlated with thin-slice evaluation.


<table>
<thead>
<tr>
<th>Variable</th>
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<tbody>
<tr>
<td>Accepting</td>
<td>.50</td>
</tr>
<tr>
<td>Active</td>
<td>.77**</td>
</tr>
<tr>
<td>Attentive</td>
<td>.48</td>
</tr>
<tr>
<td>Competent</td>
<td>.56*</td>
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<tr>
<td>Confident</td>
<td>.82***</td>
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<tr>
<td>Dominant</td>
<td>.79**</td>
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<td>.76**</td>
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<td>Honest</td>
<td>.32</td>
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<tr>
<td>Likable</td>
<td>.73**</td>
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<tr>
<td>(Not) anxious</td>
<td>.26</td>
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<tr>
<td>Optimistic</td>
<td>.84***</td>
</tr>
<tr>
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<tr>
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$p < .05$,  ** $p < .01$,  *** $p < .001$. 