

NATIONAL BEST-SELLER

PATRICK LENCIONI

BEST-SELLING AUTHOR OF *THE FIVE DYSFUNCTIONS OF A TEAM*

THE  
ADVANTAGE



WHY ORGANIZATIONAL HEALTH  
TRUMPS EVERYTHING ELSE  
IN BUSINESS



## **Real-World Testimonials About the Advantage of Organizational Health**

“Lencioni’s organizational health principles and practices allowed our organization to tap into its intellectual capital and talent like never before. We are seeing organizational transformation right before our eyes.”

—Steve Burr, senior vice president, Carolinas HealthCare System

“When I first told my team that we were going to work on organizational health, everybody rolled their eyes and thought it was going to be touchy-feely. They quickly realized it wasn’t. As a result of implementing Lencioni’s program, we now know exactly who we are, what we do, why we do it, and who can be successful in our company. Our culture and bottom line have both been transformed.”

—Clinton Anderson, CEO, Downunder Horsemanship

“After two years of work around organizational health, we had our best year ever in the midst of the most challenging time our market has ever faced. We can’t imagine having the success we did had we not adopted this approach.”

—Peter Levangie, president, Bay State Milling

“Our work around organizational health helped us recognize our state of crisis and found it wasn’t due to market conditions; rather, it was because we were broken as a team and on a trajectory for failure as a business. Taking on organizational health as a priority has been nothing short of transformational.”

—Matt Danilowicz, president and managing director, Clear-Com

“The work we have done around organizational health saved us. It is the reason we are in the position we are today.”

—Jeff Sackrison, president, Chowan Hospital

“Our consistent focus on organizational health continues to provide us with a real competitive advantage. If the world had discovered Patrick Lencioni sooner, there would be fewer complex leadership and management cult theories, and more effective leaders.”

—Gordon Samson, managing director, Williams Lea

“We have learned that in order for us to be successful at work, literally saving lives, we need to be healthy. Working through the organizational health material has helped us clarify who we are, what we do, and what kind of behaviors we expect from people. This work has allowed us to minimize organizational politics and has profoundly impacted our ability to carry out our mission.”

—Elaine Berg, former president and CEO, New York Organ Donor Network

“Our company has grown over 50 percent during the last three years of economic turmoil. It started with the game-changing work of Patrick Lencioni and our focus on organizational health. I spent my academic and professional career focused on ‘smart,’ with little attention to ‘healthy.’ We were out of balance; now we are not. The results speak for themselves.”

—Richard M. Heard, president, Insight Investments

“We have made Lencioni’s methodology core to our long-term strategic roadmap. The results have been nothing short of fantastic. Employee satisfaction, communication, cooperation, and true teamwork have all improved dramatically—ensuring our spot on *Inc.* magazine’s list of fastest growing companies for the sixth year in a row.”

—Smith Yewell, CEO, Welocalize

“The principles of organizational health have deeply impacted our company and continue to serve as a driving force for us as we grow and

develop. The organizational clarity piece prompted us to become aligned and realize that we needed to make fundamental shifts in many aspects of our business. With determination and consistency, we exceeded all our goals.”

—Steven C. Cooper, president and CEO, TrueBlue

“Our work around organizational health is literally giving kids the opportunity to go to college. We finally have the team, the culture, and the systems in place to work through the inevitable challenges we must overcome to achieve our goals.”

—Tom Torkelson, founder and CEO, IDEA Public Schools

“By using the organizational health model, we have created an extraordinary and productive work environment. The design and construction industry has taken note, and we have had many outsiders ask what is so special about our approach.”

—Jay Leopold, regional manager, DPR Construction

“By applying the tenets of organizational health, we have moved farther forward in the last eighteen months than we had the previous four years. Many of the employees had legacy issues and didn’t think we could actually change. We have proved that we can and the group is enjoying the benefits of being part of a high-performing team.”

—Lynn Sasser, executive leader, Baptist State Convention of North Carolina

“As a leader in our field, we were suffering from acute growing pains with no end in sight. Since adopting organizational health as the core of everything we do, our business is back on track with renewed energy and momentum. Our staff, our clients, our families, and our bottom line have reaped the benefits of making organizational health a priority.”

—Ken Allman, founder and CEO, PracticeLink.com

“Our organization was historically at war. We had a strong business model, but we needed something more foundational. We needed to cut past the history and build a more cohesive leadership team that provided clarity to the entire organization; we needed to build a healthier organization. It has been a journey, but the people in our multifaceted company are now working together instead of against each other.”

—Robert R. Auray, vice chairman, Reverse Logistics and Remarketing,  
GENCO ATC

“By applying Lencioni’s principles, our organization’s performance has dramatically improved. We are nimbler, more efficient, more cohesive, and able to focus on important challenges rather than the day-to-day minutiae that were dragging us down. This new approach to work is energizing, and more fun to boot.”

—Bill Colleran, CEO, Impinj

“The concept of organizational health has enabled our management team to drive healthy behaviors throughout our company, which has supported our growth over the last eighteen months.”

—Colin Guppy, managing director, HMD Pumps

“We have always considered ourselves to be a smart company and have never given our health much thought. We recently shifted our approach and have seen a great response from employees and customers alike.”

—Tom Sloane, vice president sales, Export Development Canada

“As a group of highly-educated, motivated, and skeptical individuals, it only took about five minutes for Lencioni’s principles to capture our attention and subsequently take us on an important journey. We are now a healthier unit, ready to tackle the major issues facing our business. This new approach to work is now a strategic advantage.”

—Alfred Foglio, managing director, GI Partners

“Pat’s work around organizational health has been truly instrumental for our company’s success. It is the foundational underpinning of our new Leadership Institute.”

—Greg Serrao, CEO, American Dental Partners

“Our executive team had plateaued and found itself unprepared to meet the fast pace of change ahead. Through the adoption of Lencioni’s model for organizational health, the executive team experienced greater cohesion and collaboration which, in turn, flowed down and impacted the entire organization. In fact, an outside rating group declared that our organization had undergone a culture change that would position us for continued success in the future.”

—Ricky D. Napper, CEO, Magnolia Regional Health Center

“Lencioni’s teamwork and organizational health concepts have focused our entire organization around our mission, allowing us to achieve superior results. All organizations can benefit from these principles.”

—David C. Haley, president, HBK Capital Management

“Organizational health is the cornerstone of our culture and provides a blueprint for our company’s everyday work environment. We have made critical business decisions—even closed stores—in order to maintain our health. In the last couple of years, we have increased our cash flow, strengthened our team, and set our family of Harley-Davidson stores apart from others.”

—Scott Fischer, owner and CEO, Scott Fischer Enterprises

**Also by Patrick Lencioni**

*The Five Temptations of a CEO*  
*The Four Obsessions of an Extraordinary Executive*  
*The Five Dysfunctions of a Team*  
*Death by Meeting*  
*Overcoming the Five Dysfunctions of a Team*  
*Silos, Politics, and Turf Wars*  
*The Truth About Employee Engagement*  
*The Three Big Questions for a Frantic Family*  
*Getting Naked*  
*The Ideal Team Player*  
*The Motive*



THE  
ADVANTAGE



# THE ADVANTAGE

Why Organizational Health  
Trumps Everything Else in Business



PATRICK LENCIONI

**J** JOSSEY-BASS™

A Wiley Brand

Copyright © 2012 by Patrick Lencioni. All rights reserved.

Published by Jossey-Bass

A Wiley Imprint

One Montgomery Street, Suite 1200, San Francisco, CA 94104-4594—[www.josseybass.com](http://www.josseybass.com)

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, 978-750-8400, fax 978-646-8600, or on the Web at [www.copyright.com](http://www.copyright.com). Requests to the publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, 201-748-6011, fax 201-748-6008, or online at [www.wiley.com/go/permissions](http://www.wiley.com/go/permissions).

**Limit of Liability/Disclaimer of Warranty:** While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages. Readers should be aware that Internet Web sites offered as citations and/or sources for further information may have changed or disappeared between the time this was written and when it is read.

Jossey-Bass books and products are available through most bookstores. To contact Jossey-Bass directly call our Customer Care Department within the U.S. at 800-956-7739, outside the U.S. at 317-572-3986, or fax 317-572-4002.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <http://booksupport.wiley.com>. For more information about Wiley products, visit [www.wiley.com](http://www.wiley.com).

#### **Library of Congress Cataloging-in-Publication Data**

Lencioni, Patrick, 1965–

The advantage : why organizational health trumps everything else in business / Patrick Lencioni. – 1st ed.

p. cm.

Includes index.

ISBN 978-0-470-94152-2 (cloth), 978-1-118-26603-8 (ebk), 978-1-118-26610-6 (ebk), 978-1-118-26673-1 (ebk)

1. Organizational effectiveness. 2. Organization. 3. Success in business. 4. Well-being. I. Title.

HD58.9.L465 2012

658.4—dc23

2011050953

Printed in the United States of America

FIRST EDITION

*HB Printing* 14

## CONTENTS

---

<i>Introduction</i>	xv
The Case for Organizational Health	1
The Four Disciplines Model	15
Discipline 1: Build a Cohesive Leadership Team	19
Discipline 2: Create Clarity	73
Discipline 3: Overcommunicate Clarity	141
Discipline 4: Reinforce Clarity	153
The Centrality of Great Meetings	173
Seizing the Advantage	189
<i>Checklist for Organizational Health</i>	195
<i>More Resources</i>	199
<i>Notes</i>	201
<i>Acknowledgments</i>	203
<i>About the Author</i>	205
<i>Index</i>	207



For my dad, Richard Lencioni (1936–2008),  
who gave me more than I deserved.





## INTRODUCTION

---

This book is the result of an unpredictable journey, one that began when I was just a kid, probably eight or nine years old.

My dad was a salesman who was extremely good at what he did, but I remember that he'd often come home from work frustrated, complaining about how his company was being managed. I didn't know what management was, but I was pretty sure my dad shouldn't feel frustrated after putting in ten hours at work.

A few years later I started working, as a busboy in high school and a bank teller in college, and I had my first real glimpse of management. Although I still didn't understand everything that it entailed, it was clear to me that some of the things that took place in the organization where I worked made sense, that others didn't, and that it all had a very real impact on my colleagues and the customers we served.

After graduating from college, I went to work for a management consulting firm and thought I was finally going to figure out this management thing. Instead, I found myself doing data collection, data entry, data analysis, and a variety of other things that had to do with data.

To be fair, the firm taught me quite a bit about strategy and finance and marketing, but not much about organizations and how they should be run as a whole. But somehow I became convinced that the biggest problem our clients faced, and their biggest opportunity for competitive advantage, was not really about strategy or finance or marketing;

it was something a little less tangible—something that seemed to revolve around the way they managed their organizations.

When I suggested that we look into that, my superiors politely informed me that this was not something our firm did for a living, which was ironic because we were a *management* consulting firm. But I had been hooked and decided I needed to change the focus of my career.

I spent the next few years working in corporate America in the world of organizational behavior or development or psychology—whatever you want to call it. I found it interesting, for sure, but ultimately too soft, fragmented, and academic. This bothered me because I knew that there was something that needed to be more widely appreciated and understood. But something was missing. Context. Integration. Practicality.

And so a group of colleagues and I started our own firm, and I began consulting and speaking about a practical approach to improving organizations. I have to admit that we were a bit surprised by just how quickly and enthusiastically clients responded to our approach. There was definitely a need out there. Over time it became clear that scores of people working in all kinds of organizations, at every level, were experiencing the same pain that my dad had, and they were hungry for a better way.

So I began writing books that took a practical approach to addressing various issues relating to organizational dysfunction—teamwork, meetings, alignment, employee engagement—while my firm's consulting focused on the integration of all those topics.

Demand for those books, and for our integrated approach to implementing the concepts in them, far exceeded our expectations again, and I started to become convinced that we had found that missing something—that advantage—I had been searching for throughout my career. Based on the feedback and encouragement of readers and clients, I finally decided that at some point in the future, I should

bring all of the ideas from my books and consulting practice together in one place. That time is now.

Unlike my other books, this one is not a fable but rather a comprehensive, practical guide. I've tried to make it as engaging and fun to read as possible using real-world examples and actual client stories to illustrate my ideas. It's worth mentioning that many of the individual concepts I cover here have been introduced or touched on in one of my eight business fables—most notably, *The Four Obsessions of an Extraordinary Executive*; *The Five Dysfunctions of a Team*; *Silos, Politics, and Turf Wars*; and *Death by Meeting*—where I use fictional characters and plot situations to bring my theories to life.<sup>1</sup> For those who would benefit from a narrative approach to a specific topic, I make reference to those books whenever possible.

Because I'm not a quantitative researcher, the conclusions I draw here are not based on reams of statistics or finely crunched data, but rather on my observations as a consultant over the past twenty years. But as Jim Collins, the research giant, once told me, qualitative field research is just as reliable as the quantitative kind, as long as clients and readers attest to its validity. And I'm happy to say that based on my experience with executives and their organizations, the principles in this book have proven to be as reliable as they are simple.

I hope you enjoy reading *The Advantage* and, more important, that it allows you to transform your organization, whether it is a corporation, a department within that corporation, a small entrepreneurial venture, a school, or a church. It's my goal that one day in the future, the simple principles contained here will be common practice, and that salespeople, busboys, bank tellers, CEOs, and everyone else who works in an organization will be more productive, successful, and fulfilled as a result.



THE  
ADVANTAGE



---

# The Case for Organizational Health

**T***he single greatest advantage any company can achieve is organizational health. Yet it is ignored by most leaders even though it is simple, free, and available to anyone who wants it.*

That is the premise of this book—not to mention my career—and I am utterly convinced that it is true. If it sounds absurd, it should. After all, why in the world would intelligent human beings ignore something that is powerful and readily accessible?

That question was finally answered for me on July 28, 2010.

## **STOOPING TO GREATNESS**

I was attending a client's leadership conference, sitting next to the CEO. This wasn't just any company. It was, and still is, one of the healthiest organizations I have ever known and one of the most successful American enterprises of the past fifty years. In an industry plagued with

financial woes, customer fury, and labor strife, this amazing company has a long history of growth and economic success, not to mention fanatical customer loyalty. Moreover, its employees love their jobs, their customers, and their leaders. When compared to others in the same industry, what this company has accomplished seems almost baffling.

As I sat there at the conference listening to one presentation after another highlighting the remarkable and unorthodox activities that have made this organization so healthy, I leaned over and quietly asked the CEO a semirhetorical question: “Why in the world don’t your competitors do any of this?”

After a few seconds, he whispered, almost sadly, “You know, I honestly believe they think it’s beneath them.”

And there it was.

## **THE THREE BIASES**

In spite of its undeniable power, so many leaders struggle to embrace organizational health (which I’ll be defining shortly) because they quietly believe they are too sophisticated, too busy, or too analytical to bother with it. In other words, they think it’s beneath them.

And in some ways, it’s hard to blame them. After years of off-site meetings filled with ropes courses and trust-falling exercises, even the most open-minded executives have come to be suspicious of anything that looks or sounds touchy-feely. Combine that with the notion that corporate culture has been reduced to surface-level artifacts like funky office furniture, employee yoga classes, and bring-your-dog-to-work policies, and it’s no wonder that so many leaders have become cynical, even condescending, toward most things related to organizational development.



This is a shame because organizational health is different. It's not at all touchy-feely, and it's far bigger and more important than mere culture. More than a side dish or a flavor enhancer for the real meat and potatoes of business, it is the very plate on which the meat and potatoes sit.

The health of an organization provides the context for strategy, finance, marketing, technology, and everything else that happens within it, which is why it is the single greatest factor determining an organization's success. More than talent. More than knowledge. More than innovation.

But before leaders can tap into the power of organizational health, they must humble themselves enough to overcome the three biases that prevent them from embracing it.

- **The Sophistication Bias:** Organizational health is so simple and accessible that many leaders have a hard time seeing it as a real opportunity for meaningful advantage. After all, it doesn't require great intelligence or sophistication, just uncommon levels of discipline, courage, persistence, and common sense. In an age where we have come to believe that differentiation and dramatic improvement can be found only in complexity, it's hard for well-educated executives to embrace something so simple and straightforward.
- **The Adrenaline Bias:** Becoming a healthy organization takes a little time. Unfortunately, many of the leaders I've worked with suffer from a chronic case of adrenaline addiction, seemingly hooked on the daily rush of activity and firefighting within their organizations. It's as though they're afraid to slow down and deal with issues that are critical but don't seem particularly urgent. As simple as this may seem, it remains a serious obstacle for many dysfunctional organizations led by executives who don't