

FORTHCOMING IN ISSUE 76 AUTUMN 2014

Does Your Company Keep Its Promises

Despite best intentions, many businesses struggle with
“commitment drift.”

BY ELIZABETH DOTY

Does Your Company Keep Its Promises?

Despite best intentions, many businesses struggle with “commitment drift.”

by Elizabeth Doty

Businesses today make a lot of promises. They promise high-quality products and experiences to customers, careers that offer opportunity and purpose to employees, ambitious strategies and programs that will accelerate innovation to investors, and ethical conduct and social and environmental responsibility to society at large. And they are making these promises in an era of transparency driven by social media—in which businesses that don’t keep their word have nowhere to hide.

It is troubling, then, that in practice many companies struggle to keep their commitments. Under the pressure of a quota, target, or deadline, or amid the turmoil of constant change, many companies experience “commitment drift,” in which critical promises are forgotten or broken. Commitment drift is dangerous, because it leads people to neglect the investments needed to maintain key capabilities, sustain customer relationships, retain employees, execute strategies, and pursue innovations. It also introduces the risk of breakdowns in safety, privacy, and ethics, and erodes the trust of employees, customers, share-

holders, and the public. This downward spiral of disengagement can lead to what researchers at Harvard University’s Edmond J. Safra Center for Ethics call “institutional corruption,” wherein good people compromise in ways that divert an organization from its purpose.

I have spent 25 years working at large and small businesses in the throes of sweeping strategic initiatives, megamergers, turnarounds, and game-changing innovations, and I have spoken with hundreds

will routinely make personal sacrifices to keep a promise to a colleague, an employee, their boss, a customer, or the community. But despite valuable insights from thought leaders such as Fernando Flores, Charles Spinosa, and Donald Sull, it is extremely challenging to ensure that individual commitment adds up to organizational promises kept. As Lynn Sharp Paine noted in *Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance*

“There are commitments flying around everywhere,” said one senior director. “Is anyone keeping track?”

of professionals about their motivations and values. For all the attributions of unbridled greed, I have found that many businesspeople care about keeping their word, and

(McGraw-Hill, 2003), most companies are simply not designed to remember commitments over time—let alone communicate them clearly, hand them off between depart-



ments, or adjust them effectively as priorities change. To avoid commitment drift and the chain reaction it can trigger, business leaders must sidestep some common pitfalls. The following seven strategies can help.

1. Make fewer, better commitments. “I want to buy more from you,” one customer explained to a sales rep, “but I don’t trust that you are advising me on the basis of what I really need.” The best commitments create value for others at minimal cost to you. But too often, professionals make expensive promises that miss the mark for stakeholders. For example, a sales rep may offer a discount in order to close a sale, when what the customer needs is an assurance that the rep is acting as a trusted advisor, such as “I’ll use benchmarks to ensure that I’m recommending the right products for your business.” Similarly, leaders often invest heavily in the launch of a change initiative, when what employees really want to know is whether the change will last over time. When you take the time to understand your stakeholders’ needs, you can target your commitments to the things that make a difference.

2. Track your key commitments. “There are commitments flying around everywhere,” said one senior director. “Is anyone keeping track?” The sheer volume of commitments leaders are asked to make can get them into trouble. Flatter organizations mean each manager has more points of contact, more requests to get involved, and more pressure to say yes. As a result, people make promises they cannot keep, and they are more likely to forget the promises they have made as new ones eclipse their time and attention. Tracking promises doesn’t have to be elaborate. You can start by mak-

ing a list of the people you depend on, and the people who depend on you (your boss, your team, colleagues in other functions, and so on). Then, for each relationship, list your key ongoing commitments, for example: “I will provide my direct reports with the resources they need.” And, under those, your specific promises: “I will hire two new engineers by the end of September.” Software tools can help you review and update your list frequently.

3. Ask for commitment from others. “Don’t they get it? Why don’t they follow through?” asked one manager. Leaders are often mystified by the lack of execution they see after major initiatives are launched. Yet these same leaders may fail to articulate exactly what commitment they are asking others to make. For example, the CEO of a computer modeling company held regular brown bag lunches with key employees to introduce a new innovation strategy launch, but noticed after three or four sessions that nothing was changing. As it turned out, the brown bag lunches *were* the launch, but the employees did not realize the ball was now in their court. Just a simple statement of what you are asking others to commit to and how they can get started can turn the situation around. One caveat, though: It is critical that you make the commitment a real choice—do not corner people into making false declarations, or you will get even less real ownership.

4. Connect the dots between groups. “The single biggest barrier to delivering on our commitments as an organization is all the individual leaders striving to deliver on their personal commitments,” said one senior executive. When leaders focus narrowly on what they “own,” they

focus less on connecting the dots with other groups. But these connections may have the most overall impact on company promises. When one company missed a promised launch date for a new product, the product manager told me, “We found out just before launch that another department had de-prioritized one of the critical components we needed. They didn’t even think to tell us.” The guilty department hadn’t been aware of the ripple effects of its decision on the company’s commitment. As obvious as it sounds, most companies improve enormously by ensuring teams understand how their work fits together, and motivating them to base their priorities on the company’s goals.

5. Focus on processes, not heroics. “The employees always know about the problems,” said a customer experience leader. “They just get tired of telling their managers what needs to be fixed. And one day, they give up.” Most leaders know that committed employees are critical to delivering on promises. But those leaders frequently rely on heroic efforts as a substitute for effective processes, and end up wearing out their employees’ goodwill. Having poor processes, or tampering with processes without understanding them, creates inefficiency, waste, delays, and rework—the most costly way to deliver quality. When companies instead invest in developing repeatable processes, they make it easy for employees to deliver on company promises, and free up their creativity for the next big idea.

6. Know what commitments you are inheriting in a new role. “I agreed to take on a double load for two years, in exchange for a shot at that next director spot. I did my part. But I’m on my third manager, and I

don't think he even knows about that deal," said one star employee. As reorganizations and role changes become more routine, the risk of breakdowns increases. Leaders often arrive in their new roles hyper-focused on making a mark and delivering results. Yet if you jump into action without knowing what was promised in the past, you can unwittingly violate a prior commitment, undermining trust and increasing the chances of resistance. Simply by asking, "What promises

integrating functions to avoid the contradictions that erode trust.

Reliable promises create value. They engender the confidence that enables customers to buy, employees to engage, shareholders to invest, and the public to trust. Unfortunately, at many companies, managers make decisions without paying attention to what was promised, what they can truly deliver, or whether they have kept their commitments over time. They are often working very hard, but in ways that

Reliable promises create value. They engender the confidence that enables customers to buy, shareholders to invest, and the public to trust.

have been made?" when you start a new role, you can ensure the important ones are kept—or are changed with respect and consideration.

7. Continually check for contradictions. "It's funny, but many companies are playing both sides of an issue and don't know it," said one corporate consultant. "Often, the individuals are just down the hall from each other, but they don't talk." Consistency is the way most people decide whether you are sincere and they can trust you. In fact, thanks to branding efforts and some legal precedents, customers, activists, and regulators often expect companies to care and respond as a person does. And when they find out the business is speaking out of both sides of its mouth, they understandably assume the worst. Yet this kind of contradiction can happen all too easily in practice. For example, does your government affairs staff align its lobbying priorities with your corporate social responsibility mission? For an organization, acting with integrity means continually in-

crease uncertainty and thus reduce value. It's like running 25 miles of a marathon and leaving the last mile to chance.

When managers pay more attention to commitments, they generate momentum. And they find that having the courage to say "yes" or "no," and to stick to their promises over time, actually decreases their workload and increases their impact. For their part, senior leaders need to invest in systems, rewards, and habits that make it easy for managers faced with complexity and constant change to make solid commitments, connect the dots with other groups, and remember their promises. This is how thriving businesses create an upward spiral of trust and strong results. +

Reprint No. 00267

Elizabeth Doty

edoty@leadershipmomentum.net
consults regularly to Fortune 500 companies, and was a 2013–14 fellow of Harvard University's Edmond J. Safra Center for Ethics.

strategy+business magazine
is published by PwC Strategy& Inc.
To subscribe, visit strategy-business.com
or call 1-855-869-4862.

For more information about Strategy&,
visit www.strategyand.pwc.com

- strategy-business.com
 - facebook.com/strategybusiness
 - <http://twitter.com/stratandbiz>
- 101 Park Ave., 18th Floor, New York, NY 10178



Articles published in *strategy+business* do not necessarily represent the views of PwC Strategy& Inc. or any other member firm of the PwC network. Reviews and mentions of publications, products, or services do not constitute endorsement or recommendation for purchase.

© 2014 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.