

CHAPTER 15

ORGANIZATIONAL CULTURE & CHANGE

Because organizations are made up of individuals with different talents, personalities, and goals, the organization will have a distinct culture. Some aspects of this culture change when the personnel do; other aspects seem to be fixed and enduring. The anatomy of an organization's culture – how the business functions on a day-to-day base – can strongly influence that organization's potential for success or failure. In addition, the ability of an organization and its leaders to cope with change and encourage innovation also impacts mission effectiveness.

INTRODUCTION

Have you ever entered a new organization and tried to make a change, only to be told, “We tried that and it never works”? Or asked about a process and been told, “That’s the way we’ve always done it”? Inertia and habit are hard for an organization to break. But a struggling squadron with a poor organization culture doesn’t have to fold – it can change. You were introduced to the concept of organizational culture and change in chapter 11. Read the first article in this chapter, “Organizational Culture,” to identify a common framework that is necessary for changing an organization’s culture. The author suggests that a process of engagement, cycle, and review is one of the best ways to recognize the characteristics that define an organization.

Since there’s no way to stop change from happening, you and your organization will fare better if you can take change in stride and adapt without complaint. If you have a big change coming up – at school, home, work, or CAP – try the methods listed in the second article, “Manage Change – Not the Chaos Caused by Change,” to ease the process. The author identifies several positive steps to make a change program successful, including opening channels of communication, developing a learning environment, and providing training.

Even with open communication, careful planning, and extensive training, your new program or idea may still meet with resistance. The author of “Keeping Change on Track” explains why change can be so difficult, and lists a number of pitfalls that derail change efforts. Knowing about them in advance can help you watch for and avoid common problems during times of change.

In our current environment of global communication, rapid change, and instant access to information, innovation can be crucial to an organization’s survival. Finding ways to encourage creativity and innovative work within your team, staff, or squadron can be a challenge for any leader. The fourth article, “Developing an Innovative Culture,” reveals several ways to improve culture in organizations through strategies that involve soliciting feedback from employees, encouraging open communication across companies, and encouraging new ideas. Organizations should take advantage of opportunities that arise for learning and development when employees change positions, and leaders can encourage innovation by setting an example of trust and by sharing time and experience with employees. As you read this article, try replacing the word ‘employees’ with ‘volunteers’ to see how the author’s message applies to CAP.

The final article in this chapter points out personal leadership traits to develop in order to help your organization develop a positive culture and deal with change. In “The Twenty-First Century Leader: Social Artist, Spiritual Visionary, and Cultural Innovator,” the author suggests that the increasing complexity and rapidity of change in the modern day calls for a new type of leader, one who can combine art, vision, and innovation.

CHAPTER OUTLINE

This chapter’s readings are:

Organizational Culture

Dorian LaGuardia, “Organizational Culture,” *T+D* 62, no. 3 (March 2008): 56-61.

Managing Change -

Not the Chaos Caused by Change

Beverly Goldberg, “Manage Change - Not the Chaos Caused by Change,” *Management Review* 81, no. 11 (November 1992): 39-45.

Keeping Change on Track

Richard Bevan, “Keeping Change on Track,” *The Journal For Quality & Participation* 34, no. 1 (April 2011): 4-9.

Developing an Innovative Culture

Erika Agin and Tracy Gibson, “Developing an Innovative Culture,” *T+D* 64, no. 7 (July 2010): 52-55.

The Twenty-First Century Leader

Fahri Karakas, “The Twenty-First Century Leader: Social Artist, Spiritual Visionary, and Cultural Innovator,” *Global Business & Organizational Excellence*, (March/April 2007): 44-50.

CHAPTER GOALS

1. Appreciate the role culture has in organizational effectiveness.
2. Appreciate the need for leaders to affect change in organizational culture
3. Describe principles of managing cultural change in a positive way.

15.1 Organizational Culture

By Dorian LaGuardia

OBJECTIVES:

1. Describe the effect of negative stories and complaints on organizational culture.
2. Outline the three steps of the author's organizational change cycle.
3. Define the term "tipping point."

You hear the refrain often: "The problem with our organization is our culture. It's why we aren't more innovative, why the wrong people are promoted, why we don't have good leadership." Some of these complaints are justified, if a bit counterproductive.

Workplace learning and performance professionals understand that culture can easily limit much of what we need to do. Because culture is hard to pin down in practical terms, let alone to effectively change for the better, it remains a baffling issue.

However, organizational culture is simpler than our personal cultures, and it is much easier to change than we imagine.

DEFINING ORGANIZATIONAL CULTURE

Organizational culture is different from world cultures, those tapestries of shared histories, languages, beliefs, and foods, which are the source of our identity. Our personal culture affects how we marry, how we raise our children, how we celebrate events, and how we mourn death.

Organizational cultures are not so encompassing, lacking the broad links that help define how we understand ourselves among others. This weakness also implies that organizational cultures are dynamic. The good news is that organizational cultures can adapt and change to new influences quickly.

Organizational cultures are interpretive. Remember when you first took a position in a new company. Remember how strange things seemed, but soon that strangeness seemed to disappear. At that point, you knew the organization's culture so well it didn't seem to exist at all.

For example, bank headquarters are typically grand and luxuriant offices located amid urban centers. They often have bold artwork and distinctive furniture. Whether we acknowledge it or not, these characteristics are purposeful. The company wants you to feel that you are in a place of wealth.

This environment not only influences customers, but also the people who work there. Employees likely will come to espouse this same feeling of wealth and importance.

Most organizations do not rely on such overt references. Instead employees are left on their own to interpret an organization's culture.

IDENTIFYING COMMON REFERENCES

Defining an organization's culture requires being able to identify common organizational references. For example, how do employees describe their colleagues? What are some of the common phrases or stories they tell each other? Such depictions as "bureaucratic" or "people are not valued for their experience and expertise" become a common reference point for interpreting culture whether or not they are accurate.

References become so common in organizations that we often cease to question them. We stop interpreting and simply let the dominant references inform the way we work.

For instance, a co-worker returns from a meeting and says, "As usual, they didn't read any of the documents I sent so the conversation went nowhere. Management doesn't care about the work I'm doing. They were dismissive and wanted to talk about their issues more than all the hard work I did. It's always the same. They just don't care."

If you are listening to this story while preparing for a presentation to a group, you may become hesitant, worried, or defensive. In turn, these attitudes may cause management to be dismissive of your ideas.

Consider another example. You are excited about starting a new position. Many of your new team members welcome you and share your excitement. One person even takes you aside to tell you how things really work. They tell you to avoid John because Susan, the director, really dislikes him.

This co-worker is providing you key references for how you should interpret the organization. The organization

tolerates ignorance, and the directors share their personal impressions of people with other employees.

Those are powerful messages to new employees, and ones that will surely influence their interactions from that point forward. This example illustrates that simple stories actually transmit common organizational references.

When stories are negative, reductive, and focused on things that don't work, energy, commitment, innovation, and teamwork suffer. For instance, when you hear such negative stories, do you return to your desk with the energy and commitment? Or do you spend a few hours regrouping, browsing the Internet, and making personal calls? Most of us fall into the latter category. Time we spend regrouping equates to unproductive hours that few organizations can afford to lose.

CHANGING THE CULTURE

Because stories help define an organization's culture, it's easy to use them to change that culture. Simply get people to tell stories that amplify the best aspects of the organization. More important, tell positive stories often to drown out the sound of competing stories.

Typically, organizations try to exemplify their stories by using a common vision and mission statement. Vision provides the aspirations. Mission provides the direction. Unfortunately, vision and mission statements often are poor stories. They either lack drama, or contain too much melodrama. They are abstract and fail to relate to day-to-day roles and responsibilities. They don't engage workers.

Yet, changing an organization's culture does depend on having a common framework. The framework can be used in various ways to get people to share stories about how people across the organization deliver exceptional performance.

Recently, organizations have been developing competency frameworks, which are sets of words and phrases that outline the skills, knowledge, attitudes, and behaviors that the organization respects and that employees need to perform their jobs well.

Competency frameworks not only provide a solid foundation for talent management, but also are well suited for culture change initiatives. They provide a clear backdrop for asking questions and engaging workers to tell stories about what they do well.

Using a competency framework is the best way to generate a number of stories that exemplify the best aspects of the organization and, in the process, to effectively change the culture for the better.

This is an issue of volume. The trick is to counter the negative stories with true stories about positive experiences in the organization without any embellishments or editing.

USING INQUIRY, ENGAGEMENT, & REVIEW

The best way to get people to share good stories is through a cycle of inquiry, engagement, and review.

Inquiry. This includes soliciting answers to questions about how people interpret skill competencies and positive values. You might ask, "Think of someone who exemplifies teamwork. What is it that they do that embodies this competency? How could others learn from this example?" These sorts of questions force people to think differently and invite them to broaden their perspectives regarding organizational values.

Sample tasks in the inquiry phase:

- Conduct a five-question survey that asks people to cite examples of key competencies.
- Conduct a simple survey that invites people to share what they value about working in the organization.
- Set up a peer-interview process, whereby two people are given a questionnaire and asked to interview each other. Post interview results in a common forum.

Engagement. This builds on common themes identified during the inquiry phase by asking other people to comment on the stories that were shared. You might say, "Seventy-three percent of the people surveyed said that the best collaboration in our organization happens among small, informal groups that share a passion for a particular subject. Can you cite any examples of this type of collaboration that you've experienced?"

Sample tasks in the engagement phase include

- Conduct a survey that invites people to match specific workplace challenges with the competencies or other common references. Ask them to describe how they exemplified specific competencies to meet the challenge.
- Conduct a debate among members of the senior management team. For example, have management debate which of the competencies is the most important given the organization's mandate.
- Invite general staff to describe why specific competencies are important and how their managers exemplify those competencies.
- Introduce training and development activities that align with the organization's competencies.

Review. This action strives to uncover the best stories from the engagement and inquiry phases, as well as determine how best to circulate these stories throughout the organization. It also requires some investigation of patterns and trends in how people relate to the common references, competencies, or other frameworks that extol the organization's best performance and values.

In particular, you want to identify common phrases, similarly stated challenges, or a typical story about high-performing individuals. Circulate common stories as broadly as possible, either via newsletters, the intranet, or on bulletin boards in break rooms.

In addition, when you spot a trend in the review phase, be sure to highlight it in the next cycle of inquiry, engagement, and review. For instance, if multiple employees report, "Our organization has some of the brightest minds in the field," your next cycle of inquiry questions could include, "How does the fact that the organization has some of the brightest minds in the field enable it to build partnerships?"

SPOTTING THE TIPPING POINT

How do you know how many times to repeat the inquiry, engagement, and review cycle? This is difficult to determine, but you'll likely know it when you get there. Once you reach that point, changing the culture will continue on its own.

Organizations, like all systems, experience tipping points—points where system inputs are sufficient enough to cause exponential changes in a new direction. For example, physicians use this concept when prescribing medicines. They know precisely how much medicine will be needed to cause sufficient change to the system to combat bacteria or germs.

Unfortunately, we don't have that level of scientific acumen in organizational dynamics. Instead, we need to rely on a keen eye and investigative talent to spot common cultural indicators.

Architects of cultural change programs must be patient and trust the process. It will be extremely difficult at times to see any change and to listen to pessimistic stories that disrupt work and negatively influence the organization's culture. In fact, negative stories are sometimes told more often during the process, only to go silent after a short while.

This organizational dynamic is difficult to track. However, if you cease the process, negative stories will quickly overwhelm any good you may have started. Again, it's like medicine. If you stop taking tablets before the prescrip-

tion runs out, you risk having the infection return quickly and with full force.

USING YOUR SYSTEMS

Once a tipping point has occurred and you are satisfied that the organization is adopting a positive culture, you need to ensure that all of your systems, such as recruitment, training, talent management, and performance management, reflect and champion it. You want the new, positive stories to become so common that people can't remember what came before.

If you follow the inquiry, engagement, and review process, you will undoubtedly create culture change. More importantly, you will definitely be surprised at how effective, productive, content, and committed employees become, and how much better it is to work at your organization.

ABOUT THE AUTHOR

Dorian LaGuardia is a Europe-based consultant; dorian.laguardia@thirdreef.org.

From: Dorian LaGuardia, "Organizational Culture," *T+D* 62, no. 3 (March 2008): 56-61. Used with permission.

15.2 Manage Change – Not the Chaos Caused by Change

By Beverly Goldberg

OBJECTIVES:

4. Define the three stages of the change communication framework.
5. Identify the major roadblock to managing change successfully.
6. List necessary steps for successfully managing change in an organization.

In the 1400s, in the city of Mainz, Germany, Johannes Gutenberg invented movable type and revolutionized the world. Typesetting, letter by letter, was done by hand from then until the 1880s, when mechanized typesetting – linotype – made it possible to set whole lines of type in a single operation. In the 1950s, cold type became commonplace, allowing for even faster typesetting; then, in the mid-to-late '80s, the development of affordable computers that enabled almost instantaneous typesetting began a new publishing revolution that has not ended. Today, desktop publishing means quick, easy and less costly delivery of an incredible variety of publications.

The times between these changes – 480 years, 70 years and 20 years – are a good indicator of the increased speed with which change is taking place. As a result, change must be managed differently: The classic change management techniques that helped organization institutionalize change are no longer adequate to meet today's needs.

According to classic theory, change management required several steps: unfreezing the organization's existing culture so that a change could be brought in, creating cognitive recognition to open the workforce to what was new, and then refreezing the culture once the change was accepted. The idea was that the culture would then remain constant until the next change came along. That may have worked when change came about only every 20 years or so. In a world in which change seems to occur every 20 minutes, a new framework for managing change is necessary (see chart below).

In this framework, the first or Static Stage, as in classic change management theory, calls for unfreezing the current culture by convincing employees that the organization is changing and the changes have the strong support of senior management. The second or Fluid Stage begins when employees start to understand that the changes will benefit them as well as the organization. They recognize the whys and wherefores of what is new and they accept it. Then, breaking with the classic idea of refreezing the culture as a final stage, the culture is moved to a Dynamic Stage, where people work with the new machines or processes and act in the new manner, but await – and even anticipate – the next changes that

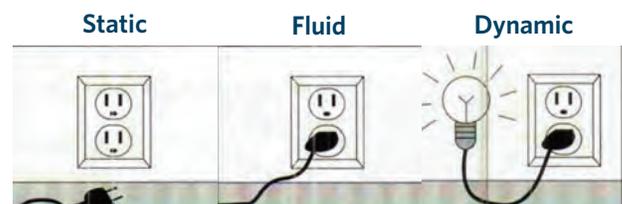
will be made. In other words, openness to change and anticipating change become the mind-set of the organization.

A LABORIOUS TASK

Helping employees through change is not an easy task. It requires formal programs that must be introduced gradually and managed with care and thought. They must be planned for with the same care as the new strategy or technology that is making change necessary. Each part of a change program must be constructed so that the need to be prepared for constant change reaches – and is understood by – employees at all levels. But this is far easier said than done.

The major roadblock to managing change successfully is the fact that change does not happen in isolation. Take the case of a major East Coast insurance firm that encountered more than a few pitfalls when it attempted to bring about change.

The technology services group was trying to achieve the goal of employee acceptance of computer-aided software engineering (CASE), a leading-edge technology for developing computer programs that requires a number of changes in the way people work and the way they think about their work. CASE shifts the emphasis in developing programs from writing the programs, which is the job of programmers, to analyzing the business function the pro



Static	Fluid	Dynamic
The mind-set of the organization is frozen and needs:	As the mind-set opens, build recognition, understanding, and knowledge by:	The mind-set is open to what is new and other projects:
Senior-level determination to take a new road	Demonstrations	Anticipatory capabilities
Employee awareness that survival means change	Opportunities for learning	Flexibility
	Training	Acceptance of continuous change and learning

gram will serve and then having the computer write the program instead.

Before CASE, business groups had to explain to a programmer that they wanted information regarding the health risks of smoking, for example. The programmer then wrote a program that pulled the necessary information from the company's computers. Once the basic program was written, those who requested the information would review it. Inevitably, the program would require changes so that it would retrieve the specific information needed, for example, collect information on health risks of smoking by males in a certain income bracket.

With CASE, businesspeople spend a great deal of time analyzing the business needs that the program will serve. The analysis is then fed into a computer on which CASE has been installed and the program is generated automatically. The detailed upfront business analysis prevents many of the problems that develop when a programmer designs a program without a clear understanding of the purpose of the program.

A number of pilot projects were underway at the company. Selected groups were developing a number of major computer applications in this new way. CASE was the subject of a great deal of speculation by the technology services group because switching to CASE technology created fears among programmers about the need for their skills in the future. At the same time, the businesspeople were concerned about the amount of time they were spending doing upfront analysis instead of concentrating on their jobs. These two groups also had trouble communicating because of their different backgrounds and "special" terminology, acronyms and jargon commonly used only within their own groups. Also, they had never worked together before.

MACHIAVELLIAN CHALLENGE

It should have been easy to explain to the programmers that their skills would be used differently; they could do much of the upfront analysis if they enhanced and updated their skills. The businesspeople needed to believe that the time they invested upfront would pay back in programs that would allow them to do their jobs better. This turned out to be far from easy.

Changes of any sort are never easy. Machiavelli's descriptions of the problem faced by those who must bring about change is just as apt today as it was when he wrote it in the 15th century: "It must be remembered that there is nothing more difficult to plan, more doubtful of success, nor more dangerous to manage, than the creation of a new system. For the initiator has the enmity of all who would profit by the preservation of the institutions and merely lukewarm defenders in those who would gain by the new one."

In this case, the difficulties normally associated with bringing change were magnified by an organizational history of upheaval, rumors about the pilot programs, the launching of new initiatives, the cursory attempts to explain what was going on without addressing the specific change, and a basic distrust of the abilities of other departments, especially communications and human resources, to help facilitate the change.

TRUST IN MANAGEMENT

The employees in the technology division did not believe that senior management was telling them the truth because of a recent history of reorganizations, large workforce reductions and the belief that further reorganizations were likely. Moreover, before the most recent reorganization, the company had denied rumors that reductions in workforce would occur until hours before the announcement was made. The combination of historical evidence and a lack of trust made every statement issued by senior management suspect.

Senior management recognized the need to do something to stop the negative speculation about CASE fairly late in the game. The pilot projects had been underway for almost a year before management became aware that, instead of greeting CASE with enthusiasm, employees were apathetic, secretive and reluctant to go off-site to attend training sessions.

Coincidental with the introduction of CASE, a number of systems, including e-mail, were slowly being put in place to make the office function more efficiently. In addition, another group within the division was creating an organization-wide data bank that would allow senior management to access financial information in real time. Unfortunately, the data bank could not be accessed by the hardware and software used for the new office system. Confusion over what was happening and frustration in the face of supposedly "new and improved" technology that actually was wasting time and energy created strong pockets of resistance to change.

The few attempts to help employees accept the changes taking place were based on textbook change techniques, and thus ignored the problems specific to the organization. For example, given the organization's history of upheaval, employees were not satisfied hearing middle managers say, "Word is that the head of the company supports this." Nor were they satisfied by a letter from the CEO saying, "We are going to move into the future rapidly."

Management in this department was unhappy with the lack of attention its work was given in the company newsletter and the communications vehicles tailored to the department. It believed the communications people did not understand the tools or the language of technol-

ogy, and that the human resources department was ineffective. In fact, human resources frequently sent applicants who had the wrong skills for the job. On the other hand, the technology department's managers never explained to human resources the specific skills they were seeking. Instead, they simply rejected the department as worthless, never finding out, for example, that there were video training tapes available that discussed problems that occur when change takes place.

TIPS for PRACTICAL APPLICATION

To manage change successfully, each step must be communicated to employees using various communications tools, such as paper or voice mail memos, bulletins, newsletters, focus groups, forums, brainstorming sessions, meetings, training tapes, multimedia presentations, performance rewards, classes, and broad circulation of specific information, particularly articles. Each of the items on the checklist below represents a necessary step in managing change:

- Stop the rumor mill.
- Begin a strong, targeted communications campaign.
- Make senior management commitment clear.
- Make employees aware of why the change is necessary.
- Achieve buy-in at all levels.
- Break down the barriers between employees.
- Provide training.
- Ensure that anticipatory capability is built into the culture.

CHANGE AS WARFARE

Since there were so many landmines planted and the change was already underway, managing this change required a more intensive, longer program than usual. It took three to four months to establish enough momentum so that it could continue on its own (normally, one to two months is sufficient to get a program up and running). The first stumbling block was the inability to pull together the ideal team – one or two members of the group driving the change, as well as members of the communications and human resources groups – because of the technology group's negative feelings about those two groups.

Although the client company assigned a very strong, senior-level individual to work on the change program, one person is not the same as a team. First, having a trained team is an added value for a company because it enables them to develop their next change program on their own.

Moreover, since change is continuous, the team also can be the beginning step of a long-term effort to build a

learning environment. In addition, if one member of a team leaves, the organization does not lose all of the skills. Furthermore, the mandate not to use the communications department meant that a lot of time was spent building communications vehicles from scratch. For example, the major communications vehicle, a new newsletter directed at the change to CASE, had to be designed and produced without the use of internal resources.

The final step before putting a change program in place was to “take the temperature” of the organization more thoroughly, checking that the problems described by management were real and that the ones they were unaware of were taken into account. The department had more than 1,000 employees and a set of interview and focus group sessions were needed to ensure that the right techniques were selected. Following are the five major components of the program:

- *Opening channels of communications.* Since what people don't know can hurt the organization, it is important to open a dialogue between management and employees to forestall speculation. Knowledge prevents misinformation and disinformation and reduces the chance that playing politics against change will succeed. Moreover, letting people know what lies ahead helps them face the uncertainty brought by change and eases their adjustment to the new reality. It starts them on the road to understanding.

The major method of communicating to a group this size was the newsletter. The first edition contained an open letter to that division from the head of the organization. It clearly stated his determination to make the shift to CASE technology. The newsletter also provided information about other organizations that had successfully introduced this technology and information about CASE itself. Subsequent editions continued to drive home the message of upper management support and provide examples of successes.

- *Creating visionaries and change agents.* The conflict between those who believe that the best way to drive change through the organization is from the top down and those who believe change must be driven across by example is extremely easy to resolve. Change is best and most firmly driven deep into the organization when management takes a two-pronged approach, establishing visionaries at the senior level who drive change down into the organization, and change agents or champions at the middle management level who drive it across the organization. In other words, a double effort is needed to ensure successful buy-in at all levels and across all functional areas.

- *Developing a learning environment.* Continual learning and an educational environment help employees at all levels and functional areas not only to accept the fact that change is critical to success, but also to search for future change opportunities. Employees learn that an-

ticipating the changes being made by competitors is critical to the company's survival. And building understanding of the continuing nature of change brings greater acceptance of current change.

- *Providing training.* Employees were informed that they would be given every opportunity to learn the new skills that would enable them to work with CASE. The initial training offered was not, however, in the form of training classes during business hours. A "Choice Learning Lab" approach was decided upon, one that allowed interested employees to come in early or stay late to explore new technology. Those who showed interest were invited to take formal classes. The result of this approach is that the first to learn are the most interested and confident of their abilities, and are most likely to become change agents enthusiastically promoting what they learn.

- *Establishing a team approach.* Getting people who had previously had little contact with one another to work together comfortably and to understand one another was critical to the successful implementation of CASE. A "Book of Words," a dictionary containing definitions of the acronyms and jargon used by businesspeople and technologists, was created to help communication and understanding.

In addition, "Partnership in Action" sessions were held with members of the pilot project discussing the problems they had in the beginning with groups that were entering training.

Bringing change to an organization is a difficult process. It requires the right mix of psychological, communications and management skills –and a great deal of empathy and understanding of the pain it causes people. In many ways it is like parenting: You know you are doing it for the child's own good, but it still hurts to watch the growing pains.

The rewards, however, can be great. A successful change program opens the organizations to the specific change needed at the moment and, if handled correctly, creates a dynamic environment that will enable the organization to remain competitive in the future. Thus, it helps individuals, organizations – and the American economy. And that, of course, helps us all.

ABOUT THE AUTHOR

Beverly Goldberg, vice president and director of publications of the Twentieth Century Fund, a New York City-based think tank, is also a partner in Siberg Associates Inc., management consultants.

From: Beverly Goldberg, "Manage Change - Not the Chaos Caused by Change," *Management Review* 81, no. 11 (November 1992): 39-45.

15.3 Keeping Change on Track

By Richard Bevan

OBJECTIVES:

7. Name several pitfalls that can cause change to get off track.
8. State and define seven core factors in successful change management
9. Identify three key aspects of organizations that readily adapt to change.

It's rare to find a business leader who is not involved with planning or managing a change process of some kind. Whether major (a plant shutdown, merger, installation of a new IT system) or on a smaller-scale (engagement of a new leader, sales force reorganization, new compensation plans), change can raise questions and concerns, present operational challenges, and impose demands on time and resources. The cost of managing the process may increase greatly if attention is diverted from day-to-day work with customers and prospects.

We often see significant changes implemented with scant attention to identifying and addressing the challenges it may create among those involved, the questions it will raise, and the issues and needs it will generate. As a result, many change efforts stumble, and some fail entirely. For example, Peter Senge states that two-thirds or more of total quality management (TQM) programs and reengineering initiatives fail.¹ John Kotter noted that few of the companies he studied were successful in making major changes to their ways of doing business.²

A simple series of questions will enable you to assess quickly where the process is going well and where it might need strengthening. These questions assess the status of the change initiative in relation to a set of seven core factors typically present in successful change.

Before reviewing those factors and the questions we will briefly consider the nature of change within organizations and the reason that—more often than not—the process doesn't run entirely smoothly.

WHY IS CHANGE SO OFTEN A CHALLENGE?

The characteristics and processes that predict effective adaptation to change have been defined and described by many leaders, researchers, writers, and educators. At its most basic, effective management of change requires leaders to be very clear about the purpose and the process; seek input and information from those involved and affected; deploy sufficient resources to manage the transition without losing focus on day-to-day business processes; and maintain an effective multi-directional flow of communication and information.

The attributes are straightforward, readily implemented, and perhaps considered self-evident. Most people manage change continually: at home, in recreation and volunteer activity, and at work. They have an intuitive understanding of what needs to happen if change is to move forward. Even if they haven't consciously thought about or documented the principles, they do what makes sense. They consult people, discuss the alternatives, try to anticipate and plan around the obstacles, adapt their plans as needed, get on with it, and address issues and challenges along the way.

Yet when organizations implement change, these straightforward needs are often missed. The intent and the broad strategy get the attention; the details of execution are forgotten. We repeatedly see change initiatives within organizations stumble and sometimes fail entirely. We see participants in the process who are unclear about the purpose, the impact, and their role. We see insufficient resources assigned to much-needed systems changes or to prepare or train people for new roles and behaviors. We see managers and supervisors unable to respond to questions and concerns from their teams.

If the core needs are well known—and perhaps even intuitive—why does change within the organization so often present such challenges and run into difficulties? Part of the reason is that leaders and sponsors of change initiatives already face a heavy workload and multiple initiatives and activities. They rely on the so-called "memo and conference call approach" and assign far too few resources to managing the process of transition.

Significant change calls for proportionately significant effort and resources: for planning, communicating, training, and many other activities. In some cases, and especially where there is resistance to the change, the process of persuasion, engagement, and adoption calls for continuing time and commitment from managers at all levels. Initiating change will likely create a complex and extensive set of issues, questions, and unresolved concerns. These, in turn, create the need for a continuing and demanding process of explaining, discussing, persuading, and planning.

Many years of working with change provided opportunities to generate a substantial list of the potential pitfalls. We have also seen the tactics, strategies, and processes that provide a positive effect and enable change processes to succeed. These inputs suggest a framework of characteristics or attributes that can guide successful management of change. Of course, no single element in this framework—or even several of them—can guarantee a successful outcome. The absence of even one will certainly lead to difficulties, and absence of more than one will cause the challenges to grow exponentially.

For example, change rarely succeeds without a clear awareness of purpose and process. People need to understand why the change is needed, how it will be accomplished, their role in the process, and what it means for them at an individual level.

CASE HISTORY: ANTICIPATE THE ISSUES AND PLAN THE RESPONSE

A medical-equipment company was expanding quickly by internal growth as well as through acquisitions. The announcement about consolidating into a single new Midwest plant (from several locations in the United States and Mexico) raised many questions and concerns across the organization.

Would people lose their jobs or face relocation? How would the organization retain expertise and apply it in the new plant? Was the change motivated by cost reduction and, if so, what other approaches were explored? What impact would this have on production cycles, product lines, and development teams? How would this affect pay and other conditions?

A transition steering group was asked to develop the implementation plan. As the leader commented, "There wasn't much source information for us. The board made the decision based on a presentation from the planning team. They talked about industry economics and financial implications but didn't get into the implications for the organization and our people—how we would actually get this done. And the rationale hadn't been summarized in a clear and concise way."

The team interviewed key executives for brief outlines of purpose, rationale, process, and implementation steps. They conducted research among employees and other stakeholders (including customers) to explore and understand their reactions to the planned changes and the implications.

The resulting database of questions, issues, and ideas provided the raw material for developing responses and action plans. The implementation plan was built on this

foundation, including activities to address training needs, manager support, alignment of reward systems, communication programs and processes, and many other actions in support of the change.

The research jump-started planning, identified major issues to address, and clarified priorities. It provided a clear starting point and foundation for implementation planning. Follow-up research in specific areas and functions evolved into a key change-management tool.

SOME OF THE PITFALLS

Change is often imposed without advance assessment of the issues, questions, concerns, and ideas of the stakeholders—those most involved and most able to influence the outcome. Yet if questions remain unanswered and concerns unaddressed, employees may be distracted and distressed. This carries a high potential cost. How often have we experienced the frustration of dealing with a distracted employee in a business providing a product or service? Very often, a poorly managed change process lies behind that negative customer experience.

Even if change efforts are well planned and executed, those involved and affected will ask questions and analyze purpose and implications. This is especially true if they haven't been involved in the planning. "They never consulted me," is a common refrain, and it will slow down the process and create challenges and additional workload for line managers. Acknowledging the level and nature of concerns and questions and building a degree of involvement can also provide insight and information about how best to manage the process. The energy and focus of employees, frequently encountered as a challenge or obstacle, can be harnessed and turned into a powerful tool for change.

Following are a few of the pitfalls that cause change to get off track:

- *Ineffective or missing business case:* Managers communicate a case for change that is unrealistic or incomplete; it isn't readily understood. Here is one of many areas where a robust, concise business case document is invaluable.
- *Costs not recognized:* The costs of implementing and supporting change are not planned for or adequately acknowledged. Resources need to be allocated, workloads adjusted, and responsibilities reassigned.
- *Systems not aligned:* Existing processes and systems (e.g., rewards, training, and information) don't support the new model. Change ripples across many areas and functions, and these need to be aligned with the new direction.

- *Limited and one-directional communication:* Leaders expect to persuade and inform by one-way communication. Audiences have limited opportunity to ask questions, offer ideas, or engage in discussion about the changes.
- *Line management support not built:* Line managers don't support the direction and approach. They share the uncertainty and concerns of employees and need to be informed, persuaded, and engaged.
- *Lack of insight into stakeholder issues:* Leaders assume they know what people think. They fail to identify key concerns and obstacles. They need to listen informally, and at an institutional level, to the questions and concerns of stakeholders and (most importantly) to their ideas.
- *Minimal involvement:* Input, questions, and ideas aren't recorded and documented. As a result, responses and tactics don't reflect the needs. A continually revised FAQ document, available online, can be of great value.
- *Success assumed:* Leaders make a premature assumption of success and fail to follow up, support, and drive continuing change. Awareness of these and other pitfalls doesn't ensure success, but it does provide ideas about where change most often gets off track and opportunities to implement course corrections. Each pitfall has a positive counterpart — a proactive measure to support and facilitate change.

CORE FACTORS IN SUCCESSFUL CHANGE MANAGEMENT

These seven factors summarize the conditions, resources, and processes that support successful change.

- *Clarity.* Be clear and unambiguous about the purpose of the change, its direction, and the approach.
- *Engagement.* Build a sense of ownership, belonging, and commitment; consult with and involve the people who will be affected by the change.
- *Resources.* Put the needed resources in place (e.g., financial, human, and technical) to enable the change.
- *Alignment.* Ensure that systems and processes (e.g., rewards, information, accounting, and training) support the change.
- *Leadership.* Guide, train, and equip leaders at every level so that they display consistent commitment to the change.
- *Communication.* Facilitate an effective two-way flow of information; be aware of issues and questions; provide timely responses.

- *Tracking:* Establish clear goals; assess progress against these; adjust and fine-tune as necessary.

The set of factors listed here aligns with models and frameworks developed and applied by many writers, educators, and leaders. These include John Kotter² and Daryl Conner,³ as well as Kurt Lewin,⁴ one of the earliest commentators on change and still fully relevant. The challenge doesn't lie in understanding the process, or even in putting together an effective plan: it's in putting the plan into action and sustaining the effort.

MAKING IT HAPPEN

"Everyone knows you have to do these things" is a frequent comment when the elements of successful change management are outlined. When we ask if those elements have been put into practice, it often turns out that perhaps some of the details were overlooked; maybe most of the details; sometimes, all of them. In many change initiatives, large-scale and small, at least one of the core principles (and, typically, several of them) is not followed.

Senior leaders often say of their employees, "They're smart; they'll figure it out." Yes, they are indeed smart. They figure out that the direction isn't clear and the planning is imperfect. They discover that those leading the initiative, already committed to a heavy workload, have little time to focus on the new task. They figure out that they need a great deal more convincing that this is a change that warrants their involvement.

The details are what make change work for those whom it impacts most sharply. It's hard work to make a significant additional effort while continuing to run a complex business, but there's a high price if that effort is not sustained. Employees get distracted and unmotivated; customers' needs get ignored or forgotten; and questions, issues, concerns, and distractions consume managers.

Change can happen without all seven core factors in place, but it's likely to be difficult, expensive, and painful — for your customers as well as your employees.

A SIMPLE ASSESSMENT FRAMEWORK

The questions below can be asked and answered informally, in a series of conversations or discussions with those involved, or more formally—for example, through an online survey of stakeholders. They provide a means of quickly assessing status and key issues, with the negative items offering a guide to where attention is needed to keep the process on track.

At the least, the areas of concern offer direction for additional research and study. The data can serve as a primary driver of planning. The issues and questions you uncover in the research process will determine the activities (including communication, process support, and training) that form your tactics for redirection.

Following are the assessment questions — two for each factor, one primary and one secondary or follow-up — together with some examples of tactics that support positive outcomes.

- *Clarity.* Are the purpose, direction, and approach defined and documented clearly? Are these understood and accepted by key stakeholder groups?
- *Engagement.* Have you engaged individuals and groups who can influence the outcome by involving them in the process? If so, have you acknowledged their input and ideas and applied them to planning and action?
- *Resources.* Are needed resources (e.g., financial, human, and technical) in place and available? Is a strong and effective team ready to lead and guide the change process?
- *Alignment.* Do systems and processes (e.g., rewards, information, accounting, communication, and training) support the change? Have you identified, developed, and implemented needed changes to these systems?
- *Leadership.* Are leaders at all levels of the organization involved in and committed to the change? Do leaders and managers follow up on issues, provide guidance and support, and proactively manage the process?
- *Communication.* Is clear, timely, and complete information available to stakeholders involved in and/or affected by the change? Do these groups and individuals have access to information and a way of providing input and feedback?
- *Tracking.* Are systems in place to assess progress and identify issues to address? Are adjustments implemented as necessary and is information continuing to flow?

TACTICS FOR SUPPORTING THE CHANGE PROCESS

The responses to these questions will suggest areas for action and perhaps offer ideas for some of the actions themselves. Ideally, ask the questions in a manner or setting that permits responses that go beyond a simple answer to the question. For example, if they're raised in a discussion led by a team leader, there is an opportunity to ask team members what ideas they have for facilitating, supporting, and driving the change. The result is that

awareness of the change process status is complemented with ideas for addressing issues and correcting issues and problems.

Every change is different, but some consistent themes emerge. Following are just a few examples, relating to two of the seven factors, of actions that can support and refresh the change effort.

Clarity

- Develop and distribute a summary document to drive clarity and serve as a reference source on the purpose and process of change.
- Distribute the summary. Use it as a platform on which to build all communication (internal and external) related to the change.
- Create a brief elevator pitch for managers— what's changing and how the transition will be accomplished.
- Develop other tools to assist in the process; for example, a brief PowerPoint® deck for executives and others to use in discussing the changes with their teams.
- Provide managers with talking points and suggested responses to key questions.
- Maintain and manage the summary. Seek input and comment; keep it current, accurate, and complete.
- Provide online access to the current version and enable input, questions, and discussion.

Leadership

- Ensure that the primary sponsor(s) of the change (in some cases, and certainly for major changes such as mergers or acquisitions, this may be the chief executive) is visible, accessible, and driving the process consistently.
- Engage leaders at other levels in planning and implementation; provide guidance and training as needed.
- Encourage leaders to promote behaviors and actions that will support the change.
- Implement processes and activities to maintain leadership engagement—for example, weekly conference calls, regular e-mail bulletins, online forums, blogs and other interactive media, and planning-review meetings.
- Address concerns that leaders may have about their roles and responsibilities in and after the change process; provide guidance, tools, and support.

MANAGE CHANGE BEFORE IT HAPPENS

Many strategies for managing change are not proactive; they focus on the defined period when change is actually occurring. These include the phase following an acquisition, process redesign, division-wide reorganization, or the response to a competitive threat. Such change management efforts often fall short of expectations in terms of accomplishment and employee satisfaction. You can't always create the core factors in successful change at short notice: They need to be in place.

Change comes more readily to the organization that has:

- A clear mission and strategy that guides and informs the goals of teams and individuals.
- Supportive leaders at every level who effectively engage, motivate, and communicate with their teams.
- Employees who are engaged, informed, and involved.

Creating change readiness means managing in a way that encourages engagement, commitment, aspiration, and adaptability. A transition is far more likely to achieve success when the leadership style, work climate, and environment are already receptive to change.

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ABOUT THE AUTHOR

After early experience in manufacturing management, Richard Bevan worked for Towers Perrin (now Towers Watson) in Europe, Australia, and the United States, including five years leading the firm's worldwide communication consulting practice. In 1995 he started his own firm, C2K Consulting. He was an external faculty member for the University of Washington Executive MBA program where he developed and taught a course in managing change. He currently serves on the board of advisors for ROI Communication and as strategic communication adviser for Elliott Avenue Associates. This article draws on material from his new book Changemaking.

From: Richard Bevan, "Keeping Change on Track," *The Journal For Quality & Participation* 34, no. 1 (April 2011): 4-9. Used with permission.

15.4 Developing an Innovative Culture

By Erika Agin and Tracy Gibson

OBJECTIVES:

10. List ways that leaders can encourage innovation in their organization.
11. Describe the benefits of open communication.
12. Discuss the role of motivation in developing a creative workforce.

Leadership development has evolved with the times. Today, engaging a workforce and grooming young employees for future leadership positions requires a focus on innovation, creativity, and open communication.

As members of the young and energetic workforce, we are where leaders need to turn for innovation. The entry-level employee to mid-level manager has a need to do work that is meaningful, or at the very least have a say in how it could be done. Nothing provides more inspiration for creative ideas than the opportunity to make a positive difference in work processes or outcomes and to be rewarded and acknowledged for it.

YOUNG EMPLOYEES UNLEASH INNOVATION

Leaders of organizations who desire innovation in their business cultures should ask for input in decision making and guide their staff members through creative thinking processes to ensure followers are on the right track. In addition to stimulating innovative ideas, allowing employees at all levels to take part in the decision-making process will facilitate transformational leadership development for the future of the organization.

When leaders give followers the freedom to make decisions, they are enabling employees to experiment with ideas in a safe environment and challenge themselves with a new way of thinking. With the ability to add to the work process, employees will begin interacting in a way that supports innovative ideas and influences the future of the business.

OPEN COMMUNICATION INSPIRES CREATIVITY

An imperative aspect of innovation is companywide communication that generates trust and encourages information exchange. A culture that allows communication to flow openly and evenly across all levels and departments will find that employees even in entry-level positions have the tools necessary to envision opportunities for better ideas.

Most organizations do not listen to the ideas of those lower in the ranks, but those employees are often bright students right out of college or the best of the best who transferred from other organizations. The fresh ideas produced from the newest additions have the potential to improve the company in ways never thought possible by a seasoned workforce. An employee that is kept out of the chain of information exchange will be less motivated and will suffer from diminished levels of creativity. It is important that everyone in the organization is included in communications. The mission and vision of an organization sets the tone for the culture that eventually develops. The mission and vision should be communicated daily and should foster openness in communication in all directions. Many organizations only give lip service to open communication or open door policies. As a result, a lack of trust and dismal levels of creativity develop within the culture.

The premise that leadership has all of the answers and that the followers should not question is a stale and bureaucratic ideology that is not conducive to inspiring innovative thinking. Organizations that want to become more innovative need a mission and vision that encourage ideas from their workforce and actively seek input from all departments and across all levels, ultimately empowering their people.

EMPOWERING EMPLOYEES TOWARD NEW IDEAS

When a workforce is empowered to make decisions, employees are then able to think outside of the box and drive the organization in new and innovative ways. The transfer of power should take place once the employee is fully integrated and capable of making sound decisions. The authority to make decisions should be offered in a progressive manner, so the employee maintains her creative momentum.

A wealth of potential is unlocked when a workforce is empowered to do the work the best way it sees fit. The

momentum generated from empowered people can set a fully committed organization on the course of ongoing improvement. Empowerment needs to become a part of the culture and should begin as soon as the employee feels comfortable making decisions.

Since its people are a company's biggest asset, it is important that employee ideas are rewarded by implementing those ideas to improve work processes and outcomes. After all, they do the work every day, so who better to ask about doing it a better way?

By validating forward-thinking ideas, the organization will provide inspiration to the rest of the workforce to continuously look for ways to cut costs, save time, and produce more. If the employees do not think their ideas are welcome, then they will never disclose them. The culture should celebrate and embrace smart business ideas no matter from whom they come in the organization.

MOVING NEW THINKING THROUGHOUT THE ORGANIZATION

Quality employees who can provide an organization with innovation will require options for individual development to impact the cultural change toward innovation. It is to the company's advantage to use its younger employees' needs for skill development and job changing to propel innovation throughout the culture.

An employee moving from one department to another will be able to transfer new ways of thinking from one place and use them in the new role. The steady move of employees from one sector to the next will take innovation to a whole new level and decrease the time it takes to instill innovation throughout the entire organization. If the less experienced— and in most cases younger— employees within the organization feel stagnant or stifled for too long, they will be less likely to remain engaged.

An excellent solution to appease this appetite for knowledge is to ensure that leadership is dedicated to assisting followers with learning new job roles and thinking in new and innovative ways about their current positions. When changing departments and titles, the employees will drive innovation forward and improve work processes with a deeper understanding of the bigger organizational picture.

THE SUPERVISOR'S ROLE IN DRIVING INNOVATION

Younger workers in organizations are not influenced by titles but instead by the leader's capabilities and willingness to share knowledge. Ideal leaders will set an example of versatility and provide a safe environment where

trust and candor are highly valued. Successful assimilation of innovation into the organizational culture requires leadership to foster and develop innovation among their followers.

The actions and behaviors of midlevel managers are directly related to the creativity that an organization will produce. With in-depth leadership training, proper accountability, and daily communication about leadership's responsibilities to foster creativity and trust, mid-level managers can rise to the standards necessary to inspire innovation and grow the next generation of innovative leaders.

Leadership must understand the importance of truly knowing their followers and what motivates them if they want to inspire them to contribute creative ideas. When a supervisor focuses an employee in areas that are naturally motivating for him, the employee has the potential to far exceed average performance.

Each person is motivated by different things, and it is the direct supervisor's job to get to know employees well enough to align their interests with overall job goals. A motivated employee will find that she is constantly pushing herself to improve the work process and outcomes generated. A supervisor who asks questions and targets specific jobs that match the employee's innate motivations will engender a staff that searches for new ways of thinking about what they do best.

Management can propel the organization in new and innovative ways and inspire a workforce to meet the company's vision of innovation by validating innovative behavior each day in ways that appeal to employees. One of a leader's responsibilities must include knowing what followers deem to be a reward or a punishment. If a particular employee finds leaving work early to be a reward, then leadership could leverage that fact to congratulate the employee for a job well done.

Job satisfaction plays a major role in stimulating new and productive ideas. Employees must be given the opportunity to do what they find to be satisfying in their jobs to harness the creativity necessary to establish an innovative thought process.

In the diversity of the modern work environment, many new and exciting ideas can be generated and are a direct reflection of the culture of the organization. Choosing the right person for the right job will create a comfort level that encourages invention. If workers predominately occupy jobs that are satisfying for them, the organization will see much success in the output and quality of ideas.

CONCLUDING THOUGHTS

In an ever-changing business world, innovation is the key to launching business organizations into the future. Although many cultural qualities are necessary to construct the proper environment for innovation, communication is by far the most important. By encouraging open communication and taking a genuine interest in the development of all levels of the organization, employees will have the drive and inspiration to develop fresh and groundbreaking ideas.

Transformational leadership coupled with a company-wide commitment to employee development provides the means to inspire a workforce toward productive invention. If we are to develop more innovative cultures in our organizations, we will need to adopt more committed and less controlling behavior to empower creativity in the workforce.

ABOUT THE AUTHORS

Erika Agin is an organizational leadership and human resource management professional based at Walt Disney World in Orlando, Florida, where she researches employee benefits that contribute to overall health and well-being; erika.agin@yahoo.com.

Tracy Gibson is an assistant professor of organizational leadership at Chapman University in Silverdale, Washington; tgibson@chapman.edu.

From: Erika Agin and Tracy Gibson, "Developing an Innovative Culture," *T+D* 64, no. 7 (July 2010): 52-55.

15.5 The Twenty-First Century Leader: Social Artist, Spiritual Visionary, & Cultural Innovator

By Fahri Karakas

OBJECTIVES:

13. Describe each of the three creative roles that twenty-first century leaders perform.
14. Define the term “mind-set.”
15. Define the term “heart-set.”

The old leadership model is giving way to a new twenty-first-century paradigm for navigating in an age of uncertainty, complexity, interdependency, globalization, and accelerating change. Drawing from chaos theory, nonlinear dynamics, quantum mechanics, and other disciplines, the author sees the emergence of three new creative roles for leaders— social artist, spiritual visionary, and cultural innovator—which call for a new leadership mindset, and for tapping the powers of the heart. A new holistic skill set with eleven domains encompasses the values, perspectives, and competencies needed to lead organizations and employees to their full potential in the new century.

As we stand seven years into the twenty-first century, one thing is abundantly clear: We aren't in the twentieth century anymore. Postmodern terror, global warming, the rapid proliferation of technology, globalization, hyper-competition for resources and markets, corporate mega-scandals, diversity in markets and the labor force, the widening gap between developed and undeveloped regions— these are just a few signposts of the new age. Although we cannot forecast what the second half of the century will look like—any more than someone in 1907 could have accurately predicted the shape of civilization in 1957—the trends that will characterize the next several decades are here already, disrupting the old order and posing unprecedented challenges, particularly for societies and organizations whose leaders are ill equipped to deal with the new order.

A PARADIGM SHIFT FOR LEADERSHIP

How does the new world for society and business differ from the old? The new world is complex, dynamic, fast paced, and knowledge intensive. Markets, products, and organizations have become global, diverse, and multicultural. The view of the world and its systems as stable and predictable has been replaced with uncertainty, nonlinearity, and chaos. We are experiencing an increasing interdependency among individuals, organizations, communities, nations, and the biosphere.

Succeeding under these conditions will call for changes in how organizations function and, by extension, how leaders lead.

Dynamic, organic, and fluid. As with other dynamic and organic systems, organizations must learn to quickly and smoothly realign structures, processes, and relationships in response to a dynamic external environment.¹

Chaotic, emergent, and complex. Learning to manage chaos and complexity, the enemies of the old order, will set twenty-first century leaders apart from their predecessors. Business can draw on chaos theory and complexity sciences to gain insights into the nature of organizations as complex adaptive systems.²

Holistic, quantum, and integral. Quantum mechanics' revelations about the unpredictable and seemingly random behavior of subatomic particles have led to such technological advances as computers, the Internet, and laser surgery. Recent research in psychology, biology, and neurophysiology suggests that human beings are, indeed, quantum beings. The holistic and quantum implications for leadership are that tapping a person's full potential requires acknowledging, engaging, and integrating the whole person—body, mind, and spirit—including bridging the analytical and artistic sides of workers to increase their creativity.

Adaptive, flexible, and agile. The dynamic and chaotic nature of the business and social environment, the relational and networked nature—and inherent interdependence—of the knowledge economy, the need to quickly recognize and move on new opportunities in a dynamic environment—all these conditions call for adaptive and flexible leadership styles, organizational and personal agility, and far more collaboration than in the past.

Visionary, insightful, and futuristic. Creativity, insight, vision, and integrative capacity—the ability to link ideas together—will be important for bridging the economic, digital, and social divides, as well as other resource gaps, and for solving ecological problems and other pressing

global issues. Businesses that possess these capabilities will be able to see these problems and imbalances as new opportunities for responsible and sustainable business.

Leading an organization to succeed in this new context is a paradigm shift for leadership as shown in Exhibit 1, a clear movement away from the old model that has informed leadership behavior and development for most of the twentieth century.

THE NEW ROLES OF A LEADER

As they face more complexities, competition, and change than at any other time in history, organizations that thrive in the new century—actually, in the new world—will be those that learn capabilities and disciplines especially suited to coping with the new conditions. Sources of competitive advantage will derive from an organization’s ability to practice ethics and social responsibility, collaboration, relationship building, creativity and innovation, adaptation and flexibility, and systems thinking, as well as to manage complexity and thrive in chaos.

To effectively guide their organizations in learning and applying these new capabilities and disciplines, successful leaders will perform three new creative roles or functions implicit in the new leadership paradigm shown in Exhibit 1:

- Social artist
- Spiritual visionary
- Cultural innovator

Social artists. Social artists are individuals who continually work on themselves to develop skills to provide consultation, leadership, and guidance on changing paradigms, values, laws, and structures of their societies and organizations. Social artists work in collaborative networks to create social innovation. They help cultures and organizations to move from patriarchy to lateral partnership, from dominance to circular sharing. Social artists help people to envision, discover, and realize the most beautiful, powerful, and evolutionary of the possibilities—one that evokes a better world that works for everyone.

Spiritual visionaries. Spiritual visionaries are individuals who interpret the universe and people’s roles therein—or in the case of an organization, its role in business and society and its employees’ roles in fulfilling its mission. They articulate with authority, eloquence, and depth of insight. They provide deeper meanings, inspiration, and fresh insights about the human condition. They create

Exhibit 1. The Changing Paradigms of Leadership

Old Paradigm	New Paradigm	Old Paradigm	New Paradigm
■ Self-Centered	■ Community-Centered	■ Profit Orientation	■ Multiple Orientations
Ethnocentric ⇔	Community-oriented	Theory X ⇔	Theory Z
Individualistic ⇔	Communitarian	Competition ⇔	Cooperation
Authoritative ⇔	Collaborative/shared	Economic ⇔	Social, environmental, economic
Short-term interest ⇔	Service to community	Profit-oriented ⇔	Triple bottom line
■ Old Sciences	■ New Sciences	■ Certainty	■ Uncertainty
Newtonian ⇔	Quantum	Clarity ⇔	Ambiguity
Linear ⇔	Nonlinear	Order ⇔	Chaos
One truth ⇔	Multiple truths	Determinate ⇔	Indeterminate
Reductive ⇔	Emergent	Stability ⇔	Change
■ Uniformity	■ Diversity	■ Command & Control	■ Flexibility & Empowerment
Hierarchical ⇔	Lateral	Top down ⇔	Egalitarian
Absolute perspective ⇔	Contextualism	Controlling ⇔	Inspiring
Selective ⇔	Inclusive	Doubtful ⇔	Trusting
Simplicity ⇔	Complexity	Dominance ⇔	Collaboration
■ Pure Rationality	■ Positive Intuition	■ Old Metaphors	■ New Metaphors
Actuality ⇔	Potentiality	Clockwork/machine ⇔	Brain/living ecosystem
Intellectual stimulation ⇔	Emotional arousal	Static box ⇔	Dynamic flow
Problems ⇔	Opportunities	Solid ice ⇔	Emergent cloud
Conservative ⇔	Creative	Building ⇔	Web/network
■ Partial	■ Impartial		
Atomistic ⇔	Holistic		
Exclusionary ⇔	Synergistic		
Analysis ⇔	Synthesis		
Partial ⇔	Integral		

and utilize powerful visions, metaphors, and symbols. They are the gateways for humanity to explore new facets of the future, to explore collective consciousness. They pioneer new, dynamic, and flexible ways of thinking about holistic problems and questions of the world. They embody and model the search for wholeness, unity, completeness, love, peace, and fulfillment.

Cultural innovators. Cultural innovators are individuals who are advocates and pioneers of new ideas, values, artifacts, and lifestyles in society or the world of work. They explore and nurture creative talents and abilities of people to create change. They are radicals and trendsetters who bring ideas home by making them palatable to their people. They revive a sense of civic vibrancy or engagement lacking in the lives of many people whose societies and organizations are in transition and who find themselves negotiating between tradition and modernity without the intellectual resources to make sense of it all.

Some exceptional leaders of the past may have performed one or more of these functions, to one degree or another. However, the changing times require that these now be the expectations for competent leaders, part of the job description.

A NEW MIND-SET AND HEART-SET

These three creative roles for leaders embody the paradigm shift in leadership values and practices shown in Exhibit 1. They imply nothing less than a dramatic change in the leadership mind-set; recognition of the heart as the seat of critical leadership capabilities; and the integration of mind and heart to develop a “holistic toolkit”—a compilation of both mind-set and heart-set.

Mind-set refers to the rational and intuitive powers—

effective thinking patterns, intellectual skills, perceptions, insights, perspectives, and attitudes—that enable a leader to recognize, conceptualize, and deal with the scope, nature, and complexities of the new era. Heart-set refers to emotional powers—values, determination, motivation, will, passion, belief, grit—that enable a leader to desire and then tenaciously pursue, sometimes in the face of considerable obstacles, what he or she wants or believes to be right.

The following are eleven domains that define the heart-set and mind-set of leaders for the twenty-first century. Each of them is defined through examples that are illustrative but certainly not exhaustive.

- *Creativity and intuition:*

- Develops and uses creative and intuitive abilities; sees intentionally, knows intuitively.

- Emphasizes creativity and transformation; uses creative tension to foster change and

- new ideas; finds new ways to bridge complex problems and gaps.

- Recognizes the need for real change that matters to people’s enduring needs.

- *Passion and inspiration:*

- Feels vitally alive, is passionate, lives with great enthusiasm; has imagination and hope for the future; trusts life’s process.

- Brings heart, soul, and spirit to work.

- Makes a difference in the world by reaching out, touching, and hopefully even inspiring others; enables others; evokes the possible, offers the lure of “becoming,” and shows others their own giftedness.

- *Meaning and reflection:*

- Engages the heart, discovers deeper meaning, serves a higher purpose; acts from purpose and meaning; engages in continuous self-development and reflection, utilizing reflective, artistic, and relational spaces and reflecting through music and art.

- Draws on qualities of empathy, spirit, pattern recognition, and a rich emotional complexity to create meaning for others; calls others to service in ways that link inner and outer realities, universal plans, and passionate commitment.

- Develops meaning and insight through individual and collective reflection; cultivates ritual and celebration; acknowledges and uses mistakes as opportunities to learn,

reflect, and forgive.

- *Vision and insight:*

- Has a clear vision of the future he/she wishes to create; uses a long-term perspective, thereby creating viability for current and future generations; sees the trends and the emergence of new patterns; perceives linkages that will generate new opportunities and generative insights; sees horizons rather than borders.

- Holds a shared vision and core values in trust with others, working together to operationalize them; includes diverse individuals and perspectives to develop insight.

- Is a paradigm pioneer, helping people and organizations find their vision.

- Facilitates self-organizing, self-regulating, and self-renewing systems.

- *Courage and accountability:*

- Takes risks, tackles the difficult issues, initiates change.

- Willing to assume full responsibility for one’s decisions and actions; unwavering courage; self-control.

- Keeps a sense of justice (and fairness) towards others; challenges others when they depart from core values held in trust.

- Transforms self, groups, and institutions.

- *Integrity and authenticity:*

- Practices deep listening; develops principled and thoughtful thinking.

- Walks the talk; stands up for what is right with ultimate integrity.

- Is honest with self and others; is consistent and sincere; shows mutual respect.

- *Openness and flexibility:*

- Creates and maintains a free flow of information; fosters and demonstrates open-mindedness.

- Facilitates fluidity and flexibility in group processes and structures; creates collaborative networks; moves easily between cultures (within organizations).

- Becomes a steward of the process of change.

- *Wisdom and consciousness:*

- Develops an integrated mind and self-awareness, including awareness of own ethics and values; nurtures soulfulness.

— Sees the big picture—the shift in consciousness and the cultural, political, economic, and social transformation within individuals and collectives.

— Conscious of interconnectedness and holism; sees the long-term implications of decisions and actions on the system; emphasizes social responsibility toward the community, society, and environment.

— Promotes and facilitates reflection by others, creating safe spaces for them to step back and think about the meanings and consequences of what they are doing.

• *Stewardship and care:*

— Develops empathy and understanding towards other people by taking their feelings into consideration; develops trusting relationships, listens with attention; emphasizes empowerment, delegation, and cooperation; seeks to be in service rather than in control.

— Attends to the well-being (basic needs and human rights) of others and provides opportunities for them to sustain themselves.

— Creates communities of reciprocal care and shared responsibility where every person matters and each person's welfare is the common concern; creates a supportive environment where people can thrive, grow, and live in peace with one another, with strong trusting relationships forged by visioning, leading, learning, and acting together.

• *Growth and development:*

— Strengthens and sustains individual growth and self-actualization.

— Deeply commits to the personal, professional, and spiritual growth of each individual in the institution/organization; discovers, coaches, and nurtures each person's untapped potential; expects the best from people.

— Creates opportunities for people to experience success (efficacy); celebrates individual and group success.

— Promotes group and community capacity building and progress; creates lifelong teaching and learning communities.

• *Harmony and balance:*

— Achieves balance in the emotional, spiritual, and physical aspects of life.

— Understands the interdependent relationship between human and natural systems, and works to enhance their viability; promotes harmony with nature, and provides sustainability for future generations.

— Values diversity and inclusiveness; fosters diversity by respecting different perspectives; establishes and sustains inclusiveness of stakeholders.

— Generates and supports interdependent and interdisciplinary group processes.

— Builds bridges rather than barriers among peoples, encouraging and practicing dialogue; generates and sustains peace among others; aids peace efforts globally; recognizes and promotes the spiritual connectedness of all life.

— Views most situations from a more integrated position; develops a holistic systems perspective, taking the whole system into account with all its cyclicity, interdependence, and complexity; generates and supports holistic thinking as a basis for action.

This, then, is the art, craft, and science of twenty-first century leadership—world-making, spirit-catching, mind-growing, soul-quaking leadership. Leaders who possess such intellectual and emotional capacities, resources, and skills can awaken the organizational spirit. They are catalysts for individual growth, helping each employee tap into the boundless human potential for personal, organizational, and global transformation. Simultaneously they can engage a wide range of stakeholders in visioning and implementing innovative and integral solutions for the world's most imperative and complex problems.

THE IMPLICATIONS FOR TODAY'S LEADERS

The challenges our organizations, our world, now face would strongly suggest that what we believed in the past to be our strengths as managers are inadequate—and in the worst case, liabilities—for moving forward. As managers we have been too preoccupied with short-term profit, material success, speed, efficiency, divisions, and specialization. We parsed management knowledge into managerial functions, disciplines, and further subdisciplines. We built our organizations around formal hierarchies and linear structures. We drew on predictive, cause-and-effect models of human and organizational behavior. In focusing too heavily on analysis, we ignored synthesis. In using models that are too rigid, isolated, specialized, formal, and unconnected, we created structures and processes that stifle the needs of our team members for meaning, reflection, exploration, creativity, risk taking, and connection. In emphasizing problems and problem solving, we neglected to nurture hope, discovery, and imagination. In making numbers, statistics, and material performance the means and the goal, we neglected our collective need for soulful engagement, inspiration, qualitative inquiry, pattern formation, narrative, and meaning. We fragmented our values, our behavior, our families, our

spirituality, our lives, and our work. We separated our bodies from our minds, our minds from our hearts, our hearts from our soul, and our souls from one another.

We suffer now from the lack of individuals equipped to perform the new functions we need from our leaders. This is not only a matter of the wrong leader mind-set for taking in and responding to the realities of global change but also, and even more tragically, a lack of the positive values, integrity, self-awareness, and deeper consciousness that nourish a leader heart-set.

Business leadership in the twenty-first century will be about embracing employees—in actuality, all stakeholders—as whole persons, acknowledging not only their cognitive faculties but also their social, emotional, physical, and spiritual faculties, to engage their hearts and spirits as well as their minds. To do this, leaders must be dedicated and passionate about making a positive difference in the lives of people, which can only grow from authentic enthusiasm, love, and concern.

For many of us, the road to becoming this kind of leader will involve some degree of personal growth—even transformation. Only by learning to tap our own undeveloped capacities and potential as human beings can we show our employees and organizations how it is done.

As leaders we also have the responsibility to create supportive learning environments built on connection, coherence, mutually created meaning, dynamic relationships, and an integrated systems perspective. In these kinds of environments employees can develop the values, perspectives, and capabilities that will enable them to work in the new ways. In these kinds of environments we will grow this century's leaders.

Notes

1. The basic concept of dynamic and organic systems is that all things tend to organize themselves into patterns, e.g., ant colonies, immune systems, and human cultures; furthermore, they go through cycles of growth, mass extinction, regeneration, and evolution.
2. Chaos theory encompasses a set of ideas that attempt to reveal structure in aperiodic, unpredictable dynamic systems such as cloud formation or the fluctuation of biological populations. Nonlinear dynamic systems are those where the relationships between time dependent variables are nonlinear. For example, according to the butterfly effect, small differences in initial conditions can quickly lead to large differences in the future state of a system. Chaos theory and complexity sciences provide insights into the nature of complex adaptive systems, those that respond to both feedback and feed forward and are operating in turbulent environments.

ACKNOWLEDGMENT

The author would like to thank Professor Nancy Adler for the inspiration she provided, without which this article would not have reached its potential.

ABOUT THE AUTHOR

Fahri Karakas is a researcher on the Faculty of Management at McGill University, in Montreal, Quebec, Canada, who specializes in organizational behavior. His research interests include values and spirituality in the workplace, personality, leadership, group dynamics, educational leadership, social innovation, complexity, chaos theory, positive organizational scholarship, and appreciative inquiry.

From: Fahri Karakas, "The Twenty-First Century Leader: Social Artist, Spiritual Visionary, and Cultural Innovator," *Global Business & Organizational Excellence*, (March/April 2007): 44-50.