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STRATEGIES, CULTURE, AND READINESS

The Pattern in Six Case Studies

Still the question recurs, Can we do better? The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew, and act anew.

—*Abraham Lincoln*

Throughout this book, we have discussed six organizations, using their stories to illustrate the ideas, practices, challenges, and outcomes that arise when transforming leadership cultures. Three of these companies were successful in their transformation efforts: Technology Inc., Memorial Hospital, and Credlow. Three of the organizations failed to change: NuSystems, Professional Services Inc., and Global Electronics.

In this chapter, we profile these six organizations in terms of their business strategy, leadership strategy, leadership culture, and leadership readiness for change. We believe everyone can learn as much from failure as from success, and we share with you this variety of perspectives for one primary reason: understanding feasible change. Our hope is that from reading these case study summaries, you will see again, and perhaps more clearly, why three companies created a good chance to achieve sustainable change and three others did not.

Pay particular attention to the actions of leaders in these stories, in particular, Liam at NuSystems, Art at Professional Services Inc., and Dawson at Global Electronics. The profile of their strategies, leadership logics, and readiness in the face of their particular challenge reveals a great deal about the feasibility of addressing the change they were facing.

Keep in mind the difference between change (an adjustment or adaptation within the current level of culture) and transformation (a major shift in the culture from one leadership logic, or mind-set to another). As you read each profile, see where incremental change may have been the only practical course. Also look for instances where incremental change was impractical, considering the organization's strategy, its leadership logic, and the situation it was in.

As you read the profiles of the unsuccessful organizations, ask yourself:

- What would I have done in their place?
- How would I have advised them?
- What were their chances for transformation?
- What is missing from their profiles that is essential for transformation?
- What might have happened if they had aimed at some incremental change but not at total transformation?

As you read the profiles of the successes, ask:

- What are the strengths in their strategies, logics, and readiness that pushed them over the top to success?
- How did their profiles and actions square with their particular challenge?

We have argued at different places in this book that leadership strategy can be seen in an organization's choices (conscious

or not) about its leadership culture, its beliefs and practices, and the kind of people systems it chooses to manage the development of leadership. Leadership strategy is also the strategic intent for future leadership culture and systems. After you finish reading this book, you should be able to build a coherent, reliable leadership strategy for changing or transforming the leadership culture in your organization.

Recall our saying early on, and often, that business goals and strategy come first and that leadership strategy and logic need to take whatever form best serves the business strategy. As you read each profile, think about the challenge each organization faced and examine the organization's strategies, logic, and readiness in relation to that particular challenge. By adopting that point of view, you will more easily recognize the degree to which, in each case, major change was really feasible. In Chapter Eleven, we continue this analysis by applying a process that we call feasibility mapping to each case. You will learn how to perform that same feasibility mapping on your own organization. Your feasibility analysis will tell you whether change (incremental adaptation) or transformation (movement from one leadership logic to the next) is the right choice.

Technology Inc.

Bart's challenge was to reshape this traditional, hierarchical manufacturing organization in order to keep it competitive into the future, continue sustaining a local economy, and make it a better place to work.

Business Strategy

Technology Inc. was a global market leader in multiple niches and intended to maintain that position and develop other product lines. The strategy team committed to leading a transformation from a typical top-down managed hierarchical

manufacturing organization to a flat, lateral process-centered organization (PCO).

Leadership Strategy

For ten years the senior strategy team had invested consistently in developing individual leader skills and leadership team capabilities. Now it was time for them to seek a return on their investment. The leadership strategy for the PCO was simple and elegant: take time out for learning, and build toward a learning organization. This strategy was revolutionary in that it would prepare the way for leadership in collectives. It would focus on eighteen process teams in the central plant and many other teams in four plants across North America. There was a vision for more self and group determination to transform the leadership culture and create a more humane, better way to work together.

Leadership Culture

The fundamental culture challenge for Technology Inc. was to move from a hierarchy-based Dependent-Conformer kind of leadership culture to an Independent-Achiever leadership culture with a corresponding level of engagement. Furthermore, the strategy ultimately called for some level of Interdependent-Collaborator leadership beliefs and practices to sustain the horizontal, customer-focused PCO in the long run.

Leadership Readiness

These development initiatives were sponsored by Bart, the entrepreneurial, goal-oriented, results-driven owner. All of Bart's actions manifested his Performer-Freethinker into Collaborator leader logic range. Bart had consistently unfrozen himself, expanded his worldview, and, with the strategy team, personally

modeled the new roles of leader and manager for the rest of the organization. When the decision was made to undertake such a dramatic transformation, Bart's actions had already positioned a cadre of the process engineers as leaders who had experienced some degree of personal readiness. Their readiness enabled them, as the change leadership team (CLT), to embrace the challenges and opportunities of culture transformation. The CLT was aligned in its effort toward transformation and had adopted Freethinker understanding and practices.

Ongoing developmental experiences enabled and motivated the team members to make themselves vulnerable to the uncertainties inherent in change work. Most were willing to face up to new challenges because they already had experienced positive impact and payoff from taking risks and staying the course of well-planned, incremental change. As employees had become part of a largely Dependent-Conformer workforce and culture moving toward more independence in thinking and decision making, those employees were becoming more willing to share decision-making responsibility and authority, with the assistance of the coaching team. However, along the way, one key member of the senior strategy team covertly determined to undermine these changes, and that fact had to be dealt with by Bart and his leadership team.

The leadership team was committed to the belief that the organization could increase profitability while taking the time to develop individuals and teams throughout the process and that the organization culture could become a learning culture. The informal but oft-stated, clear intention was to develop a culture of interdependence that linked and eventually reengineered internal processes and linked the organization more fundamentally with customers and external drivers in the economic and industrial environment. Equally important, the leadership team was aware that without such changes, Technology Inc. (still the largest source of jobs for a semirural community with limited educational opportunities) might be forced to downsize its workforce, damaging the local economy.

Our View

The leadership at Technology Inc. was strong, clear, and engaged in its intention to avoid such a step, and its resolve added impetus to the culture change initiative. Bart and his team demonstrated the advantages of sharing control; they also maintained good time sense and continually clarified their intentions behind any changes. To be sure, the journey may never be complete, but there is a sense that the organization had made fundamental, sustainable changes that yielded competitive advantage in its industry.

Professional Services Inc.

Initial challenges to Professional Services Inc. (PSI) included a loss of strategic focus following on the heels of numerous mergers and acquisitions and a longstanding sense of entitlement held by the core workforce.

Business Strategy

PSI's strategy was twofold: (1) integrate divisions for shared learning and gain efficiencies from shared systems and (2) differentiate and drive product lines in each of its markets. Its main focus would be flawless execution. Its management imperative to each executive was to return stakeholder value. The business strategy emphasized winning in each segment even if success in one was detrimental to success in others.

Leadership Strategy

Because execution was the primary focus, there was no substantial commitment to the development of the leadership culture. PSI had limited tolerance for development activity. Action development was not a priority. Specific leader development activities were limited to individual training for executives and specialized half-day events for the divisions.

Leadership Culture

An Independent-Achiever mind-set drove PSI senior managers; however, significant segments of stagnant Conformer subcultures remained resident across divisions. All activities were focused on achieving results. Minimal regard was paid to the kind of engagement required to integrate divisions and systems to benefit the whole enterprise.

Leadership Readiness

Some members of the senior CLT were at a higher level of readiness than the company's CEO, Art, but they were unable to leverage their readiness to affect the organization. These members with advanced leader logics spoke out for developing collaborative capability for the shared work of integrating divisions and systems, but received only lip service as a response. The senior team was not aligned toward the change effort required.

Although Art attended executive development programs that he described as profound personal change experiences, he was not ready to take on the personal and public risks of culture change. He would not tolerate becoming vulnerable to a board or to shareholders who had made it clear that the short-term bottom line was what mattered. Nor was he able to create the direction for his team to develop its readiness to transform the business and culture.

Despite their bringing in coaching and consulting services from multiple vendors for organization development and culture work, Art and his CLT focused almost exclusively on business strategy and systems, structures, and process of change management. Their drive for short-term results overwhelmed any commitment to a process of engaging and leveraging the personal and collective readiness of the team to bring about durable change.

In a mature and crowded segment of the professional services industry, PSI was able to increase its profits in the short term in

some markets but was unable to create the culture of innovation it needed in order to develop market share and keep it competitive. Within a few years, separate business units were sold off, and the enterprise was reduced to one last operating division.

Our View

The business and leadership strategies at PSI were doomed by its leaders' lack of intentionality about advancing its leadership logic. Expecting employees simply to get results and make money reinforced the stagnating culture by reinforcing a resistance to change. In the absence of Art's meaningful commitment to apply his own personal transformation, his reaching outside to consultants without reaching inside for intentionality was a sign that transformation was not really feasible. Committed to tight fiscal control from the top and its short-term time sense, and focused on satisfying the demands of financial analysts, Art never became ready to alter and develop himself and his team, much less the organization.

Memorial Hospital

The challenge to Memorial Hospital was that its catchment area was economically depressed, demographics were shifting, and competition was rising around it in the regional health care industry. For example, several outside specialty health care centers threatened to siphon off customers.

Business Strategy

Memorial Hospital's strategy was to achieve competitive advantage through more customer-friendly operations. Facing increasing competition and regulation, the organization sought to become more dominant in its catchment area by emphasizing "an exquisite customer experience." Business operations such

as single-station services and improved emergency room facilities would be made possible by new physical planning and reconstruction.

Leadership Strategy

The challenge called for more collaborative customer focus with distributed decision making in the leadership culture and throughout the organization. The CLT and all operating committees would be the vehicles of action development.

Leadership Culture

Memorial was a classic Conformer culture. Set in a conventional part of the country, the “don’t make waves” local society reinforced cautious, follow-the-rules conformance to standards. Moving first to an Achiever culture with independent decision making was essential in implementing the hospital’s business and leadership strategy and to building pockets of interdependent leadership beliefs and practices over time.

Leadership Readiness

The CLT continued to guide and encourage transformation even though chief executive officer Glen struggled to remain only partially engaged at the beginning of the journey. However, Glen’s ultimate willingness to develop his own leadership logic to include Freethinker and aspects of Collaborator was a key contribution to the transformation that was achieved. In fact, the entire executive team rose to Freethinker logics as well.

One powerful member of the senior leadership team worked covertly to undermine the transformation, however. And being ready to deal with this individual was a fundamental challenge. Ultimately the CLT was able to support Glen’s decisive action to sever ties to this disruptive team member, a senior vice president,

which led to astounding positive results in the leadership culture. This significant catalyst opened up the path for all management in the expanding leadership culture and boosted alignment in the transformation work.

Our View

At Memorial, change came about through personal examples set by the CLT and its balanced attention to both change leadership and change management. The team developed into Freethinker leadership logics and made a remarkable commitment to the hospital's transformation.

Change also came about because leadership could tolerate the length of time required to engage with teams, the organization, and the culture and to strengthen intentionality for deep engagement throughout the organization.

Global Electronics

The initial challenge at bustling Global Electronics was the odd fact that for six years, the same unchanged business strategy had called for a biannual doubling of revenues, but revenues had not gone up, and the strategy had been unexamined.

Business Strategy

For all intents and purposes, Global Electronics had no discernible business strategy, and growth remained flat year after year. It retained a corporate strategy officer, but his activities seemed peripheral. The company simply reacted to current conditions with annual downsizing and other cost-cutting measures. Emergency meetings were common. The company confused strategy with unrealistic and unfeasible stretch goals that it consistently failed to attain.

Leadership Strategy

Significant investments in a new corporate university appeared to imply some leadership strategy, yet the executive group was practically void of strategic intent. The university curriculum, primarily training programs, focused only on competencies meant to ensure a talent pipeline. The company's executives had a history of hiring consultants to do organizational and culture development work, but the efforts had had little effect.

Leadership Culture

Dawson, the CEO, himself a Moderator, presided over a Dependent-Conformer culture. Nested in hierarchy, leaders protected themselves from feedback, isolating themselves in a conflict-free field of diplomacy surrounded by operational chaos and annual layoffs. The core organizational culture was mostly made up of people with Specialist logic. The low ceiling of the leadership logic allowed no Headroom, and so there was no truth telling or facing up to the restrictions of the leadership culture. The situation demonstrated reciprocal interplay between a dependent and frustrated workforce and no clear intentionality in the leadership culture to encourage any meaningful engagement.

Leadership Readiness

After years of repeated, unchecked organizational behavior, Global Electronics had only eroding margins and a string of layoffs to show for its efforts. At the start of our work with the company, Dawson expressed strong commitment to the need for aligning leadership with the business strategy. He said this was the only way for the organization to survive and then thrive in a rapidly changing high-tech environment. But as we observed Dawson and his team, we noticed little readiness to challenge

any of the major assumptions and beliefs that operated in the organization.

During our efforts to support Dawson in unfreezing his team and the organization, he was very open and personable. Yet in the presence of the team, he glossed over whatever significant challenges were presented. He avoided challenges that he could have used as an opening for engaging deeply with his team and instead pushed that task to us. Whenever team members challenged our framework and process, Dawson reassured them instead of standing up and creating some Headroom for change. It became clear that Dawson used consultants as pawns in his hide-and-seek game of avoiding serious change issues.

The senior team contained a few talented leaders ready to make changes, but when these few risk-taking team members confronted Dawson publicly about the absence of a real business strategy, he became ambivalent and shifted the conversation to operational issues and emergencies. Thus, in public, his Moderator leader logics undermined the change process that he had consistently endorsed in private. At the same time, he sheltered team members who did not want to do change work, assuring them that their wishes mattered.

Our View

Eventually we came to believe that Global Electronics was largely incapable of change and transformation because neither the team nor individuals on it were ready to lead change, and we disengaged. The major obstacles were the CEO's wavering intentions about the need and focus for change, his capitulation to the team around issues of control, and his constant activity without much awareness of the need to think beyond the immediate pressures of time.

A key insight from this case is that Dominators and Moderators in powerful positions will do anything in their power to block significant change. Their logic demands ultimate control

and prevents positive conflict in public forums, where learning needs to occur for transformation to take effect. Guided by that leader logic, they disallow inquiry, intentionality, and engagement. The company doggedly pursues an unrealistic goal—doubling revenue every two years—while retreating from the necessary changes required to achieve that goal.

Credlow

The basic challenges for Credlow were dissatisfied customers, increased competition in used car sales, and unstable financial and credit markets.

Business Strategy

Credlow's business strategy was distinct in its market of bad-credit North American car buyers: it wanted to become first choice. To do that, it would deliberately break the old stereotypes about used car dealers preying on customers, usury, ruthless repossession departments, bait-and-switch, and strong-arm tactics for selling whatever cars were on the lot. To sell and finance used cars in this difficult market, a strategy that embraced community support services in underserved neighborhoods required both the right business model and the right culture.

Leadership Strategy

Credlow's top executives spanned a diverse array of leader logics that were dedicated to a systemwide Achiever culture. They were remarkably adept at discerning the need for various levels of leadership logic in various roles, levels, and divisions across the enterprise. They chose a tiered strategy to develop all individual managers toward an Achiever leader logic. Various teams would reinforce that ethic and push for excellence and performance. The strategy also called for raising the entire senior

leadership culture to Freethinker leadership logics where feasible. One distinct advantage was that Roger, the CEO, demonstrated leader logic that spanned the range from Achiever to Transformer.

Other elements of the leadership strategy included emphasizing and rewarding cross-functional problem solving, promoting action and frequent informal communication, eliminating complacency, and fostering constructive debate to build an environment that would move the senior leadership culture toward a self-generating organic enterprise capable of facing and executing the challenging business strategy.

Leadership Culture

Credlow started out as a mixed Conformer and Achiever culture. The senior team was clearly committed to developing a leadership culture that stood out from the rest of the industry. Credlow's leadership wanted to stand out by enacting values based on service relationships in an underserved market. They provided security and safety to customers in terms of how well the used cars would perform and be serviced and in terms of the financial transactions offered under the Credlow banner.

Leadership Readiness

CEO Roger was committed to leading a transformation. To that end, he and his senior leadership team went through leadership culture development work together. The collective learning was that Credlow could build interdependence only on a foundation of independence. The senior leaders committed to deliberately pursuing both independence (up from dependence) and interdependence.

The senior leadership team members felt exhilarated by their experiences as Freethinkers. During our work with Credlow, we have seen the emergence among them of a number of Interdependent

leadership practices. Role definitions of managers are purposefully left open-ended, and managers work across functional and territorial boundaries to integrate their work as a whole. Decisions are guided by lots of informal and formal conversations, including multiple perspectives from both specialists and nonspecialists. The hierarchy shares power with the network of dealerships. Experimentation is normal, and failure is an expected part of the change process. Individual and organizational development are seen as part of the work to fulfill the business strategy.

Our View

From the start, Roger's intentionality regarding culture transformation and his continuous engagement with leaders, the workforce, and clients have been crucial in embedding change at Credlow. His actions are also a constant reminder to his team and the larger workforce that business strategy and leadership strategy are linked and that both must be reflected in problem solving, decision making, and execution.

NuSystems Inc.

This public service specialist institution had enjoyed many years without much competition, but now, in the face of such competition, the organization was dwindling.

Business Strategy

NuSystems' strategy was a mosh of competing priorities. Unable to choose and prioritize a few areas of central focus (the essence of strategy), it continued to burden itself with reactive operations, unguided by clear goals or strategic priorities. To the extent there was a strategy, it was simply a matter of different units within NuSystems attempting to generate products, services, and cost

savings in order to increase their influence and degrees of freedom in the organization. This behavior placed the organization at a Conformer level; more specifically, the Specialist leader logic was prominent.

Leadership Strategy

Having no coherent business strategy, NuSystems had never discussed a leadership strategy or invested significantly in leadership development systems or events. That it had no leadership succession pipeline was not a matter of concern.

Yet an implicit and informal leadership development strategy was in play. Having one's expert talents and achievements showcased and touted was the pathway to management. Endemic to this Specialist culture was the informal practice of promoting good individual performers to management. That was the only succession system operating.

Leadership Culture

As experts in their craft, Specialists form a leadership logic and culture that naturally tends to be in transition between Conformer and Achiever. But NuSystems, made up almost entirely of Specialists, was embedded in a Dependent-Conformer core culture. It was also stuck there because it was unable to focus on the broader competitive situation and the innovations that would allow it to move naturally toward an Achiever culture.

Leadership Readiness

NuSystems' CEO, Liam, was devoted to his company's preeminence in the service industry, but the workforce was divided over both the mission of the organization and the way it was being managed and led. Hard work was common, but strong professional management was not the organization's strong suit, and this was true for Liam and most of his executive team. Still,

when Liam engaged us, he pledged to support the culture work and the work of his team first.

As the work unfolded at NuSystems, we began to see that Liam wasn't really ready to be an instrument of culture change. For example, he insisted that all ideas pass through him before they were explored with the executive team. The effect of this need for control was a narrowing of issues that could be explored within the executive team or in the general leadership culture. Moreover, the executive team's significant issues and its pursuant questions were often undiscussable and were taken off the table. It became clear that NuSystems would not allow the conflict necessary for learning.

As a consequence, we recommended the creation of a CLT that could explore further into the company's human and operational systems. As we continued to work for discovery using information obtained through surveys, focus groups, and other internal sources, Liam increasingly insisted that all the information generated in the culture work be distilled for his editing and release. In advance of any face-to-face meetings with his team or other change leaders in the organization, he wanted control of the organizational messages. Liam wanted no surprises.

Because of the commitment of some on the change leadership team, we continued to work with NuSystems over several quarters. However, ultimately it was clear that Liam wanted primarily to manage the board's perceptions of him, the executive team, and the organization, not to change the leadership culture. Managing appearances and avoiding conflict were personal drivers that he was unable to control. Several of his key supporters also wanted activity but not real change. They wanted only to mollify constituents with an appearance of good-faith effort.

Our View

The NuSystems story illustrates the power of the leader in shaping what change is acceptable. It shows how important it is that

leaders be personally ready and committed if real organization change is to occur. The end game for NuSystems was a continued appearance of a culture change effort until Liam moved on and passed the challenges facing NuSystems to his successors. This story is also an illustration of the negative influence of tightly held central controls, exaggerated time pressures, ill-defined intentions, lack of engagement, and the contradictions between Performer and Freethinker aspirations and ingrained Moderator leader logics.

The Pattern

After reviewing these cases, is it clear to you which leadership logics prevent change almost no matter what other conditions exist? Do you see also the power of leadership readiness?

When they call us, some clients are raring to go with immediate work in the culture. We advise them that first they should ready the team. After that, it may be feasible to launch further work in the middle. A thorough process of discovery is the most important investment that any company can make in doing serious change work. A nickel's worth of discovery and feasibility analysis up-front can save a fortune and eons of wasted time spent on unsuccessful change efforts.

Exercises

Questions

Reflect on and record your insights from each of this chapter's six stories:

- What insights do they give you into your own readiness to lead others in the change process?
- Can you recall a personal change or transformation experience that provided you with lessons and insights that you use whenever confronted with the dynamics of change in others at the individual,

team, and organization levels? Can you name the lessons and tell a story about how you have used these lessons intentionally and the impact you have observed?

- Are you clear about what type of leadership culture and logic your organization needs in order to achieve direction, alignment, and commitment now and into the future?
- What do you still need to clarify?
- What will you do to make yourself ready?

Profile Your Organization

Write a profile of your organization's business strategy, leadership strategy, leadership culture, and leadership readiness. Note where the profile seems clearest and where it reflects confusion or gaps.
