The Emotionally Bonded Organization:

Why Emotional Infrastructure Matters and How Leaders Can Build It

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Tom, a mid-career hire at John Deere's agricultural division, was frustrated in his position just 10 months into his job and was seriously considering leaving the company. On the advice of a colleague, Tom called Ken, an operating manager at Deere's construction equipment division, in early 2007. Over the next four months, Ken worked with Tom every week, listening intently, providing candid observation and feedback, and discussing issues and opportunities. Ken did this voluntarily, above and beyond the time it took to do his normal job. By mid-2007, Tom was able to get his situation back on track and by Oct 2007, had transitioned to a new position with bigger opportunities.

In early 2006, steel giant Nucor faced a crisis: the electrical grid at its Hickman, Arkansas, plant had collapsed. For a minimill company like Nucor, which uses electric-arc furnaces to make steel from scrap, this was a disaster. The plant was at a standstill, and personnel were at a loss as to what to do. The Hickman general manager called three electricians at two different Nucor plants. The three immediately flew thousands of miles to the Hickman plant, and by working twenty-hour shifts fixed in three days a problem that could have taken weeks to resolve.

What's most amazing about these incidents, which happened not at small start-ups but at very large Fortune 150 companies with over 45,000 employees, is that nothing in the formal job descriptions of Ken or the three electricians required them to help an employee in another division; neither did they have any direct financial incentive to do so. In fact, they had a financial disincentive: for instance, Nucor's workers receive bonuses based on their own plant's performance, and they had to leave their plants to help Hickman. Furthermore, this was not an isolated incident in each of these companies.

Anyone who knows how Deere and Nucor work would tell you that people make personal sacrifices for the good of the company all the time.

Deere and Nucor are exemplars of an *emotionally bonded organization*, where even in the absence of direct financial incentives, employees are willing to subjugate short-term personal goals in favor of a long-term focus on the corporation's success. Emotionally bonded organizations tend to be sustained, high performers. Take, for instance, Nucor. Since the 1960s, the U.S. steel industry has faced numerous problems, including fierce foreign competition, strained labor relations, and substitution of alternative materials for steel. Despite this, from 1962 to the present Nucor has enjoyed an annual compound sales growth of 17 percent and an average annual return to shareholders of 20 percent, both far superior to the performance of the S&P index. It has also enjoyed the lowest employee turnover rate of any company in its industry. Unlike other U.S. companies in the Rust Belt, Nucor has a nonunionized labor force. Employees have no reason or desire to unionize. When an outsider came to Nucor's Darlington, South Carolina, plant to encourage workers to form a union, the company had to send management out to protect the union organizer!

We argue that what bonds Deere and Nucor workers to the company emotionally and accounts for their phenomenal success is an *emotional infrastructure* that motivates people to do their best for the corporate good. Sociologists have studied groups with strong emotional ties (such as families, fraternities, and sports teams), which they label *gemeinshaft*, and have compared them to *gesellshaft* groups that are fleeting and limited in terms of emotional relations. Sociologists posit that certain factors contribute to a strong emotional infrastructure in *gemeinshaft* groups.[1] The same factors can be

consciously cultivated by leaders to create an emotionally bonded organization. Until now, very little in the literature or research on management has focused on how to build emotional infrastructure.

Understanding Emotional Infrastructure

Organizations are composed of three types of infrastructure: physical (buildings and equipment), intellectual (brain power), and what we label emotional (Figure 1). Executives spend a great deal of time and energy on the first two elements but too often neglect the third. Physical infrastructure, while important and necessary, is the easiest one to build and replicate. Building intellectual infrastructure is more time-consuming and more difficult but worth the investment because it is a source of both differentiation and defense. This is the realm of systems, processes, unique tools, homegrown methodologies, trademarks, copyrights, and patents that over time distinguish one organization from another.

But neither physical nor intellectual infrastructure makes an organization memorable. That requires the conscious creation of a strong emotional infrastructure (Figure 2). Emotional infrastructure is what engenders a healthy emotional climate within an organization - - it's the aggregated positive feelings employees have for the organization and for each other. Emotional Infrastructure is a perceptible energy field that makes people go the extra mile, not for financial gain but for their colleagues and their company. In short, it is what binds the organization together, creating a resilient and high-performing whole.

Emotional infrastructure is distinct from corporate culture. A company with just the physical infrastructure but with zero emotional infrastructure, can still have a culture. Enron certainly had a corporate culture, but no one would argue that Enron was an emotionally bonded organization. Culture is about "how we do things around here," whereas emotional infrastructure (or lack thereof) explains why.[2] Emotional infrastructure is also not synonymous with emotional intelligence, which is an individual-level construct that looks at the ability of people to understand and manage their own emotions and those of the people they work with.[3]

In comparison to physical and intellectual infrastructure, emotional infrastructure is the most time-intensive and the most difficult to build. Yet the factors that create emotional infrastructure are not visibly manifest to an outsider and hence it is the most difficult for a competitor to copy, yielding a sizable and sustainable competitive advantage. This is precisely why numerous people visit Toyota in Japan but very few are able to replicate Toyota's legendary manufacturing practices.

Leadership and Emotional Infrastructure

We see the role of leadership in an organization as a conscious process of infrastructure building at all the three levels. At none of the levels, infrastructure is a "create once, use forever" concept; infrastructure persists only if it is maintained and periodically recreated. All infrastructure, by their very nature, must be built before they can be used. You do not occupy a building and then construct it. You cannot cross a bridge before you build it. While this is too basic to merit being said, most corporations fail to understand that the same applies to emotional infrastructure. Fred Smith, the founder CEO of FedEx,

consciously focused on creating and sustaining the emotional infrastructure. To quote Ken May, President and CEO of FedEx Kinko's: "At FedEx we are deliberate in building emotional bond among employees, our team members. We don't believe that the objectives of the manager and the employee are inherently in conflict and the only way employees will act in the interest of the corporation is if we design the right incentive programs (as encapsulated in the principal-agent paradigm in economics). Instead we start with the position that the manager and the employee share the same goal - - to build a great corporation. Employees, just like management, want to be part of something great, something that they can be proud of. Emotional equity among employees is our X-factor. It is the secret sauce that explains our sustained high performance."

The issue before leadership is how to understand the nature of emotional infrastructure and how to create and sustain it. It is not just serendipity or happenstance. It happens in some organizations and not in others, under a particular kind of leadership and at a certain pace, for reasons that can be understood. Concrete steps can be taken to build it.

Sociologists argue that emotionally bonded groups have particular traits that remain relevant to their members over time. (See Box 1 "Factors That Build Emotional Infrastructure in Families") We have identified eight such factors that are also present in emotionally bonded organizations (Figure 3). We maintain that employees will make extraordinary sacrifices for an institution if

- their leaders are accessible in times of need (by creating a sense of proximity)
- their leaders are transparent, trustworthy, and communicative (by delivering "rich communication")
- they believe the institution is truly one of a kind (through the conscious propagation

of myths and rituals)

- their leaders demonstrate that they genuinely care about their people in times of adversity (bond through adversity)
- they understand how to let rich and supportive social networks grow within the institution (they view the corporation not merely as an organogram but as a community of communities)
- they feel they have a real opportunity to attain the unattainable (by articulating a bold vision) as they contribute to a higher mission (by practice and defense of deeper values)
- they think they are special just for being a part of the institution (they create an aura of extreme exclusivity)

Leaders who keep these factors in mind and ask themselves the questions we suggest here, can go towards the creation of an emotional infrastructure that can lead to the perceptible benefits of an emotionally bonded organization.

1. Proximity

Do my people feel I am distant, or "next door"? Are my leaders up and down the organization practice pull-based, as compared to push-based, leadership?

Proximity does not mean leaders are accessible 24/7. Instead, the requirement of creating proximity and perception of proximity is to look at how leadership presence is delivered in the organization. Is it largely push-based or pull-based? Is it ideally balanced? Leaders think they are proximate because they do things like sending out quarterly e-mails to their employees. Most leaders actually show up only when *they* think it is appropriate. On the

other hand, in organizations where there is a strong emotional infrastructure, leaders are a lot more “pull based”, they offer themselves as drag-and-drop icons that their people can then use as a power reservoir. Proximate leadership is not about just one individual, it is about the pervasive leadership style in the organization. It is something that groups of leaders cascade and as a result, every leader makes himself or herself available more in a pull-based than in a push-based manner.

Pull-based leadership can be practiced through simple things like exposing one’s calendar to a larger set of people who can directly seek a leader’s time as against waiting for the predictable time of the year when the leaders makes himself visible. Pull-based leadership is also about electronic accessibility, it is about showing up un-announced in the trenches, being seen with communities of practice in a non-agenda based manner and by creating opportunities for white-space interaction with people at all levels.

There are many other ways in which leadership proximity is perceived. Some of the more important ones are the physical presence of leaders at Ground Zero when disaster strikes. Leaders must be seen in the rubbles and speak from the ruins and not from behind their oak-paneled offices. How soon leaders reach troubled spots, how well they support the firemen on the spot and how well they help in the organization’s sense-making process and finally, how well they grieve – all go towards creating leadership proximity.

It is not always that disasters must happen for proximity to be felt. Every organization has hordes of small and large emergencies. Whether they are large or small, many organizations seldom have a well understood emergency response system; a 911 of sorts that tells people who to reach out to for what kind of an emergency. The attributes of a

911 system is that a 911 call gets picked up in two rings or less, anywhere and anytime. The receiver “listens” to the caller and is empowered to trigger an appropriate response system. 911 response errs on the side of over-reaction and not under-response and finally, there are no punishments for making a genuine call in which the emergency may have been perceived in an exaggerated manner. Organizations need to build the same level of access, attention and agility that a 911 system represents.

In organizations where there is proximate leadership, people know at any point in time, what the leader’s priorities are. If the delivery truck driver at Fedex-Kinkos knows what keeps Ken May awake, chances are that Ken would actually sleep well. Ask that question to the frontline in most organizations, they cannot tell you in a sentence or two, what is the current pre-occupation of their CEOs. Apart from knowing what keeps Ken awake, in emotional infrastructure-rich organizations, CEOs are not fighting the big war asking people to give their blood, sweat and tears. Instead, they are keeping people continuously updated on what is on their mind and actually asking for small help. Sometimes it may be about meeting numbers and deadlines, but it may even be about help with a presentation, help with an idea or help with solving a certain nagging issue. But that help is asked across lines, anyone could help. Even if such a call is sent out 4-5 times in a year, the perception is dramatic, people think Ken is egoless, when Ken says, “Can you help me”, it creates the feeling that he is next door.

In large organizations, there are platforms and delivery mechanisms for carrying the leader’s presence to people. Most continue to use very traditional platforms and delivery mechanisms; these could be quarterly reviews, annual plan communication or customer and analyst meets. Many leaders communicate through the electronic and the print

medium, but most of that is non-interactive and asynchronous. There are both non-traditional platforms and mechanisms that create greater proximity for a leader. These could vary from showing up in alternative spaces like YouTube (see how much of Jeff Immelt, the CEO of General Electric, you can find there) or using alternative delivery mechanisms like Second Life. When a leader uses a non-industry platform like speaking at a local community on a community issue or addresses college grads and gives them life's lessons in a first person, anecdotal manner, it builds greater proximity than another email giving quarterly management update that attracts the delete key even before it is fully read.

At Nucor, proximity is created by a radically flat management structure, with only four layers compared to the ten or more layers at a typical Fortune 500 company. In addition, Nucor's leaders ensure proximity by taking an egalitarian approach toward employee benefits. Senior executives do not enjoy the traditional perquisites dreamed of by top b-school MBAs, such as large oak-paneled offices, corporate jets, executive washrooms or dining rooms, or even reserved parking spaces. All employees, including the CEO, eat lunch at a deli across the street from the head office building in Charlotte, North Carolina. All employees, including the CEO, travel economy class. The CEO makes the coffee in the office when he drinks the last cup. Nucor's annual report lists the names of all its employees alphabetically on the front and back covers. All employees have the same holidays, vacation schedules, and insurance programs, and all, including the CEO, wear the same green hard hats. (In a typical manufacturing company, people wear different-colored hats in accordance with status or seniority, and the CEO's is often gold-plated!)

Leadership proximity is not just a “feel good” program; it contributes big time to innovation. Proximity enables employees to have a candid, constructive, and open dialogue about ideas—the hallmark of innovative companies. Nucor is consistently the most innovative in its industry; for instance, it was the first to adopt minimill technology and thin-slab casting. Many of Nucor’s very profitable technology adoptions have come from ideas provided by mill operators. Leadership proximity is key. When the CEO is eating lunch at the deli, for example, it is easy for a mill operator to approach him and say, “I read an article in *New Steel* magazine about thin-slab casting technology. Shouldn’t we be trying it?”

2. Rich Communication

How openly, how frequently, and how well do we, as an organization, communicate? Who can communicate with whom?

Leaders must appreciate that we live in a world of information overload and attention deficiency. With organization spread and eletronicization, greater autonomy is constantly getting created for the smallest person to subscribe to what may constitute communication, switch on and off at will and make personal choices on how much to align with organizational imperatives. Traditional models of communication are way past their half-life, the future model is about rich-communication. Rich communication is real-time, multi-media and encourages high interactivity that ensure the message is understood as intended as well as shaped as it emerges as many corporate situations tend to be not a set of discrete breaking news but news in the making. Citizen reporting is not just about the latest fad in news journalism, it will become an indication of the presence

of an emotional infrastructure in an organization. Emotionally bonded organizations experience rich communication.

Communication requires knowledge of, creation of and maintenance of what we will call "communication real estates". Just as we view roadside bill boards as communication real estate, organizations will do well to develop a census of their real estates, see which ones are in need of revival, which ones are under leveraged and what are emergent. Traditional real estates like company report, newsletters and intranet portals are ready for a makeover with such things as Enterprise Content Management systems that rely on newer, more interactive technologies, making available You Tube, Wikipedia and Google like capabilities that do not stop at one-way, onetime communication.

Yet, rich communication is not just about smart technology. In an emotionally bonded organization, leaders are trained to communicate. They understand how to handle questions and queries, counter spam and gossip and build points of view. These organizations do not just communicate through the business channel but place greater importance on multi-channel communication, carefully seeking communication "salt-licks" and placing information where people volunteer to come and are receptive to it.

The other critical difference between communication and rich communication is what we call simultaneity. Emotional infrastructure thrives when there is zero-latency between the need to communicate, the conveyance of thought and its return. Emotional infrastructure means substantive collaboration. People who are engaged are people who are willing to collaborate. This is very different from the mindset of watching news on the television with no stakes in its implications. Size has been the biggest traditional killer of

simultaneity, but with the Internet and mobile devices, information ubiquity is here. Organizations have under-harvested its power. Even today, a majority of CEOs have never used a podcast as a way to communicate. Rich communication is also about polling. Every communication is an opportunity to sense the temperature of the water and more than ever before, it is possible to electronically poll a globally dispersed audience with a CEO question; “So, tell me what you think?” after every major announcement. Finally, rich communication is about connecting with odd groups in the organization that innovate but dislike breeding in the open. They dislike traditional structure, management agenda and discount or unplug from anything that looks like “corporate stuff”. They are less likely to read a PR handout but more likely to lock horns with a CEO in a blog or a chat-room. That can lead to great new beginnings and create a communication spiral as against the staid fare of yesteryears that looked like communication but were more like transmission. The nerds and the geeks and the alternative life-forms were watching MTV while the CEO was evangelizing on Channel-C. Leaders who build emotional infrastructure are continuously scanning the non-obvious spots to get under the carpet, inside the chimney and below the bonnet where interesting people live to deliver the message and build engagement.

3. Myths and Rituals

What are the core myths and rituals that define our organization? How widespread are they? Who owns these?

In the biological world, it is our DNA that holds the unique genetic code that makes us who we are. The purpose of the DNA is to perpetuate itself and ensure the continuity of a

race. Just the same way, in the world of ideas, behind all ideas that replicate, are "memes", the DNA equivalent. Not all DNA is created equal and not all memes are created equal. Some memes replicate over centuries, across land and ocean. The modern organization is to be seen as nothing but a collection of ideas or even an idea of ideas; it is in that sense, a "memeplex".[4] People, who work in an emotionally bonded organization, subscribe to a set of ideas that the organization as a whole represents. Ideas, like people, have a life of their own, some replicate, evolve and some just die as in the case of the evolution of the species. If the organizational memeplex remains active and vibrant, people remain connected to it. While some ideas develop, evolve and mutate through external forces, many have to be carried on from one place to another, one time to another and one generation to another through the use of myths and rituals. As such, mythic and ritualistic elements, propagated by leadership, offer purpose and meaning to employees. They contribute to creating a unique identity and giving employees the sense that they are part of something distinctive, which activates pride and passion. Effective leaders understand how to harness the power of storytelling and symbolism to move an organization.

John Deere makes various types of farm equipment, selling tens of thousands every year. The company has a "Gold Key" ritual, where customers—farmers and their family members—are encouraged to visit the factory on the day their products are scheduled to be built. When customers arrive at the factory, their names are electronically communicated throughout the factory and they are escorted down the assembly line by a retired employee, who explains each of the assembly stations as they watch their own tractor or combine come to life. At the end of the line, each customer is given a gold key

and allowed to climb into the vehicle's cab to start the engine. This symbolic gesture perpetuates the idea that employee efforts have a direct bearing on customer value. This engenders pride among employees about the importance of their work and efforts. The Customer Satisfaction Index for "Gold Key" customers is significantly higher than the industry average. The strong emotional bond among Deere employees is key to the company's financial success. (The total shareholder return for Deere during 2005–07 was 150 percent, compared to 20 percent for the S&P Index during the same time period.)

Hasbro, a worldwide leader in children's and family leisure time, has an interesting ritual. G.I. Joe, an iconic American action figure manufactured by Hasbro, is intricately tied to the company's legacy. To honor retirees, Hasbro sculpts an official G.I. Joe in their likeness. This practice spreads the story and folklore about how valued retirees will be forever part of Hasbro, thereby building emotional affinity among current employees.

Japanese lore tells the story of Daruma, who was doing meditation but would simply fall asleep while doing so. This frustrated him since meditation has to be done in a conscious state, not when one is asleep. Daruma devised a strategy whereby he would meditate with one eye open so he would never sleep. In the process, he conquered sleep and meditated. As such, the Daruma has become symbolic for optimism, persistence, and strong determination. GE Medical Systems has employed this symbol to initiate an important R&D project. The company uses a Daruma doll whose eyes are not painted. The team gets together and paints one eye and keeps the doll proudly in the place of work. Daruma is supposed to be a constant reminder of the unfinished task. When the project is successfully completed, the team paints the other eye. The ritual is about reinforcing the

idea of focus and on-time and on-budget completion by the R&D team, not resting until the job is done.

4. Bonding through Adversity

How well do we handle adversity? Do we view it as a crisis or an opportunity?

People bond during times of adversity. In an organization with a great emotional infrastructure, there is a shared understanding of adversity. Faced with one, people do not respond with fear, uncertainty and doubt. While all adversity has a tendency to be uniquely scripted and may need different solutions, there is an organizational pattern that can be discerned from the past and correlated to the maturity of its emotional infrastructure. A certain response pattern emerges when you study up-close and everyone in the hallway knows the difference between one organization in which adversity would mean trouble versus another in which it would be seen as an opportunity. In the latter, adversities are not hurriedly dealt with and forgotten, the organization harvests learning from the past and shares that openly. Leaders publish their decisional choices and the rules, they openly discuss why and how they evaluated certain options and why and how they paid the price to emerge from the adversity. Finally, every adversity has its damage and leaders do not just steer the ship in the storm, they help the organizations heal in its aftermath. After all, today's survivor is tomorrow's hand at the helm and we all know that we live in times in which there is a high probability that a low-probability event will take place.

At FedEx time is money. In fact, a single minute's delay in its delivery cycle could cost about $1 million due to direct costs (additional trucks and personnel, customer refunds,

etc) and opportunity costs (future loss in business from upset customers). In 1994, FedEx appointed Ken May, 33 years old as the Managing Director over Global Operations Control and Coordination. (GOCC). One of his tasks in this position was to coordinate the deicing of aircraft in the event inclement weather moved into the Memphis Super Hub operation. The De-icing program required year round planning and collaboration from most departments in the company. (Aircraft Maintenance, Hub Operations, Field Operations and the Weather Forecasting group to name a few). In late 1994, an un-forecasted winter weather event moved into the Memphis area during nighttime Hub operations and forced major de-icing delays and much finger pointing across departments. Fred Smith, FedEx CEO asked Ken to lead a post mortem on the event to determine what happened and to lock in corrective actions to ensure the company was ready for future unexpected weather events. After the post mortem was completed, there was a briefing scheduled for Mr. Smith along with several FedEx Senior Officers from the various departments. Everyone came to the meeting a bit nervous and was concerned it might erupt into more finger pointing. At the beginning of the meeting, Ken stood up and said, "Fred, the coordination of the De icing program is part of my responsibility as the Managing Director over GOCC. We did a poor job that night and it was my fault. I take 100% responsibility for our failure to execute". Ken's comments literally sucked all the stress out of the room. The way Ken May dealt with the adversity changed employee attitudes and the rest of the meeting was focused on getting the company ready for the next weather event.

Consider Southwest’s response to 9/11, a major adversity for the airline industry. All other airlines furloughed and lay off more than 120,000 employees to stay afloat in the

face of massive reductions in the number of flights. Southwest chose not to lay off a single employee. Instead, the company's executive officers voluntarily gave up their pay. Even more remarkable, Southwest funded the employee profit-sharing plan in October 2001 as usual. Is it any wonder that underemployed Southwest flight crews were happy to help out other departments, such as Refunds and Customer Service, which were besieged by a high volume of calls from customers, thereby winning customer loyalty during a difficult period? Southwest's profits during the past 35 years have exceeded those of all other U.S. airline companies combined. Strong emotional infrastructure is at the heart of Southwest's success.

Times of adversity give leaders a rare opportunity to show that they genuinely care about their employees and thus to strengthen the emotional bond. Unfortunately, most corporations destroy emotional infrastructure in the face of adversity by reengineering and downsizing their workforces in order to improve short-term profits while at the same time giving top management handsome compensation.

5. Voluntary Support Networks

Do our people at every level have a support network? Do we, as an organization, encourage the creation of these voluntary networks?

In a traditional organization, there are only two officially recognized, officially encouraged life lines: one with the boss and one with HR. Everything else is the underground that is usually the dark side. The post-modern organization realizes the inadequacy of this arrangement which is a legacy of the assembly line. We noted before that an organization is a memeplex, an idea of ideas; just the same way, we need to view

the post-modern organization as a community of communities. The community view of the workplace deconstructs the agency relationship in which people work for hire. The community view of work is akin to the life of bees; they do not just work in the hives, they actually *live* there. In today's world, the hive is actually virtual, creating all the more reason that the rules of the virtual world be extended to benefit the organization. Consequently, leaders need to recognize that unstructured, self-germinating, self-governing communities of practice are inevitable and actually a sign of life and it is to management's advantage to make friends with them. There is a fine line though, since such communities shun official agenda and interference. Yet, in an emotionally secure organization, leadership paves the way for beneficial yeast to breed in abundance, help them to create colonies and thrive so that they build a great eco-system that provides multiple support network an engaged constituent may need for different facets of existence and work. Membership and activism are legitimate, the occasional churn created by communities are seen as a path to progress. Leadership not only feels comfortable with their diversity, they provide a great opportunity to network with the external world and effectively work as connectors to import valuable ideas from the outside world and diffuse best practices across the organization.

At MindTree, an IT and R&D services company in Bangalore, India, leaders realized that formal systems (structured training programs, performance management systems, etc) have *finite* capacity for problem solving and in meeting the learning needs of employees. In order to expand this capacity, leaders began to encourage employees to create voluntary communities of practice. Soon, small communities started sprouting all over the company, running the gamut from technical and role-based communities to

experiential communities addressing the key issue of self-leadership. Management did not necessarily know what every community was up to, which was precisely the point. They realized that interfering with these communities' agenda, timing, and structure was the surest way to kill them and their capability to create alternative and multiple support systems. Ashok Soota, Chairman and CEO, decided that management's job was to let these communities breed like yeast; the company's role should be to provide them with the physical infrastructure and the occasional financial support to come out into the open.

The results have been dramatic. In the Indian IT industry, which is notorious for very high employee turnover, MindTree's attrition level trails the industry average by half. Though MindTree Minds (as employees are called) spend an average of 10 days in formal classroom training, their highest learning happened during community-led learning sessions, in which management had no say. The 30-odd voluntary communities have become safe havens in which company members feel secure and emotionally well knit.

How often do organizations realize the importance of multiple, alternative support networks? Beyond the boss-subordinate relationship and the so-called grievance-redress system, do we even take into account the social nature of human beings? How do we help create, support, and nurture alternative support systems that sometimes work without the constituents even knowing that they have rung the bell and it has been answered?

6. A Bold Vision

Do we have a bold, even unrealistic, vision? Does the majority of our people understand and embrace it?

In the known world of living beings, it is only the homo sapien who is hardwired to think of the future. We are, as a species, constantly in search of tomorrow. We live in hope and create visions of things and states that are nested in the future and then we go on to create that future, to live in it. Visioning is integral to living and hopelessness is more dreaded than death. The essence of a vision is that it takes the long view of time and works in an opportunity-backward manner and not a constraint-forward manner. In an organization with a strong emotional infrastructure, there is an articulated vision that is often bold and ambitious. The style of thinking changes from present-forward to future-backward.

In many organizations, vision is either nonexistent or sounds so much like "motherhood and apple pie" that it hardly galvanizes employees. Successful organizations imagine the future in bold terms; the details are not always fixed, but the big picture and the direction are clear and everyone is aligned. The dream of Tata Motors, an Indian multinational, in 2004 comes to mind: "Our intent is to create a high quality 4-passenger automobile priced at $2,000 that meets all emission requirements". Why does a statement like this provoke an emotional response? Because people are drawn to a bold, challenging, and *un*realistic goal. Deep inside, we feel uplifted by the thought of climbing a mountain in a way we are not by the idea of scaling a molehill.

A bold vision has the potential to produce breakthrough innovation. Performance is a function of expectations, since we rarely exceed our expectations or outperform our ambition. The only way Tata Motors can realize its dream is through out-of-the-box thinking. If they were to succeed, they must challenge every industry orthodoxy and radically rethink the five major areas of cost in an automobile: interiors, engine and transmission, suspension and wheels, electrical, and the body. Tata Motors did precisely

that. Tata's ultra low cost car - - the Tata Nano introduced in early 2008 - - weighs between 1,500 and 1,800 lbs., boasts a 600 cc, two-cylinder engine mounted in the rear, a continuously variable transmission, and a metal skin bonded with industrial adhesives (not welded). With all their breakthrough innovations, Tata succeeded in building a $2,500 car. A naive view would suggest that they had failed to meet their goal, but in reality, they have created a huge untapped market among the Indian middle class, which currently is using *two-wheelers* priced at $2,000. If, on the other hand, the company's goal were realistic—for example, simply to reduce costs 10 percent from a $20,000 automobile platform, as American automakers have tried to do in India—it would be unlikely ever to invent the $2,500 car.

Most organizations have goal-setting processes that limit ambition rather than opening up possibilities. Consider two managers: one promises 30 percent growth but ends up delivering only 28 percent while the other manager promises 1 percent growth but beats the budget and delivers 2 percent. Who deserves the bonus? Which manager typically ends up getting it?

7. Deeper Values

What are our organizational values? Do they go deeper than just business choices to acknowledge more fundamental societal needs? How well do we adhere to them? What price have we paid recently to uphold our values?

In emotionally bonded organizations, we see great emphasis on value-engagement. Despite the recent spate of corporate incursions, corporate values are not yet an oxymoron. Leaders who create an emotional infrastructure look at values as a basic tenet;

they remain the fabric of social contract between the constituents. Leaders personally ensure that values are concurrent with changing times, they insist on value match ahead of competence match while recruiting top talent, they personally live the values the organization symbolizes and encourage value-feedback. There is swift action against value transgression so that the essence of the organization survives.

Johnson & Johnson's Credo is an excellent example of how the power of values can unify employees despite a company's enormous size and geographical dispersion. Companies, like J&J, understand that people want to be a part of an organization that is a force for good in the world. They base their values—values that go deeper than just making business choices in the interests of the organization—on a strong moral foundation. These companies not only recruit people who subscribe to their values but also teach these values in training programs and constantly reinforce them on the job. Leaders act as role models by making the values tangible and real for the organization.

J&J's leaders adhered to its values in responding to the Tylenol crisis in 1982. At that time, Tylenol was the most profitable product in J&J's portfolio, bringing in about 20 percent of the company's profits and enjoying a market share of about 40 percent in the pain reliever category. Then seven people died after taking poisoned Tylenol capsules. It was quickly established that J&J had no legal liability for the tragedy since the tampering occurred outside J&J premises and the individual found to be responsible was not a J&J employee. In fact, the general perception was that J&J was as much a victim as the seven who died.

Values are truly tested when the stakes are high. Even though J&J bore no legal responsibility and the capsules that were tampered with were sold in only one retail store in Chicago, the company spent more than $100 million (1982 dollars) to voluntarily withdraw *all* Tylenol capsules from the U.S. market and develop a tamper-proof seal before reintroducing the product to the marketplace. The short-term hit on profits from these actions was huge, but J&J leaders based their decisions not on financial criteria but on their Credo, which underscores the company's responsibility to the public regardless of any potentially negative impact on short-term profits.

J&J, by putting customer safety ahead of short-term profits and stressing its core values, reaped rich dividends. The market share of Tylenol increased after 1982, notwithstanding the fact that competitive products aggressively built position when Tylenol was temporarily pulled from the shelves. Even more, J&J employees came out of the Tylenol crisis with a greater sense of pride and belonging.[5]

Most organizations are unable to bind employees together through a set of deeper values. The size and dispersion of these organizations, as well as their inability—or unwillingness—to create an effective socialization process makes values just a string of meaningless words in these organizations.

8. Extreme Exclusivity

How selective are we in setting entrance criteria? How unconditional is our acceptance of those who become members?

Easy come is always easy go. Emotionally bonded organizations have a certain entry criterion that creates a fence around itself which actually attracts the believers and retains them. This exclusivity is celebrated and further strengthened when members get members. At Nucor, there is a saying that it actually stands for "*N*ephews, *U*ncles and *O*ther *R*elatives", to signify not the building of a parochial organization but one in which birds of a feather can flock and fly together. Values matter over competence at the gates of entry. Inside, the inhabitants live in a strong network of sorts in which the rules of network apply - members give something to get something. In such organizations, peer approval precedes the boss's approval; there is invisible, self-administered code of conduct. There are also very visible membership benefits, even for alumni. This scenario is the opposite of places in which a trespasser gets hired and attrition rates soar.

The strength of the emotional bond within an institution is directly proportional to the degree of difficulty in getting into that institution and is contingent on unconditional acceptance. Some organizations understand this very well. A key reason that Harvard and McKinsey are what they are today is that it's tough to get into them. It's meant to be that way. Once you are accepted into one of these institutions, the connection not only describes who you are but also defines who you will eventually become.

Nucor is extremely selective in recruiting employees. When Nucor's Darlington, South Carolina, plant needed eight people, Nucor placed an ad stating that it would take applications on a Saturday morning at 8:30 a.m. When the management team arrived to conduct the interviews, there were 1,200 people lined up outside the plant. Managers couldn't even get into the building, so they called the local police and asked them for help. But the officer on duty told them, "We can't do it, because there are three of our

own people out there applying for jobs!" Choosing 8 out of a pool of 1,200 is an even lower acceptance rate than Harvard's!

In a talent-crunched world, organizations often entrust hiring to recruiters and executive-search firms whose job is to fill the vacancy at any cost. Emotionally bonded organizations pay great attention to who can join, and this process of engagement itself goes a long way toward assimilation, alignment, and retention. Equally important, emotionally strong organizations cultivate unconditional acceptance of their members. The beliefs underlying unconditional acceptance (that people are inherently good, that mistakes must be tolerated and learned from, that the stronger have a duty to support the weaker, that with sufficient mentoring each person will blossom, and so forth) might appear to be in conflict with the need for disciplined and efficient execution of a sound business strategy to maximize shareholder returns, but these beliefs are essential to tapping the full human potential.

The Power of Emotional Infrastructure

Strong emotional infrastructure results from deliberate choices at the top. Leaders cannot rely solely on formal systems—incentives and rewards, job definitions, and planning templates—to build emotional infrastructure. Instead leaders must consciously build emotional infrastructure through proximate leadership, transparent and rich communication, incorporation of myths and rituals, constructive response to adversity, encouragement of multiple support networks, articulation of a bold vision, adherence to deeper values, and creation of a sense of exclusivity.

Doing so does not require companies to go soft on employees when it comes to performance. In fact, Nucor is an extremely demanding place to work, illustrating that a strong emotional infrastructure can co-exist with and support a meritocracy and a performance ethic. Leaders who consciously build emotional infrastructure will be rewarded by knowing that they are both preserving inheritance and creating a legacy that matters.

FIGURE 1

LEADERSHIP AND INFRASTRUCTURE BUILDING

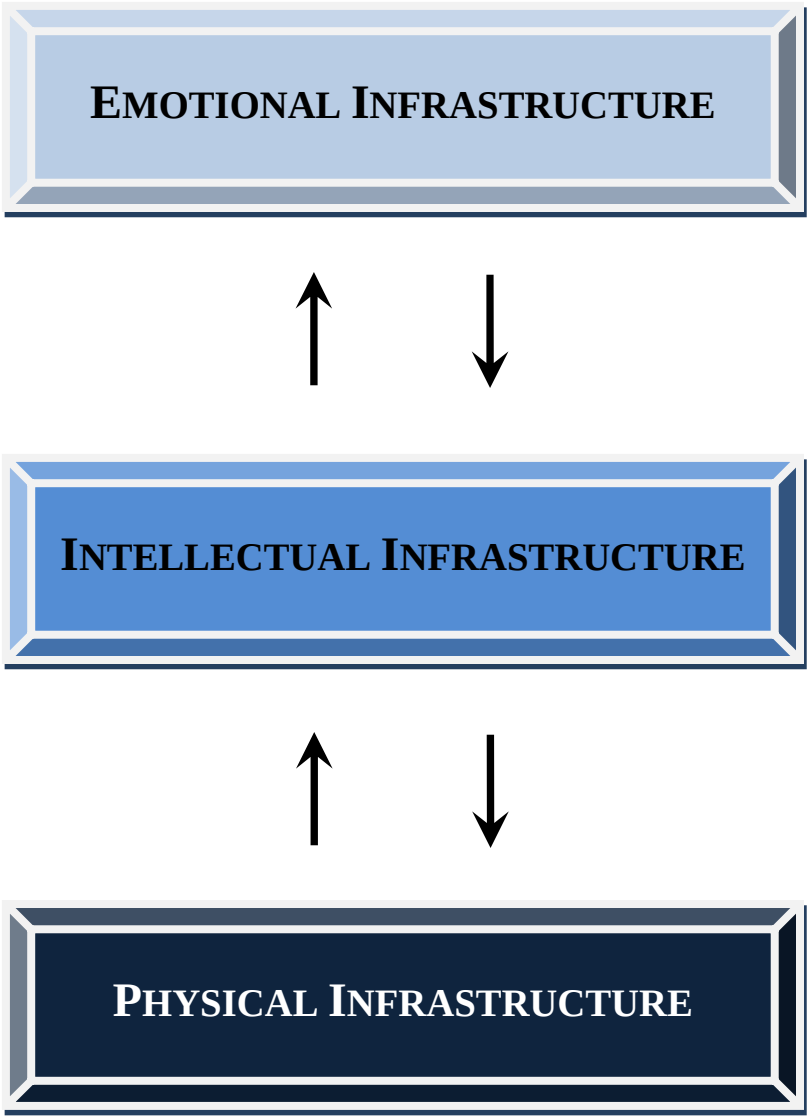

FIGURE 2

CHARACTERISTICS OF THE THREE INFRASTRUCTURES

	Cost To build	Time to build	Difficulty to build	Difficulty to imitate	Degree of competitive advantage offered	Types of advantages
Physical infrastructure	Relatively high	Relatively low	Relatively low	Relatively low	Relatively low	Table Stakes
Intellectual Infrastructure	High	High	High	Difficult	High	Differentiation and defense
Emotional infrastructure	Relatively low	Relatively higher	Relatively higher	Relatively More difficult	Relatively higher	Longevity and immortality

FIGURE 3

EIGHT FACTORS THAT BUILD EMOTIONAL INFRASTRUCTURE

Factor	Questions Leaders Should Ask
Proximity	Do my people feel I am distant, or "next door"? Are my leaders up and down the organization practice pull-based, as compared to push-based, leadership?
Rich Communication	How openly, how frequently, and how well do we, as an organization, communicate? Who can communicate with whom?
Myths and Rituals	What are the core myths and rituals that define our organization? How widespread are they? Who owns these?
Bonding Through Adversity	How well do we handle adversity? Do we view it as a crisis or an opportunity?
Voluntary Support Networks	Do our people at every level have a support network? Do we, as an organization, encourage the creation of these voluntary networks?
A Bold Vision	Do we have a bold, even unrealistic, vision? Does the majority of our people understand and embrace it?
Deeper Values	What are our organizational values? Do they go deeper than just business choices to acknowledge more fundamental societal needs? How well do we adhere to them? What price have we paid recently to uphold our values?
Extreme Exclusivity	How selective are we in setting entrance criteria? How unconditional is our acceptance of those who become members?

BOX 1
Factors that Build Emotional Infrastructure in Families

1. *In most families, early experience of leadership is through parental proximity and availability- on-demand*

   We see leadership proximity as the most important reason why the family has become the longest surviving institution in human history. In families, emotional development and leadership proximity have close linkage. Among all the species, humans nurture their young for the longest period of time before they are ready to fend for themselves. During this period, proximity and availability in times of need become hallmarks of leadership.

   For example, whether you needed them or not, it was always comforting to know that a parent, or probably both, slept in the next room. When you were hurt while playing high school soccer, one of them left work to take you home. That memory becomes dearer to you as time goes by.

   In large organizations, the sense of on-demand availability of senior management decreases over time and leadership is often perceived as remote. A constant refrain in organizational discussions is how size kills proximity. Yet, there are organizations and leaders that are able to anticipate the need and create a sense of proximity. Technology today is making it possible, more than ever before, to deliver leadership on-demand. Yet, technology only delivers what leaders intend and smart technology cannot substitute for the commitment to be emotionally available.

2. *Well-bonded families have rich communication. Communication is a basic emotional need and it binds us as groups*

   In well-knit, emotionally bonded families, communication is almost dramatically non-stop. There is always something to talk about and someone talking. Families communicate on the serious and the most trivial issues. Because the communication mechanism and the protocol get well exercised, in times of urgency, members connect instantaneously and the quality of attention and the consequent engagement is very high. Telecommunications companies were the first to realize the commercial potential of families wanting to stay connected and the family plans were created. A very interesting thing about such communication in families is how little is deemed “classified/confidential/need-to-know”.

   By contrast, organizations tend to communicate only when management think it is necessary. Most communication is agenda-driven. A lot is considered classified.

More the desire to control dissemination of information, lesser is management's capability to call the organization to attention and aligned action, in times of need.

3. *Well-bonded families are about myths, rituals and story-telling*

   A key factor differentiating one family from another (interesting how we do not think of any family as a commoditized concept) is its myths and rituals—its stories and symbolic gestures. A core set of myths and rituals that are basic and actively propagated helps the family to build a unique and shared identity. These ensure the "memetic continuity" of the collective and assure its members that they will be remembered. Even as children grow up and go away, these myths and rituals keep folding them back into the core so that dispersion does not lead to decay. Myths and rituals ensure that the idea of the family itself continues.

   Every family has its unique tale—actually, many tales. These stories are handed down from generation to generation and convey the essence of what it means to belong to the Smiths, the Wongs, or the Guptas. These tales are about the origins of family, sometimes mingling reality with folklore and imagination. They are about strife and sacrifice, achievements and failures, romance and elopement. They change and transform with the ebb and flow of members, intertwining the old and the new. There are symbolic gestures as well that have special meaning to family members. For instance, Maxine and Neal Scribner raise their children with the traditional Passover ritual in which, invariably, the family invites friends it has not seen for a while and keeps a place for a stranger who may arrive hungry, turning the value of inclusion into a living practice. This is very different from many companies where even as terms such as "inclusion" are used, they do not connect to everyday practice because the bridging mechanism of ritual is missing.

4. *Families are often bonded during times of adversity. Adversity helps build their emotional infrastructure*

   Families are bonded and emotional infrastructure is built through addressing adversity together. Think of a time when a family member suddenly became ill, a parent was laid off, or someone at home experienced an unfortunate personal circumstance. Such events bring the entire family together. In strong families, members voluntarily take on extra loads, give up their entitlements, and willingly reconfigure their lives. No one talks about roles and responsibilities, rewards or recognitions. And in the end, the family survives.

   Many organizations frown on adversity, and managers have adversity avoidance built into them, but such organizations tend to crumble quickly when faced with a difficult situation. In crisis, a certain survivor syndrome deploys rapidly. The blame game comes into play and people hesitate to jump in beyond the call of duty. Contrast this with the situation in nonprofit organizations, in the military, or among firefighters, where volunteerism is a common bond. There, every crisis is seen as an opportunity to build something better than before.

5. *A well-bonded family is made up of multiple support networks, each designed for a different need*

   Strong families are made up of multiple voluntary support networks, each addressing a different personal need and supplementing the more apparent and more structured parental support network. Siblings may become allies when one witnesses another being punished unjustly and comes forward later to offer a comforting word or hand. An aunt becomes a special confidant to a young girl.

6. *Most well-bonded families invariably have a shared vision. It is fundamental to its emotional infrastructure*

   Successful families invariably have a shared vision. It is fundamental to emotional infrastructure. The day a baby arrives, parents start envisioning the child's future and aiming to ensure a good education, good health, and an overall good life. Some start reassessing their own lives, from committing to a bigger house to revising career goals to thinking about nest eggs. Sometimes the vision is bold and even unrealistic, driven by a long-range view of time. History is replete with examples of greatness sowed in the vision for a child when the family could ill afford even the basic necessities. The act of such visioning is future-backward and disregards the resource scarcity of the present.

   It is interesting that leadership vision within families, often without resources and sophisticated planning systems, is able to nurture greatness in men and women. Many become leaders at work, but the same people blame the need to deliver quarterly results for their inability to think of the longer term. They have forgotten, if they ever knew, that their parents had to deliver the immediate present and still managed to imagine the distant future. After all, bills had to be paid, mortgage commitments had to be met, laundry washed, garbage thrown out, and dinner made even while sharing and nurturing the dream to send little Bill or Julie to Harvard one day.

7. *A well-bonded family is about values – these are articulated, shared and defended by its members*

   Values create cohesion among family members and are the foundation of emotional infrastructure. By family values, we mean a set of ideas and beliefs that a particular family recognizes as a common bond among its members and prides itself on following. Leaders in the family articulate and defend these values, and members are expected to adhere to them. From time to time, values are clarified during parent-child talks. The shared understanding of values is kept current by communicating about them often and applying them in real situations.

8. *Membership of families is by invitation only. The process involves multi-lateral acceptance and making of an emotional commitment by the one coming in*

You can easily join a soccer team, a golf club, or a Sunday group that meets to discuss wine. For an outsider, joining a family is nowhere near as simple. Membership in families is limited and very selective. The process involves two-way and multilateral acceptance. The only way to get in, in most cases, is through marriage. As a rule, it involves more effort than obtaining a license. First, you're invited to sister Sarah's home for dinner, then to Dad and Mom's for Thanksgiving, and then, on another occasion, for the ritual presentation, before the family declares you to be a part of it. Only after more experiences (and sometimes many years) does the emotional bond strengthen to the point where you finally feel like you are a full member. Exclusivity is reinforced through the unconditional nature of membership in functional families. This lifetime acceptance is accompanied by nurturing support and acknowledgment of personal worth, even when failures occur. Exclusivity strengthens the emotional bond among family members.

Appendix

Summary of Research Methodology

The intellectual foundation for the concept of emotionally strong groups comes from sociological research on groups. The framework and ideas for this paper were developed based on in-depth studies of corporations such as Nucor, Deere, Hasbro, FedEx, MindTree Consulting, Southwest, Tata Motors, Lincoln Electric, eBay, General Electric, and McKinsey. One of the authors founded and successfully scaled up a company based on emotional infrastructure. We field tested the factors that build emotional infrastructure with several hundred executives.

[1] For details on sociology research on groups with strong emotional ties, refer to: Dunphy, D. (1972) *The primary group*. New York: Appleton-Century-Crofts; Kimberly, J.C. (1984) *Cognitive Balance, Inequality, and Consensus: Interrelations Among Fundamental Processes in Groups.* In E. J. Lawlers' (Ed.) *Advances in Group Processes* (Vol. 1). Greenwich, CT: JAI Press.

[2] Deal, Terence E., and Allen A. Kennedy, *Corporate Culture*, Reading, MA: Addison-Wesley, 1982.

[3] Goleman, Daniel. *Emotional intelligence: Why it can matter more than IQ*. 10th Anniversary Ed. New York: Bantam Books, 2006.

[4] Robert W. Galvin, the legendary former CEO of Motorola, Conceptualized Motorola as a collection of ideas. See Galvin, Robert W., *The Idea of Ideas*, Schaumberg, IL: Motorola University Press, 1991.

[5] Tedlow, Richard S., and Wendy Smith. "James Burke: A Career in American Business (A)." Harvard Business School Case 389-177.