

Transformational Leadership

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November 13, 2002

Management Vs. Leadership

Management

- Planning & budgeting
- Organizing & staffing
- Controlling & problem solving



- Produces a degree of predictability & order
- Has potential to consistently produce short term results expected by various stakeholders (e.g., for customers always being on time; for stockholders, being on budget)

Leadership

- Establishing direction
- Aligning people
- Motivating & inspiring



- Produces change, often to a dramatic degree
- Has potential to produce extremely useful change (e.g., new products that customers want, new approaches to labor relations that help make a firm more competitive)

8 Steps to Transforming Your Organization

■ **Establishing a Sense of Urgency**

■ **Forming a Powerful Guiding Coalition**

■ **Creating a Vision**

■ **Communicating the Vision**

■ **Empowering Others to Act on the Vision**

■ **Planning for and Creating Short-Term Wins**

■ **Consolidating Improvements and Producing Still More Change**

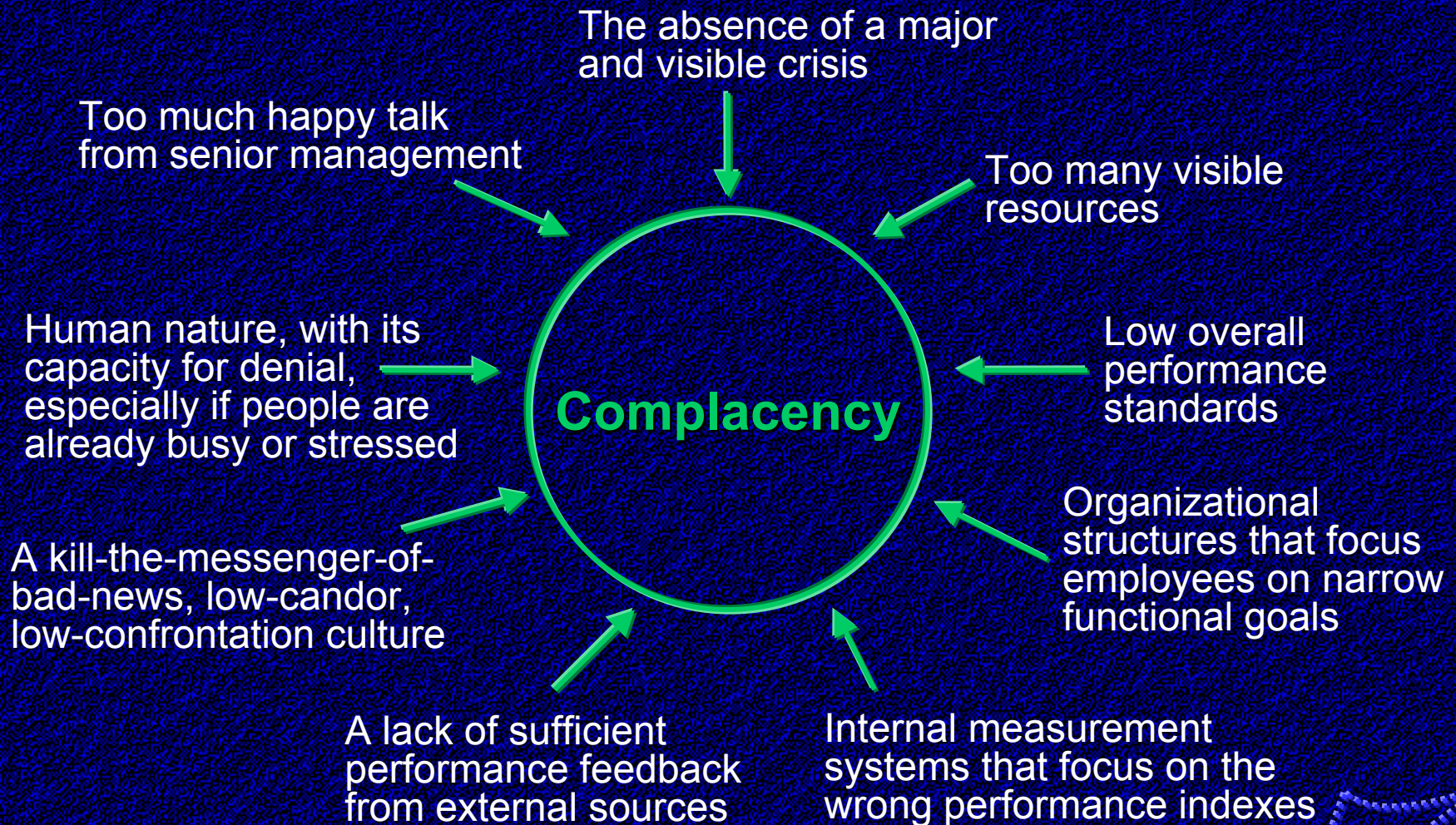
■ **Institutionalizing New Approaches**

1

Establishing a Sense of Urgency

- Examine market and competitive realities
- Identify and discuss crises, potential crises, or major opportunities
- Create the “burning platform”
- 50% of companies fail at this stage
 - Underestimate difficulty in driving people out of comfort zone
 - Lack of patience - “get on with it”
 - Complacency

Sources of Complacency



Ways to Raise the Urgency Level

- Create a crisis by allowing a financial loss, exposing managers to major weaknesses vis-à-vis competitors, or allowing error to blow up instead of being corrected at the last minute
- Eliminate obvious examples of excess (e.g., company-owned country club facilities, a large air force, gourmet executive dining rooms)
- Set revenue, income, productivity, customer satisfaction, and cycle-time targets so high that they can't be reached by conducting business as usual
- Stop measuring subunit performance based only on narrow functional goals. Insist that more people be held accountable for broader measures of business performance.

Ways to Raise the Urgency Level *(cont.)*

- Send more data about customer satisfaction & financial performance to more employees, especially information that demonstrates weaknesses vis-à-vis the competition.
- Insist that people talk regularly to unsatisfied customers, unhappy suppliers, and disgruntled shareholders.
- Use consultants & other means to force more relevant data and honest discussion into management meetings.
- Put more honest discussions of the firm's problems in company newspapers & senior management speeches. Stop senior management "happy talk."
- Bombard people with information on future opportunities, on the wonderful rewards for capitalizing on those opportunities & on the organization's current inability to pursue those opportunities.

2

Forming a Powerful Guiding Coalition

- Assemble a group with enough power to lead the change effort
- Encourage the group to work together as a team
- Grow team to 20 to 50 range in large companies
- Failures due to:
 - ➔ No history of teamwork at top
 - ➔ Undervalue importance
 - ➔ Select wrong leadership (staff vs. line)

Building a Coalition That Can Make Change Happen

Find the Right People

- With strong position power, broad expertise & high credibility
- With leadership & management skills, especially the former

Create Trust

- Through carefully planned off-site events
- With lots of talk and joint activities

Develop a Common Goal

- Sensible to the head
- Appealing to the heart

3

Creating a Vision

- Create a vision to help direct the change effort
- Develop strategies for achieving that vision
- A vision says something that clarifies the direction in which and organization needs to move
- The vision “magnetically” pulls the organization

“The soul never thinks without a picture.” - Aristotle

Characteristics of an Effective Vision

- **Imaginable** - conveys a picture of what the future will look like
- **Desirable** - appeals to the long-term interests of employees, customers, stockholders, and others who have a stake in the enterprise
- **Feasible** - comprises realistic, attainable goals
- **Focused** - is clear enough to provide guidance in decision making
- **Flexible** - is general enough to allow individual initiative and alternative responses in light of changing conditions
- **Communicable** - is easy to communicate; can be successfully explained within five minutes

Features of a Vision

- It will be cohesive, providing a common thread through business mission and subsequent strategies
- It will be specific enough to provide direction yet general enough to remain relevant despite fluctuations in the short term
- It will be inspiring, aiming at “excellence” as defined by the organization
- It will describe the core values strongly held by the organization
- It will provide a yardstick by which to judge the future performance of the organization

You must translate the vision from words
to pictures with a vivid description of
what it will be like to achieve your goal.

Features of a Vision

Envisioned Future should contain Big, Hairy, Audacious Goals

- Is a powerful way to stimulate progress
- Is clear and compelling
- serves as a unifying focal point of effort
- Acts as a catalyst for team spirit
- Has a clear finish line
- Should not be a sure bet - it will have perhaps only a 50% to 70% probability of success - but the organization must believe that it can reach the goal anyway

What's needed is such a big commitment that when people see what the goal will take, there's an almost audible gulp.

Creating an Effective Vision

First Draft

- ➔ The process often starts with an initial statement from a single individual, reflecting both his or her dreams and real marketplace needs.

Role of the guiding coalition

- ➔ The first draft is always modeled over time by the guiding coalition or an even larger group of people.

Importance of teamwork

- ➔ The group process never works well without a minimum of effective teamwork.

Role of the head and the heart

- ➔ Both analytical thinking and a lot of dreaming are essential throughout the activity.

Creating an Effective Vision *(cont.)*

Messiness of the process

- ➔ Vision creation is usually a process of two steps forward and one back, movement to the left and then to the right.

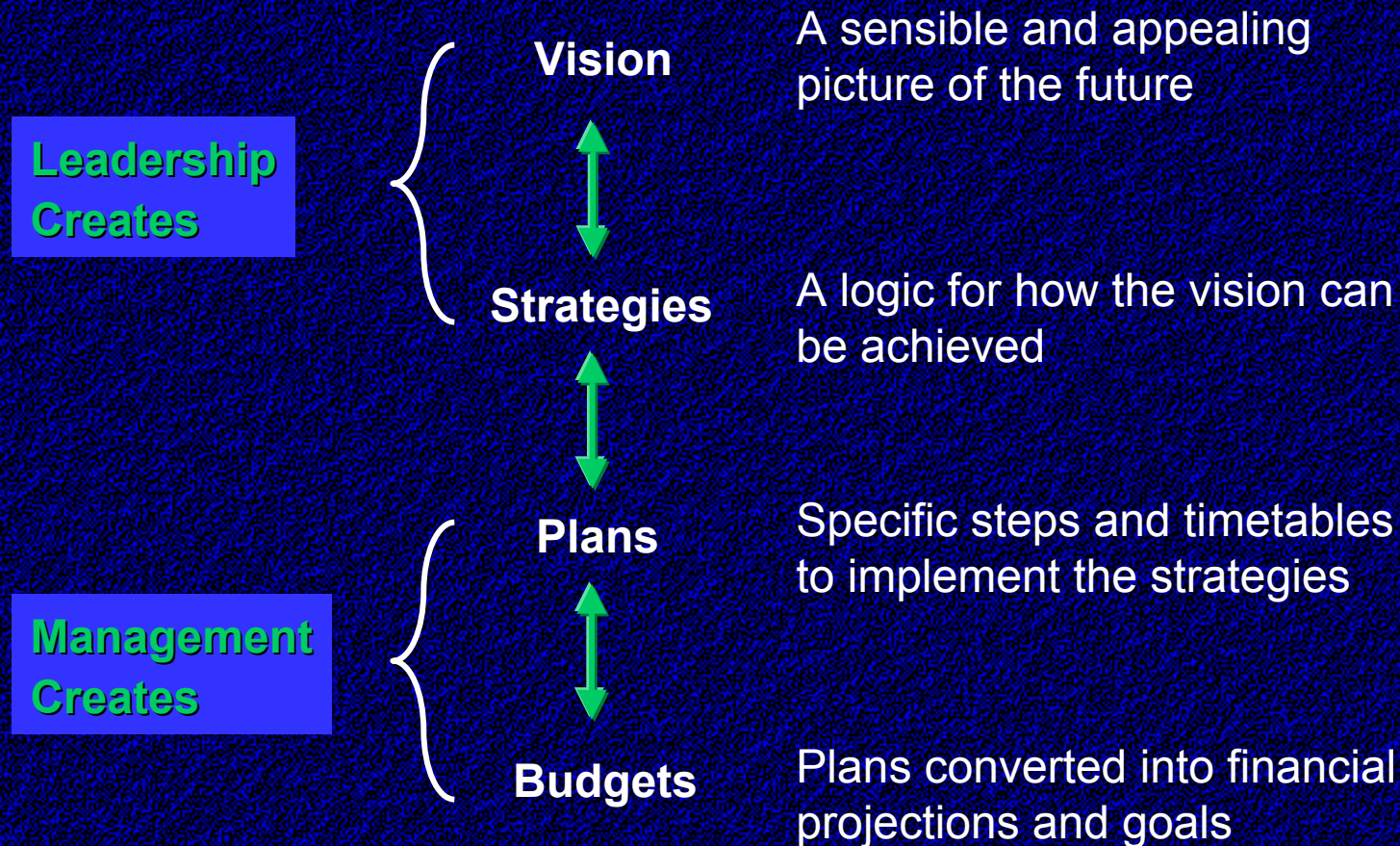
Time frame

- ➔ Vision is never created in a single meeting. The activity takes months, sometimes years.

End product

- ➔ The process results in a direction for the future that is desirable, feasible, focused, flexible, and is conveyable in five minutes or less.

The Relationship of Vision, Strategies, Plans and Budgets



4

Communicating the Vision

Key Elements in Effective Communication of Vision:

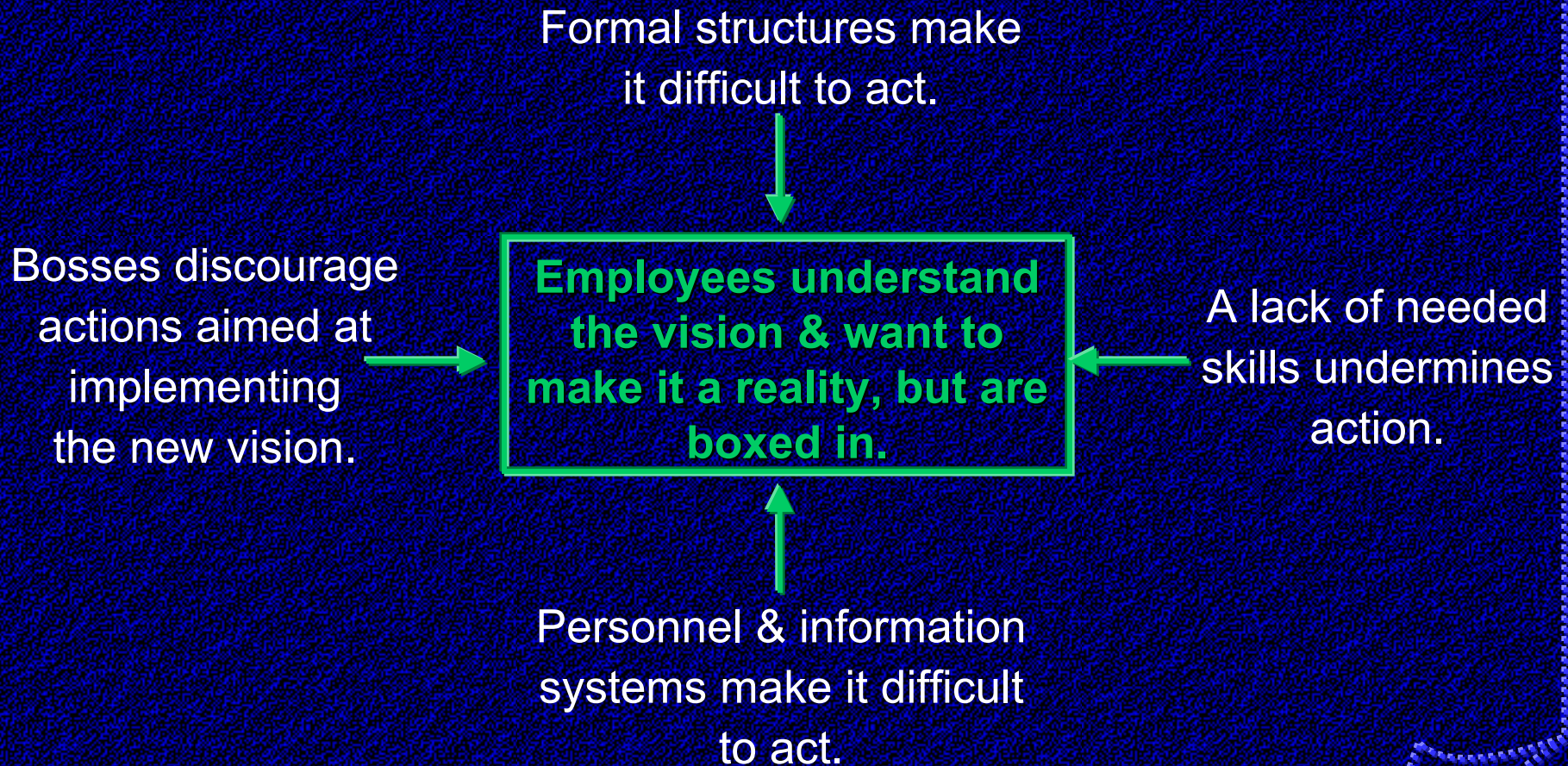
- Simplicity
- Metaphor, analogy, and example
- Multiple forms
- Repetition
- Leadership by example
- Explanation of seeming inconsistencies
- Give-and-take

5

Empowering Others to Act on the Vision

- Get rid of obstacles to change
- Change systems or structures that seriously undermine the vision
- Encourage risk taking and nontraditional ideas, activities, and actions
- Make tough decisions in removing people who do not ascribe to vision

Barriers to Empowerment



Empowering People to Effect Change

- Communicate a sensible vision to employees
- Make structures compatible with the vision
- Provide the training employees need
- Align information & personnel systems to the vision
- Confront supervisors who undercut needed change

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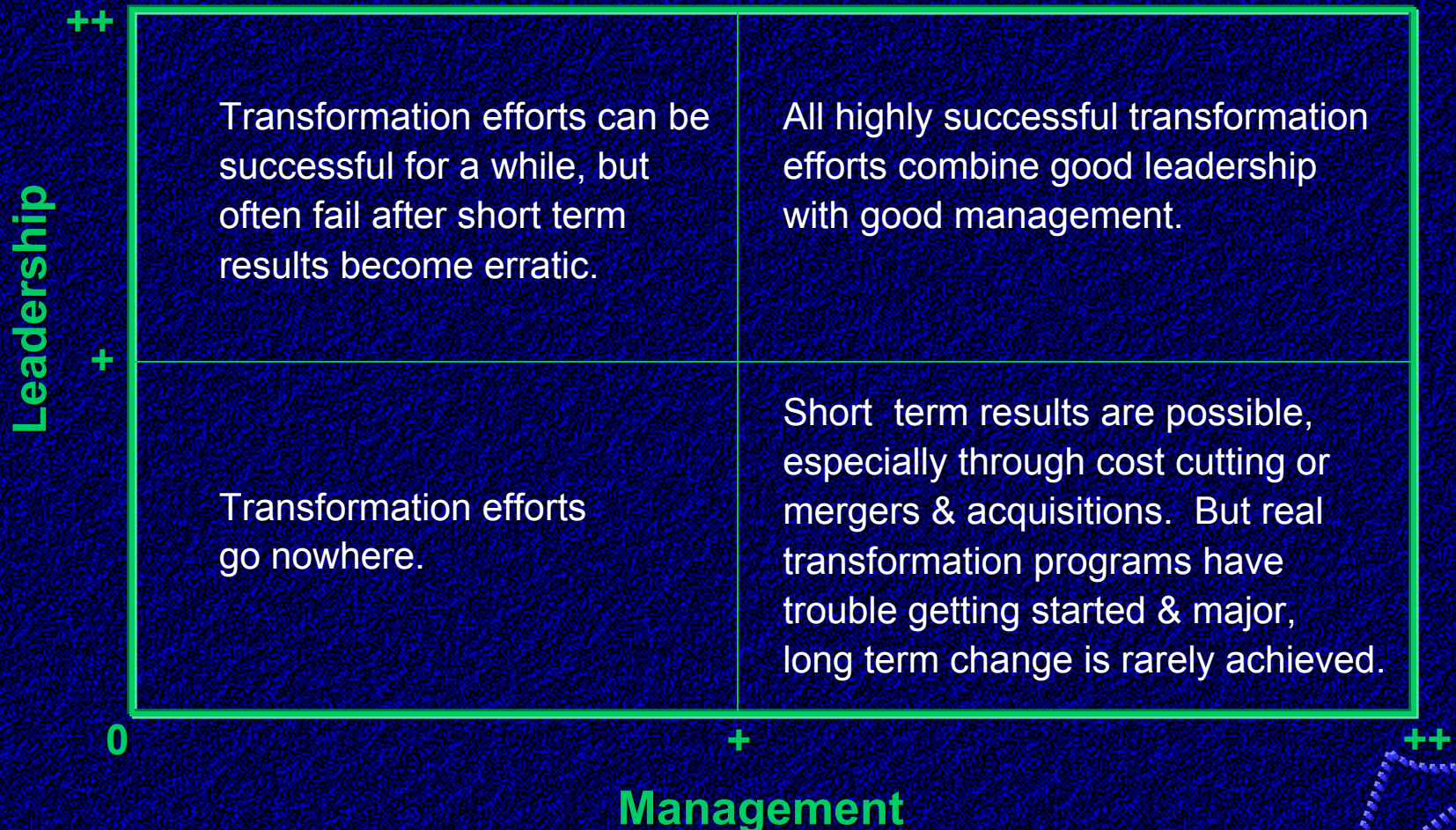
Planning for & Creating Short Term Wins

- Create and plan for visible performance improvements
- Recognize and reward employees involved in the improvements

The Role of Short-Term Wins

- **Provide evidence that sacrifices are worth it:** Wins greatly help justify the short-term costs involved.
- **Reward change agents with a pat on the back:** After a lot of hard work, positive feedback builds morale and motivation
- **Help fine-tune vision and strategies:** Short-term wins give the guiding coalition concrete data on the viability of their ideas.
- **Undermine cynics and self-serving resisters:** Clear improvements in performance make it difficult for people to block needed change.
- **Keep bosses on board:** Provides those higher in the hierarchy with evidence that transformation is on track.
- **Build momentum:** Turns neutrals into supporters, reluctant supporters into active helpers, etc.

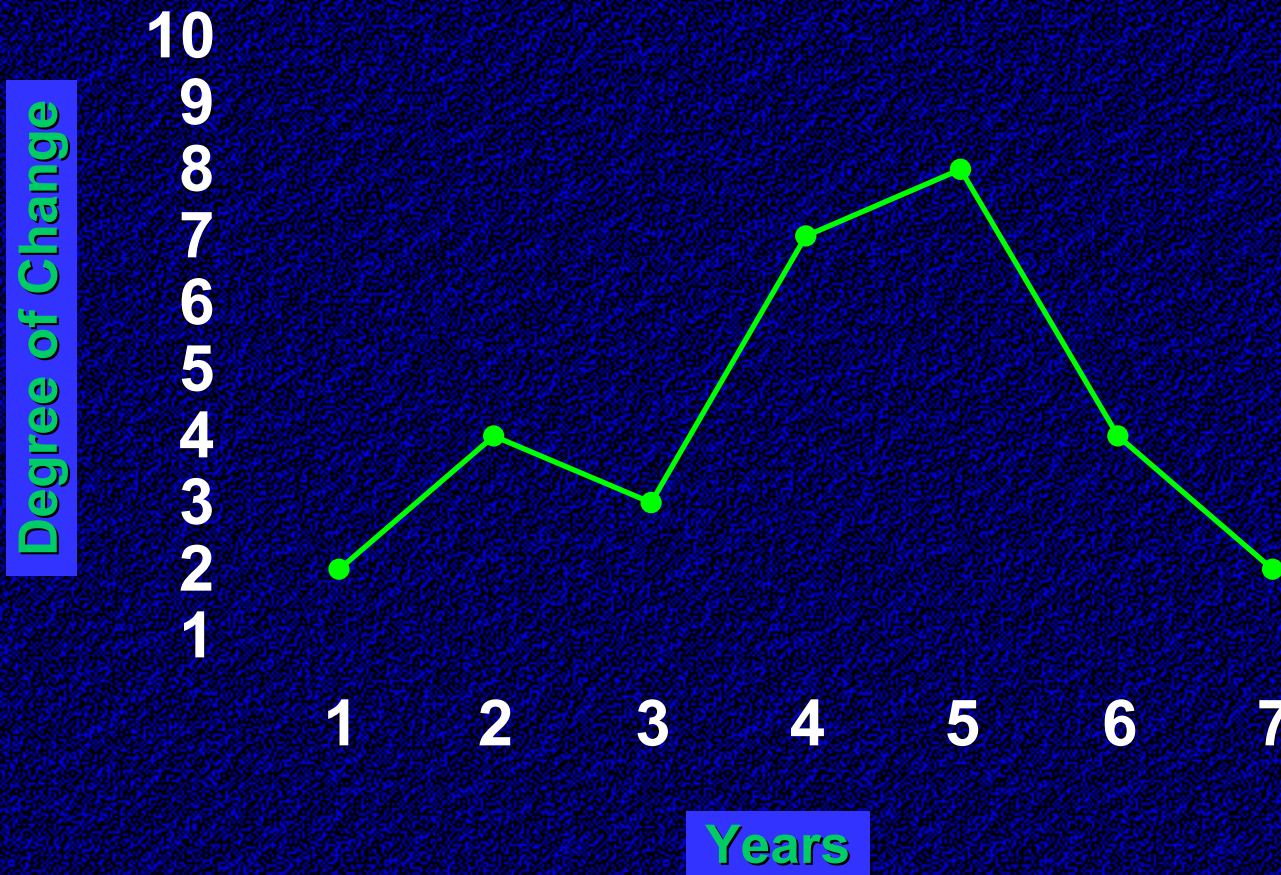
The Relationship of Leadership, Management, Short Term Results & Successful Transformation



7 Consolidating Improvements & Producing Still More Change

- Use increased credibility to change systems, structures & policies that don't fit the vision
- Hire, promote & develop employees who can implement the vision
- Reinvigorate the process with new projects, themes & change agents
- Confront even bigger issues and problems

Increasing Amounts of Change Required for Successful Transformation



What Stage 7 Looks Like in a Successful, Major Change Effort

- More change, not less
- More help
- Leadership from senior management
- Project management and leadership from below
- Reduction of unnecessary interdependencies

8

Institutionalizing New Approaches

- Articulate the connections between the new behaviors & corporate success
- Develop the means to ensure leadership development & succession
- Anchor change in a new culture

Anchoring Change in a Culture

- Comes last, not first
- Depends on results
- Requires a lot of talk
- May involve turnover
- Makes decisions on succession crucial

20th and 21st Century Organization Compared

Structure

20th Century

- Bureaucratic
- Multi-leveled
- Organized with the expectation that senior management will manage
- Characterized by policies and procedures that create many complicated internal interdependencies

21st Century

- Non-bureaucratic, fewer rules & employees
- Limited to fewer levels
- Organized with the expectation that management will lead, lower-level employees will manage
- Characterized by policies and procedures that produce the minimal internal interdependence needed to serve customers

20th and 21st Century Organization Compared

Systems

20th Century

- Depend on few performance information systems
- Distribute performance data to executives only
- Offer management training & support systems to senior people only

21st Century

- Depend on many performance information systems, providing data on customers especially
- Distribute performance data widely
- Offer management training and support systems to many people

20th and 21st Century Organization Compared

Culture

20th Century

- Inwardly focused
- Centralized
- Slow to make decisions
- Political
- Risk averse

21st Century

- Externally oriented
- Empowering
- Quick to make decisions
- Open and candid
- More risk tolerant