

WHY SOCIAL DEFICIT IS EXPENSIVE AND WHAT YOU CAN DO ABOUT IT

by Lewis E. Frees, Ph.D.

Have you ever wondered about the true cost exacted by the people in your company who regularly leave bad relationship tracks? According to a recent report, almost 80% of employees believe, to paraphrase the late Rodney Dangerfield, that “they get no respect” at work. Sixty percent of those think the situation is getting worse. Twenty percent of employees say they are victims of incivility on a weekly basis. One in eight employees ends up leaving because they experience rudeness. The average Fortune 1000 executive spends 13% of his/her time mediating worker disputes. According to Time Magazine, that translates to seven weeks a year!¹

The true cost of social deficit is recognized by more and more companies. One company has a policy that will not tolerate people who consistently disrespect people and who throw sand in the gears of human interaction. But Social deficit is not just caused by people who are rude. It occurs any time we walk away from an interchange without building rapport, trust and respect.

These social deficit costs go beyond the bottom line. They also create other serious problems. Conversations that occur in an environment of social deficit require more time and effort in order to develop shared understanding. Even mild social deficit can quickly double the interactive time that is required to complete a successful transaction. As social deficit increases in severity leading to breakdowns, the waste explodes exponentially.

In every interchange, you are either building social capital or social deficit. And what you build in this interchange will be there to meet you in the next.

Social capital is the residual value that is created when relationships include trust, rapport and openness. It is an asset that builds value: an investment in one interaction that pays dividends in the next.

Social capital isn't just about treating people with respect. It is also about creating trust. You tend to trust the people that are both capable and reliable at delivering on their promises and keeping their commitments. You trust people whom you know are open and forthright and are wary of those that are manipulative or speak with mixed or hidden meanings. You experience rapport and are more naturally open with those you trust.

Social capital influences the **fabric of conversations** because it creates a safe haven in which undeveloped ideas can be teased out and clarified. It also increases the amount of intellectual ferment by creating a generative environment that encourages people to move out of intellectual comfort zones to produce inspired thought. The broader the thinking required, the greater the bank account of social capital required.

¹ Tsiantar, Dotie, *The Cost of Incivility*, Time Magazine, Monday, February 7, 2005

We build social capital with conversations not only because we seek community although this is an invaluable end in itself. We also build it because we know that high quality relationships measurably enhance our ability to collaboratively develop ideas and to do it without the waste that always accompanies social deficit.

How do you build social capital in your organization? It isn't just about weeding out the worst offenders. Here are some concrete steps you can take.

Set expectations. Build a set of norms at the executive level. Then set the clear expectation that everyone will use every interaction as an opportunity to build social capital.

Back it up. Let everyone know the cost of social deficit, and what it takes to build social capital. Share the norms you expect people to live by. Then back it up. Don't just excuse people because they make their numbers. Let them know that you expect them to also deliver on social capital. Many companies make it part of performance review.

Provide support. Don't start by singling out the people who have a reputation for creating social deficit. Make it clear that you expect *everyone* to step up. That's why we don't recommend hiring an executive coach just to deal with problem people. Instead, translate your norms into a 360 degree feedback survey. This should be administered to everyone on your senior team and should include individual coaching for each person. Then include your middle managers. Important: The survey information should be totally confidential. It should not be shared with *anyone* other than the coach. Performance review should be focused on observed behaviors, not confidential survey information.

Stay on it. Make it clear that you are expecting a permanent shift. If people don't step up after they are coached, that is the time to deal with them directly. Repeat the 360 degree feedback and coaching process to track improvement.

Social deficit exacts a hidden cost far beyond just time wasted. It can increase turnover, degrade innovation, sour relationships with customers and erode morale. The investment you make in social capital is money in the bank because it never stops paying dividends.

Lewis E. Frees, Ph.D. is president of Harmony, Inc. (<http://www.harmonyinc.com>) an organizational development consulting firm. Lew has been a practicing consultant, trainer and corporate coach for over twenty five years. He has written numerous articles on leadership, management and organizational change. This article is based on the book he is currently authoring: [Inspired Collective Intelligence: Leveraging the Best Thinking in Your Organization](#). Among the services offered, include intellectual value stream mapping, social network mapping, pull analysis, 360° feedback surveys, and collaborative software application to support the implementation of the five competencies needed to create an inspired organization.