
How to Manage Critical Conversations



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A framework for what to do and what to avoid when discussing critical topics with your team.

In recent years, we've witnessed the increasing polarisation of society, rising geopolitical tensions and mounting social upheaval. Business leaders and organisations can no longer avoid conversations about these topics. When faced with the diverse and sometimes opposing views of their teams, how can leaders effectively navigate these complex and sensitive discussions?

Let's take the real-world example of a mid-sized pharmaceutical firm. It gathered 25 senior executives for a discussion on how to operationalise the organisation's sustainability vision. The chief sustainability officer began by laying out the company's commitment and strategic road map. After a few questions and comments, the chief sustainability officer left the room.

Following a few minutes of silence, one American executive piped in with a "reopening" statement. "We've been talking about this for three years," he said. "A lot of effort has been put into getting a green certificate. But we are in the market and doctors do not want to pay a higher price – the only thing

they care about is the efficacy of the medicine.”

Then, the chief marketing officer, who hailed from a European country, interrupted him. “I disagree. We’ve collected data from hundreds of patients. The majority care about environmental sustainability and are willing to choose a green product with a higher price.” The debate continued for almost two hours before a coffee break was called.

The mood was extremely tense around the coffee machine. Meeting attendees split into three distinct subgroups and began talking in hushed voices within their cliques. They exchanged looks and shook heads. “They always do this... so stubborn.” “Nothing will ever change their minds.”

We’ve all experienced meetings like this, when discussions meant to foster cooperation and **unite team members** end up engendering divisions instead. What goes wrong in these situations, and how can leaders avoid heading down such a dangerous path?

Based on my observations of over 30 executive team meetings focused on critical topics like **diversity, equity and inclusion** (DEI) and sustainability, I’ve identified three main elements that can influence the outcomes of such conversations: issues, interests and identity. If not managed with care, the natural process is a downward spiral. I outline a framework to guide dialogues about critical or sensitive topics, which leaders can use to turn these potentially contentious debates into productive conversations.

1. Issues

After some small talk, meetings often begin with the topic at hand. What problem are we trying to address today? Why is it important? Good meetings start with an alignment on the main issue to be solved. Clarity of the objective is an important factor for success and can help set a useful framework for the debate.

For instance, a pharmaceutical CEO once opened a budget meeting by saying, “I know [that] you are all prepared to negotiate your target for [the year]. It’s not an easy situation we are in. But today’s meeting is not about fighting about numbers... Today is about the right number to put forward [so that] our business grows, and we take care of our people.”

On the flip side, meetings that start at the wrong place often omit this stage and assume everyone has a common understanding of the issues at hand. A

further mistake teams and leaders often make is not spending enough time to understand the issue before jumping to the potential solutions.

Take the example of a DEI meeting attended by executive committee members of a financial services firm. The company's chief people officer opened with this sentence: "We missed our [gender] diversity target last year. We need to discuss how can we improve this year."

The team immediately dove into solutioning, and it took nearly 20 minutes before an executive raised this question: "Why is this an issue? [The gender ratio of] our candidate pool was 30 to 70 to begin with. How can we achieve balanced hiring if the pipeline is weak?" The conversation became much more productive following this statement. The team concentrated on initiatives that could build a stronger pipeline instead of focusing on the internal hiring process.

Productive meetings dedicate enough time understanding the problem to identify common challenges to address. More importantly, leaders frame the meeting objective as a way of identifying solutions that can benefit the business and the organisation. Unfortunately, over 90 percent of meetings I observed did not emphasise a **common goal**, and instead, quickly transition to the second stage - interests.

2. Interests

Alongside business expertise, most executives possess a certain level of political savvy and social intelligence. They are quick to mitigate any potential harm to the interests of their own business and responsibilities - whether that's changing suppliers for the sake of sustainability, increasing salaries to reduce the gender pay gap or addressing the cost pressures that come with adopting renewable energy. As a result, conversations inevitably shift as individuals defend their own interests.

"I have a responsibility to the over 600 people in my plants across Europe," the COO of an electronics company shared with me privately. "They have already gone through [Covid-19], supply chain challenges and raw material shortages in the past three years. They need some space to breathe before we force another company-wide initiative on them."

To turn competing interests into opportunities, the chair of the meeting could invite all participants to share their interests in order to identify any potential

divergence or conflicts. They could point out common ground, expand on shared interests and seek trade-offs. Not only does this build **alignment**, it also reduces executional risks by sharing unique information from each business team and function.

For complex topics such as environmental sustainability, a win-win solution may not always be possible in the short term. Such initiatives often require upfront investment, and consumers may not always respond immediately. However, a good process helps manage internal and external expectations on critical metrics like margin and revenue growth.

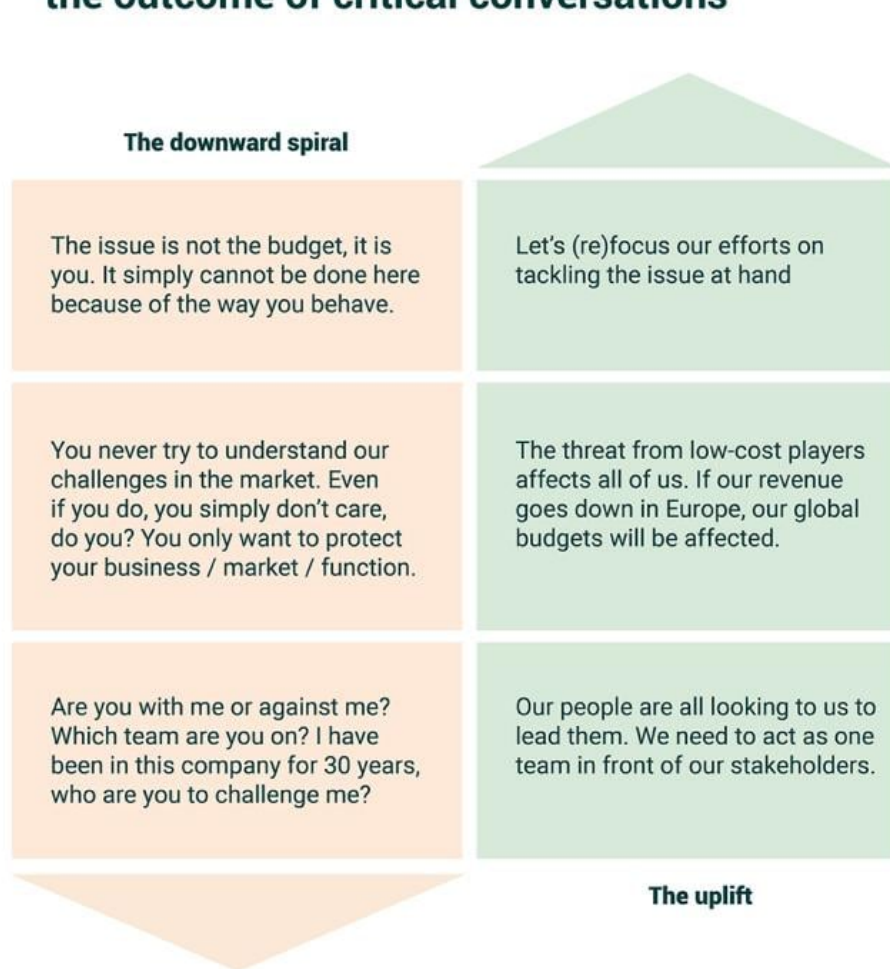
What happens to meetings without sufficient time spent on aligning stakeholders' interests? They end up focused on the last line of defence – identity.

3. Identity

Identity politics exists in business. When executives don't align on issues and try to protect their own interests, dialogue can quickly slip into a defensive fight over identity. Once, in my MBA class on the sharing economy, I led a group of over 70 students in a debate about whether drivers for ride-sharing apps should be categorised as employees or contractors.

After I presented the results of an individual vote, students passionately discussed the reasoning for their choice. Within five minutes, sides were taken. After another 10 minutes, words like “socialists”, “capitalists”, “greedy” and “naïve” were thrown around. In contrast to the silence often observed during the “interest” phase, the “identity” stage can be vibrant, vivid and even visceral. Stories were shared on both sides, sometimes followed by colourful commentaries.

This stage is also acknowledged by executives. A CFO of a large media company spoke to me after one such “identity-charged” meeting. “You can see [that] we've known each other for a long time. We know where we stand. We also know what buttons to push [with] others,” she said. She winked, but gave a bitter laugh. The dialogue sadly went nowhere, and the issue remained unresolved after a full day of debate.



A framework to forge a more meaningful path

The downward spiral from issues to interests to identity seems almost inevitable when **leaders** don't recognise the signs of the stage shifts and proactively manage them. What do successful leaders do and what can other leaders learn from them to turn things around?

It's possible to "walk back the path" of the 3I's through the following steps:

Set clear objectives and ground rules upfront

Make sure that everyone has a common understanding of the issue at hand, why it is important and what are the acceptable behaviours.

Actively listen to the conversations and identify the 3I's as they happen

Pay close attention as the conversation progresses so you can identify and call out each of the three stages. One challenge is that participants may not be aware of the three stages, which one they are in, how they got there and how they contributed to the change in stages. Naming them is a helpful start.

Call a pause when necessary to stop the downward spiral

It is okay – and sometimes even necessary – for conversations to go through these stages. However, when the dialogue turns into debate or even fights, it is critical to step in, pause the conversation and bring the danger of falling further into the downward spiral to everyone's attention.

Use uplifting statements to redirect the conversation back to the core problem

When things go awry, you can harness uplifting statements – such as “let's refocus on the issue at hand” or “we need to act as one team in front of our stakeholders” to bring the meeting back to the problem-solving process and progress from there. When necessary, a short coffee break, a small activity to “untangle” the situation or temporarily splitting up participants into smaller groups could help ease the tension.

Keep reminding the team about their shared interests and identity

To help with this redirection, the team needs to be periodically reminded about their unified vision, common interests and shared identity. Within a psychologically safe space, different opinions are encouraged, but personal attacks are not.

To sum it up, identifying and addressing the three stages that may arise offers a pathway for leaders to tackle sensitive topics effectively and reach meaningful decisions that can truly make a difference to the firm – and potentially society as well.

Find article at

<https://knowledge.insead.edu/leadership-organisations/how-manage-critical-conversations>

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