

Personal Loyalty Impedes Business, Expert Says

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Loyalty is commonly considered a coveted personality trait. But in business, loyalty can be misplaced and, as a result, disrupt productivity and interfere with the overall financial success of an organization. Executive Vice President Ephraim Schachter at The Strickland Group, an international executive coaching, career transition and communications consultancy, said loyalty is a function of trust that has possibly lingered too long.

A functional work relationship, like a personal relationship, develops over time. Trust builds from successfully working together, having an honest line of communication, realizing desired business goals and enjoying the personal experience of working together.

An ideal work relationship, Schachter said, revolves around the desired outcomes and goals provided in an organization's mission. "The elements would be a combination of clearly defined expectations for desired outcomes, a clear accountability for direct rapport and production of those outcomes, and the availability and support of the manager to help supervise rappings, get resources and other needs met in order to produce those outcomes," he said.

Loyalty can be misplaced throughout all levels and divisions of a company, but most often occurs in the higher realms of an organization. "When someone engages in behaviors that seem to be calculated to produce positive outcomes for themselves or for a certain person, but at the expense of the organization, then I would say that loyalty, at some point, is misplaced," Schachter said.

Determining whether a trusted adviser is interfering with an organization's overall objectives is not an easy task. However, when it comes to misplaced loyalty, action should be taken before the cost of keeping that individual exceeds the benefits. For example, a senior executive can compromise the organization's mission by consistently acting in his or her own interests by hoarding organizational resources, diverting resources to pet projects that may not be consistent with the organization's strategies, or trying to get the organization restructured to provide a broader span of personal control.

If employees are loyal to both the company and their own well-being, a manager might consider them talented. "People that do things that are good for his or her interests and meanwhile achieve good organizational outcomes are considered ambitious and successful," Schachter said. "I see nothing wrong with someone trying to advance their career, seeking greater opportunities, having a greater impact on an organization by making good things happen that they are responsible for, that they control, that they dream about and put into practice."

There are several indicators of when an organization is suffering from the consequences of a "self-dealing" individual. The collaborative efforts of a senior team, for example, could be compromised because one of the team members is moving his or her agenda rather than the team's agenda. Such a scenario could result in distractions, which in turn lead to decreased productivity, project delays, increased costs and a decline in profits. Often a self-centered individual will not only serve as a distraction for the other team members, but also produce errors that the entire team is obliged to resolve.

An individual's arrogance could also cause frustration to arise in his or her team members. "Frequently when someone is self-dealing in this way, others with whom this person works or who are peers of that person get frustrated that the person continues to have access and continues to have the opportunity to produce their own outcomes in the organization," Schachter said. "Many people use that frustration as a justification that they are not going to fully grow and reach their potential in an organization."

When an organization loses its current or future talent pool, unforeseen costs arise. Hindrances such as the cost and time of recruiting new employees, getting new hires acclimated to the company and providing them with the proper skill-sets puts a company's financial success is at risk.

Schachter said that misplaced loyalty does not surface very quickly and only really becomes evident once an actual disruption has occurred. "A good boss is going to tolerate a certain amount of behavior that is not always productive, because nobody is perfect in an organization," he said. "It is when it gets particularly aggressive that I would suggest that his or her loyalty might be outweighing his or her sensibility of the choice."

An open line of communication and a strong HR and CEO relationship is important to engaging a workforce and moving the organization forward. According to Schachter, HR executives should have a strong business focus and enthusiasm to provide business value to the CEO. "A CEO needs to consider the HR exec as a credible business partner and not just that people person over there that I listen to when he or she needs to tell me about what the new incentive plans look like this year," Schachter said. "Having this functional expertise is a necessity for an organization to be able to consistently produce the outcomes it wants to."

Although most senior executives have similar perspectives on many issues, they do not always think alike when it comes to their relationship. "The whole idea of having an executive team together is the understanding that these people at the top of the organization need to be working together to bring their perspectives together to that table to allow the organization to move forward in a comprehensive and well-thought-out way," Schachter said. Therefore, keeping your eyes or your employees' eyes on the organization's objectives will help unite the workforce and improve their work relationships.

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