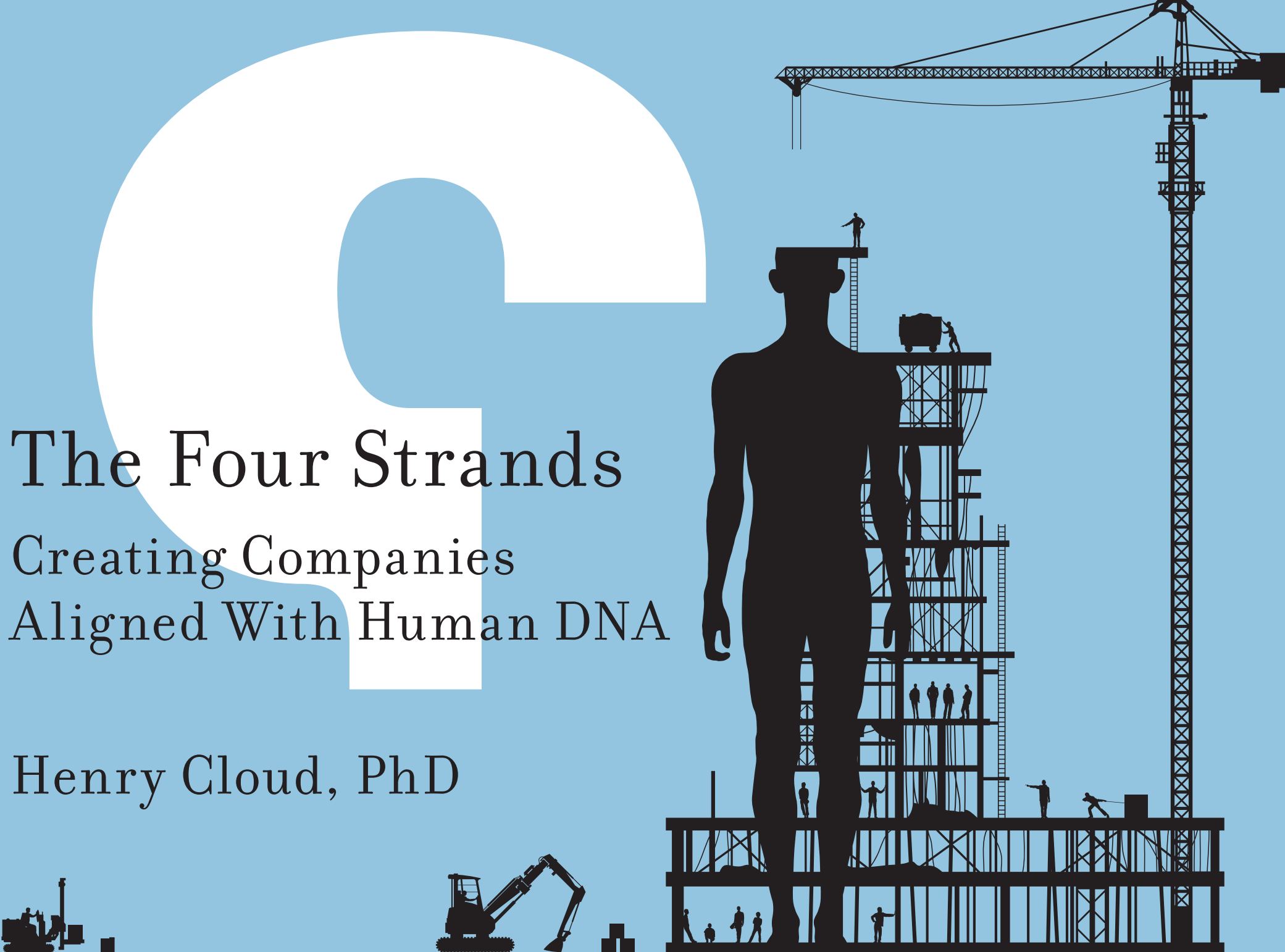


# The Four Strands

Creating Companies  
Aligned With Human DNA

Henry Cloud, PhD



**I** was talking to a CEO who runs a company with about 25,000 employees, and he shared something very telling. *“In business, everybody always thinks it is about finding the ‘right’ idea, or the ‘right’ plan,”* he said. *“The truth is that there are five ‘right’ ideas or plans. The real issue is getting oneself and others to be able to execute it and negotiate all of the people issues along the way.”*

What he was describing was what I refer to as the “middle space.” It is *the space where personal and interpersonal issues interface with the hard business realities*. Let me explain.

If you think of a line or axis with the far left end being “leadership” or “management” competencies, that end would include all the classic content that leaders are expected to master—things like vision casting, being a change agent, creating critical mass, shaping the future, engaging and motivating talent, execution, driving innovation, etc. All of it is essential, as all of that content exists for a reason. Those realities form the core leadership activities that lead to success.

Then, on the other end of that continuum, think of all of the personal competencies—our ability to build trust and maintain it with other people, to deal with difficult people, to deal with failure and negative realities, to take risks and negotiate the unknown, to give people autonomy and freedom vs. controlling them, or just the simple act of knowing, owning and executing our strengths without fear.

So you end up with an axis where one end consists of business issues, and the other end is made up of personal and interpersonal issues. And in the middle is where my CEO client’s comment applies. The middle is where the hard work happens, where personal and interpersonal dynamics interfere with the needs of the business. It is where leaders either succeed or get in the way, as he observed. And he is right. The fact is that most of the times, high level leaders know the business issues and

the required competencies very well. Smart people more often than not have the “right” plan. *It is the personal, or the interpersonal issues that get them derailed in leadership and execution.*

So, what is the operative question? How can leaders negotiate this interface and resolve the treacherous “middle space?” The good news is that there are many ways to help individuals work with those issues and succeed. We see it every day, as leaders utilize 360 degree review processes, coaching, consulting, mentors, advisors etc. All of these processes can be very helpful to leaders when they find themselves needing help in the middle space. But I think there is another operative question that does not get enough attention and which transcends the individual leader.

The question is this: *how do you design a company, a department, or a team that takes the power out of and “defangs” the most difficult issues of the middle space itself?* Said another way, can a leader create an environment and culture that *intentionally* minimizes the middle space conflicts that most people are likely to have? The answer is “yes.” I believe there is a very helpful way to think about cultures that strikes at many of the middle space problems directly. The trick is this:

**Create a company which is intentionally aligned with how people themselves are constructed.**

The reality is that middle space problems usually arise when the culture and practices of an organization work against the very nature of how humans are wired. If you have a culture that works against how people are designed, then you are going to encounter many more middle space problems. People have to actually act in dysfunctional ways in order to work in the system. So, the way out of this dilemma is to identify what those needs and dynamics are, and then build your company and its culture in a way that works with them instead of against them. *Build the culture in a way that middle space dysfunction cannot live, breathe and thrive. Make it immune.* Build the company in the ways that humans are wired.

There are universal developmental issues and milestones in the construction of all people, which like gravity, must be obeyed. They are like the laws of physics, non-negotiable. Break these laws and dysfunction occurs. But, obey these laws and people thrive. They will be what we call “healthy.”

So, when a company is designed and operates in ways that are aligned with how people are constructed, it will be like an airplane aligned with the laws of physics that govern force or torque. It will reach the altitude, speed and course that its horsepower allows. But if its design is not aligned, it will fly in circles, stall out, crash, or break apart.

Said in the language of my CEO client, a company can have the right strategy, or plan, and yet have its teams, practices, leaders, and very culture working in ways that increase “middle space” dysfunction. The plan won’t make it. In my view, the best place to begin turning that around is to understand how people develop into people, and then build your teams and cultures in ways that align with those basic human needs.

I would suggest that it would be very beneficial to leaders to be good “developmental psychologists,” if you will. It behooves them to know what the basic developmental needs of humans are, and then

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to look at the ways they are running their companies to see if they are aligned with those needs or not, and then always make adjustments accordingly. If they do, they will find that many middle space issues begin to change as their culture and practices align themselves with human psychological and interpersonal DNA.

So, lets take a look at what those needs are, and how they interface with the middle space of business. While there are many models of human psychological development, in my work with businesses and leaders, I find it helpful to summarize them in the simplest form possible. While there are some that have many more nuances and subcategories, I think that to see them in four basic categories of needs is efficient, simple, understandable, and readily actionable. Let's look at those needs now and how they interface with business.

## Human Need Number One: **To Be Connected**

The most basic human need is to connect with others—to feel a sense of belonging. Ask any mother what an infant's first developmental task is and she will tell you that babies want to be bonded with and connected. They want to be connected to others, and not be in the world all by themselves. They seek unity and oneness. And as they find the family a place that is trustworthy and dependable to meet their need for belonging and connection, they thrive.

The real rocket science in all of this is realizing that this need does not go away in childhood. Everything we know about performance in adult life, health and wellness, brain functioning, thriving in difficult environments, etc. tells us that the more connected people feel, the better they do. Their brains work differently, and better, when they are connected. Apply this understanding to business and a few things become very important to think about.

While you might have the right “plan” or “strategy,” you have to ask yourself if the construction of your company is working with or against this basic sense of human wiring. Is there an overall sense of connectedness between all of the parts of the business? At the individual and the team level, are things designed to foster connectedness or work against it?

I did a project with one CEO and his executive team, for example, where the focus was to take the biggest failures they had experienced and find the behavioral and cultural reasons for them. Specifically, we looked at three failures: a product launch, an acquisition, and the rollout of a strategic initiative. As we did the hard work of the post-mortem, we found one common denominator in all three that had powered the failure: *disconnectedness*.

The CEO saw how certain leaders, structures, organizational alignments, practices, etc. had worked against the parts being connected. And, his lack of intentionally focusing on the unity of his executive team and its interpersonal environment had fostered the building of silos as they became more disengaged from each other, more into their own functions and into their own people. They were not wearing the hats of the executive team, but the hats of functional heads. And they all discovered through our work that this disconnection had happened because they had only been working together, not *working on how they worked together*. As we focused on ways to get and remain connected, the middle space issues began to go away.

The tasks of this need in the corporate culture are building a sense of trust, unity, oneness, connectedness of the parts, different functions that serve a single strategy, clarity of a unified mission and messaging, openness, vulnerability, expression of their need for each other, quantitative time together, communication systems, etc. In this company, as they began to fix these things in the service of being better connected, I began to get emails that said things like, “We had a conversation today that we never would have had before focusing on this connection thing. It saved us a lot of future trouble.”

But when functions or departments are left out of the conversation, or key individuals are not included or rendered irrelevant, oneness breaks down. When one function goes off in its own direction, trouble ensues. And others resent it, as they are “abandoned.” Or when a key person’s own personality tends towards disengagement and being on their own agenda, connection breaks down. And, when leaders ignore this tendency in one of their people, middle space issues abound.

So, if a leader is thinking in terms of human DNA, he or she will be vigilant about the “connectedness” issue. Being mindful of the need for connectedness in order for people to thrive, the leader will be looking at practices, structures, processes, development, messaging, values, experiences, coaching, attitudes and behaviors that might be working against it, and will change them so they will build connection and trust. He will hunt down and transform anything that fosters compartmentalization, and bring the disengaged pieces and people back in, rooting out the attitudes and behaviors that caused them. Beginning with the executive team, he will make sure that connected practices are lived out and then throughout the organization. This awareness will find itself in every decision from use of physical space, to communication, to meetings, to strategy.

LEADER BEHAVIOR → *Create activities and practices that foster unity and oneness, increasing bonding behavior.*

LEADER IMMUNE FUNCTION → *Identify compartmentalization, get to the roots, and bring them back in.*

## Human Need Number Two: **Autonomy and Freedom**

Once humans belong, they desire somewhat the opposite from connection: a sense of their own autonomy and freedom from whatever they are bonded to. In a relationship, for example, each person needs to have his or her own boundaries and space. People need to feel like they are in control of themselves and that no one else is overstepping the boundaries into their circle, controlling what they should have control of themselves. They need to have “self-control,” instead of someone else being in their heads and space. As the 13 colonies tried to tell England, as teenagers try to tell an over-controlling parent, or as a couple tries to tell a set of in-laws, the message is pretty much the same: “give me some room to breath and do what I need to do.”

In businesses, the issue is every bit as important. Clear lines of autonomy, and responsibility of individuals and functions give talent the ability to do what they do well without undue interference from others.

In companies, these lines are seriously important and need to be guarded with utmost diligence. When someone has a position, and an area of responsibility, the lines that define those boundaries must be clear and respected. Many middle space problems that I encounter in my consulting have to do with a person’s tendency to reach out of their area into someone else’s, and their leadership either looking the other way or enabling it to happen. At other times, it is the leader who does the over-reaching into her direct report’s areas. “Just let me do my job” is the cry from those who are under a leader who has the tendency to micromanage, not respecting that person’s freedom to do their job. The lateral example of this is when one function oversteps their boundaries and gets into the business of their peer.

And, never forget, the twin sister to autonomy and freedom is responsibility and accountability. You cannot have one with out the other. If someone is given an area of responsibility, not only must they be set free to do it, they must also be held accountable for what they do. *Accountability*



*clarifies freedom.* In the teams and companies where you see boundary confusion, power struggles, control, over-reaching of one's line of responsibility, you will also see lapses in accountability as well. When that happens, no one has ownership, and a basic strand of human DNA has been violated. Middle space issues and failure will abound. Control freaks will go about unrestrained, and those sensitive to such issues will disengage, rebel, or lose heart as they are violated.

So, the leader with awareness of human DNA's need for freedom will be vigilant about this issue as well. Beginning with the leader himself, he will ask "where do I overstep my direct reports and their functions?" Then he will ask himself how he has designed projects or strategies that confuse who is responsible for what. How has she enabled a boundary violator to trespass into the yard of others? Where is accountability so unclear that people can't be given responsibility freely and trusted to deliver the results that have been delegated to them? In his own team, what has he done to make that team clear with each other about what they are responsible for, and what they are mutually accountable for?

LEADER BEHAVIOR → *Create clarity around lines of responsibility and accountability with high degrees of freedom for people to exercise them. Delegate control.*

LEADER IMMUNE FUNCTION → *Guard against your own and others' intrusions into other people's areas.*

People need to feel like they are in control of themselves and that no one else is overstepping the boundaries into their circle, controlling what they should have control of themselves.

## Human Need Number Three: **To Be Imperfect In the Service of Ideals**

Humans, from early on, find themselves in a dilemma. They know what “good” or “perfect” is, and yet they know that they fall short. They make mistakes and are aware that others fail them as well. So, what are they to do? What do they need? Standards, or permission to fail?

In actuality, they need both. They need the standard, the ideal, the perfect goal, and at the same time they need to freedom to make mistakes and learn how to get better. It is a paradox of life that never goes away. We know the requirement, we try, we get it wrong or not quite right, then we try to improve and do better. If we keep following that path, we grow and learn. We get better and better throughout that process over time. Unless that process is not allowed to exist.

If we find ourselves in a relationship, or group, or *company* where that process is not allowed to exist, then we do not learn or get better. If mistakes are punished, shamed, condemned, attacked, or have severe consequences, then we are not in a learning process. We are in a “fear environment” that fosters covering up, blaming, excusing, political maneuvering, and many other dynamics designed to protect ourselves.

But, if we are in a place that has both high expectations and the freedom to not always get it right, we can learn from each step as it is seen not as failure but learning. It fosters openness, risk, innovation, growth, feedback, “flow” performance experience and functioning, continuous improvement and a host of other dynamics associated with “getting better.”

This is a basic human need, another part of the DNA of how people are constructed. We need to be able to function without the danger of a death sentence lurking over us with each mistake. We need to safely exercise our abilities and learn in the process as we continuously approximate

perfection. As Thomas Edison said, “I haven’t failed, I’ve found 10,000 ways that don’t work.” And, “I never failed once. It just happened to be a 2000-step process.”

In good companies and teams, there is the freedom to learn. That means to own your mistakes, your failures, and the times you “get it wrong.” In these companies, failing is not seen as being stupid or inadequate in and of itself. Of course, if you continue to make the same mistakes, that is more than failure; it is the failure to learn. But for humans to thrive, they need a place where they are free to not get it right as they are trying to figure it out. And if they do screw it up, they need the freedom to bring that to the light of day in order to fix it. In companies where this is not allowed or encouraged, cover-ups abound.

If leaders are aware of this aspect of human DNA, they build their teams and culture accordingly. As I heard one CEO say, “We make it very clear that someone will never be punished for making a decision that turns out to not work if they made it according to our values.” Another leader I know begins his meetings telling the team the biggest mistake he made in the previous week and what he learned. These leaders understand that high expectations and rigid perfectionism are not one and the same.

This mentality will make its way into improvement processes where the culture has the value of putting your arms around what isn’t working and making it better. Full disclosure is worked into the teams, training, leadership development, and other practices and processes. The leaders are trained and messaged toward a learning environment and push that practice deep into the culture through what they say, what they design, and what they do.

Good leaders also work very hard on the combination of “reality” and “tone.” They train their direct reports through their own modeling. They work hard on their own tone with others as they give feedback and corrections. Demeaning and talking down is off limits and they keep the focus on the issue and not the person. As one CEO said to me, “I always try to go hard on the issue and soft on the person.”

If a corporate culture respects this need of human DNA, it will build itself around a combination of high expectations, constant measurement and observations that lead to honest feedback and evaluations in a culture of safety. Meetings and interactions will be high energy, and debate will be rigorous. Honesty is valued and covering up, blaming, minimizing and excusing is not tolerated, but neither is it necessary, which gets to the heart of building culture that matches human DNA. If the culture is designed to meet the real needs of people, one of which is to be real, unreality diminishes. The culture won't allow it.

LEADER BEHAVIOR → *Create the climate, systems, messaging, and practice of embracing reality instead of perfection, encouraging risk taking and learning. Have high standards to strive towards.*

LEADER IMMUNE FUNCTION → *Guard against your own and others' practices which make freedom to make and disclose mistakes dangerous.*

## Human Need Number Four: **To Be Competent**

As people grow and develop along the dimensions we have seen so far, something happens. They begin to grow up in the process that we have described. Expressing their autonomy and given the room to make mistakes, their identity forms in a certain direction. They “find themselves” in terms of what they are passionate about, and what they are gifted to do. They discover their strengths, put them to use, and experience fruitfulness. This gives them a sense of purpose and accomplishment, which drives them to greater growth. As they conquer one hill, they look for the next one, always in a process of outgrowing their skin, shedding the roles that are too small to express their growing abilities and stepping into new ones.

Companies that excel are designed around this reality of human DNA and align their practices with it. They create intentional paths where people can find and work within their true gifts and

abilities, and they resource them to grow in those arenas. They give them the right “league” within which to play their sport, and supply them with the right coaches and workouts to get them to the next level. And when they are truly too big and strong for the little leagues where they are playing, they are placed on a bigger field and given the chance to develop.

One of the keys to this particular DNA working well is understanding the dynamic of increasing *practice* leading to increasing *expertise* leading to increasing *authority*. Said another way, humans grow as they are given a field within which to practice, to learn. And, learning takes place best under models and coaches who are imparting skills to them, and then coaching them along the way as they use those new skills. They need to first see how it is done, and then try it themselves. Then, the real power kicks in: as they develop more expertise, more authority is handed over to them and they are allowed to function as true experts.

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Companies who do this well have a lot of emphasis on the developmental path of how leaders are formed. They proactively define this process and have a path for it that has its eye as much on what an employee is going to be doing tomorrow as what he or she is needed to do today. Today's task for any employee is, in a sense, always about where they are headed *tomorrow* in this kind of culture. And the formula is pretty clear: 1) have a way to discover strengths and talents, 2) have a place to practice those with strong models, mentors and coaches 3) gain expertise in that arena 4) as expertise is gained, give greater authority.

Research shows over and over that the need to grow and develop is one of the strongest needs that employees have, and it is exactly what companies need for them to be doing. The truth is, however, that many companies are not aligned with this DNA, and do not have a very defined, proactive program for developing tomorrow's leaders (which also ensures, by the way, an employee's greatest performance today). If they are being developed in this way for tomorrow, today's work will be better than if they are in a stagnant pool. But too many companies are looking at an employee only in terms of "what can he or she do that we need done today."

So, DNA leaders design everything to make sure that their people are growing, and as they do, that growth has a place to express itself. And they evaluate their managers not only on how they are performing themselves, but on how they are growing others and building the pipeline of leaders and successors for a number of functions. The culture in line with this DNA need is a growth culture from top to bottom.

LEADER BEHAVIOR → *Create clear paths that identify strengths, give room to stretch and practice, provide mentoring and coaching, and grant authority as expertise develops.*

LEADER IMMUNE FUNCTION → *Guard against your own and others' tendencies to keep people doing what is useful for today as opposed to putting them in a growth area for their own strengths.*

## Putting It All Together

In my book, *Necessary Endings: The Employees, Businesses, and Relationships That All Of Us Have To Give Up In order To Move Forward*, I talk about the ways in which leaders will inevitably act out their own mental maps in the “middle space.” Who they are will determine what they do as much or more than what business strategy would demand. Ultimately, they have difficulties getting away from their own patterns, no matter what the “right” plan would have them do. We all struggle against our own wiring, our mental maps, in the “middle space.”

But the good news is that we are not doomed to those patterns. We can change and develop, as I mentioned above. But my message here is that companies can also construct themselves in ways that will help this wiring problem. If they do that with the DNA in mind, their intentional design will do three things.

First, by designing their companies in ways that align with maximum human developmental functioning, *the dysfunctional patterns of many individuals will be changed*. The structures and practices of the company will grow the individuals out of those patterns and into new ones. The company will

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be aligning itself with how people were designed to grow, so growth that was not present in certain people before will begin to happen. Disconnected silo types will be brought into practices that encourage unity, and many of them will grow in that regard.

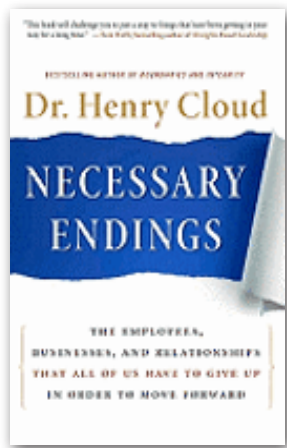
Second, the middle space behavior that gets in the way of the “right” plan and idea will be contained and immunized against. It will not be allowed to become a cancer to the company and its strategy, as the design of the functions, practices, communication, structure—in short, the culture—will come up against that dysfunction and nip it in the bud. If a team is honest, direct, and has healthy debate, someone who is not forthcoming will not be allowed to remain like they are, or will not be allowed to remain at all.

If a team is connected and has high unity, a silo builder or disengager will not be allowed to do that on that team. That behavior will come to light and be exposed in their *connected* meetings.

And third, which is the whole purpose, the business will thrive because is it working in the ways that people are designed to function. It will be fueled by connection and good relationships, empowered by freedom, energized by constant learning and improvement, and maximized by ever-increasing expertise.

**Create your company to operate in the ways that humans naturally develop, and you will see excellent results. 🏠**





## BUY THE BOOK

Get more details or buy a copy of Dr. Cloud's [\*Necessary Endings\*](#).

## ABOUT THE AUTHOR

Dr. Cloud is a psychologist, communicator and leadership coach. As the author of many best-selling books, his writing reflects experience not only in the clinical world, but the arenas of business, leadership consulting, and live audience interactions. For over twenty years, his practice has focused on working with leaders in a wide range of organizations and corporations, from family held firms to Fortune 25 and Fortune 500 companies. Dr. Cloud is the co-host of the nationally syndicated radio program *New Life Live* heard in over 150 markets with a weekly audience estimated at 2,000,000 listeners. He serves on the board of the Los Angeles Mission, a rescue mission on Skid Row in downtown Los Angeles, and lives in Los Angeles with his wife, Tori, and their two daughters, Olivia and Lucy.

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