

Competitive globalization, labor shortages and innovation pressures: they all require...

Leadership from depth

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During the 90s US corporations faced a variety of new as well as old challenges. They continue to struggle with market globalization and rapid technological developments. Players in the international game will find that the “ante” has been raised.

They have found that they need to elevate their performance standards to Olympic class just to remain in the on-going game. In domestic markets, they will encounter an expanding number of people riding the crest of the “age wave” and a variety of lifestyles. They will have to cope with baby boomers facing the issues of mid life changes with their interests turning towards family and quality of life. They will have to devote more attention to social and environmental issues and cope with a labor shortage.

Innovation in products and services have become a continuing process rather than the traditional once-in-awhile activity. Competitive imperatives will also require major changes in managerial and organizational conceptual paradigms systems. These trends will provide new challenges and new opportunities.

Trends and transformation... Leaders of future-focused firms are exploring the implications of these trends. They are transforming their firms and testing new organizational forms. They are developing and testing innovation as an ongoing activity. There is a growing realization that managerial and organizational transformation involves different issues, concerns, and processes relative to those used traditionally in managing developmental and transitional change. To paraphrase GE's CEO Jack Welch, transformation involves a quantum leap in the evolution of a firm.

The authors' analysis of current activity indicates that transformation involves four inter-dependent processes:

- Executive transformation
- Visioning the future and revising the organization
- Creating the new organization
- Facilitating the process of death and rebirth of the organization.

Executive transformation

Executives desiring to transform their firms must begin by recognizing the need for their own personal transformation. To paraphrase mythologist Joseph Campbell, executives must accept the “call to adventure.” This *call* involves, in part, a letting go of conventional thinking and activity, and a rigorous re-examination of what was believed to be common sense in the past.

The competitor to customer focus shift — For example, many executives, in the past, tended to focus their energies on their competitors while ignoring customer's concerns. This resulted in the development of strategies for matching the competition in a head-to-head conflict. These strategies led to massive expenditures on advertising, accompanied by minor cosmetic product or service innovations. Transformational leaders are now beginning to give serious attention to exploring the needs of customers and determining how their needs can be better served.

The executive's internal journey — An executive's transformation begins with an in-depth exploration of personal beliefs, conscious and unconscious assumptions, values regarding the nature and role of management, the nature and purpose of organization, purposes of work, and the effectiveness of current technology.

The critical task for the individual executive is to discover whether he or she is seeking to authentically express him or herself. In Warren Bennis's recent book, *On Becoming A Leader*, he states that effective leaders seek to express and not prove themselves. Like Charles Garfield's *peak performer* and Abraham Maslow's *self-actualized person*, effective leaders are motivated by a strongly felt inner vision, purpose, and mission. The vision, purpose, and/or mission represents an authentic expression of their own beingness and not a false and shifting persona they manifest to prove to others they are effective or to win approval.

Jan Carlzon... These individuals define themselves on the basis of their *beingness* rather than on their *doingness*. The difference between expressing one's beingness and proving oneself to others is illustrated by Jan Carlzon, president of Scandinavian Airlines. Carlzon states that early in his managerial career he was appointed CEO of a firm. He felt insecure and adopted the persona of what he thought a good manager was. Carlzon was ineffective. He was finally confronted by a friend for not being himself. Carlzon recognized he was seeking to prove himself and returned to being himself.

Seeking evaluation — The Carlzon story suggests a critical dimension about self-examination. Knowing oneself involves seeking the thoughts, feelings, reflections and criticism of others. Individuals with healthy self-esteem seek out and form bonds with others they can trust and who are truly concerned about their development. These individuals have the inner strength and maturity to listen to critics. Another example is John Sculley, president of Apple Computer who states that one needs to listen to and reflect upon criticism. Sculley openly admits his mistakes. An opposite example is Roger Smith who has been reported to break out in a rash when criticized.

Corporate counselor — The self-examination process could be facilitated through the use of an organizational executive counselor similar to the character of Dianna Troy, ship's counselor, in the TV show *Star Trek: The Next Generation*.

A major component of Dianna's role is to support the executive group in their attempts to understand the unconscious dimensions of their beingness. Such a person could also support the exploration of unconscious motivations, beliefs, and assumptions regarding strategic and tactical decisions.

Chris Whittle... A current business example of an executive using a counselor is Chris Whittle, CEO of 13-30. He believes in having a therapist on his board and states that a psychotherapist is a good investment for entrepreneurs seeking to be effective executives. He points out the desire for acceptance and approval from publishing industry peers resulted in 13-30 purchasing *Esquire*, a major mistake because it was not congruent with the firm's strategy.

Beliefs about managing others — Executives need to explore their beliefs about managing people and the nature of their on-going relationships with others in the organization. Recently, such a process of self-examination was undertaken by GE's CEO, Jack Welsh. Welsh recognized the need to place a stronger emphasis on people. This represented a transformation in Welsh's style and necessitated that he question many of his most basic assumptions about management and the nature of present and future organizational effectiveness.

Exploring the meaning of life and the common good — The process of self-examination also involves a philosophical quest — the active exploration of such questions as:

- What is the purpose and meaning of life?
- How does one live one's values in life?
- What is the nature of a healthy organizational community?
- What are the major changes and challenges one wants to make and is able to address?
- What is the best one has to offer?
- What is the meaning of work in a free society?
- How can our organization contribute to global improvements in the quality of life of all life forms?

Such questioning is illustrated by the emerging trend to re-examine the purpose(s) of business in society and globally. Traditionally, the focus of business has been primarily on internal economic or financial viability and meeting the demands of the market. This focus is beginning to be called into question.

Third wave leaders— Emerging *third wave* leaders are expanding their purposes to include socio-political and broad based environmental issues. They seek to be more than *one-segment* leaders and are focusing on the common good by transcending the traditional limits of the philosophy that “the business of business is business” with the focus on profit and shareholder concerns. For example, Ted Turner, president of Turner Broadcasting, has taken a leadership role in addressing broad environmental and global issues. John Sculley has focused on the crisis in education and its linkage to third wave issues and concerns.

Anita Roddick... Founder and managing director of the Body Shop International Anita Roddick, Britain’s most profitable firm, produces ecologically sound products, supports enhancing third world suppliers and does not use *Madison Avenue* hype with its emphasis on pseudo insecurity enhancement directed advertising.

All of these individuals are not only leaders in their organizations but seek to address issues associated with the common good.

Exploring personal and organizational values — The philosophical quest also requires an exploration of the executive’s values. The nature of the CEO’s values will have important consequences in transformational decisions and the nature of future changes in products and services. They will also impact upon organizational design issues.

Joline Godfrey... An example of such a quest is that of Joline Godfrey, CEO and founder of Odysseum. Her process of value clarification led her to recognize that she valued life and not just business and success. Her self-examination suggested that she needed freedom from the business and placed little value on being in control. Her re-examined and re-formulated values directed her towards creating an organizational design which emphasized self-management and long term employee development.

Value clarification must also involve the discovery of shared values, and a recognition of their qualitative dimensions. Values can be considered relative to what is presently and pragmatically important or in a longer term as to what leads to a spiritual ideal. The latter focus is reflected in Abraham Maslow’s *B-Values*, which he found to be associated with mystical and peak experiences.

B-Values are eternal ideals; they can not be interpreted in light of “what is,” as they reside in the realm of “what could be.” They reflect the values imagined and illuminated by past and present globally conscious individuals.

Marvin Weisbord... An example of such thinking is Marvin Weisbord’s observation that the values of freedom and dignity of work have been ignored for the economic measures of efficiency and productivity. Weisbord suggests that freedom and dignity are higher values than those associated with economics.

Jack Welsh... A recognition of universal values is reflected in Jack Welsh’s guiding values of simplicity, candor and self-confidence. His values are associated with a specific context: GE; however, they reflect the present and are interpreted in light of the needs and the managerial mindset of the present. While suitable for the present, they are not ideals. They are means to an end, and not ends in and of themselves even though they may be operationally implemented in such a manner given the present unquestioning lockstep mentality that exists in many organizations.

Don’t look back to find the future — Executives must also examine whether their values are relevant to the present and the future, not simply reflections of past mental programming. To paraphrase John Gardner, executives must seek to revitalize the organization’s shared values. Seeking to impose an interpretation of values grounded in the past onto the present to provide meaning for the future can produce disastrous consequences.

Executive visioning of the future and revisioning the organization

A critical component of any attempt to vision the future is real-time and high quality information. Executives need to validate, design, and support internal systems which seek to gather information from the organizational stakeholders and from other important sources. One means to achieve this end is to replicate the scouting activities of the US Army during its exploration of the America’s frontier and in its military activities.

Scouting beyond the horizon — Executives need to develop their own scouting competencies and to develop scouting orientations and competencies in their employees. Scouts would be dispatched by the CEO to explore new ideas, concepts, and to gather intelligence.

Scouts are similar to Star Trek's *away teams*. (They are much more than *probes* which are simply machines sending back data.) Scouts could also be employed to facilitate internal and external dialogues. They might also play the role of the court jester, questioning the current state of affairs.

Alvin Toffler... Toffler served as a scout for AT&T before its transformation. Toffler scouted the changes in the firm's environment and the results of his scouting were circulated throughout AT&T. In this way, executives could begin to consider different alternatives and move toward an appropriate design for the future. In considering the findings of Toffler, the other executives and employees became mentally and emotionally engaged in a manner which could facilitate future change. The executives were also able to develop an understanding of how people might react to different aspects of the future transformation. Resistance issues could be addressed before they became major impediments to future change.

Royal Dutch Shell has also employed scouts to support their strategic planning process. Shell's scouts scan the horizon for emerging micro and macro trends and new concepts. Scouting reports are used for creating future scenarios. These scenarios are used to facilitate futuring and organizational learning.

First-line scouts — Scouting should not be limited to the halls of executive row. Scouts can be sent out from all levels of the organization. For example, Chaparral Steel uses its first line supervisors as scouts. They are given regular sabbaticals so they can explore other plants, new technology, and visit customers. Apple Computer's scouting teams discovered the *mouse* and the emerging desktop publishing market. Textron dispatched scouts to learn about employee involvement programs.

An East coast shipbuilder, in a state of decline, dispatched scouts to learn about new technologies in their industry. The scouts returned and together with their co-workers developed an entirely new system for servicing ships which has given new life to an organization headed towards extinction.

Visioning exercises — Information gathering activities should be followed by a formal, open process of envisioning the organization's future involving all stakeholders.

Critical to the success of this process is a non-linear, multi-phase scenario exploration of the future. In *The Leader's Edge*, Burt Nanus suggests a three-phase process of visioning:

- Possible futures
- Probable futures
- A preferable vision

Possibilities... The first phase creates a large number of scenarios of the future; brainstorming any future is possible no matter how weird it appears. Next, the possibilities are assessed as probable futures. This assessment should not be limited to what exists in the present. For example, a technology firm might explore possible futures based on the idea of trans-global developments in the 21st century. Phase three is to create a realistic preferred vision of the future that positions the organization in the future.

One example of this process is the scenario planning system used by Shell. Shell focuses on organizational learning, and not on discovering the one best solution or future. Participants theorize about a variety of different futures and explore how to cope with them. This process allowed Shell to flow with major changes in its environment while others faltered. Southern California Edison Company's process called *Strategies for an Uncertain Future* emphasizes the creating of diverse strategies, not just inventing one best strategic solution.

Vision effectiveness — An important measure of the effectiveness of the visioning process is the type and quality of support it attracts from stakeholders. If a vision is not supported by stakeholders, executives face major difficulties in transforming the firm.

For example, when Roger Smith attempted to transform GM through a high-tech strategy, he ignored employees and their unions. GM invested millions of dollars in technology only to discover that productivity and effectiveness would not improve without employee and union involvement.

A counter example is Ricardo Semler's vision for transforming his family firm, Semco S.A. The firm attracts approximately 300 applicants for every new position through word of mouth. Employees are treated like adults and vote on major policy decisions. Semco S.A. is one of Brazil's fastest growing firms.

Integrating the vision... This vision should be extended throughout the organization. Each workteam and individual should possess a vision. In other words, visioning sessions should not be limited to top management. Statements such as “we don’t have the time” indicate a need to focus on *time creation* versus managing time.

Creating time for the vision process — One firm practicing time creation is Solar Press, Inc. Solar Press closed down operations for a day and conducted a *Solar Brainstorming Day* retreat. The retreat focused on education, information sharing and envisioning. CEO Joe Hudetz felt that creating time and space for this session was an important investment in the firm’s future.

Each vision should be purposeful, meaningful and provide a focus for the individual and team’s energies. Workteam and individual visions should be employed with technological and environmental factors in the redesign of the present work system. The entire revisioning process must be open, participatory, ongoing, communicated throughout and external to the organization. The organizational vision must be carefully explained to all new stakeholders to ensure their commitment. This is also true for individual and team visions.

The vision and learning... Leaders need to create educational and knowledge systems, sensitive to the information–processing capabilities of organizational members. This can be achieved through learning programs, computer conferences, and futuring techniques.

These programs need not be complex. For example, Springfield Remington provides associates with financial and strategic information, and educational experiences so they too can improve operations. McDonnell Douglas developed a video communications program called *90 Days: The Chairman’s Quarterly Report*. In the video, the chairman discusses selected issues, events and features individuals and groups who have contributed to improving the organization’s effectiveness.

Recreating the organization

The visioning process yields a new paradigm, a specific set of beliefs, values and assumptions for guiding the organization’s regeneration. It is derived from the preferred future, vision, scouting activities and the outcomes of the self–discovery process.

An example of this paradigm is the transformation of GE whose principles defined the requirements of GE’s leaders and ways in which the firm would be transformed.

Demonstrating and obtaining commitment

— The effectiveness of this phase depends on executives exemplifying the themes and values of the transformation. If executive actions express the idea of *do as I say and not as I do*, the transformation will not happen. An example of not living the proposed themes and values of transformation was the acceptance of large bonuses by GM executives after negotiating wage concessions from employees.

Executives must also demonstrate commitment by allocating sufficient time and resources to the regeneration of the organization. For example, GE developed a new management education program to implement its transformation. It also changed its management development facilities, which symbolized its commitment to the transformation. Ford devoted a substantial amount of time and resources to its participatory management program. SAS invested funds toward its transformation when profitability was declining.

Creating and supporting new perceptions

— Transformation processes must allow organizational members to explore freely and transform their present mindsets. The emphasis must be to stress creative approaches, not acting out of habit.

An example of acting from past habit was the action of Robert Wright when GE acquired NBC. Prior to the acquisition, Grant Tinker envisioned an NBC different from his competitors. Tinker invested in people and took a long term perspective. He was not driven by short term ratings, and initiated innovative programming. Tinker left the network shortly after the acquisition and was replaced by Wright.

In the spirit of GE’s CEO Jack Welsh, Wright employs a *neutron* strategy within NBC, seeking to make it an efficient company. Wright’s strategy was based on habit. He did not take the time to understand the NBC culture. While a neutron strategy might have been appropriate in GE’s bureaucracy, it hardly seemed appropriate for an enterprise which was profitable and producing innovative programs which its customers enjoyed.

Processes must be selected which are sensitive to the present values and belief systems of various

organizational subcultures. Seeking to transform through manipulation, control and force must not be used, as they will result in failure and distrust.

Action and innovative learning — Action learning integrates educational programs with work on real organizational issues. An example is GE's business management course, in which participants are assigned to teams. Each team is assigned a business issue, and is responsible for investigating the issue and presenting recommendations for addressing it.

Creating open space... The provision of *open space* to explore new ideas is one strategy for supporting innovative learning. For example, Owens–Corning provided open space by informing associates they wanted to create a team to develop a customer service management information system. Volunteers were called for, and management provided the group with resources. The project was completed in half the time estimated by the computing experts. This provided the organization with a model of high performance which could easily be recreated.

Scouting and futuring (mentioned earlier) are also examples of innovative learning. Innovative learning explores *what could be* and involves the discovery of new contexts. Another strategy is to actively support networking and provide resources for creative projects.

Organizational death and rebirth

Organizational leaders and members should recognize that transformation involves a process of “death and rebirth.” They are likely to experience considerable distress and trauma during transformation, and may deny and resist the need for it. They may express anger and experience grief over the death of the old way of life.

Death of the old organization — William Bridge's book *Transitions* is a useful guide for understanding the process of transition. In *The Transformational Leader*, Noel Tichy and Mary Anne Devanna illustrate the use of Bridge's process in an organizational setting.

A seven step organizational death sequence... A more in–depth description of this process is presented by John Adams and Sabina Spencer. Their process involves seven phases:

1. Losing focus
2. Minimizing
3. Questioning self–worth

4. Letting go
5. Testing
6. Searching for meaning
7. Integrating

Most authors emphasize supporting the person through the process and recognizing that individuals go through the process at different rates. They should be allowed to express their feelings and thoughts, and they need to recognize that their feelings are to be expected.

Holding on, letting go... Executives and change agents need to recognize the importance of holding on as well as letting go. Holding on can be purposeful. It can provide useful information for renewing values, purpose and re–mything. Executives and change agents need to be sensitive to people's resistance to letting go and probe the causes. They should not assume resistance is negative. In probing resistance, they may discover important values and myths that need to be held onto and understood in light of the new context.

AT&T could have re–mythed itself...

AT&T's theme of providing excellence in service could have been maintained and re–mythed to include considerations for meeting the needs of the marketplace. One AT&T myth that might have resurfaced from the organizational unconscious was the myth of Theodore Vail. Vail's myth was one of foresight and innovation. Vail also provided a guiding myth of a person with a great breadth of vision. Holding onto this myth might have allowed AT&T members to recognize that they were not abandoning their tradition, but were being called upon to live the myth that created their proud tradition of public service.

Facing new realities... To accept the need for transformation, one must admit that the old way no longer works. This may suggest failure. Associates may fail to take action because they repress their feelings, or they unconsciously feel guilty for the failure and doubt their ability to lead the transformation.

Executives may resist transformation by engaging in the *kill the messenger syndrome*. As with death and rebirth, coping with failure involves a series of stages: shock; fear; anger and blame; shame; and despair. The critical issue is proceeding through the process and not becoming stuck in any stage.

Corporate wakes... Resources must be devoted to activities allowing members to experience this process without a loss of spirit.

A ritual of death and rebirth may be staged to facilitate this process.

For example, Western Airlines conducted a funeral for its managers when it was merged with Delta Airlines. Jan Carlzon held a party to celebrate the transformation of Linejeffly. Two secretaries with Owens–Corning organized a celebration for the firm’s CEO to celebrate his efforts to deal with the firm’s takeover.

Re–energizing... Processes need to be designed to energize organizational members. Energy will be needed to bring the organization into its new state of being. The process should involve releasing untapped human energies, capabilities and potentialities. This is not a new theme. It returns executives to the ideals and the founders of the American dream and our most admired, visionary leaders.

Compassion and empathy... Executives must recognize that certain organizational members may not, possess the psychological state, knowledge and skills that will allow them to function in the new culture. These individuals may react out of fear, resulting in intense resistance to change. It is critical that these individuals be treated in a manner reflecting the values of the new culture. How such individuals are treated will dramatically affect their levels of commitment within the organization.

In *When Giants Learn to Dance*, Rosabeth Moss Kanter notes that “cowboy management” can dramatically reduce organizational effectiveness and productivity during transformation. When people are treated with compassion and empathy, people recognize the organization cares about them and not just about profitability.

Executives have alternative strategies for dealing compassionately with these individuals. They could be asked to resign or retire from the organization; in which case, the organization must provide reasonable support systems for their transition into a new life. Individuals may also be transferred to positions involving more traditional activities. This will allow them to be productive and live their own values without giving them an opportunity to inhibit or destroy the transformation.

They should not be forced to participate in *positive thinking* or *mind game* training programs. Therapy and transition programs should be available on a voluntary basis for individuals experiencing difficulties coping with the transformation.

Final thoughts

The challenge facing executives and other members of the organization is that of transcending the fear and anxiety which travels with the forces causing global transformations.

In *The Empire Strikes Back* when Luke Skywalker confronted and killed Darth Vader, he discovered that he was fighting an illusionary image generated by his own fears. Organizational members must recognize that not confronting their fears and anxieties will result in a destructive conflict with themselves. The full recognition of these human conditions will allow them to form a new vision of their personal role and the purposes of their organization in the new context. It will cause the “sleeper” to awaken and allow them to create a renaissance. ♦

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