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TRANSFORMATION

in Organizations

An
Owner's
Manual

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WHAT'S TRUE ABOUT
ORGANIZATIONAL CHANGE

People have been talking about the importance of change in organizations as a critical management practice for nearly forty years, and probably for centuries before that in less intentional ways.

No matter how many models, tools, or formulas we recycle and rehash, one timeless truth about change returns to us again and again:

It is profoundly difficult and we'd prefer not to do it.

At the same time, the context of this enormously chaotic and complex world in which we work and compete suggests that if we don't substantially improve our current abilities, we will likely perish.

With the best of intentions, we set out in pursuit of sweeping changes in our organizations—in our leaders' behaviors, in the way our people work together, and in how our organizational units fit together to deliver a strategy. We pull one lever here only to find we caused problems over there. A solution to one leader's behavioral issues creates a rivalry with another. We try to increase performance by encouraging new ways of working between members of a team, or between teams that must work together, only to unravel a new compensation design just implemented last year. We try to grow by merging with another company and that throws two radically different cultures into a duel to the death. We redesign the mechanisms for coordinating work across the enterprise only to discover that our information systems can't accommodate the revamped reporting requirements to support decisions in the form they must now be made.

Change in one area—even when it goes smoothly—almost always seems to create the ripple effect of demanding change in another. Foreseeable? Perhaps. Predicted? Sometimes. Orchestrated and executed in an integrated way so change sticks? Paradoxically, and painfully, almost never.

With so many failed change attempts in their wake, businesses trek on in pursuit of ever increasing levels of competitive performance, accelerated innovations, higher performing leaders, greater global market share, planting proverbial flags in China, Brazil, India, and Russia with the rest of the world, and trying to adapt to the unceasing barrage of technological advances intended to bolster productivity and efficiency.

At Navalent, we spend our professional lives living alongside executives in organizations pursuing profound degrees of transformative change. In those partnerships, we have learned a great deal about what it takes to lead sustainable transformation that makes the sought-after aspirations happen in the real world.

On the pages ahead, we will share with you our foundational views on what is required to realize sustainable transformation in organizations. We are privileged to partner with gifted leaders who have succeeded, but who have also struggled, sacrificed and persevered against the odds to do so. They entered organizations on the heels of painful and often unnecessary failure. As a result, we have a large library of patterns that distinguish sustainable success from partial success and from short-term wins to all out failures. Given the track record of lack-luster results, it's clear how easy it is to underestimate how difficult doing this really is.

We are always humbled by how many costly failures in transformation there are. In a survey of nearly 3,000 executives concerning the success of their enterprise transformation efforts, McKinsey discovered the failure rate to be higher

than 60%, while Harvard Business Review conducted a study that suggested more than 70% of transformation efforts fail.[1] But it's important to note the McKinsey study showed companies using proven and synchronized approaches increased their odds of success exponentially. Companies that used a full suite of transformation methods increased success rates to around 80%. Regardless of which research source you cite, the pattern is clear—failure is a more likely destination than success, and winging it is the surest and fastest highway to get there.

This "Owner's Manual" is intended to help reframe what organizational transformation has come to mean, reveal some of the elusive dynamics that seem to "inexplicably" derail major change efforts, and lay out a framework for increasing your odds of realizing the sought after outcomes of an enterprise transformational endeavor. Ultimately, successful executives leading major transformation **own** that process in deep ways. Our hope in these pages is to make vividly clear what ownership means.

We will not make this easy, quick, cheap, simple, formulaic, or painless. You aren't going to read about new techniques for "communication," the usual catch-all bucket into which change management gets lumped. We're not going to recite the stages of grieving and we're not going to give you great new ideas for your organization's Town Hall meetings to roll out big change. We will expose the personal and professional costs to leading this degree of transformation. They are high and so are the stakes. But, they are offset by the possibilities to achieve, and the opportunity to inspire enduring greatness within individuals as well as the enterprise.

The cause of leading organizational transformation is a once-in-a-career privilege affecting the lives of countless thousands of people. It is a daunting undertaking that demands careful preparation and meticulous thought. It is worthy of your best. For that reason, we believe a new and deeper look at stale approaches to transformation is warranted. We don't pretend to offer a silver bullet, nor do we claim we've cracked the code on ideas that never occurred to others. But we have assembled our collective century of experience and wisdom from working with executives leading mammoth transformations into what we believe is a fresh perspective on a perennial dilemma: How to guide a community of people in a shared human endeavor, dispersed around the world, through a unified transformative journey and have them arrive more capable, with better performance, wiser for the wear, impassioned to boldly take the new summit they have reached, and prepared to think nimbly about future adaptation when the current transformation is no longer sufficient to address new realities.

Setting the Stage for Success: Understanding How Complex Changes Interconnect

Frequently, clients tell us how getting change right in one area fails to bring about the degree of change hoped for in another. Many leaders make a faulty formulaic assumption that is based on the belief that effectively executing Change A creates the derivative in Change B, thus resulting in collective Change C. Perplexed, many well-intentioned leaders fail to realize they are leading in systemic contexts where all change is interconnected in some fashion, not linear or sequential.

See if any of these experiences sound familiar…

• An organization implemented an executive development program in response to increasing demand from various businesses which had no bench strength to fill roles needed for growth. The new "program"—a five-day workshop of mixed groups of leaders from across the enterprise facilitated by a combination of academics and the company's most senior executives—was at first very well received. A year later, however, people complained that it had made little impact of note. A closer look revealed the content of the program contained very little depth on the company's unfolding strategy. The program also ignored an existing structure that contradicted what these leaders needed to grow and was unsupportive of both the strategy and the behaviors being taught. Finally, the compensation design—especially the bonus structure—was completely disconnected from the results implied by the strategy. The leaders in the program kept gravitating toward "innovation" as the mantra they believed was the future, but the product strategy group was planning little more than line extensions over the coming three years.

• A global organization redesign effort, conducted largely by the CEO, CFO and CHRO, was rolled out to a less-than-enthusiastic cadre of the top 200 leaders at an annual offsite. Surprised by their ambivalence, the CEO touted the merits of the new design and asked his top leaders to "give it their

best" to make it work. It turned out the leaders' resistance wasn't lack of support at all, but more fundamental confusion about exactly how to lead in the new design. The old governance structure of functional and product leadership remained in force, sub-optimizing the ability of those who now owned P&Ls to actually drive category performance. The regression back to the existing design took about 18 months before the CEO declared the effort a failure.

- A BU President, troubled by the behavior of a technically exceptional individual on his team whose leadership behavior was atrocious and was causing great disruption and unwanted defections, hired a coach to "fix" the leader. Though well intended, the BU President failed to recognize the "problem child's" behavior was, at least in part, due to a challenged peer relationship within the supply chain. The peer was working with antiquated processes and insufficient resources to get products to market. The leader's challenges were compounded by having to work across organizational borders hampered by turf wars. Not recognizing the contextual realities surrounding his ineffective leadership and trying to fix his unwanted behaviors outside the systemic issues that drove them, proved unsuccessful and eventually made things worse.

- A CEO charged with a major turnaround and finding himself in year six of what should have been a two year effort, was suddenly getting pressured from the Board for results. He had launched every possible campaign to rally change in the organization. When polled, the organization clearly saw "growth" and "high performance" as the end goals, but they had no understanding of what they meant, what was supposed to happen, or what they were supposed to do. The Board's "you have no strategy" declaration spurred further reorganizations, values posters with colorful graphics, and a three-hundred slide presentation that provided a lot of market analysis and a laundry list of initiatives as a proxy for the strategy. Sadly, the organization was no clearer after year six than they were at the end of year five about exactly what the CEO and his team was trying to do with the company.

You likely have your own inventory of stories with similar outsets and tragically similar outcomes.

But, it does not have to be this way.

All too often, well intended changes are actually ill conceived or so narrowly defined that their potential impact is minimized from the get go. The change itself is unsustainable because the necessary linkages to other parts of the organization remain disconnected. The three domains of

formation, over time, that equate to lasting transformation—changes needed *within* individuals, *between* leaders in their relationships, and *among* the various components of the organization being impacted—are not considered as an *integrated and interconnected set of changes that must be worked in concert.*

From Theory to Reality

In a global consumer products company we work with, one executive was leading a major transformation of a business unit whose systems and capabilities had become seriously outdated. He was brought in to lead an update of the organization which was twenty years behind and up skill its people. He, and the CEO who recruited him, grossly underestimated how tumultuous such dramatic change would be. The newly arrived revolutionary leader was impatient from the outset of the process, and only grew angrier as the transformation fell farther behind and as he discovered just how bad things really were. His anger, in turn, only served to frighten people in the organization, alienate his peers, and frustrate his CEO boss. The vicious cycle continued until efforts to bring about meaningful change nearly ground to a stop. Our work began by helping this leader recognize and understand the unintended consequences of his anger and impatience. We also helped him see why garnering the support of his peers and boss was vital, and why making everyone in his organization feel inadequate, terrified, and resentful was actually fueling his failure. After some careful exploration and difficult conversations, he revealed that much of his anger and impatience was more about his own feeling of inadequacy. He felt the ineffective efforts to transform his organization were a reflection of his shortcomings. The more he sensed the distance between his peers, his boss, and himself, the more insecure he became. His growing sense of isolation only increased the irrational pressure he put on his organization to accelerate the change. He was pushing to replace less competent employees with better skilled people, and to produce results far beyond what his organization was capable of producing, or what the rest of the organization was prepared to absorb. Eventually, we were able to re-channel his energy, make him more aware of how to lead change within the context in which he was working, repair damaged relationships with his peers and boss, and put in place a more inclusive and comprehensive approach to the transformation. One that had realistic timeframes, well-conceived plans, and a larger contingent of stakeholders vested in its success. It is unfortunate that this happened only after so much wasted effort, squandered resources and significant pain.

Orchestrating change can be difficult under the best of cir-

- Knowing my own strengths and shortfalls
- Understanding the impact my behavior has on others
- Knowing my "operative narratives" and how they influence my choices
- Shaping my beliefs and character—integrity, humility, generosity, gratitude, perseverance, courage

- Building dynamic stakeholder relationships
- Sharing leadership and leading teams
- Managing conflict and "dueling operative narratives"
- Stitching the seams of the organization

LEADING SELF
Transformation Within

LEADING with OTHERS
Transformation Between

LEADING ORGANIZATIONS
Transformation Among

- Aligning strategy and organization design
- Shaping culture and leadership
- Integrating mutiple major changes
- Linking process, governance, and technology

Figure 1.0
Three Domains
of Leader
Transformation

cumstances. The chaos and complexities inherent in today's change stricken world often make it even tougher to determine, focus on and link all of the required efforts into one cohesive plan. Try as they might, most leaders are neither prepared for nor have direct experience stitching together the domains comprised by the organizations they lead. Leaders who are able to transform themselves, the critical relationships between and with those they lead, and the organizational components demanding change, will fare dramatically better than those who attempt change in discrete, haphazard and impulsive ways.

A Close-In Look—
Three Domains of Transformation

The term "change management", like "strategy" or "strategic," has become so overused and clichéd that it really means very little. Increasingly, it holds little credibility as something important. The required intentionality to lead transformational change is commonly lacking in most organizations. Instead, most speed through change hoping that when they get to the other side there will be some evidence of performance benefits or reduced pain. The enormity of the effort required is easily overlooked and strenuously avoided by most leaders.

Our experience tells us there are three domains of transformation that must be simultaneously attended to if true transformation is to be achieved and sustained. Change must occur *within* individual leaders, *between* the leaders and units at critical seams in the organization and *among* all components of the organization that must live with, or support the transformation being pursued. Directing transformation on all three domains *at the same time* can certainly feel like performing a high-wire act without a net. When done effectively, however, the results are spectacular and set these organizations apart from those that don't manage it well.

Figure 1.0, Three Domains of Leader Transformation, briefly describes the three levels of transformation. The real benefit of the model comes from applying it to your specific context and using it as a framework to assess the challenges you and your leaders will contend with when trying to realize positive and sustainable change.

Throughout the remainder of this manual we break down each domain in greater detail, looking closely at the various aspects of change that must be addressed in order to achieve transformation.

LEADING SELF
TRANSFORMATION *WITHIN*

LEADING SELF
TRANSFORMATION *WITHIN*

Executive leadership literature is replete with material on everything ranging from bad bosses to emotional intelligence. While there is some merit to this material, by virtue of its being stand alone or myopic in its view, it rarely leads to sustained transformative change within a leader.

At best, it may lead to superficial, or unsustainable behavioral changes that rely on pure will power or externally imposed discipline—the secretary who guards a leader's calendar, the self-help audio books in the car or practiced interpersonal techniques—all possibly helpful to a degree, but rarely transformative.

The origins of behavior lie at far greater depths within us than just our cognition or surface level emotions. Often the counterproductive or even destructive behaviors we observe—more likely in others than within ourselves—tend to originate from deep, formative moments from our past. Current events or situations just trigger them. Unfortunately, most leaders fail to discover the origins of their ineffective behaviors, often at the peril of their careers or their organizations. Conversely, our greatest assets as leaders—the places from which our passion, brilliant ideas and our power to influence others come — can't be fully harnessed unless we understand their composition, their origins, and how we can repeat and sustain them. When you hear people say things like, "why does she do that?", "I wish he wouldn't do that", "why can't she do that more often," you are likely hearing about a behavior that the individual lacks awareness of.

In order to access the foundational places of our behavior in the service of achieving personal transformation—more fully cultivating an asset, downplaying an overused strength or eliminating unwanted consequences of a flat side—leaders simply must go deeper.

For leadership formation to be *transformative*, it must happen *intra-personally*, or "within" each individual. An individual's self-perceptions, skills, aspirations, insecurities, pathologies—known and unknown—and motivations directly impact their effectiveness. Discovering, maturing and refining those intrapersonal areas must become one of a leader's most important skill sets in order to effectively lead in changing environments. You can spot the leaders who have done the necessary work to achieve intrapersonal effectiveness, or transformation *within*. They are seasoned leaders who develop a career track record of successful organizational leadership, and who have a following of loyal employees behind them that say things like, "Best guy I ever worked for," or "I learned a ton from her," or "Sure, she can be hard, but she's got high standards and you'll never have a leader fight for you harder than she will." These leaders have done the necessary work to achieve intrapersonal effectiveness, or transformation *within*. They are far from perfect, but they have consciously harnessed what makes them great, and either resolved or quarantined what makes them dangerous. They are 'seasoned' precisely because their leadership is the compilation of many, successive formative moments. The essence of true transformation is just that, the combination of many formations over time. But for those who leave transformation to chance or want it to happen organically, development becomes an arrested process leaving one exposed to great consequences both professionally and personally. Typically "undeveloped" leaders end up jumping around from job to job, or staying in positions where their context requires nothing more of them than what they already know or are adept at. A leader's ability to fine tune and re-invent their leadership on an ongoing basis by pursuing formative moments, determines to a large degree how successful they and the companies they work for will be over the life of their career.

One CEO we worked with had a personal epiphany early enough in his career that he was able to pursue lasting transformative change. Most of his career had been spent in individual contributor roles—large spans of responsibility and revenue delivery, but without the requirements of leading others. Not surprisingly, when he stepped into his first role leading others, it was bumpy. He alienated people left and right, and couldn't figure out why. He was a good man, who cared deeply for others. However, he struggled to connect

the dots between his leadership and its impact on those he led. None of the roles he had previously held required him to understand this cause and effect to the same degree. We conducted a comprehensive 360 assessment of him, including in-depth interviews of more than 25 of his direct reports and colleagues. The data devastated him. His realization of the disparity between his intentions and how his direct reports experienced his behavior was almost too much for him to bear. He proceeded to work tirelessly to repair the damage he had unwittingly done and to build the leadership competencies he needed to effectively connect with his directs and lead from his natural values and aspirations. Over the next six years, he had a meteoric rise in the corporation and today is one of the most sought after leaders in his industry. He took the data to heart, and intentionally pursued specific formation of his leadership from *within*.

Transformation within is a central component of every change effort in which we participate. Whether it is expanding into new markets, redesigning an organization to drive greater productivity, up-skilling leaders or a combination of efforts, our fundamental belief is that sustained change is in part due to an individual leader's transformation. The challenge is that many leaders want transformation to happen everywhere but with themselves, at unrealistic speeds, or without the substantial and multi-dimensional effort it requires (*often all three are true*). The reality is that unproductive values, beliefs, and behaviors take decades to develop, and are not reversed by a two hour online seminar or reading about how not to be a jerk of a boss. This may be contrary to many leaders' hopes and leadership workshop sales pitches, but it's true. In our work with leaders of varying experience levels, we find it does not matter where they are in their career, transformation within is required of everyone and the sooner the realization happens at the top of the organization, the better off the enterprise is. So whether you're new and inexperienced or have spent 30 years learning the ins-and-outs of your industry, you can't avoid this fundamental truth and hope to fully succeed.

Structures of Belief:
Where Operative Narratives Show up First

Operative narratives serve to reflect, shape, and reinforce a foundational structure of beliefs or values over time. For example, narratives that tell us a certain colleague "Is out to get my job" may reinforce a belief structure that "the world is a place of rivalry and to win, others must lose." An operative narrative that says, "Other leaders are more effective than I am and see me as inadequate" may reinforce a belief structure that "I am incapable and therefore believe others to be incapable." Conversely, an operative narrative that says

"I am well regarded here and appreciated for my contribution" may reinforce a belief structure that "success is possible for me and I can achieve what I set my mind to." A leader's belief system or values have far reaching implications for their decision making. When a narrative unproductively shapes a belief structure, or worse, is disconnected from a belief structure, the ability to effectively lead is compromised. For example, a leader who touts trust as a foundational value for how he leads, but is driven by a narrative that says, "people here are really incompetent and for anything to get done right, I have to do it myself", as was the case with one of the senior leaders we have worked with, tend to create a high degree of personal and organizational confusion and widespread apprehension to act by others in the organization. Knowing the influence of your operative narratives and the beliefs and values by which they are driven and reinforced is vital to a leader's effective transformation *within*.

The moniker of "leader" can be given to anyone who by word and/or personal example, substantially influences the attitudes and behaviors of others and moves them in a common direction. Effective leaders are aware of and operate from a clearly articulated, constant, and self-evident belief system. Unfortunately, too many leaders are like chameleons; changing their hues and views to fit whatever is pressing, popular, and expedient. This confuses potential followers about both the aspiration and means by which that aspiration will be pursued. In these situations, leaders soon become mired in the fear, uncertainty, and self-doubt that results from standing on an unstable foundation. Working from a constantly shifting set of values creates distance between leaders and followers. Fearful of what might be revealed if they allow people to get too close, the leader often strong arms others—keeping them at a distance—to avoid being "found out" or disappointing their followers. Followers avoid getting too close for fear of an uncertain interaction or outcome. In essence, they conclude the leader isn't "safe" to be led by. The leaven of true leadership cannot lift or build others unless it is close enough to work with and serve them.

A belief is demonstrated confidence in a truth or in the existence of something that may not be immediately susceptible to rigorous proof. The set of beliefs we come to adopt is shaped by and accumulated over a lifetime of experiences. Significant emotional events or turning points in particular—those experiences that clarify and force important choices—set and hold the trajectory for our lives. Key moments in our histories shape our perceptions and the value we place on such things as people, integrity, relationships, achievement, work, power, failure, competition, compassion, generosity, self-interest, commitment, individuality, community, teamwork, use of time, and the list goes on. For this reason, it is vital that a

leader understand the principles and beliefs on which their leadership rests, which drive their daily actions and decisions. *(For more on a leader's belief and values structure and its impact on leadership, see our Musing from Gate 44 entitled, The Story of our Beliefs: Understanding how our Formative Story Reveals our Leadership Story and the other Musings from The Character of Leadership Collection.)*

You can spot the leaders who have done the work to achieve interpersonal effectiveness, or transformation *within.*

Decoding your Operative Narrative: Key to Transformation Within

Daniel Taylor wrote, "You are your stories. You are the product of all the stories you have heard and lived - and many that you have never heard. They have shaped how you see yourself, the world, and your place in it…Our stories teach us that there is a place for us, that we fit…the more conscious we are about our stories, and our roles as characters in them, the more clarity we have about who we are, and why we are here, and how we should act in the world."[2]

For many leaders, their story remains unknown to them. They define themselves by the role they are in, the salary they earn, the empire and people they lead. It is defined by the results they have achieved and the failures they've suffered. With the number of problems leaders face in any given day, time for reflection, much less self-reflection is severely limited. They spend so much time fighting fires and reacting to the daily problems that fly at them, the opportunity to step back and think is a luxury they never afford themselves. We hear constantly from executives about the dearth of time they have to "see the big picture" or think about their futures.

When we ask when they have time to consider their own leadership, and the futures they hope for themselves, they are dumbfounded—it's most often something that it never occurred to them to even want, much less pursue.

If you're going to lead in a way that keeps pace with the shifting requirements of your context, you must begin to decode and become intimately familiar with the foundational characteristics of your leadership. You've undoubtedly heard the expression "the voices in my head" or "what makes me tick" or "I'm not motivated that way." At some point you've probably also said, "I don't know why I do that." Or, "That just pushes my buttons!" Underneath those superficial explanations for how our psyches drive our behavior, often against our will, is the fertile landscape on which transformation *within* takes place. We refer to a leader's underpinning collection of biases, beliefs, defenses, and motivations as one's "operative narrative". It is the story playing out within you that shapes your choices and behaviors. Dangerously, this often happens unconsciously. We remain unaware of why we act and respond in certain ways to certain people and circumstances. Learning to decode your operative narrative, reshape it when patternistic behavior leads to unwanted consequences, and further leverage effective characteristics are all fundamental to transformation within. The running story of you has been written over time as a way to make sense of the world and your involvement in it. Operative narratives are built on formative events throughout our lives, and they are evident in nearly every aspect of it. Your current actions and words provide insight about what you and your organization can expect from your leadership in the future. Decoding your operative narrative provides insight into why you lead the way you do and what must change within you to demonstrate more effective leadership going forward.

Manfred Kets de Vries, world renowned expert on leadership and a brilliant clinician who has studied the clinical paradigm in the context of organizations, says in his book, *The Leader on the Couch…A Clinical Approach to Changing People and Organizations,* "…organizations the world over are full of people who are unable to recognize repetitive behavior patterns that have become dysfunctional. They're stuck in a vicious, self-destructive circle and don't even know it—much less how to escape."[3] He stresses the importance of leaders and organizations learning to value the clinical paradigm as a lens for change to "help such people recognize their strengths and weaknesses, understand the causes of their resistance to change, and recognize where and how they can become more effective. It can help them recognize those elements of their inner theater (his term for operative narrative) that confine rather than liberate, and help them re-script those elements. In other words, it offers choice. It is tragic that

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there is such a difference between who we are and what we could be. If we want things to be different, we must start by being different ourselves." Understanding the origins of a leader's operative narrative, or where formative patterns began, is a critical element of decoding the meaning in that narrative, and ultimately reconstructing and transforming it.

There are two approaches you can use to pursue the re-scripting of your operative narrative: 1) *hindsight decoding*, or understanding the way your past informs your present, and 2) *foresight encoding*, or understanding the implications your present leadership may have on your future and planning accordingly. Asking, "What are the beginnings of my current leadership?" and, "What beginnings are required for my desired leadership?" is an effective starting point. Understanding and intentionally charting a course based on and in response to these questions is the essence of pursuing transformation within.
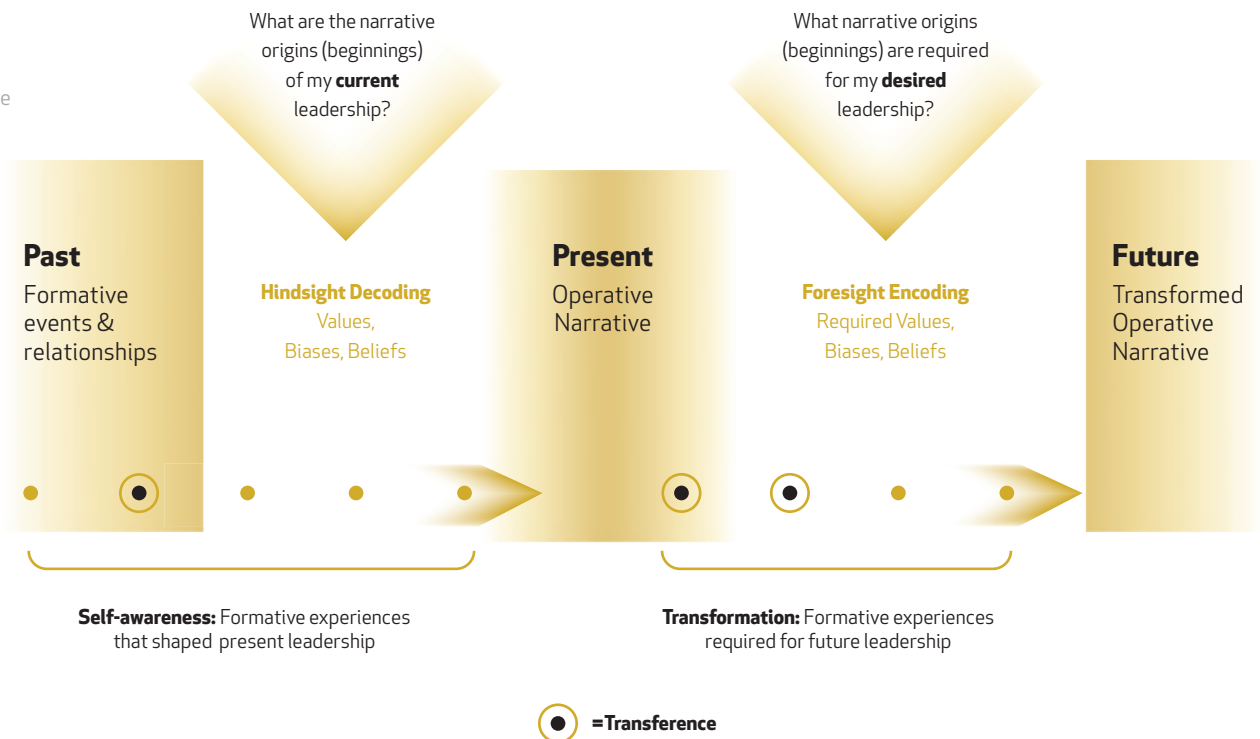
Figure 2.1 *Decoding and Encoding Operative Narratives* illustrates the process of understanding your operative narrative through past, present, and future lenses. It also illustrates where the process of *transference* happens, something we will discuss in more detail later.

Hindsight Decoding: When you look back on your career and further back on your life, what events and relationships played a profound role in forming what you value, encouraged the

biases you hold and helped shaped what you believe? Which relationships have been meaningful toward your formation in those areas? Which of those events and relationships have had positive implications on who you are and which have been detrimental? Most leaders only need a few minutes to reflect on questions like these to identify the meaningful events and relationships over the course of their lives. What is more difficult and often less familiar is the knowledge, ability, and commitment to connect the dots between the impact of those experiences and the behavioral realities present in their current leadership. Hindsight can be 20/20, but only if you look back and do the hard work of identifying and making meaning of the formative moments that have shaped your current leadership.

Foresight Encoding: When you reflect on your present leadership strengths and challenges, what values, biases and beliefs come to mind? Are you exceptional at making tough calls or do lots of options paralyze you? In what instances is your leadership most and least effective? What tends to make you defensive? What kinds of people tend to bring out your greatest passions, and what kinds of people tend to trigger your greatest resistance? Encoding your operative narrative on behalf of your future leadership can be an effective way of realigning your leadership for a new context or role, reinventing how you're perceived by those you lead and as a way to stop repetitive, ineffective behaviors.

Figure 2.1
Decoding and Encoding Operative Narratives

What are the narrative origins (beginnings) of my **current** leadership?

What narrative origins (beginnings) are required for my **desired** leadership?

Past
Formative events & relationships

Hindsight Decoding
Values, Biases, Beliefs

Present
Operative Narrative

Foresight Encoding
Required Values, Biases, Beliefs

Future
Transformed Operative Narrative

Self-awareness: Formative experiences that shaped present leadership

Transformation: Formative experiences required for future leadership

=Transference

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The trigger	Operative narrative	Behavior you might be drawn to	Possible underlying (unsound?) belief structure
Powerlessness/ Constraint	• "No matter what I do, I won't be able to make progress and they will throw up obstacles at me anyway."	• Victimization and blame • Extremism and absolute declarations; closed to alternative suggestions that may offer a way forward • Severe interpretation, even hyperbole	• My own people shouldn't be the obstacles I have to overcome since I'm doing this for them • Executives should be able to exert more control over their organizations • The self evident logic of my perspective should prevail
Impatience/ Irritation	• "There comes a point where I should be able to expect more than this from people at their level!" • "How many times do I have to explain how to do something?? I pay them good money—are they just stupid?"	• Rescuing behavior • Venting that risks victimization • Pessimism and resignation • Anger/judgment • Impulsive decisions to regain sense of control	• Competence and self-sufficiency should be basic and pre-existing capabilities of anyone in an executive role • Hard effort should result in uncontested progress • An executive shouldn't have to fight this hard to get things done
Self-doubt	• "Maybe I should have…." • "If I had only done…."	• Second guessing; reverting from previous declarations • Stewing, fixation—unable to refocus on more important issues	• I am personally responsible for others • My lack of ability to influence others is a reflection of my deficiency
Resentment/ Distrust	• "I deserve greater respect and trust, and all I get is disrespect and questioning." • "There's obviously something else going on" • "They clearly don't trust me" • "Well if that's how they are going to treat me, then…"	• Deep defensiveness and justification • Attack and counter attack • Hyper-vigilance — intense effort to "decode" meaning of irrational behavior • Reticence to act; fear of being thwarted or second guessed	• People commanding my level of authority have earned regard • Disagreement = disloyalty and hard questions = distrust • People should be straight forward and direct; I should be met with the same level of integrity I offer • People shouldn't question my integrity or my character in irrational or unfounded ways

Figure 2.2

Operative Narratives in Action

With a few basic prompts, most leaders are able to tell you what new beginnings are required to attain their desired future leadership. "I need to be more articulate instead of always trying to work my thoughts out in front of the room." Or, "I need to be more decisive." Or, "I need to be open to others ideas." Or, "I need to be more inclusive and collaborative." For many, the origins of these symptomatic challenges run far deeper than they might ever imagine. Frequently we discover that years of attempts at new techniques, training, and even leadership coaching have failed to produce sustainable change. The danger in those efforts is they produce a false sense of security and hope, providing an initial jolt of change, but eventually change cannot prevail in the face of deeper challenges that ultimately drive the unwanted behavior.

Once recognized and understood, the greater challenge is often implementing the necessary new formation. For instance, "I need to be more articulate. Here are the three areas for me to work on clarity and two settings in which I will practice on a regular basis." To get to that place, a leader may first need to discover, "The reason I become inarticulate is because in my head I am so fearful of how others will react to what I am saying and so anxious about whether I will be perceived as competent, that I can't focus on what it is I need to say." That takes more work than just practicing what you're going to say in front of a mirror before a meeting.

It is easy to articulate how others need to change, but for many leaders planning transformation on their *own* behalf

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proves difficult. Good leaders can affect transformation *within* for others; great leaders can do that for themselves too. Foresight encoding moves beyond the simple awareness hindsight decoding offers because it creates an actionable plan for leaders to form their future leadership in advance of needing it. Moreover, it reveals the deeper patterns that create positive and destructive behaviors, allowing a leader to make more sustainable choices for change. For many leaders, foresight encoding offers a first ever glimpse of the leadership they hope to achieve, yet have grown cynical of ever realizing.

In both hindsight decoding and foresight encoding, the starting place is the quality of your current leadership. In hindsight decoding you examine and make meaning from the results of your current leadership through a past lens. With foresight encoding, you begin in the present and plan for your future. When you pay attention to the ways you're currently leading and connect those dots with the way your past informs them and the transformation your future requires, you're off to a good start. The present is your best learning laboratory as a leader. Unfortunately, our compressed time or desire to avoid self-reflection—"I can't wait to get out of this meeting!" "I don't care what you do, just do something." "I don't care if I hurt their feelings—the presentation was a piece of crap and I'm not taking it to the Board." "They need to step up to what I asked for or I'll get someone else to do it."—tend to keep us from capitalizing on these ideal contexts for decoding (building greater self-knowledge) and encoding (intentional future planning) our operative narratives. In an attempt to dodge the pain of many situations, leaders forfeit the insight and knowledge real-time experiences afford. There really is no time like the present. It provides stimulus and creates

responsiveness in your leadership. Sacrificing the opportunity to learn from present experiences leaves hindsight longing for another chance and foresight expectantly unfulfilled. Figure 2.2 *Operative Narratives in Action* illustrates a leader's operative narrative in action, the resulting unproductive behaviors that may result and illustrative underlying belief structures that both perpetuate and refine operative narratives.

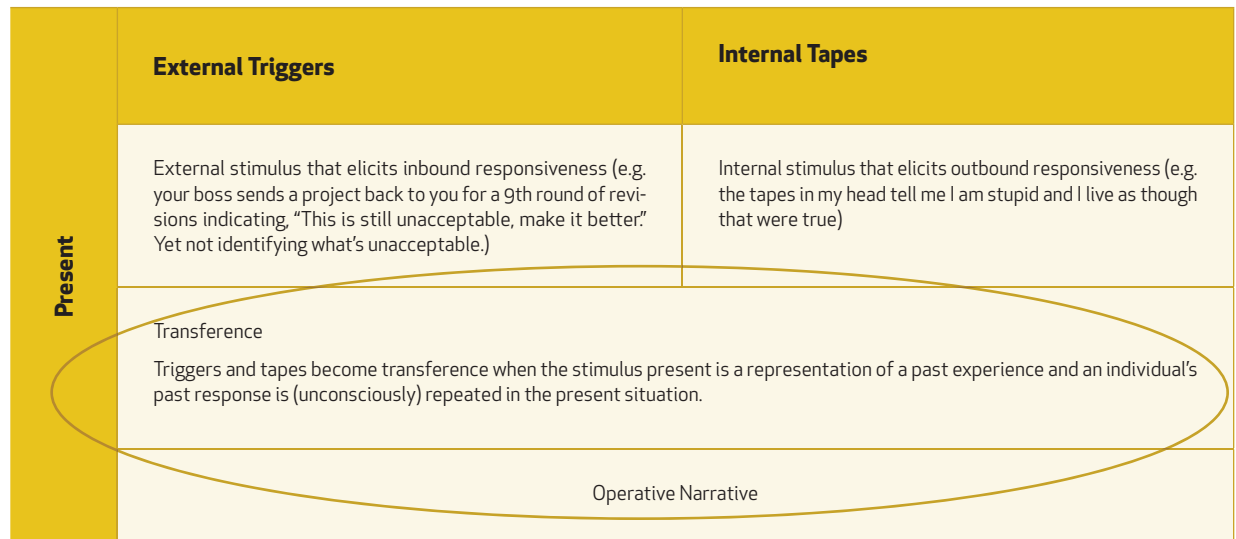## T3—Triggers, Tapes, and Transference—The Raw Material of Transforming Operative Narratives

As we work with leaders toward transformation within, we end up working to transform their *triggers* and *tapes*—the external and internal stimuli that can hinder productive leadership and effective responses to various situations. Transference will be discussed at length following the section on Triggers and Tapes as it further advances the concepts by specifically connecting the stimuli leaders experience with their operative narrative.

Figure 2.3 *T3—Triggers, Tapes, and Transference* illustrates the interplay of triggers, tapes, and transference and how they connect with a leader's operative narrative.

Understanding what triggers you provides clarity about how your external world impacts you, what you do or don't respond to, what "pushes your buttons," and what causes you to react in ways that contradict your intentions. Your tapes are the messages you tell yourself about your participation in the world, what you can and cannot do as a leader, what others think of you, what you should or shouldn't think of others, and how you categorize people and circumstances.

Figure 2.3
Triggers, Tapes, and Transference

When Triggers, Tapes become Transference

Present	External Triggers	Internal Tapes
	External stimulus that elicits inbound responsiveness (e.g. your boss sends a project back to you for a 9th round of revisions indicating, "This is still unacceptable, make it better." Yet not identifying what's unacceptable.)	Internal stimulus that elicits outbound responsiveness (e.g. the tapes in my head tell me I am stupid and I live as though that were true)
	Transference Triggers and tapes become transference when the stimulus present is a representation of a past experience and an individual's past response is (unconsciously) repeated in the present situation.	
	Operative Narrative	

Triggers: What does it mean when something or someone "pushes your buttons?" At a minimum, that responsiveness may be nothing more than awareness, but often the trigger is sufficient to elicit a particular behavior. Sometimes the response is positive and the individual is motivated to productive action. However, more familiar is when negative responses are triggered—those times when you say or do something you might later regret or that is contrary to what you value. Often, individuals don't even know that they're being triggered. It is a knee-jerk reaction, a reflexive and nearly instantaneous response that surfaces and feels like it is outside your control. Triggers in and of themselves are not bad. What matters is a leader's awareness of and then response to the stimulus.

Triggers are external to the individual being triggered (e.g., a curt response from a colleague, a delayed flight, a direct report informing you the business will miss plan in Q2). We experience countless triggers every day, each of which provides varying degrees of stimulus and elicits varying degrees of response. Exceptional leaders are those who are capable of responding effectively to the triggers they routinely face. Effective in this instance refers to a leader's ability to respond in a manner consistent with the trigger they are presented with. How often have you seen a leader respond with an intensity of emotion that didn't seem to be appropriate to the situation? For example, flying off the handle in a staff meeting when someone is a few minutes late? Clearly, the trigger and response are inconsistent, which means the leader has been triggered at a deeper level, some repeated narrative that has little to do with the tardy participant.

Effective response also means that the leader is able to withhold responding when a warranted response to a given trigger would be detrimental to their overall effectiveness (e.g., an executive chooses to hold his tongue in the face of an angry and undermining Board). The power of decoding and transforming your operative narrative is that you begin to understand the uniqueness of your triggers and the future requirements of managing them effectively. Learning what your triggers are and forming appropriate responses, as well as changing the narrative that keeps resurfacing, takes years of intentional work.

When working to understand your triggers, you must:

- Identify actions or circumstances that invoke behaviors that bring out your best leadership in ways that seem "inexplicable" or that have deleterious and compromising effects on your leadership;

- Identify the origins of the triggers—what you learned and where you learned it, and what narrative you keep repeating in response to such triggers.

Tapes: Tapes hold the messages of one's private thoughts and often shape and motivate behaviors beneath the level of conscious thought. They are preconditioned responses to familiar situations shaped over a lifetime of experience. For leaders, those recorded messages are most pronounced during challenging and adverse or precedent setting situations. Like triggers, which are externally derived, tapes are also a collection of responses and beliefs, but they are internally derived. We hit "play" in the face of difficult situations in which we fear failing, become enamored with power, or want to avoid the rejection that comes from disappointing others. We all have recurring messages that replay themselves in our heads about who we are and how we participate in the world. We have worked with numerous leaders who regularly "hit play" prior to walking into an extremely important presentation. The tape says, "This report is junk. These findings are inconclusive. You don't even believe its merit so why do you think you'll convince the senior team?" These messages run deep and often lead the individual into their worst nightmare without their realizing they had control to produce a different outcome. Not only do tapes hold the messages we tell ourselves during challenging circumstances, but by their very nature, they can be played over and over again. They are a self-perpetuating mechanism that further embeds these messages into a leader's belief system and behavioral framework.

Unfortunately, there is a relationship between the frequency of challenges you face and the frequency with which you are provoked to "hit play." The repetitive messages create a compounding effect. It's similar to what happens with many professional boxers. Early in their careers they're able to quickly rebound from the effects of a concussion. The brain has amazing elasticity and can effectively rebound from such traumatic events. However, those who experience the compounding effects of many successive concussions are often unable to rebound effectively. Metaphorically, the same is true for leaders. The destructive and debilitating messages compound over time and the tapes become self-fulfilling prophecies. The insidious nature of these recurring messages is that they are often false, or with only small particles of truth at their core. Whether the tape says, "You are magnificent" or, "You are incompetent," the extreme nature of these messages can elicit disproportionately extreme behaviors from leaders who haven't done the work to decode them and re-write the narratives that don't serve them well.

One executive we worked with was plagued with deep seated tapes of inadequacy and inferiority. Despite his enormous degree of talent and affability, he constantly compared himself to his peers and in his mind, fell short. He reflexively told himself that his work was of little value and that others would likely dismiss it. At the origin of these tapes sat a harshly

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critical and very successful father who was never satisfied with anything he had done. He could always do better. Also, his feeling of inadequacy was compounded by an academic path that left him feeling he was in over his head and a series of career failures that resulted from taking on more than he was capable of in hopes of proving his value. His wake up call was a failed marriage that resulted from his inherited perfectionism and inability to accept his or his wife's imperfections. Over time, this leader was able to re-script those harsh, destructive narratives into story lines more reflective of reality. He developed an honest understanding of what his talents were, a truthful inventory of those areas that he was not good at, and a compassionate acceptance of the need to be more gracious to himself and others in the face of unmet expectations or imperfection.

Replacing the destructive narratives of our tapes with productive and realistic narratives is far more complex than just shifting from a tape that says, "You are inadequate" to a tape that says, "You are phenomenal." It is candid, often painful, confrontation with the *origins* of the messages on our tapes that enable is us to *belie what is not true* and replace them with messages of what is *actually true*. Sometimes you must replace messages of superhuman greatness with tapes that say, "You're good at some things, great at others, and terrible at some." Sometimes you must replace tapes that say, "You are inferior" with tapes that enable you to embrace the truth that, "You are good, and you are gifted." The content of the message is less important than its degree of truthfulness. It is more than positive self-talk. It's the truth that transforms, not the talk.

When working to understand your recurring taped messages and the moments that provoke you to "hit play," you must:

• Identify internal messages or "tapes" that provoke behavioral responses (both positive and negative).

• Differentiate between the messages that disable effective responses from those that produce desirable behaviors.

• Identify new, truthful messages that disconfirm the unproductive and untruthful messages of current tapes

Transference: How Past Narratives Reappear in Today's Story and Undermine Leadership

Transference is a psychological term used to describe what happens in an individual when they transfer a past experience onto their present situation. In essence, you *transfer* feelings, phrases, actions, etc. in a way that is compatible with a past event(s) but may not fit your current context. While often associated with traumatic experiences or extreme relational distress, transference can be far more subtle as well. We've all heard people joke, "Oh my, she reminds me of my mother!" Or, "He's just like my first boss who was a complete control freak." The negative experiences of those past relationships that remain unresolved find their way into our current context when we are triggered by external stimulus. Thus, transference is set in motion, further deepening the operative narrative. Transference can undermine a person's leadership by anchoring aspects of their current response patterns to the past.

In moments of transference, a leader's behavior is shaped and motivated more by their past experience(s) than what is happening in the present. For instance, if early in your career you worked for a boss who regularly took credit for your work and rarely acknowledged your contributions, you are likely to be triggered by someone, especially someone in authority, who even remotely appears self-confident about their own work, and *transfer* onto them your anxiety about not getting due acknowledgement for your work.

This was the experience of one young executive we worked with. Understandably, her early career experience of having her ideas stolen was difficult, especially since she was eager to prove her potential. Unconsciously, she stopped updating her boss and only filled him in when she had to, making him dig for details. For the most part, her results spoke for themselves and her boss didn't push for more connection. Simultaneously, she began to divert some of her time and best thinking to some sexier, higher-profile projects. This further distanced her from her boss. She was appalled a year later when, despite her continued high-quality results, her boss promoted one of her colleagues to a newly created role instead of her. She began looking for other assignments within the company. After bouncing around in a few adjacent departments for a year, she decided it was time to leave the company for a more gratifying opportunity.

Five years later, she had gained decent traction at the new company, yet had failed to rise to the levels she'd hoped. Though she regularly received "exceeds expectations" in most performance categories, she also received feedback that many senior leaders didn't want to work with her because she was not perceived as a 'team player' and 'was always off doing her own thing'. When we reconnected with her in the new organization, she was striving to become more involved on the front end of projects to ensure she was seen as both participative as well as central to a given initiative. In our work together, she began to connect the dots in her response to her current boss and other senior leaders, and her feelings of being underappreciated by her previous bosses. She also

realized that her response had been to withdraw and be accessible only when absolutely necessary. Finally, a familiar narrative became apparent: When she felt her contributions were not valued (even though she hadn't really defined what that would look like for herself), she withdrew and became isolated from the very people she wanted and needed to be connected with. Her resentment and distrust of those in authority grew, further perpetuating her reputation as not collaborative and overly independent. She finally became aware of the pattern and realized that she actually had very little information about what her boss or other senior leaders believed about her contribution. She just drew conclusions based on their lack of acknowledgement. She realized that she was behaving like she used to, even though she lacked sufficient data to warrant the behavior. Her story is a prime example of transference in those in leadership roles.

Practically speaking, a leader's ability to detect transference and make the relevant connections—identifying how past formulaic responses are being elicited and lived out in their present leadership—is a vital element of realizing transformation *within*.

When addressing transference, leaders must:

- Understand how current responses are elicited from past leadership experiences despite their lack of relevance to current circumstances.

- Gain deeper clarification about how that past situation did or didn't warrant such a response.

- Acquire objective data about their leadership responses in those specific situations.

Figure 2.4
Re-scripting Operative Narratives

The trigger	New underlying belief structure	Which allows for a re-written operative narrative	Which then permits the choice of these behaviors to employ
Powerlessness/ Constraint	• I can exercise influence and power in multiple ways, and the effectiveness of that power and influence is not predicated on how others respond	• I can re-articulate my viewpoint or find out what isn't being understood • Others' behavior isn't necessarily a statement or judgment of my ability	• Be curious and ask questions • Use the power that comes with your role – declare your intentions • Demonstrate expertise and direction setting
Impatience/ Irritation	• Being tenacious in the face of opposition is a requirement of my role • There may be something I am doing that is provoking others extreme positions	• Those who resist are not necessarily "the enemy" • I can de-personalize the unreasonable behaviors of others before they become "about me"	• Name the resistance or behavior you are seeing and own your experience of it • Distinguish how I interpret others' behavior from the actual behavior itself – ask "what story am I telling myself about what I am experiencing and why?"
Self-doubt	• I am just as responsible to ensure the effective use of my gifts for which I am in this job as I am my development needs • When I use the word "should" about myself, I may be levying an unrealistic standard or judgment that leaves me with less energy and a distorted self-view	• Others' disagreement, self-interest, passive aggression or other behavior that counters my values is not my responsibility to change, but rather my responsibility to name when appropriate • When I see behavior that disturbs me, I can depersonalize the interpretation and focus on the effect the behavior is having on the situation at hand	• I can choose to be grateful for the privilege of the significant talent I have and the opportunity to serve others with it • I can limit the degree to which I am self-deprecating knowing that I risk impairing others' confidence, not necessarily conveying humility
Resentment/ Distrust	• Behavior of others that I don't understand don't always have meaning I project • When I feel unsafe or off balance, it's important that I resist drawing immediate conclusions about why that is	• When others withhold trust or respect from me, it doesn't mean I am untrustworthy or unrespectable • Others' behavior that may be rooted in a lack of understanding is more likely an expression of an unmet need than an evaluation of me	• Disarm any circuitous dialogue or indirect innuendos with direct, non-judgmental statements or open ended questions • Return to common ground, mutual interest, and the higher goals from which the immediate conversation has departed

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- Determine what the appropriate responses should be to current situations and, using reliable data, formulate an appropriate response.

- Determine more appropriate/fitting response(s) for future leadership situations that will likely lead to transferring unproductive, past responses.

Re-scripting Your Operative Narrative: Keys to Transformation Within

Decoding your operative narratives and re-scripting them for your own transformation takes arduous and persistent effort, great humility and even greater courage. Figure 2.4 *Re-scripting Operative Narratives* illustrates examples of operative narratives in potentially recreated forms.

Below are some important approaches to consider as you pursue your own transformation *within*.

- ### Continually acquire insight about your leadership and its impact on others
  Many traditional coaching initiatives fall short because they stop at self-awareness and fail to create a clear formation plan integrally linked to a leader's future requirements. Insight about why you lead the way you do is only half of the story, and frankly, the easiest part of your work to complete. What is much more difficult is learning to position that knowledge to realize the changes required for future success. Transformation within is a continual process; no one gets to wear the title of 'arrived'. Leaders must seek regular feedback from critical stakeholders, both formal and informal.

- ### Know your pathologies and their impact on the others with whom you lead
  Pathology is the study and diagnoses of your ingrained unproductive behaviors. In this case, it is patternistic behavior that impacts your effectiveness as a leader. As a discipline, it addresses four components of problematic behavior: (1) cause, (2) mechanisms of development, (3) structural changes, and (4) the consequences of those changes. Developing an understanding of the cause(s) of your unproductive behavior, how they have been reinforced over time, how to support more productive behaviors, and managing the rippling effects of such changes with stakeholders is essential when accounting for and managing your leadership pathologies. Pursuing insight about the transformation *within* that is needed, means you need to learn about your specific leadership pathologies, and yes, every leader has them. Excessive control needs, conflict-avoidance, the imposter syndrome, perfectionism, uncontrolled anger, obsessive detail orientation, the list goes on.

Regularly revisiting your leadership triggers, tapes and transference can help you recognize your growth (e.g., certain triggers don't cause the same response they once did), surface new developmental areas, and provide keen insight about how your values/biases/beliefs are in search of specific outcomes (through your behaviors). Some of which are helpful and others are not.

- ### Be introspective versus self-involved
  Self-involvement isn't hard to recognize, even within ourselves if we're honest. Self-involved people constantly try to one-up others with their experiences or reframe every topic to put themselves at the center. Nobody wants to be around a self-involved leader. It's exhausting and it really doesn't matter if you're there or not because everyone else is ancillary to the story.

Many leadership development approaches that focus excessively on the individual risk inadvertently encouraging self-involvement simply by inviting leaders to go well beyond healthy introspection to self-obsessing. Don't fixate on your development efforts in public. Instead, make reflection on your leadership and transformation a personal discipline. Ask, "Why did I do [that] again?" and work to piece together the root causes of your leadership and ways they are further developed.

- ### Own both shortcomings & giftedness
  We frequently cross paths with leaders who are much more adept at owning their shortcomings than they are their giftedness. Learning to recognize and own both is necessary to make lasting progress toward your desired leadership. In fact, research would indicate that leveraging your giftedness is more effective than hedging the risks of your shortcomings. A leader's inability to own his shortcomings or acknowledge his giftedness is likely due to an operative narrative that conveys something like, "Don't own what you are good at or others will think you are arrogant," or, "Nothing you do is that good anyway, especially in comparison to others, so don't bother trying to own what you are good at." There are many other operative narratives that inhibit a leader's ability to embrace what makes them unique and influential. Remaining unaware of the effect your leadership has on others will make it extremely difficult to know the unique or damaging impact you are having on the business.

Here are a few areas to focus your attention and reflection when you sit down to learn about and begin owning your giftedness and shortcomings.

— *Take inventory*—Do you have a sense for your unique gifts and abilities and your clear development opportunities?

Literally, creating a list and evidence of each is a great place to start. What are they and when do they most frequently show up? How have they changed over the years? Are you clear when you're operating outside your strengths and can you acknowledge it?

— *Enjoy (not secretly or obnoxiously) your unique mark on the world*—Do you find yourself playing your strengths down when complimented? "Oh no, it really wasn't that big of deal…anyone could have done it." Maybe that's true, but the reality is that *you* did it and that matters. Create space to celebrate wins and it will put wind in your sails and keep you moving during difficult times. Do so with a healthy objectivity of that paradoxical truth that you are both extraordinary and you are human.

— *Apologize early and often*—When you're wrong, be the first to acknowledge it. Don't wait for others to bring it to your attention. Typically, we see leaders shy away from this because they feel their mistakes will shut them off from future opportunities. Or worse, they fear that fatal mistakes will lead to being exited from the building.

Owning your shortcomings will build trust and create a deeper connection with those you lead, whether bosses, peers, or direct reports. Interestingly enough, costly mistakes can be some of the best learning experiences leaders and organizations can have and it's often better to keep that learning in house rather than to exit it and risk experiencing it all over again.

Decoding and re-scripting your operative narrative is no easy task. It often takes years to fully connect the dots between your past and present in a way that supports creating a different future. There really is only so much one individual can do to grow and transform this area of their leadership. You may be the most introspective leader on the planet and the reality is that you'll still have blind spots or dots that you just can't seem to connect. You may have spent years in your family annals and photo albums acquiring vast amounts of knowledge and information about your past, but in reality your interpretation and understanding of those events is a singular point of view, *your* point of view. Your transformation *within* cannot reach its full potential in isolation. In fact, it's in the friction between you and others that you truly begin to own your transformation and see it stick. Further, you can accelerate the speed at which you transform within by engaging with other leaders who will naturally see your strengths and shortfalls from a different vantage point and who will have a different take on your potential and risks. It's in one's leadership relationships where the process of maturation and a new story of transformation begin to emerge.

Which leads to the next domain of transformation… Transformation *Between*.

Risk Factor — Transformation *Within*	Current Risk Level (1=low — being addressed; 5=high — no effort underway)
I am fully aware of my own operative narratives and the role they play in my behavioral choices	
I know the settings and people that tend to trigger unproductive choices, and have ways to effectively manage those situations	
I have done the work to re-script operative narratives that drive behavior inconsistent with my intentions	
I have an honest, and feedback-supported inventory of my strengths and shortfalls as a leader	
I have reliable and continuous feedback sources that help me calibrate my leadership and understand the impact I have on others	

LEADING WITH OTHERS
TRANSFORMATION *BETWEEN*

LEADING WITH OTHERS
TRANSFORMATION *BETWEEN*

No subject has received more literary, entertainment, talk-show, research, clinical, or sensationalized attention than "relationships."

Every self-help shelf, every gossip tabloid, every movie director and screen writer, Oprah, every business guru, has made it their business to study the vast phenomenon of the connections between people. And for good reason —it is the epicenter of the most extraordinary experiences of human existence. It is the place where we suffer and soar –where we display our best, most dignified selves and our worst. So, relationships are worthy of close attention, yet the gap between how much we have "documented" about them and how little we still know and practice remains immense.

Transformation *within* a leader must inevitably be lived out in the context of other relationships. Therefore, there must also be transformation happening *between* leaders and *between* units of the organization. The transformations which are most important are those between the leaders whose success is predicated on one another's. As you can imagine, or have experienced firsthand, adding others and *their* operative narrative(s) into the transformation effort increases the level of complexity and the effort required to navigate it successfully. One of the key variables that make it more complex is the individual leader's level of autonomous control for the outcome decreases. No single leader —despite their illusions or efforts to convince themselves otherwise —has unilateral control over anything, much less something as profound as organizational transformation.

Picture this. You show up to an extended leadership team meeting after a re-forecasting and missed quarter. All of the Function and BU heads are madly trying to figure out how best to allocate resources across the business. You've been given the strategic mandate for the enterprise to cut costs and redistribute investment dollars toward efforts that can accelerate performance and growth. Of course, everyone is advocating for their own initiatives and trying to convince you that theirs fits the bill. Collaboration is a stated value and core tenet of many companies. In fact, many leaders' have portions of their annual bonuses tied to cross functional goals

which require such leadership behavior. In many cases, it is role modeled. That is, of course, until one's resource portfolio starts being sacrificed and everyone begins to tout "for the greater good". Naturally, everyone's advocacy for their agenda requires, respectfully of course, pointing out the shortfalls of others. At times like this, leaders can't seem to understand why nobody else sees the future of the organization the way they do in light of the strategic priorities. The deadlock tightens as leaders begin to dig in their heels and fight for their point of view at the expense of others'. Success shifts from an enterprise-wide operative narrative of "I can't do this without you," to a myopic orientation of "I'll figure out how to make this work without you." Unfortunately, in cases where this becomes the *de-facto* way of relating, results are ultimately pursued to the detriment of the relationships required to sustain the effort.

Every leader has a set of stakeholders with whom they must interact to achieve success in their particular part of the organization. These are the most critical relationships to invest in within your organization because these colleagues —be they peers, direct reports, or bosses —are the make-or-break relationships vital to your success. They are the leaders you must lead *with* in order to lead at all. As is the case for individual leaders, stakeholder relationships also function at varying levels of effectiveness. Think for a moment about the other leaders or teams of leaders you must work with to be successful. Which stakeholders do you find yourself having to regularly work around because the relationships are ill formed or strained? Do you go through "secondary relationships" or back channels to progress your agenda? Conversely, with which of your stakeholders do you have very close relationships and find yourself being frank and candid, and to whom can you regularly turn to for help? Do you see any difference in the time and energy invested, resources required, and ultimate effectiveness between the two types of relationships? Time and again, we see leaders in organizations hemorrhage vast amounts of resources to

manage around unproductive and ineffective stakeholder relationships. Leaders tell us, "I don't have time to work on that relationship," or "He's just a tough nut to crack, nobody gets him," or "If I focus my effort on them, I'll take my eye off what matters," or "I've tried everything I can, they're not willing to look at things differently." The list of excuses is endless. The reality is that building effective stakeholder relationships and sustaining them over the long haul is not an elective course. It is a mandatory pre-requisite. It's difficult work and it costs all parties involved, especially on the front end of the relationship after years of building unproductive patterns between those involved.

Relational change is probably the most complicated of all human transitions and yet it is fundamental to *any* transformation of substance. It's difficult primarily because it involves others. Leaders who mistakenly pride themselves on the achievement of personal change can unwittingly expect the same of others, often leading to the demise of a relationship rather than its enhancement. So, to think that others need to change just because you have or that they'll be excited you did is rarely the case. Often, instead of being excited by the "new you" many may be wishing the "old you" had stuck around. While it is true that personal transformation can beget relational transformation (and vice versa), it must happen through *mutuality* —a shared desire to see a relationship thrive and stretch to accommodate new organizational circumstances. Allan G. Johnson, sociologist and author of *The Forest and the Trees: Sociology as Life, Practice and Promise,* makes the case for multi-domain transformation this way:

> "Social life depends on how people are connected to one another through the structures of social relationships, and systems don't change unless relationships change. An individualistic model [of transformation] doesn't work because personal solutions arise primarily from a sense of our own personal needs, and focusing our attention on personal needs is a path of least resistance. Once we find a solution to the problem that works for us personally, we've accomplished our goal and are likely to leave the problem behind rather than stay with it to help make things better for others."[4]

Furthermore, mutuality in leadership relationships is founded in a shared direction, a feeling that "we're in this together" and the ability to work toward a mutually beneficial outcome, even if that outcome is different than what each participant anticipated. Mutually engaging leadership relationships require that all involved are active participants. Keeping quiet in important strategic conversations, dismissing acknowledgment of your effort as no big deal, nodding your head in agreement when you know you should push back, or failing to accommodate another's point of view just because of your need to be right are common patterns, but they are not the way to build or strengthen stakeholder relationships.

One executive we worked with became intent on strengthening his leadership capability based on difficult feedback he regularly received. Specifically, his high level of intelligence translated into verbosity, correcting others in meetings, debating ideas until his prevailed, and developing those he led by helping them become more like him. Of course, he did all this in the kindest and most caring of ways. Or so he thought. He wanted very much to address these issues and succeed in the leadership role to which he'd been appointed. The relationships with his peers and a number of his direct reports had become very strained. Unfortunately, this leader set out to make the transformation *on his own*. He worked tirelessly to change the behavior he needed to change, but he did so in isolation from the very relationships that needed to benefit from his change. These were also the relationships he needed feedback from during his formation. To his great surprise, not many noticed his change. Understandably he was frustrated, which only made him try harder. Despite our pushing him to engage those he needed to be in relationship with *to participate in his transformation*, he insisted that he needed first to make the change, then show people he'd changed. This is not an uncommon phenomenon. Most people want to be seen as buttoned up, put together and capable (or at least create the illusion) before leading with others. This never works. The very premise of *transformation between* demands that both parties in the relationship must participate in *each other's transformation*. This leader needed to build trust between himself and his stakeholders and the only way for him to do that was in relationship with them; by extending that trust to them and allowing them to extend it back to him; by taking responsibility for the unintended impact his behavior had on others and *asking them* how best to engage them when exploring new ideas; by sharing his wisdom in ways that were helpful, and coaching those he led in ways that further enhanced *their* uniqueness, not homogenized it. While his *transformation within* was real enough, and he did gain some new ground as a leader, he didn't successfully realize the *transformation between* the key stakeholder relationships because he attempted that transformation in a vacuum. His flawed belief that his change needed to be perfected before it was revealed is not uncommon and is evidence of the very perfectionism at the root of much of his behavior. Unfortunately, most organizational cultures render learning in the context of relationship an unsafe prospect by expecting senior leaders to be polished and professional and by downplaying vulnerability.

Reflecting deeply on your own operative narrative and understanding the beliefs that shape your behavior and choices is key to realizing personal change. The same is true for transformation *between*. When leaders *apply* those insights to their relationships, they discover the opportunity for transformation *between*. The insights may be as simple as realizing the need to draw out others around you who are less inclined to offer their thoughts because of the exuberance with which you express yours. Or, it could be as significant as discovering the peer from whom you have long withheld trust isn't the self-aggrandizing idiot you believed him to be, but is actually a rather decent guy who you misunderstood because you never took the time to get to know him. Such discoveries enable the relationship to become a mechanism of transformation as both leaders are further transformed by their participation. Moreover, the synergy of the relationship increases as leaders deepen their relationship, enabling greater results than either could achieve independently. The adage of "one plus one equaling three" is realized when those participating in the relationship can define their common objectives and shed their individual agendas for the sake of a greater good. Unfortunately, that is a chasm many leaders struggle to cross.

Mutuality in leadership relationships is founded in a shared direction

Objectification and Utilitarianism: Poisonous Fruits of Dueling Operative Narratives

Sadly, organizations often do not naturally stimulate dynamic, symbiotic relationships. For a host of reasons, individualism and self-interest tend to thrive more than cooperation and service, especially when aggressive compensation structures, Darwinian career development processes and zero-sum innovation methodologies lie at the foundation of an organization's culture. In such environments, relationships become a means to an end, and those failing to cooperate with one's end are labeled nemeses and rivals. We routinely enter organizations and hear leaders referred to with derision as monsters on self-serving missions to propel themselves to the top. To our relief, when we finally meet these so-called Attilas, they most often turn out to be reasonable human beings. A little rough around the edges perhaps,, but nothing resembling the caricature they were depicted to be. Grossly misunderstood and objectified, these leaders keenly sense they have been ostracized, so they behave in ways that prove others right. Sadly, these leaders typically have no idea how they've gotten themselves so isolated and resented. Often aloof and occasionally deeply obtuse, they were simply marching down

the path they believed they were sent, pursuing the outcomes they believed they were mandated to achieve, and completely unaware of the bodies that lay in their wake. Figure 3.1 *Dueling Operative Narratives Between Leaders* illustrates what can result when leaders, units, or functions are unable to create a common operative narrative.

One of our clients was the head of the global supply chain who had just embarked on major cost reduction initiatives —new logistics technology, plant consolidations, new sourcing approaches across the globe, etc. While an upstanding guy, he was especially driven to realize the results he was committed to, in part because his and his team's bonus structure was entirely predicated on delivering significant efficiencies within that year's plan. To achieve the objectives, he had to partner artfully with all of the leaders in Asia who would be required to consolidate some of the manufacturing facilities as well as form new supplier relationships with more cost effective sources for both raw materials as well as finished goods. Most people with even basic cultural competence understand how important relationships are when doing business in Asia. This leader, however, apparently missed that class. While his words to the Asian parts of the organization were reassuring, committed, and seemingly transparent,

his actions soon belied them. At first, the Asian community appeared supportive of the changes. They stayed on track with project milestones and transitions to consolidated manufacturing facilities went relatively smoothly. But, not far into the transition this leader began to put pressure on the entire supply chain as synergy gains were falling behind plan and unforeseen raw material costs increased and were threatening the promised savings. Sadly, he never went to Asia and sat with the leaders to engage them in the process of problem solving. He never demonstrated the loyalty and respect his initial words conveyed, let alone worked to build the necessary understanding to effectively navigate business dealings in many Asian countries. Asian leaders later told us they felt used, as though all the "American" cared about was his bonus and the relationship never really mattered. True to their culture, they complied with the change process, but in spirit, they were never fully committed. Trust was breached and "saying one thing and doing another" became expected between the two regions. The relationship deteriorated over the ensuing months and eventually an ugly process of changing out leaders was necessary in order to keep the strategy intact. Our hunch is that it will take years before the global supply chain creates cohesion and realizes the efficiency they aspired to and the new strategy could make possible. This

Figure 3.1
Dueling Operative
Narratives Between
Leaders

Get the results!

"I'll figure out how to make this work **without you.**"

Protect the relationship!

Can lead to and/or further…

- Fragmentation between already divisive relationships, business units or functions in the organization
- Leaders' complicit "head nods" of a decision or direction in the absence of behavior to support it
- Dogmatic followership of antiquated business models or operating principles
- Decreased performance in areas of the business where success is predicated on interdependency
- The pursuit of individual agendas over the greater enterprise-good
- Parochial/territorialism thinking and behaving (e.g. silos)
- Point and counter-point arguments (e.g. multiple monologues)

painful example illustrates that you can have many hands at your disposal to do the work, but still grossly underutilize what's available. The tragedy is that the moment a relationship becomes utilitarian, and its exclusive purpose is to realize some desired agenda, any transformation usually backfires. Relationships have to be symbiotic —where all participants are mutually benefitted. The moment stakeholder relationships become unilateral or parasitic, where one person is literally "on their own" or "feeding" off the other, the opportunity for sustainable transformation is usually forfeited.

The example above of two dueling operative narratives —one of "get the results" and one of "the relationship is most important and must prevail"-colliding with one another resulted in damaged trust and missed results. The objectification and utilitarianism of both narratives toward the other were self-propelled as increasing levels of estrangement and resentment accumulated.

Borders are especially risky to cross in many organizations. Be they geographic borders, hierarchical borders, functional borders, or cultural borders, blending the worlds that meet at organizational seams is often ill fated. There are the classics. Sales wants to drive volume while Marketing wants margin. Finance wants costs cut while R&D wants to invest. Supply Chain needs better forecasting from Sales and Manufacturing doesn't have capacity to deliver the product plans Supply Chain created. In each situation we find well intended people with operative narratives that contradict the operative narratives of those with whom they must ultimately cooperate to achieve results. So what's a leader to do?

Reconciling Operative Narratives —From Dueling to Blending

Operative narratives are as vastly different and complex as the individuals who hold them. As many understand, differences are often incredibly difficult to overcome. But harnessed effectively, they can spawn the most amazing innovations. Reconciling the differences between leaders' operative narratives is a critical component of lasting transformation. Reconciling and blending doesn't mean homogenizing or making the same. It means finding alignment on a way forward that optimizes the best of multiple perspectives, or creating an entirely new perspective out of components of many different ones.

In a midsized regional real estate development company, the dire real estate market demanded a dramatic change in business models. Forced to reduce the workforce by more than 60%, the CEO took an extraordinary risk and went up-market toward "mass customization," completely

re-positioning the company from a low cost producer to a premium custom builder. The executive leading Sales & Marketing lamented her struggle trying to shift her organization's orientation and capability. Marketing was busy trying to brand and message the organization around the new business model driven by customization. It required a complete overhaul of how they went to market. Sales, however, continued selling based on the old business model of low cost in order to make plan and fund commissions. Tensions mounted with each passing day as the departments tried to cohabitate in two worlds when success only resided at the intersection of one cause. Fragmentation spread throughout the organization as people tried to span the breach between an old and new model; between a model they had succeeded with for many years when markets were good, and an unproven model for which they had little capability or familiarity. Ironically, in the pipeline of offerings lay one of the most extraordinary reinvented offerings for urban real estate development —something that could change the company's trajectory completely. But to realize its promise, the entire organization would have to move to the new business model and brand platform, acquire the needed capabilities faster than the decimated organization had ever learned, with the confidence and commitment to seeing it through despite learning speed bumps and severe resource shortages. The number of dueling narratives —between past and future, between former prosperity and current austerity, between historic confidence and present terror, between operational excellence and customer intimacy, between hope for what might be and resentment of how we got here - significantly impaired the transformation process and stagnated the promise of new growth. Had the competing narratives been named and worked from the outset of the transformation, it might have been possible to unify the smaller organization and rally them around a common vision for the change. But, severe misalignment at the top level cascaded down through what remained of the organization.

Contrast that example of dueling operative narratives with the following example of what it means to blend narratives. At the outset of any apparent conflict, two opposing narratives may appear no less intractably different than in situations where they fail to reconcile, or blend. The difference doesn't lie in how "compatible" the operative narratives are at the start of their collision. Rather, it lies in the degree of each leader's willingness to *work through* the differences to find the common ground necessary to *blend* the contradictory aspects of the narratives. Figure 3.2 *Blending Operative Narratives Between Leaders* identifies the benefits of blending two or more operative narratives.

Get the results!

"I must do this with you."

Protect the relationship!

Can lead to and/or further…

- Shared goals and objectives between key stakeholder relationships
- Awareness of and ability to see the business from another leader's point of view
- Innovative ideas and solutions (e.g. curiosity regarding possibilities)
- An embrace of and true dialogue regarding differences
- A decrease in duplicative efforts and increase efficiencies in extraneous processes and work
- More accurate demand planning and forecasting/trending
- Alignment, momentum, and championing during times of change

Figure 3.2

Blending Operative Narratives Between Leaders

In the operations group of a global food company, the EVP of Supply Chain had an estranged relationship with one of his most senior plant managers. The plant manager had a history of abrasive and combative communications and a brusque style of leadership, but had been with the company nearly four decades. Further, he had deep operational expertise that was highly valued. The EVP had joined the company about five years prior and began the long, arduous process of bringing the company's entire Supply Chain into the 21st century which involved plant closings, warehousing and logistics technology upgrades, and capacity shifts to different parts of the globe —a true transformation. The changes only exacerbated the tensions between the tenured plant manager and him. At the heart of the EVP's frustration was a deep-seated sense of distrust of the plant manager, believing his ill- mannered behavior to be motivated by self-interest. The plant manager's disdain for the EVP was a reciprocal disregard, feeling the EVP's distrust and disregard for him. The EVP's operative narrative was, "I can't trust someone who treats others with such disrespect, especially after they've been given so much feedback." The plant manager's operative narrative was, "Why should I respect a leader who picks and chooses his favorites and makes snap judgments about his people without getting to know them?" Had the relationship been left to its own devices, the plant manager would have likely been let go.

After nearly a year of focused coaching with the plant manager, the depths of his integrity and the tenderness of his devotion to the company surfaced. Still, this didn't move the EVP's level of trust. Finally, a strong, facilitated intervention, including the plant manager's vulnerable expression of frustration to the EVP saying, "You will either trust me or you won't, but if I haven't earned your trust by now, then I don't know that I ever will," and some direct coaching for the EVP on what felt like an arbitrary withholding of trust from a man who clearly deserved it, set the relationship on a different course. It took intensive work over time to get these two otherwise dueling operative narratives to blend into one that said, "We are going to have to work at finding mutual respect and trust, believing that we both want the same things for the company." While the two leaders never fully shared the same views on all things, they did learn to suspend judgment of one another long enough to at least consider the merits of the other's views before deciding whether to agree or not.

Relationships are a messy business. While they are the stage for some of the most exhilarating adventures we get to experience in life, they are also the boxing ring in which we can often get hurt. Regardless of your orientation toward them, you must accept that they are an unavoidable and necessary

component of any transformative endeavor. It's only in the context of great relationships that change can thrive and last. To build such relationships, we must let go of the defenses that guard us from hurt. We must call to account our narratives that objectify and use others, and our self-interest that proliferates those narratives. We must confront others we claim to care about, regardless of discomfort, for their and our shared good. And sometimes, we must surrender even the loftiest of our dreams so that others' dreams might prevail.

In our book, *Future in-Formation, Choosing a Generative Organizational Life*, we talk about the transformative effect of generative leaders and generative relationships. We believe that underlying the great relationships that beget transformation *between* is the foundation of generative leadership.

> "[regarding generative leadership] Sometimes by surprise, but always with joy, people became more of themselves, more human, as they were dignified by another. When people are seen, honored, invited, invested in, respected, and challenged, they rise up. With a broadened horizon, they reach further beyond their self-imposed limits. They become willing. They become courageous. In our dignity, we are fully human, accepting of our flaws, proud of our gifts, curious and imaginative about future possibilities, and eager to contribute to realizing those possibilities. A leader's generativity toward those she leads manifests itself in a deep regard for and fascination with all that it takes for the people she leads to be themselves and achieve what they do on behalf of the organization. It is a leader's reverence for the privilege of stewarding the "becoming" of others that proliferates the beauty of generativity. Generative postures are what set the stage for a community's defining moments, both their deepest levels of satisfaction, and their record-setting performance…

> …On occasions that feel too rare, we will hear people say, "I love my job." Recently one person who said this to us did so with such exuberance that we couldn't help asking back, "Why do you love it so much?" She said without pause, "Because it loves me back." No one would argue that the desire to give and receive love is foundational to the human experience. It is so fundamental to being human that we simply take for granted its truism, yet for some odd reason, organizations dangerously assume that this basic need to give and receive love somehow stays home when people come to work. What are the implications if the place where we spend nearly half our waking hours is bereft of the most fundamental need and desire we have? What if we could say of the place where we spend so much

of our lives, "It loves me back?" True, there are many forms of love and some that should not be found in the workplace. But the basic care, regard, empathy, delight and support needed to lead well is indeed a profound form of love. It validates. It dignifies. It esteems. It elevates. It sustains. As such, it is an important form of love we all need as part of our work. What if when people got out of bed in the morning to get ready for work, they anticipated the experience of being loved and loving instead of anticipated the dread of being dehumanized or just a cog in someone's wheel? What if people didn't lose sleep terrified of a conversation they were going to have the next day with a boss, but rather could expect that even in difficult circumstances, they would know care?"[5]

Realizing transformation between is indeed an act of love if it is genuine—moving from opposition to more than just cooperation to alliance; moving from tolerance to more than just acceptance to honor; moving from favors to more than just support to sacrifice. These are the migrations of true relational transformation. Here are some thoughts on how to begin yours.

Blending Dueling Narratives — The Key to Transformation Between

Here are some important approaches to keep in mind when pursuing transformation *between*.

- ***Developing your understanding from their point of view***
  When pursuing transformation between you and another leader or between groups of leaders, you must understand how *everyone else* understands the situation. That means an intentional effort to seek out and learn about others' views of the situation. The principle, "Seek first to understand and only then to be understood" is especially important during times of change when people's natural cognition is impacted by the anxiety of change. Mutual understanding just requires that much more work because our natural tendency is to listen *for exception*, not for integration. So we're listening on *the defense*, not with natural openness and curiosity. Often the interaction between leaders stops dead in its tracks before it even starts simply because nobody can hear anyone while trying so hard to be heard. One of the first things a great executive does when taking a new post in a new organization is to spend sufficient time learning about the organization. That usually means months of leader-by-leader and office-by-office data gathering. Not evangelizing their view or vision, or sharing their latest platitudes about "their style," but truly expressing active interest in the organization they are beginning to lead.

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the same thing —a dangerously false notion of what "alignment" means. In essence, the work is geared more toward getting those involved to be the same, to think the same, act the same, and believe the same. While touted as unity, it is really a subplot toward *uniformity*, two commonly confused notions. The antidote to differences is not sameness. In fact, sameness actually belies the synergistic benefits true transformation between can afford. What is important when addressing differences is that you can get those involved to a place where they can walk out of the room together, aligned with a shared view and common direction. It's the reality that we understand both points of view. Even though one feels dramatically different than the other, there is agreement in being aligned with the choice that prevailed, likely a great blending of the differing positions from which the conversation began. Keep the conversation grounded in shared aspirations, and isolate the sources of differences. Rarely are differences intractable, we just tend to behave as if they are.

• Create meaningful attachment and safety

Connect on others' terms by learning what makes them passionate about their point of view and work to see the future from their perspective. This will be particularly challenging when you have to go out of your way to connect with them on topics, activities, or projects that are foreign or uninteresting to you. As you learn what makes them tick, take any opportunities you can to advocate for their positions. This sets the stage for deep levels of trust and attachment.

Another important way to develop meaningful attachment is to expect and even require their participation. You can't be the only one doing the work. There needs to be some sort of felt consequence when others choose to avoid participation. People inherently desire accountability and to stretch. Your genuine interest in their aspirations will help them connect more with the ones you have set for the organization.

Lastly, meaningful attachment is more likely to happen in relationships that feel safe. Don't hesitate to ask them what is most important to them in their leadership relationship with you, and work to demonstrate the behaviors they suggest make them feel safe.

• Build relational closeness through healthy conflict and disclosure

Conflict is often one of the most misused and underleveraged interactions between leaders. We see both the avoidance and overuse of conflict too frequently. Many leaders capriciously fly off the handle or simply withhold their feelings and viewpoints because of negative experiences with conflict. For many, it's easier to deal with the illusion that things are

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Connect on others' terms by learning what makes them passionate about their point of view

As you learn about how others view the situation in your organization, pay particular attention to the places your operative narrative competes with or compliments the narratives of those around you. You may already think this way and just not have language to describe it. Most leaders we interact with explain alignment between their operative narrative and the operative narratives of others as "the relationships they can count on to get things done or my 'go to' people." See if you can detect where such alignment results from blended operative narratives. Where there's misalignment, on the other hand, those relationships are relegated to "I'll work around them" or "I'll ignore them," which is obviously not conducive to sustainable transformation.

• Identify your stakeholders and the work required to develop or strengthen those relationships

Complete a stakeholder analysis and seek to understand the differences between you and your various stakeholders. Which stakeholders are you particularly close with and in good standing? Which stakeholder relationships need work? Are there leaders in your organization who you hadn't even thought of as stakeholders? After identifying who they are, plan the necessary actions to bolster those relationships. Be brutally honest about the full suite of stakeholders you need to achieve *shared* success, not just *your* success. Be even more brutally honest about the state of the relationship, considering both *your* view of it, and what *theirs* might be as well.

• Identify common ground between you and your stakeholders by leveraging differences

In instances where differences create division, the natural tendency is to work really hard to get everyone believing

going 'better than expected' if it means they don't have to do the hard work of dealing with a more healthy engagement of conflict. By no means does healthy conflict imply easy or soft, quite the opposite. Conflict, even in the best of situations, is abrasive, painful, off-balancing, and disruptive. Conflict is a necessary and healthy part of learning about those you are in relationships with; if you haven't experienced conflict in your stakeholder relationships you're not getting the most out of them. Healthy progression through conflict to common ground strengthens and deepens relationships and typically surfaces new ideas. The safety you create for dissent and debate discussed above creates the courage to honestly engage because leaders believe their difference will not lead to retribution, ostracism or being sidelined.

Similarly, all leaders must learn how to be vulnerable and disclose significant information about their work and themselves. Many leaders are adept at pulling others "into the tent" on future priorities/projects/strategy, but struggle to share that at a more personal level. While keeping appropriate boundaries is important, self-disclosure is a powerful tool that builds credibility and trust, as your humanity becomes visible alongside your vision and agenda.

• You can never have too much trust

Trust is a currency that everyone exchanges on different terms. Thus, it's important to build your understanding of how your stakeholders give and receive trust and the currency they use to give and receive it. As a currency, it is saved and spent at differing points of a transformational journey. In times of great angst and uncertainty, large measures of trust are consumed, and often destroyed. As it is often said, trust is easier to break than build, and harder to restore once broken.

For some, trust is extended or withheld based on integrity —your words and your actions match. For others, it is competence —you are qualified to be doing the work you are doing. Still for others, it's a matter of relational style –you are engaging and winsome, so I feel comfortable around you. And still for others, it is predictability —I can rely on how you will be regardless of the situation —I don't worry about "which you" I'm going to get in any given situation. Learn what your trust currency is, and learn what it is for those with whom you must lead, so that you aren't holding them accountable, and you're not being held accountable, to standards of trust you haven't talked about.

Transformation
Between
Scorecard

Risk Factor — Transformation *Between*	Current Risk Level (1=low — being addressed; 5=high — no effort underway)
I have completed a stakeholder analysis and understand the needs, concerns and aspirations of those most impacted by the transformation underway	
I am aware of the relationships I have with whom dueling operative narratives may be undermining productive interactions and am addressing them directly with those people	
I have identified the leaders, teams and groups between whom there is relational stress or unresolved conflicts, and have strategies in place to help them reconnect and reconcile their differences and work together more collaboratively	
I have created a safe environment where healthy dissent and differences can be surfaced and addressed without relational risk or fear of retribution	
I have built sufficient degrees of trust, as evidenced by their active support and participation, with those on whom I must rely to ensure the success of the transformation underway	

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LEADING ORGANIZATIONS
TRANSFORMATION *AMONG*

LEADING ORGANIZATIONS
TRANSFORMATION *AMONG*

The mysterious force of systemic transformation—be it a family, a community, an organization, a nation, or a continent, regardless of its borders or size, is one of the most inspiring marvels of human endeavor.

Nelson Mandela united a newly re-formed nation through Rugby. Erin Brockovich gave a voice to silenced victims of environmental negligence of Pacific Gas & Electric. Erin Gruwell, a teacher in inner city Los Angeles, gave a sense of purpose and heritage to students suffering and perpetrating gang violence by having them document their stories. When he first became CEO of GlaxoSmithKline, Andrew Witty surprised pundits by announcing that the pharma giant he led would sharply cut the prices of many of its drugs for people that needed them in developing countries. Another early move Witty made was to pull his executive team out of the 12th Floor, C-suite and put them on the ground floor next to the staff café so they could be next to the heart of the organization.

Why do we love the stories of seemingly ordinary people forging extraordinary feats of transformation, especially when dire circumstances would suggest change is impossible? And why are we inspired when leaders with significant degrees of power use it in ways that run counter to conventional wisdom in the service of a greater good? Because at our core, human beings love the notion that transformation is possible. We love that we have a sense we can, together, become *more* than the sum of our parts. Leaders that set out to achieve organizational transformation succeed largely when their vision and passion for what *can be* outweighs their cynicism of what is and their fear of what it will take to get there. Plotting revolutions is a dangerous business, and while the organizational transformation failure rate remains high, visions for what is possible continue to beat in the hearts of good leaders; ordinary men and women who dream about *more* on behalf of those they lead. But it takes more than inspiration and great dreams. It is a carefully choreographed and calculated process. While transformation *within* and transformation *between* are noble causes, it's transformation *among* that solidifies their sustainability by ensuring they are system-wide.

As we have repeatedly said, formation in one area of an organization almost always requires subsequent formation in another. The complexity of an organization, its culture, systems, processes, and structures work together in a systemic fashion. Over time, they create an organization's norms, or "the way things are done around here." More than just the culture of the organization, the departments, business units, resource allocation processes, HR systems, direction-setting devices, product portfolio processes, all have ensconced roots that will inherently resist change, especially if they have enjoyed a degree of success over time.

A large, regional health care provider we worked with had significant aspirations of growth outside the regional markets it had long dominated. Known for its impeccable service and cost efficiencies, the leaders of the organization discovered that the model was not nearly as scalable as they'd hoped. With a very tribal and familial culture and standardization of processes and systems, it was never required to perform beyond basic levels and instead, only met regulatory requirements. Growth, however, was another matter. Efforts to modernize and integrate what had historically been cobbled together data systems were met with great resistance as executives were brought in from larger providers who had already undergone massive system's transformation, the establishment of cost effective, repeatable business processes, and growth efforts that included geographic and service line expansions as well as acquisitions. Not surprisingly, these new arrivals were shocked to discover the relatively primitive systems in use, especially in light of the amazing track record the organization had. Veteran employees, by contrast, felt offended, even indicted, by the incoming leaders' shock and they felt dismissed because of the severity of technological and business immaturity. What the incoming leaders failed to understand was the deep ethic of loyalty, dedication, and sacrifice they were dangerously tampering with. What the veteran employees and executives failed to recognize was

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that the incoming leaders' reactions weren't intentionally offensive, but rather an honest reaction to something they hadn't seen or expected. Both veteran and newly appointed leaders incited deep levels of anxiety in one another. Veteran leaders feared being sidelined while incoming executives feared the unfolding transformational requirements to be nearly impossible, especially in the face of a resistant culture. The camps devolved so badly that veteran leaders were labeled "old guard" and "closed minded" while incoming leaders had been ostracized as "arrogant, disrespectful, and aggressive." Our efforts helped the organization realize that the culture of dedication and strong work ethic, or the "software," was a great asset that could be leveraged if people were helped to see the competitive importance of accelerating the successful implementation of massive technological and process changes to the organization's structures and systems, or it's "hardware." Both came to realize they were on the same team and had similar aspirations, but they needed to blend the best of the organization's history, preserving the culture that made it great, while continuing to contemporize the technological and systemic aspects of the business they were hoping to scale.

They key to systemic transformation is to see all of the components of an organization—the individuals, the relationships, and the components—as *one system*. Far too frequently, leaders see the system as a "checklist" of parts to be worked on in serial fashion. Fix the processes. Then move onto the organization structure. Train the leaders. Reward and retain high performers. Get China back on track. Open the new plant in Mexico and mothball the plant in Iowa. Each is treated as an unrelated "thing to do." Systemic transformation, however, brings disparate and seemingly unrelated components of a system together toward a common end, revealing their vast degree of interdependence and connectivity.

Effective transformation *among* creates the ability to mobilize large bodies of people, communities, and organizations toward common ground, and common aspirations. Many organizations have used "ONE" slogans to depict the movement or wide-spread alignment around key priorities or philosophies. We're sure you're familiar with some of them. The problem is that all too frequently, leaders declare "oneness" as if they came down from the mountain top with tablets. However, that only works when everyone has heard a similar message, and even then they have to agree with it, believe it, and own it. Creating healthy cohesion across an enterprise is a necessary art executives must come to master. The natural centrifugal forces that pull systems apart, regardless of the degree of decentralization of the organization, are hard to oppose without forces that create natural centripetal force. How much *unity* and how much *uniformity* to build into an
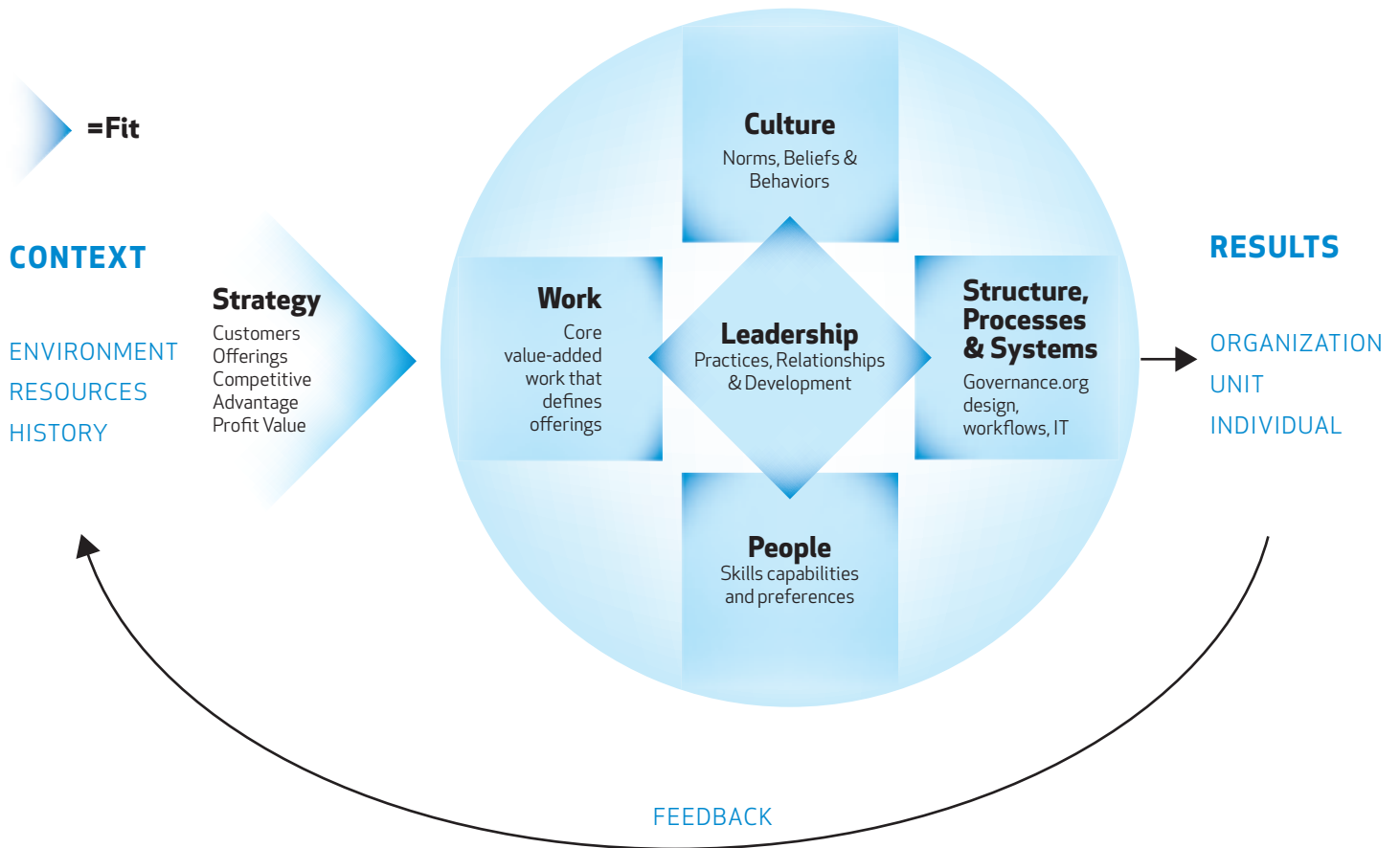
organization in order to achieve its strategy is something many organizational leaders struggle to balance. Here are some ways to begin doing so.

Connecting the Social and Technical Dots: Key to Transformation Among

Our work demands that we see the organizations in which we work through a dynamic and systemic lens. We must see how the pieces of an organization interconnect, synergize, contradict and compete. Figure 4.1 illustrates the systems model through which we diagnose organizations and plan their transformations.

• *Identify and stitch organizational seams*

Every organization is inherently designed, consciously or not, with boundaries. Be they functional, geographic, hierarchical, or business unit, there are separations between components of an organization. Each of the "seams" represents substantial opportunities for value creation because no one component of the organization can deliver the enterprise's value proposition to the market. Having appropriate linking mechanisms that stitch the seams of the organization together is key. (*For more on appropriate linking mechanisms, see the Musing from Gate 44 entitled "Demystifying Governance: Ensuring the Right People are Making the Right Decisions with the Right Resources."*) Not every "seam" in an organization demands the same degree of linkage for performance to be optimized. The key is to identify those seams that are *most strategically critical* to delivering the results to which the enterprise has committed. If an organization competes heavily on its distribution capability and on its supply chain's efficiencies to keep margins up, then the seams between logistics, manufacturing, warehousing, and sales are vital. Comparably, if an enterprise competes on service and intimacy with its customers, then the seams between sales, service, accounts receivable and order fulfillment are vital. If brand plays a vital role in competitive positioning, then the seams between marketing, sales, and regions must be well connected. These examples are meant to be illustrative, not empirical. Each enterprise must identify for itself its most competitive assets and work those seams accordingly. Most enterprises fail to do this work at great cost in the form of missed opportunities as well as wasted resources. Each of these seams creates a unique portion of the value proposition on which an enterprise competes. Optimizing that value begins with ensuring those who work at those critical intersections understand how their respective piece fits together to create that value. When Sales operates without regard for what the supply chain must do to deliver on the commitments it makes, it undermines the value to customers. When Marketing dictates

=Fit

CONTEXT

ENVIRONMENT
RESOURCES
HISTORY

Strategy
Customers
Offerings
Competitive
Advantage
Profit Value

Culture
Norms, Beliefs &
Behaviors

Work
Core
value-added
work that
defines
offerings

Leadership
Practices, Relationships
& Development

**Structure,
Processes
& Systems**
Governance.org
design,
workflows, IT

People
Skills capabilities
and preferences

RESULTS

ORGANIZATION
UNIT
INDIVIDUAL

FEEDBACK

Figure 4.1
Organization
Performance
Model, adapted
from Nadler &
Tushman

brand standards in a way that fails to build regional and local brand capability, it risks losing the unique nuances of local contexts, undermining the very brand promise it sought to protect. Of course, the opposite is also true—local efforts to increase sales volumes that ignore global brand standards undermine global performance for the enterprise to the benefit of a local P&L. Organizations often describe these value-eroding phenomena as "silos"—functions operating with severe independence absent an acknowledgement or understanding of the adjacent parts of the organization with which they must coordinate and collaborate. "Breaking down silos" is often something we're asked to help with, yet the very leaders most pained by the silos are the ones most invested in protecting them. What they really want is for "them" to "cooperate" more with *their* agenda. Siloism is typically a symptom of larger issues - a culture that rewards and reinforces individualism, a weak executive team that hasn't learned to lead collectively, inadequate governance design that fails to clarify decision rights and responsibilities, the absence of a shared enterprise strategy, or simply ineffective leadership. If your enterprise struggles to create sufficient unifying forces across the seams of key organizational components, one or more of these are the likely culprit behind the struggle.

•*Integrate enterprise-wide initiatives*
The frequency with which multiple, major, transformative initiatives are launched absent any sense of how they integrate with one another is staggering. One of the greatest unintentionally fragmenting forces in an enterprise is the portfolio of strategic initiatives underway, aimed at executing a strategic plan, building key capabilities, expanding product lines, integrating acquisitions, or overhauling core processes. Our inventories of these strategic portfolios almost always reveal that the collective volume of change represented by the entire portfolio of work far exceeds the capacity the organization actually has to absorb it all. This often results from an executive team, or a CEO, that has doled out more yes's than no's, that has failed to prioritize the initiative with some shared criteria for which are more important than others, and is woefully inadequate at making hard, but necessary tradeoffs between competing great ideas. The overload factor usually shows up in a variety of ways. The most common is an outcry from across middle management that sounds something like, "Don't they know we're drowning down here? Every day our priorities change. How much more do they think our plates can hold? We have no time to do our day jobs because everyone is locked up in meetings all day working on project teams and task forces

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that nobody really believes will result in much anyway." At some point, the five-pound bag into which the organization has deposited twenty pounds of work begins to tear, performance suffers, and leaders are backed into a corner of having to shut down efforts that were either ill-conceived to begin with, or worse, had great promise of substantial transformation but drowned in the endless sea of other great ideas with which it had to compete for attention and resources. Initiative proliferation is a common disease among many global enterprises. *(See the Musing from Gate 44 entitled "Priorititis" for more on how to reduce the number of initiatives, align the remainder and get genuine value from those you decide to retain.)* Much of its capacity drain, ironically, is not from having "too many" initiatives. Rather, it is often the case that the organization would have the capacity to execute the majority of what it has planned, but has failed to integrate the initiatives into a cohesive whole. The integration point is one of implementation timing, common resource requirements, apparent cross purposes with other initiatives, or duplicative effort. The failure to purposefully manage the integration points across a strategic portfolio results in a hemorrhaging of capacity that could otherwise be deployed toward successful implementation. As is the case with stitching the seams of organizational components, so too is it vital to integrate the intersections of major initiatives absorbing the resources, attention, and capacity across your enterprise to ensure they deliver optimal results.

Creating healthy cohesion across an enterprise is a necessary art executives must come to master.

- ***Shape reward/recognition structures that reinforce system-wide thinking and action***

It is fascinating to us how reticent CEOs and Enterprise HR leaders are to create compensation structures that actually demand that executives work more interdependently. Compensation structures that put huge portions of an executive's annual cash at risk and that set bonus targets against initiatives they must *individually* lead are asking for the challenges noted above. We strongly recommend that those leading at key seams or leading major initiatives who must integrate to succeed, share in both the risk and reward for the effectiveness of those intersections. Tying compensation to the effective management of those intersections just makes good sense, yet many leaders are reluctant to do it. In many cases, this is because the rugged individualism that usually propels leaders to the top of an enterprise is something they don't want to let go of for fear of diluting the success that got them there. Yet, we see time and again

how often the same individualism that got them to the top derails them once there. It behooves enterprise leaders and Boards of Directors to put guard rails in place that ensure the stewardship of the enterprise's success is shared at least across the officers of the company, if not the majority of senior management. Beyond monetary compensation, organizations that invest huge dollars in recognition and service level programs would be wise to redeploy some of that money to recognize those individuals at all levels of the hierarchy who demonstrate "peripheral vision"—the ability to see and act in the interest of a much larger part of the enterprise than just the one in which they reside. The more such behavior gets reinforced and acknowledged, the more it will be seen as important to adopt. The same holds true for advancement. Leaders who achieve great success and advance their careers as a result are naturally inclined to try and repeat those successes, even if the context doesn't warrant it. Many enterprise leadership competency models promote collaboration, seeing the big picture, putting company before personal interest, etc., but fail to reinforce the importance of these capabilities in their decisions to advance leaders whose behavior belies them. Over time, company folklore becomes a major transmission device for telling the stories that make legends, villains, heroes, and renegades of those who have made their mark on the enterprise. The legendary characters who emerge in an organization's story model behaviors that it may or may not want emulated by future generations of leaders. So, executives must be wary of which stories become part of the folklore fabric of their company. Every company has them. Those who achieve success but leave bodies and broken commitments in their wake ought not to be held up as heroes or as leaders to be emulated. By contrast, those leaders whose selfless leadership coalesces those around them to achieve results no individual leader could realize alone, should not only become the legends and heroes, but deserve the financial rewards such leadership merits as well.

• **Detect Patterns.**
Effective leaders of "among" transformation have great pattern recognition skills, and over time, build pattern libraries in their minds that enable them to easily spot trends, detect shifts in the organization early, and look at issues and opportunities from much higher altitudes. There are many types of patterns one could watch for, but we have seen four that can be of great benefit to leaders looking to lead big change.

— *Historical Patterns:* An organization exists in many contexts, one of which is its own history. Leaders often make the mistake of starting the clock of an organization's story upon their entrance. Failing to appropriately consider the history of an organization—its successes and failures,

its struggles and expansion, its evolving reputation, etc., limits a leader's ability to predict how well an organization may perform in future changes. Stepping back and looking at patterns instead of isolated events helps inform decision making about future direction. This doesn't mean using the past as an excuse—the "we've tried that before and it didn't work" club. Rather, it means using the past as an informant for choices about future change. In one organization in which we worked, the history of failed change efforts was so pervasive that the mere mention of the word change was received with rolled eyes and cynical sighs. The credibility of leaders proposing grand ideas—some of which were actually brilliant—was so low because of their poor track record that the organization had become sedentary and completely immobile. Executives had misguidedly determined the problem was too many people "from the past" who couldn't "get" the vision and so what they needed was "fresh thinking" from people less steeped in the past. The dangerous partial truth in their diagnosis was that they did, indeed, need fresh ideas because nobody was offering any from within the organization. But the even greater fallacy in their diagnosis was that people from the past couldn't get it. A careful study of 9 years of change efforts revealed that at every major intersection the organization faced in the marketplace—new competitive entrants, changing technologies, new geographic opportunities—they always (14 times over 9 years) responded with a massive "campaign" approach to change. The campaigns often had great fanfare and sizzle, posters, logos, big kick off events, and lots of glitzy communications from the CEO. Unfortunately, the targets of the changes were operational and technological, and those people not only didn't respond well to that kind of communication, but felt excluded and marginalized each time. Worse, they had some of the most salient and brilliant ideas on how to make each change come to life, but were never heard or engaged. Instead, they were "done to" and fully baked, yet flawed ideas arrived on their desks all packaged up and ready for implementation. Nobody took the ideas seriously because they were, for the most part, not implementable in the form they arrived. Had the organization recognized that pattern sooner, it could have advanced its growth by billions of dollars, years sooner.

— *Horizontal Patterns:* Most leaders know the frustrating reality of not having access to reliable data to help make decisions. This is worsened by the propensity of many leaders to use hyperbole to bolster the case for their views. "Everybody" is feeling this way. "I've heard from all over the organization that." "It's not that big a deal, we don't need to start a fire where there isn't one." Whether

to heighten a sense of urgency or to minimize it, leaders are making weak attempts at spotting patterns that cross the enterprise. Anecdotal hallway chatter and isolated comments from leaders in the vocal minority become the only data set offered. Unfortunately, these usually *are* of some importance, yet most organizations fail to dig up whatever the presenting pain point really is. The truth is there are patterns across the enterprise indicative of emerging norms that may or may not be desirable. In one commercial real estate company, forecasting had become dangerously erratic and unreliable. In a booming real estate market, there is room for messy forecasts because cash is pouring in. However, when the real estate market turned, it revealed a number of substantial deficiencies in the company, including a weak sales force that for fear of losing its jobs, embellished forecast data with vague terms and irrelevant numbers. It turns out, the misuse of scant data was an evolving pattern across the entire company. The issue was twofold. People feared the loss of their jobs in the face numerous recent RIFs, and the systems and capabilities needed to produce reliable data that would allow more reliable forecasts, budget projections, and market trends, had never been built. So, the more pressure that was put on the system to perform in an increasingly challenged market and the less useful the data, the more people felt compelled to make things up. Had the CEO spotted this pattern early in the market decline, he could have offset wasted energy spent making up data by building the data sets needed for better decision making, thus allaying anxiety.

—*Economic patterns*: Even in the era of great enterprise resource planning technology platforms, many organizations continue to struggle with the needed analytical capability to spot early economic shifts, both in their marketplaces as well as their organizations. Economic patterns are not revealed in isolated pieces of data. Even "trends" in sales, costs, margins, ROIC, cash reserves, industry or geographic buying patterns, or commodity costs, etc., don't tell a complete economic story. It's the patterns *across* those data sets that reveal macro patterns of significance. Having the necessary analytical capability—both technological and intellectual—to foresee the patterns and translate them into foresight that creates competitive differentiation. Competitive differentiation allows organizations to make moves before competitors do, to stem unwanted tides of cost increases, or to accelerate sales volumes in the face of unforeseen demand. It is ironic that institutions—especially those using public money –so frequently lack the needed analytical tools and data to maximize the economic performance they need to achieve.

—*Cultural patterns:* The use of employee engagement surveys, organizational "health" surveys, online employee "feedback" tools, as well as communication devices such as newsletters, town halls, intranet sites, and mass email distributions, are all very common in organizations today. What is striking is the small degree to which the data collected is leveraged to increase the engagement of employees or the health of the organization. Nearly 75% of all large companies in the US now use some form of employee engagement survey, but a recent study by the Center for Creative Leadership[6] found a close correlation between employee engagement and how much employees felt their manager cared about them. Without a close link to a caring manager invested in employees' success, disengagement tended to be high. These surveys reveal a veritable gold mine of patterns that, if detected and acted upon, could unleash unimaginable levels of commitment and engagement. In one organization that conducts an employee engagement survey every two years, a close look at the data from the last four surveys (8 years of data) quickly revealed the number of tenured employees (more than 10 years) who would leave the company for a better opportunity was increasing with each successive survey. It had increased from 38% (already an alarming number) to 64% over eight years. The HR leadership had concluded that since actual attrition hadn't risen *at the same rate*, there was no cause for alarm. What they failed to realize was quitting and leaving *wasn't the problem they needed to worry about*. The fact that so many long-tenured employees –those with the greatest levels of institutional knowledge and experience—who *should* have been the ones most invested in the company's future and receiving the greatest levels of development, were actually *quitting and staying*! The struggles of newer and younger employees to get their ideas heard was causing huge turnover at less tenured levels. Not because that population was the most dissatisfied, but because those that led them were the most dissatisfied. Had someone acted on the data, the trend could have been spotted much sooner, and efforts been made to reengage tenured professionals to reactivate their commitment and leverage their great wisdom and experience. The same way market insights about cultural patterns help drive understanding of consumer behavior and inform choices about product portfolios and features, so too should insights about cultural patterns enable leaders to make strategic choices about how to shape or shift the organization's behavior to ensure that employees from top to bottom are fully participating in optimizing performance.

• *Create Community and Coalition with a New Leadership Paradigm*

In his book, *Community: The Structure of Belonging,* Peter Block suggests,

> "…context that restores [and builds] community is one of possibility, generosity, and gifts, rather than one of problem solving, fear, and retribution. A new context acknowledges that we have all the capacity, expertise, and resources that an alternative future requires. Communities are human systems given form by conversations that build relatedness. The conversations that build relatedness most often occur through associational life, where citizens show up by choice….not out of obligation"

He later suggests our fundamental paradigm of leadership requires new thinking.

> "Community transformation requires a certain kind of leadership, one that creates conditions where context shifts…from a place of fear and fault to one of gifts, generosity, and abundance; from a belief in more laws and oversight to a belief in social fabric and chosen accountability; from a focus on leaders to a focus on citizens…. we need to deglamorize leadership and consider it a quality that exists in all human beings…a construct that is infinitely and universally available."[7]

Increasingly organizations are becoming acutely aware of the social and affinity-creating institutions they must be for their employees. In his book, *Vital Friends*[8], Tom Rath points out the separation of the "work/life balance" is becoming very blurry for many people in organizations now. "Workplace friendships" have become a key part of an employee's sense of communal wellbeing and their commitment to the collective success of that community. The impact of this can't be underestimated. Some of the statistics Rath cites are revealing.

—Without a best friend at work, the chances of employees being engaged in their jobs were 1 in 12.

—People with at least three close friends at work were 96% more likely to be extremely satisfied with their life.

—Employees who had a close friendship with their manager were more than 2.5 times as likely to be satisfied with their job.

Rath also found that only 18% of people worked for organizations that provide opportunities to develop friendships on the job and only 17% of employees reported that their manager had made "an investment in our relationship" in the preceding three months.

Nothing unleashes human greatness more than when those in a community effort rally around a cause in which they believe failure isn't an option. To shape the natural community forces in an organization, and the underlying coalition waiting to be mobilized, organizations must tend to the social fabric of the organization as much as they tend to the technical, brand, or economic fabrics. Especially in a world where people are working more and more virtually from those with whom they must commonly interact, the need for innovative social "glue" is more vital than ever. Social media has taught us many lessons about people's desire to connect, even if through technological means. Natural affinities are found in the workplace on common ground far from the core mission of the organization, yet vital to that core mission's success. Organizations with vibrant cultures and social workplaces invest heavily in social gatherings that are enjoyable instead of contrived, sponsor company sports teams, include families in important social events, and make a big deal of socially responsible participation in efforts of local charities, United Way campaigns, and other endeavors that see the world as much bigger than just the markets the company serves.

In one of our large technology client organizations, a Vice President's son was suffering with a particularly pernicious cancer which required him to be absent from work frequently for medical procedures and hospital visits. He wasn't particularly well known—a good guy and solid citizen, but virtually invisible to most of the organization. Until a secretary from another department wrote about his story on the company's blog. The social capital of being a caring organization was already in place, so the stage was set for a response the Vice President never could have seen coming. The outpouring of support including meal brigades, domestic help, yard help, scholarship funds for the son, and the rallying of medical professionals *from around the world* was breathtaking. Even the company's suppliers and customers got involved. Mounting medical bills not covered by insurance were paid. Access to cutting edge oncologists from leading scientific institutions was made available. This man and his family became a cause for the enterprise. It turns out, this type of response was *routine* for the company. Many stories of such community care abounded in the organization's history. So when leaders needed to rally teams around the globe for important initiatives, unforeseen operational crises, the need to redouble sales efforts to make a quarter's targets, or to make hard choices in the face of cost pressures, the organization tended to produce the same type of committed response. It is part of who they are. The leaders of the enterprise understood the precious asset they had in their culture that so deeply valued its vital sense of community.

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Risk Factor — Transformation *Among*	Current Risk Level (1=low — being addressed; 5=high — no effort underway)
I understand how all of the various components of the transformation underway are linked together and have mechanisms in place to maintain those linkages to prevent fragmentation or working at cross purposes	
Organizational patterns that could both enable and impair transformation have been identified and are being appropriately leveraged/addressed	
Decision rights and role clarity have been established across the enterprise for all those involved in helping lead the transformation	
Reward systems have been adjusted to emphasize and reinforce behaviors and actions consistent with what the transformation requires	
A strong sense of community and cohesion is being formed across the enterprise that helps align and mobilize everyone in a common direction	

ALL THREE AT ONCE?
EMBRACING THE MESS OF SIMULTANEITY AND INTERDEPENDENCE

Achieving transformation intrapersonally (*within leaders*), interpersonally, (*between leaders or groups*), or across all components of the enterprise (*among*), is daunting. But, the truth is you can't change one without considering the implications on all of them. It is not a sequential or causal model—transformation in one domain doesn't automatically lead to transformation in another, *although it can certainly set the stage for it*. To be clear, this model and approach is in no way a "formula" to be followed or a series of steps to complete. Transformation *within* doesn't necessarily beget transformation *between*, which does not accumulate into transformation *among*. When it does happen, it is through an intentional focus on all three domains…. *simultaneously*, not *sequentially*.

It would be easy enough to become overwhelmed at the notion of trying to master any one of these transformational domains. Certainly each one represents a vast array of seemingly endless terrains. The inner, often unexplored territory, of the human psyche—its triggers and responses, the narratives that shape behavioral choices, is the material one must contend with to effect transformation *within*. The capricious, unpredictable, often volatile dynamics of the relationship between human beings or groups of human beings are the forces that must be reconciled when seeking transformation *between*. The possibilities for conflict and options for dealing with it are infinite. And finally, the chaotic nature of human capital, organizational structures, geographies, customers, suppliers, competitors, norms, history, and aspirations which tend more toward anarchy than order, must be balanced to achieve transformation *among*. It is all too easy to consider all of that and ask, "Why bother?" If you muster the courage to try, you might wonder, "Where on earth do I start?"

You must accept a few basic truths about the model. As we mention above, it is not *causal*. Transformation is never that simple or formulaic. Rest assured, although transformation in one domain is not causal, it will impact the other domains. Second, the model is not *linear*. That is, you don't follow it like a recipe—starting with transformation *within*, parlaying that into transformation *between*, and concluding with transformation *among*. That may well be how your transformation goes, and there is something inexplicably viral about transformation in an organization. Like a well-constructed grassroots movement, it can spread like wildfire and numerous transformations within and between can swell into a systemic transformation among. But to try and predict, even orches-

trate, at the outset of a major transformation precisely how it's going to go is as foolish as trying to pinpoint the day, hour, and minute that a baby will be born before it is even conceived. Understanding the interrelatedness of the parts of the organization provides the foundation for being able to transform them. Attempting to control every step of the journey, though desirable for many with strong needs for control, is usually a dire waste of energy and, more often than not, serves to stall rather than propel transformation. *The process of transformation* becomes something to get enslaved to rather than a means to the desired transformation itself. The good news is that achieving transformation on all three domains is very possible and something you've likely experienced already.

Allan G. Johnson, Sociologist and author of *The Forest and the Trees: Sociology as Life, Practice and Promise* again, makes a compelling case for why multi-domain transformation is necessary:

> "If the shape of social life is rooted in relationships between people and the systems they participate in, then those relationships are also where social problems will be solved or not. Personal solutions are just that—personal and individual—they cannot solve social problems unless they include changes in how people outwardly participate in social systems. An individualistic [in our vernacular, focused only on transformation *within*] model encourages us to think that if enough individuals change, then systems will change as well, but a sociological perspective shows why change isn't this simple. The problem is that social life isn't simply a product of people's personal characteristics and behaviors, for these arise out of their participation in social systems. In that sense, social life depends on how people are connected to one another through the structures of social relationships, and systems don't change unless relationships change."[9]

Realizing transformation in three domains

While learning to lead transformative change in multiple domains takes a lifetime to master, be of good cheer. There are some important things you can do right now to increase your odds at being successful in the change efforts you currently have underway, or are contemplating for the near future. Here are a few of them…

- **Build needed managerial courage to take on transformational change**
First, when embarking on a transformative journey, don't assume you'll complete it. Many leaders set out with great promise to achieve transformational change, only to have it derailed by many unforeseen forces along the way. At the heart of successful transformation must be the leader's will to see it through. After decades of studying why change succeeds—or more often fails—we know a lot about how to warranty the former. For most leaders, it isn't that they don't know what to do; it is that they lack the intention, courage and perseverance to sustain it over the long haul. If you aren't sure you have the fortitude to see it through, don't set yourself up to fail. Start with smaller changes that require less time and have less complexity, and see those through to success. With each successive completed change, you will parlay small transformations into the needed courage and determination to endure the larger, more formidable transformative change.

- **Be disciplined and diligent to design change efforts across all 3 domains**
If you begin with the understanding that *every* change endeavor has within, between, and among components to it, you can begin to identify what those are from the outset of your initiative. At each step of the change process, identify each key stakeholders need for transformation *within*, the key relationships among stakeholders that will require transformation *between*, and they key components of the broad organization that will require transformation *among*. Even this simple diagnostic step could yield tremendous value as you bring into view the multiple intersecting change requirements on all three domains.

- **Build and prioritize change capabilities (W/B/A)**
Nobody has all of the requisite skills to realize change in all three domains. And not every change will require change *in equal proportions* in all three domains. Once you've identified all of the required change elements across the three domains, you can predict which will be the most demanding relative to how much capability you and your organization currently have. Inevitably, you will have to build capability along the journey of transformation. Since you only have a finite degree of energy and resource to devote to building new change muscle, prioritize accordingly. Don't try and build all the needed capability at once.

- **Identify your natural proclivities and aversions, and balance accordingly**
Every leader's appetite for the various dimensions of change differs. Some leaders have natural strengths to change *within*, while they also naturally shy away from the messier, more systemic elements of change *among*. Some naturally gravitate toward the relational nature of change *between*, but dislike

the introspective requirements of change *within*. Know your, and your organization's, natural tendencies and make sure your transformational efforts don't suffer from an excessive focus on what you may be very good at already and thus, naturally drawn to, resulting in a deficit degree of focus on the areas you are less inclined toward or less equipped for.

- **Move from change "technique" to 3-domain way of life**
Over time, you will come to see the world naturally through these three simultaneous lenses as you grow more adept with them. Make your mental model of change all three domains, and the overly simplistic change "techniques" that have cluttered management science for too long will lose their appeal. Over the years, we've relied futilely on communication gimmickry, bad metaphors like melting icebergs, and mysteriously moving cheese piles to explain the difficulties of change. Hackneyed exercises conducted in 60 minute workshops whose relevance never seems clear to anyone but the facilitator, and overly simplistic models attempting to explain various aspects of human response to change, are the primary approaches to change management. Each has merit in its own right—even if it's just for levity amidst otherwise very strenuous change work. But, as you embed the three domains of transformation into your everyday managerial routines, you will find that your problem solving, planning, decision making, and resource allocation processes will all go that much more effectively because you will have more ably anticipated the change implications of each.

- **Build self-reflection into daily leadership practices and make it an expectation**
Nearly all leadership models now include some element of self-awareness or self-management as a requirement for effectiveness in leadership roles. But, leaders seem most inclined to demonstrate such self-awareness right around the time the data is being collected for their 360. Humble self-reflection rarely finds its way into the busy, overly demanding course of life for most executives. Reflection is not passive. It's not sitting back in your chair, folding your hands, and staring at the ceiling waiting for the "big thoughts" to show up. It's not just what you do to let your mind wander while running on the treadmill at the gym. Reflection is an *active* process. It is an intellectual activity that analyzes patterns of your own behavioral choices, interactions, successes and failures, *throughout a given day or week*. Take notes, spot trends, course correct, solicit feedback from others, and keep account of the impact your behavior has on others and how closely your actions are matching your intentions. It is one of the foundational capabilities you will need if you are to succeed at transformation *within*.

- **Use feedback devices as a means to stronger relationships**
Even in our most sacred relationships, the mutual exchange of candid feedback about our experiences and the emotions

inherent in those experiences is rare. We have constructed myriad ways of making sure others get the messages we want them to have about our experience of them—especially if the experience is negative. But, direct, non-judgmental, feedback isn't usually one of them. Build mechanisms—including ones that foster direct feedback between you and others- that allow good data to surface and be addressed maturely and productively.

- **Learn to thrive in conflict**
In the course of multi-dimension transformational change, there will be lots of conflict. If you have a tendency to avoid conflict, as many human beings do, or to incite it just for sport, you need to master the art of thriving in the midst of differences, even the intractable ones. More than just being able to "withstand" conflict, or risking the rejection that comes with taking unpopular positions, you must learn to see these situations as more than just things to manage or contain. They *are the very fodder* that can lead to fundamental transformation and breakthrough. It is in situations where individuals, relationships, and systems are pushed to emotional and intellectual limits, that they are capable of realizing fundamental change. Learning to actually *convert* conflicts into transformation is truly the hallmark of masterful transformative leadership. To begin, see the first bullet point above on courage.

- **Make systems thinking and behavior a core leadership requirement**
Just as it would be foolish to expect an accountant to perform her job without training in the disciplines of finance and general accounting principles, it is foolish to allow leaders to manage without training in the science of systems. While we throw around buzz phrases like "see the big picture" and "connect the dots," we often fail to respect the deep level of science behind systems theory. Just as good finance is way more than using a calculator or reading a P&L, good managerial systems science is more than just being able to think conceptually the Newtonian relationships between recurring symptoms and problems. With a deep understanding of systems science, comes a set of leadership behaviors that demonstrate a full appreciation for the complex systemic nature of our organizations.

- **Strengthen matrix relationships with institutionalized contracting and service level agreements**
(see our Musings from Gate 44 *Surviving the Matrix: Making the Horizontal Organization Work for You*). Most global organizations have structures that demand multiple accountabilities from their leaders across the organization. More than just a "dual reporting relationship," a matrix organization is one that is designed to foster the ability to both receive and place multiple demands on a leader. It is the juggling of multiple demands, which seemingly compete or contradict, that make matrix relationships so difficult. While there are many organi-

zational forms and relationships we could draw attention to, we are specifically highlighting the matrix relationship because, when harnessed well, it is a natural device for transformation. Conversely, when enacted poorly, it can be a major detriment to transformation. Institutionalizing a contracting process that negotiates and documents clear mutual accountabilities and service level agreements can not only save endless pain and confusion, but can actually accelerate transformation. Given these relationships tend to be rife with conflict; they are ripe with opportunity for change.

- **Embrace the complexity and chaotic nature of transformation vs. attempting to "contain" it.**
Lastly, don't fight what you can't control. As Meg Wheatley says:

"Western cultural views of how best to organize and lead (now the methods most used in the world) are contrary to what life teaches. Leaders use control and imposition rather than participative, self-organizing processes. They react to uncertainty and chaos by tightening already feeble controls, rather than engaging people's best capacities to learn and adapt. In doing so, they only create more chaos. Leaders incite primitive emotions of fear, scarcity, and self-interest to get people to do their work, rather than the more noble human traits of cooperation, caring, and generosity. This has led to this difficult time, when nothing seems to work as we want it to, when too many of us feel frustrated, disengaged, and anxious."[10]

The mysterious forces of chaos that comprise our organizations at their best and worst are bigger than we are. Working to contain them all with militant PMOs, forced marches through 2-day workshops for our top 5000 employees, excessive mass email campaigns with repeated core messages, and other change management devices aimed at controlling change, can only go so far in helping to steer massive change. Part of the maturity and courage of leading transformational change is accepting the reality that a good deal of it will be beyond our control. This should be a liberating realization, not a daunting one. Once you can let go of the need to have transformation "go your way," you will do far better at riding the waves of it. Along the grueling pathway of transformation, you have to be able to delight in the thrill of it all—the parts that happened at your hand, the parts that happened in spite of you, the parts that came with just sheer luck, and the parts that seem to appear out of the blue—mysteriously arriving just at the right time with a ray of clarity and energy that causes those with whom you are on the expedition to conclude, "Wow, this really is all worth it." Those are the most sacred moments of a transformational journey, and if you are busy trying to control it, you'll miss them.

EPILOGUE:
LEADING SUSTAINABLE TRANSFORMATION

We recently met with a long-time CEO client of ours, with whom we worked for several years on the transformation of her organization. When we entered her office, her chair was turned and she seemed deep in thought. She was holding a hand-written note and appeared to be staring at it more than actually reading it. We knocked and she turned her chair toward us. It was clear that whatever she had been reading had made an impact on her. She composed herself and said, "Nobody deserves to receive notes like this." We feared it was a mean-spirited note from a disgruntled employee lambasting her for the hard choices she had made to turn around and grow her bio-tech upstart. We asked her about the note and expected a report of cruelty and parochial immaturity. She still wasn't able to tell us about it, so she just reached out and handed it to us to read for ourselves. She gave us permission to publish part of the note here. This is what it said…

> …I became a scientist, a chemist, because I wanted to make medicines that saved people from suffering and dying from diseases. Sure, when I was young and idealistic, I believed I could change the world. And I'm sure that the fact that my mom died of cancer had something to do with it too. Isn't there some personal reason most of us came into this field? Now that I've worked in a corporation, I see how cruel and cold the world can be-and sometimes has to be-to get stuff done…as I've watched you steer this mess over the last couple of years, at times I've hated you because my friends lost their jobs. At times I was surprised by you because you showed uncommon vulnerability and compassion to us. At times your brilliance has intimidated all of us—you just know your stuff! But today I just wanted you to know how much I appreciate your leadership and what you've done for our company. The first year studies are just coming in after the launch of [drug] I worked on for the last six years. It's really working! People really are getting better –their deteriorating conditions are reversing from the therapy. It suddenly hit me. I *am* living my dream. I created a medicine that is ending the suffering of others. In my own small way, I did change the world. And if it weren't for you, and all that you've done to change us, it never would have happened. I can only imagine there were moments where you sat privately in your office tearing your hair out from all this nonsense. The hard choices were probably as painful for you as those affected, though at the time none of us gave you the benefit of the doubt. But you got us through it, and now we have three medicines on the market changing lives. Together, we've all changed the world in our own small way, and I just wanted you to know how much I appreciate what it took for you to lead us here. Without you, none of us would be here. Thanks.

We, too, were silenced by the beauty, the simplicity, and the profound meaning of this note. She explained to us that the woman who wrote it was a young, Asian-American whose parents brought her here from Korea. She was a first generation American, and her parents sacrificed a great deal to get her through medical school and her mom died before she graduated. Of course, that made the story that much more powerful, and humbling.

The gratitude on our client's face was aglow. She would never say "it was all worth it" because she's not clichéd about these things. Make no mistake, the journey was brutal and she suffered. She faced off with ruthless, unforgiving analysts and a narrow minded Board whose trust she had to keep earning. There were dramatic setbacks, including the initial failed launch of their first drug. The business press was punishing in their reporting and expressions of gloom and doubt in her and the company. There were defections of key leaders. She suffered hard and "dark nights of her soul" to bring the company to where it was. As the note suggested, no one but she fully understood the extent of the scars left by the grueling journey.

It doesn't matter if your organization makes medicines that cure fatal diseases, or if you make paper clips, or run a set of hotel chains, or make snack foods, or software. Regardless of what you do, the transformation you are leading is far more about *who you are*, and who you collectively hope *to become*. Whether you lead 100 people or 100,000 people, they are each there, day in and day out, because *something* matters to them. And if they've been loyal to your organization over many years, you can bet that your company—and its future—matters to them.

You may never receive a "thank you" note. People may never get over the contempt they feel for the hard choices you will have to make. You will, or may be already, suffering colossal bouts of doubt in yourself, in your vision, in the choices you have made or have yet to make. Hopefully, you have seen glimpses of hope in nascent evidence of better results, on the faces of those gaining confidence, in increased penetration into new markets with new offerings, in the tone of possibility and cooperation on your team, or in your gut as you sense that progress is being made. It's all part and parcel of what leading organizational transformation demands.

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If you have undertaken such an expedition, then we do hope one day you receive a note like the one our pharmaceutical CEO received. If your heart is not motivated by self-interest, but rather by the extraordinary privilege it is to do what you are doing, than you deserve a note like the one above. Your own transformation will be every bit as stunning as the one you have led your organization through, and we would hope others on the journey with you would acknowledge it as such.

No one will ever understand what you have endured to lead transformation, so don't ask that of them. Instead, remain grateful that anyone is willing to go with you at all. No one will ever deeply embrace the vision of what is possible to the depths you can. Don't expect that of them. Instead, let them inspire you with whatever interpretation of the future they can make, gruff or pedestrian though parts of it may be. See beyond that to the genuine desire to reach forward as best they can.

The next chapter of your organization's story is unfolding, tumultuously, disruptively, and sometimes orderly, but fueled with the hope and promise of becoming more. That is the ultimate crowning achievement of the transformational journey. Not just that the destination itself will be remarkable, but *who you will become* as a result of making the journey is every bit as exceptional as the destination itself. Keep that in mind at all times, and when you arrive at the destination you dreamt of at the outset, the faces of those around you—colleagues, customers, suppliers, analysts, friends—will all convey the sentiments expressed above, not just to you, but to one another. You will innately understand that you didn't just help change their world, but you enabled them to change it as well. No set of stock options, no cash bonus, no plaque or award, no newspaper headline, will ever be as rewarding as the look on their faces.

Though many leaders of transformation become casualties of their own journeys and never reach such a summit, our hope is that you will be the exception to that statistical rule. If you are willing to do the hard work in each domain of transformation, our belief is that the odds are in your favor. The people—dozens—hundreds –thousands—tens of thousands –embarking on the journey with you are certainly counting on you to beat those odds.

After we composed ourselves from reading our client's note, we asked her how it made her feel to receive it, undeserving though she said she was. She said, "To tell you the truth, it is an amazing and humbling gift, and I'm sure I'll read it many times over. But the best part is I get to see her every day. The dream isn't ending, it's just starting. She gets to keep doing what she loves over and over now because we are here. That's the big secret of leading such a big change. You don't arrive at the end. You arrive at the beginning."

Welcome to the start of your beginning.

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Notes:

1. *Corporate Transformation Under Pressure*; Josep Isern, Mary C. Meaney, and Sarah Wilson, McKinsey Quarterly, July, 2008.

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3. *The Leader on the Couch: A Clinical Approach to Changing People and Organizations* by Manfred Kets de Vries, 2006, John Wiley & Sons.

4. *The Forest and the Trees: Sociology as Life, Practice and Promise* by Allan G. Johnson, 2008, Temple University Press.

5. *Future in-Formation: Choosing a Generative Organizational Life* by Ron A. Carucci and Josh J. Epperson, 2008, Outskirts Press.

6. "Employee Engagement: Has It Been a Bull Market?" by Jennifer J. Deal, Ph.D., Sarah Stawiski, Ph.D., and William A. Gentry, Ph.D., Center for Creative Leadership Reports, Issued July 2010.

7. *Community: The Structure of Belonging* by Peter Block, 2008, Berrett-Koehler Publishers.

8. *Vital Friends: The People You Can't Afford to Live Without* by Tom Rath, 2006, Gallup Press.

9. Ibid, *The Forest and the Trees: Sociology as Life, Practice and Promise* by Allan G. Johnson, 2008, Temple University Press.

10. *Leadership and the New Science: Discovering Order in a Chaotic World* by Margaret J. Wheatley, 1999, Berret-Koehler Publishers.

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