5

Enron Fixes Their Communication Problems

THOUGHTS ON WHEN TO JUST SAY NO— LIKE WHEN YOUR COMPANY ASKS FOR A TRAINING COURSE

This sounds like an odd subject. And one to which I wouldn't have given a moment's thought if my company hadn't built an e-learning program for helping Enron employees communicate.

Many people who have written about Enron have commented how communication seems to have been a major issue in its demise:

> *"Such a community requires collaboration and communication throughout the organization. Too many corporate managers are well trained in 'hard,' quantifiable, technical skills, but very poorly trained in 'soft' skills, such as empa-*

thy, communication, validation, conflict management, and community building."

(Lessons from the Enron Debacle: Corporate Culture Matters!, Paul T.P. Wong, www.meaning.ca/articles/lessons_from_enron.htm)

"Finally, we can't ignore Enron's communication snafus. By now, all readers know what's happened to Enron, one of the country's largest companies, now bankrupt. We maintain that their failure can be attributed to total contempt for communication."

(2001 "BIMBO OF THE YEAR" AWARDED, www.spaethcom.com/bimbo_december2001.html)

"Some ways that corporate leaders and communications gurus are adapting to the new post-Enron climate: Corporate communications experts are urging more frequent communications with employees, from face-to-face meetings to Webcasts and satellite broadcasts. GE has added a new level of access and communication to regular meetings between CEO Immelt and analysts: they are now broadcast on GE's Website. According to Immelt, 'We want to be touched and felt and viewed and discovered. I think that plays to our strengths.'"

(AFTER ENRON: More Employee Communication, More Visible Leaders, www.jackmorton.com/360/industry_news/mar02_in2.asp)

As it happened, Enron knew it had a communication problem. And, get this: they thought we (by this I mean the e-learning company I had founded) could solve it! They asked us to build an e-learning program to fix their communication problems.

Enron asked my company to build an interactive web-based program to improve the communication skills of its employees

at all management levels. The program was supposed to "give managers practical experience in communication," and also "show them how strong communication skills could help them achieve their business goals." One wonders who was issuing these orders from on high in Enron. The people we were dealing with presumably were not the ones who failed to communicate with the public about the underhanded dealings at Enron.

Enron, it turns out, had an ethics booklet that outlines Enron's core values. One of these is Communication:

> *"Communication: We believe that information is meant to move and that information moves people."*

Whatever that means. They didn't even seem to be capable of communication when they wrote about communication. The issue here, for me anyway, is the use of the term "communication."

And why is this a training problem, you ask? Because saying you need to teach employees to communicate better is a nice way of missing the real problems in a company.

Did Enron Have a Communication Problem?

To better answer this question let's consider what Enron actually thought that their communication problem was.

Their motivation in contacting us had to do with a survey of their employees that they had conducted:

- 59 percent of employees said decisions were not communicated well.
- 54 percent said they did not feel free to voice their opinions openly.

- 55 percent said the company didn't act effectively on employee suggestions.
- 70 percent said communication was not good across departmental lines.
- 61 percent said they were not encouraged to challenge established procedures and policies.

Enron asked us to build computer simulations that would train employees in situations meant to emulate the five trouble spots in the survey. The people in my company interviewed 132 Enron employees in order to find real-life experiences and stories about communication breakdowns within the organization. From this information they developed computer simulations using the *goal-based scenario* approach I have been using for years.

> *Saying you need to teach employees to communicate better is a nice way of missing the real problems in a company.*

HOW GOAL-BASED SCENARIOS WORK *In each scenario, the user is presented with an overview of the situation and then has the opportunity to do some background research by poring over scenario-specific resources. These resources include things like an employee's last performance review or notes about an idea an employee has come up with. The scenarios are much harder for people who haven't prepared themselves properly.*

The people who were interviewed identified two common types of mistakes Enron managers made in their communication:

1. People don't use the right medium for communication (e.g., too many e-mails).

2. People don't always effectively get across what they're trying to say when they do talk face-to-face with employees.

This is pretty funny stuff actually. Enron employees believed that communications were shaky at Enron because too many e-mails were being sent and because people couldn't figure out how to say what they mean. Maybe so. Maybe so.

Because of these results, each scenario we built featured two different kinds of decisions. The first involved making a choice about what medium to communicate in (e.g., phone, e-mail, or in person). The user is asked to defend his or her reasons for picking that course of action and receives tutoring on both incorrect choices and faulty justifications.

The second type of decision consisted of interactions with fictional peers, with the focus on how to communicate strategic decisions (e.g., what to say). If the user failed to make the correct choice, he or she received advice and tutoring, complete with links to a small performance support system full of tips, expert stories, and resources for effective communication.

FOR EXAMPLE

In "A Matter of Meetings," the user plays the role of a new lead on a project requiring collaboration from several different departments. The user's goal is to get the project team back on track by addressing its communication problems. The scenario begins when a team member complains to the user about how the old project lead ran meetings. She gives an example of a failed and unfocused meeting.

When the user has done enough research, he or she can prepare for the meeting by sending out an e-mail, deciding (1) Whom to invite to the meeting, (2) What to focus the

meeting on, (3) The goals of the meeting, and (4) Action items. For each, the user must select the response(s) he or she feels are most appropriate; the system provides brief tutoring for incorrect or omitted choices.

After the user sends the e-mail, the simulation jumps ahead to the meeting. Here the user must do and say the right things to move the meeting forward and effectively address the team's communication problems. When the user mouses over a strategy choice, "What this might sound like" text appears in a box below, giving the user an idea of how each potential choice could be articulated.

Each choice leads to a video response from the team members at the meeting. If the user chooses to "Discuss past communication problems with participants" at the outset of the meeting, for example, an argument breaks out among the team members. For incorrect responses, "What went wrong?" tutoring details the action the user chose, why the team reacted the way it did, and what a better approach might be. After the user gets through the meeting, he or she must then decide what strategic actions to take regarding team members who missed the meeting. For each step, the user must choose an action and justify it.

When the user successfully completes the scenario, he or she goes to a reflection page that details where the user made mistakes in several key skill areas, including preparing for the meeting, focusing on meeting objectives, soliciting feedback, and following up on decisions.

We have been building goal-based scenarios like these on computers for many years. They are great ways to get someone to experience a situation without actually being there. For example, we built one for the U.S. Environmental Protection Agency to teach EPA officials how to handle a public meeting.

In the simulation they ran fictional meetings full of oddball characters with whom they had to interact. Each character did and said what people typically do and say in EPA meetings, and mistaken responses were dealt with by having to now deal with even angrier characters. EPA officials interrupted to give advice on what to do.

> *Goal-based scenarios help people practice skills that are difficult to practice in real life without causing them (and their organization) great difficulties.*

It is obvious that the people in my company were trying to utilize the same ideas for an Enron meeting.

What Went Wrong?

The real issue is what the problem was in the first place. The EPA knew what its problem was: new employees got clobbered in public meetings. Did Enron know what its problems were? Was their communication problem a matter of meetings?

Here are excerpts of an article I found at EffectiveIntranets.Com (http://effectiveintranets.com/cgibin/wwwthreads/showthreaded.pl?Board=news&Number=102):

Jerry Stevenson

Enron's Top Notch Electronic Comms—4/01/2002
Shooting the (electronic) messenger
The fanciest communication tools are only as good as the people using them.

Last fall, Enron CEO Kenneth Lay held a company-wide meeting to allay concerns that the company was in

serious trouble. And what better way to assemble his far-flung troops for a chat than through the company intranet?

"The third quarter is looking great," Lay told an Enron employee during the Sept. 26 "E-speak," three weeks before the company announced $638 million in third-quarter losses.

Asked by another employee what would happen when Enron's accounting practices "come home to roost" in the next ten years, Lay said, "I would guess ten years from now our net income will be four- to six-fold what it is today, and our market cap will be eight to ten times what it is today."

He went on to urge employees to invest further in Enron, telling them the stock price was "an incredible bargain" at the then-current price of about $25.

A short time after that meeting, Enron publicly admitted it had kept hundreds of millions of dollars in debt off the company books and misled its employees—through the company intranet and other communication vehicles—into thinking it was a sound business. Enron stock became worthless, and many employees lost their jobs and their pensions.

But the Enron debacle also raises questions for business leaders—and communicators—all over America. Can executives regain the implicit trust of employees? Will communicators—and electronic-communication vehicles—ever be looked at the same again? Will companies abandon their use of the intranet and online executive chats for fear that whatever is stated in those internal vehicles could bite them on the, well, bottom line?

This much is clear: Your company's communications tools are only as good as the people using them. Enron had a weekly online newspaper; upward communication programs where employees could pose questions to the executives and

receive a response within three days; and "E-Think," a think tank that encouraged employees to come up with and bounce ideas off one another online.

And there's the infamous "E-Speak," where every other week Ken Lay or an Enron board member would participate in an e-mail forum. Employees worldwide would ask questions that would be answered on the spot.

Enron also used sophisticated plasma screens inside elevators and an in-house production team that created "30-second spots" to keep employees informed about company news.

But all of this communication goes for naught if a company uses those tools to deliver false messages.

Let's look at the list of Enron's communication problems again:

- 59 percent of employees said decisions were not communicated well.
- 54 percent said they did not feel free to voice their opinions openly.
- 55 percent said the company didn't act effectively on employee suggestions.
- 70 percent said communication was not good across departmental lines.
- 61 percent said they were not encouraged to challenge established procedures and policies.

What is wrong with these results? Consider the third one on the list. I used the software my company had written to see what they did about this one. I played the role of a manager and someone came to see me to make a suggestion about how things could be improved. One of my choices was to tell him to

make an appointment for some time next week. I chose that and was instructed that I should have met with him immediately.

Think about that for a minute. Quite the communications remedy.

Another problem that Enron identified—this one not in the top five—was that its employees didn't feel that their suggestions were being paid attention to. Is this a communication problem?

I don't know about you, but if I felt my company was unreceptive to suggestions I wouldn't concentrate on speed as a means of improving that receptivity. Unless, of course, I wasn't trying to do any more than make it appear that the company was receptive to suggestions, knowing full well that there was plenty of stuff to hide and it wasn't all that much fun to hear that someone had found an irregularity of some sort.

One thing is clear. Defining inattention and ineffective action as a communication problem lets a lot of people off the hook. The solution to making employees feel that you are open to suggestions, was, according to Enron, listening to what they had to suggest right away.

> ANOTHER EXAMPLE *61 percent said they were not encouraged to challenge established procedures and policies. Really? Quel suprise! Now, in retrospect, this seems to be an indictment of Enron, but really, how many companies want their procedures and policies challenged?*

OUR E-LEARNING SOLUTION?

You guessed it. Managers role play listening to policy suggestions and are coached to say, "That was a great idea and it will certainly get discussed." This for a fictional (and thus

presumably non-great) idea. So now all ideas are great. What a solution to being receptive to new ideas. Our communication module was actually an obfuscation model. It taught employees how to fake listening.

> *Of course, you are thinking: then why were you part of building this stuff? Well, actually, I wasn't. It was done during a period of time where I was not involved in the training part of our business. But even so, I included a description of the Enron module in my book* Designing World Class e-Learning, *so I must have thought it was okay. I just thought what we were doing at my company was better than the junk other companies were putting out, which was really the point of the book. That's not a particularly good answer I know, but while I was writing that book I began to see that there were some serious problems in everyone's approach to training, which is, in part, why I am writing this one.*

I had wearied of much of what I was asked to work on in the training business precisely because of this kind of problem. What kind of problem is that, you ask?

The real problem was . . .

Thinking All Problems Are Training Problems

Trainers have the idea that all problems are really training problems. I must confess that as an educational reformer I have a lot of sympathy with that point of view. Whenever I see an ill in society I always think that it could have been remedied with just a little more education or a little better education for the people involved. You don't grow up to do dumb things if you have been taught how to do reasonable things.

Trainers have the idea that all problems are really training problems.

But when dealing with fully formed adults, while you can teach new skills easily enough, remediating old habits is a different story altogether. Enron employees felt just a bit frightened to express themselves, did they? That's what I get out of the survey results. Well then, how about getting rid of the culture of fear? How do we do that? Certainly not by labeling the problem a communication problem. In fact, it is obvious, hindsight being twenty-twenty, that there was a reason that a culture of fear was prevalent. There was something to hide. When people are afraid of being found out for the dark thing they are engaged in, they tend be less than open. That culture permeates all the way down so that people at Enron who were hiding nothing were probably fearful just because that's the way things were done at Enron.

Our communication module was actually an obfuscation model. It taught employees how to fake listening.

The Solution to All This?

Well, from a PR point of view, calling it a communications issue and starting communication training seems like a peachy idea. But sometimes you have to ask what the real problem is. You may not like what you see.

How do we teach communication? This sounds like a legitimate training issue, but it simply isn't. Communication

skills seem like something one can teach. Simply focus on the problems in communication and provide training for each one. With that in mind let's look at what the Enron survey says, one more time:

- 59 percent of employees said decisions were not communicated well.
- 54 percent said they did not feel free to voice their opinions openly.
- 55 percent said the company didn't act effectively on employee suggestions.
- 70 percent said communication was not good across departmental lines.
- 61 percent said they were not encouraged to challenge established procedures and policies.

> *"How do we teach communication?" sounds like a legitimate training issue, but it simply isn't.*

Now let's suppose that we were not allowed to use the word *communication* to describe these problems. What words could we use? I suggest these five:

Clarity

Freedom

Listening

Silos

Fear

Which of these things can be taught in a training session (electronic or otherwise)? Would you like to attend training on how to be less fearful that your company will not react well to what you say and think?

Is this a training issue? Can we train bosses to treat their employees in such a way that they are unafraid to speak their minds? Well, no.

Why not?

Because training and real life are different things. We can teach people to say some words about how they should treat people, but the issue is the reward system after all. If the company rewards people who are tough on their employees (or run a tight ship, to put a positive spin on it), then it cannot simultaneously reward people for being touchy feely with their employees. In fact this is a hiring issue not a training issue. A company that hires tough guys isn't one that hires nice guys. We are talking about different cultures here. Now I never met anyone at Enron, so I have no personal take on what kind of people they hired. But I can guess, given the employee survey and the ensuing debacle at Enron, that openness wasn't rewarded because openness wasn't valued.

> *All too often training people (me included) allow themselves to get sucked into the baloney that a company is selling.*

All too often training people (me included) allow themselves to get sucked into the baloney that a company is selling. "We have a communication problem" turned out to be code for: *We realize that this is an uptight and secretive place, but it is like that because we are doing some pretty underhanded things, so it would be nice if you could just make it seem like we really care about these issues by teaching people to behave in a way that they could not possibly learn to behave from training. Be assured we will do everything we can to undermine the training you provide by failing to change the workplace one bit.*

The problem is twofold. First, there are some things you simply cannot learn in training. Second, when training is really a ruse to hide a deeper problem, it won't work (even if that kind of training could work in principle if it wasn't done as a ruse).

So Can You Teach Communication?

Is communication a subject that is in principle unteachable in training? At first glance the answer to the "unteachableness" question would seem to be "no." After all one can get a degree in communications—it is a legitimate field of inquiry in many universities, and it comprises a set of skills we all want to improve upon. So the answer must be "yes."

There are some things you simply cannot learn in training. Plus, when training is really a ruse to hide a deeper problem, it won't work (even if that kind of training could work in principle if it wasn't done as a ruse).

For years I have been preaching that the big three issues in education are reasoning, communication, and human relations. I have said many times that schools must strive to enable students to learn these skills, that they are more important in daily life by far than physics, mathematics, or ancient history. So obviously, I think communication can be taught, right?

Well, no.

Communication Skills Can Be Learned, But That Is a Different Statement

When I have talked about how those subjects constitute the big three in education, I also pointed out that none of them can be

taught directly. Imagine a course in reasoning for example. You can easily imagine that a school's course in reasoning would come down to learning the six principles of reasoning, or diagramming the reasoning extant in a piece of text, or identifying the types of reasoning that were being employed in an argument. When school teaches a subject, it usually boils it down into something analytical (and irrelevant) that people need to learn, avoiding the skill itself altogether.

The communication schools that teach communication teach the theory of communication, or how to deal with communicative disorders, or perhaps they include a journalism program as some sort of practical implementation of communication theory. The actual skills we need for communication we learn as a result of having a goal and seeing its realization (or lack thereof) by our communicative methods. We speak, we write, we communicate, about something, with some end in mind other than the communication itself. We don't try to communicate, we try to be understood or agreed with, or we try to convince somebody of something or get someone to do something we want done.

The actual skills we need for communication we learn as a result of having a goal and seeing its realization (or lack thereof) by our communicative methods.

Communication skills are learned only by practice. We practice communication with every sentence we utter. We know how well those sentences have worked when our listener says "huh?" or "really?" or "I am so happy you said that" or something in between. The outside world reinforces, for better or worse, our communication skills on a daily (or even minute-by-

minute) basis. So we really don't need courses in communication; we need opportunities for communication.

Well, no, I don't really believe that either. Communication that is observed by someone else whom we trust who can comment on how well we expressed ourselves or whether we seemed to be listening or whether what we said was what we meant, can be quite valuable. In other words we can all use some tutoring with respect to the communicative efforts we engage in. (Perhaps someone could help me make this paragraph better, for example.)

But did my company do that in its Enron course? No. What it did was give people some right and wrong answers to select from that would demonstrate that they were being sympathetic to the speaker. Now I ask you, who is going to say in a simulated scenario in a course on being open to employees, that they are "too busy for a meeting right now and could you come back in a week?" No one is too busy in a simulation. People are too busy in real life, which is exactly what a simulation isn't.

The question that might be on your mind at this point is . . .

How to Tell the Difference Between Stuff That Can Be Taught and Stuff That Can't

. . . so that you know when to tell those on high who have ordered training to be built that maybe they should work on some other subject area that the company needs taught that might actually work.

Here is my rule of thumb. Take the subject to be taught and ask the following questions:

1. Are there skills that comprise this subject?
2. Can you name them?

3. Can you practice them?
4. Would you be able to tell if someone was doing them right?
5. Are mistakes honestly made and recoverable?

For Example

To take an obvious case, let's consider training to be a firefighter.

1. *Are there skills?* You have to do things like hold the hose, break windows, crawl under fire, and all kinds of other good stuff.
2. *Can you name them?* I can't, but firefighters can.
3. *Can you practice them?* It takes much training on real burning houses used for practice.
4. *Would you be able to tell if someone were doing them right?* Putting the fire out without getting hurt is a clear and good result.
5. *Are mistakes honestly made and recoverable?* I would assume so. One imagines that some of the best firefighters made some serious mistakes at first but got better over time.

So there you have it. A real subject for training. Training firefighters is definitely a good idea. Any other plan seems insane.

Another Example

Now let's look at one that isn't really a subject for training.

I will choose "thinking out of the box," a subject that comes up a great deal in conversations about what companies need to

do. So let's imagine you have been asked to teach a "thinking out of the box" course by your company. Answer my five questions first:

1. *Are there skills?* I have no idea what the skills are in "out of the box thinking." I can identify the product of creative thinking when I see it, but I don't know what produces that product. (Well, I have some idea actually. I once wrote a book on creativity, but my view was that it was an attitude rather than a set of skills.)
2. *Can you name them?* No, we can't name the skills.
3. *Can you practice being creative?* You can try, but I doubt that that is what creative people do in order to become creative. They may, as children, continually be creative and then get better at it, but they are not trying to be creative—they are trying to do things that happen to be considered creative by others, which is a different thing altogether.
4. *Can you tell when someone is being creative?* Sort of. But a lot depends on context and what has come before and whether the person involved heard about those new ideas from someone else.
5. *Can you fix someone's creativity mistakes?* I am not sure what this would mean exactly, so I guess not.

This is simple, no? Some subjects are good candidates for the training department and some are not.

Then what about communication? Can it be taught? I don't think so.

The good news is that communication can be seen as a set of skills (like writing, public speaking, listening, and so on) and

each of these can be taught. But you will notice Enron did not ask for a writing course (in fact we had one available—described in that same book—that I would have been proud to recommend).

So what was the problem at Enron? They got the skills wrong because they tried to design them based on a survey of problem areas which, in case you forgot, were

Clarity

Freedom

Listening

Silos

Fear

Try my five questions on those areas. Only "listening" seems like an actual skill, but I was just writing a kind of shorthand there. Really the survey said "listening and acting on what you heard" was the problem. In other words, no one did anything when employees at Enron complained. And no training course was ever going to fix that. Nor was training going to make people less fearful in an environment that had plenty to hide.

Bottom line: Be careful when your bosses ask you to build training. Sometimes you should just say "no."

◊ ◊ ◊

Jump Start Your Training

Here's a checklist for knowing the difference between things that can be taught and things that cannot.

Can't Be Taught	Can Be Taught
Aptitudes	People Skills
Attitudes	Particular Skills
Wisdom	Decision Making
Good Judgment	Cases of Bad Judgment
Experience	Simulated Cases
Openness	Handling Customer Problems
Friendliness	Courtesy
Physical Principles	Physical Skills (by Practice)

IV
RELEASING OURSELVES