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ENGAGING YOUR SENIOR TEAM

Eventually, all things merge into one.

—*Norman Maclean*

We'll bet you have inside you a personal and revealing story about a team that you were on that continues to inspire you about the potential for excellence when people are in sync and working together. Your story may have involved family, sports, military duty, a crisis, or some kind of organizational work.

What is that story?

We ask you to remember your team story because you're going to need your own personal inspiration to build organizational aspiration among your senior team.

So, what is that story? Stop a moment or two to reflect on it.

You'll also need vitality, verve, and a line of sight from vision to strategy and outward to fields of potential as you build one tactical, operational step on another. And as we've been saying, you and your team will need to keep your whole selves—all of you together—focused on strategy and the big picture of vision.

This chapter is about involving your senior team from the outset in transformational change. Is that feasible? If it is, how best to proceed? What challenges are likely, and how will you deal with them?

We're still building here on three basic lessons that we've learned from experience and that you've been absorbing from the previous chapters:

1. You can drive new product development, software installation, quarterly reporting, and other management functions.

But you can't drive culture change. For new beliefs and Inside-Out work, you have to participate and demonstrate your own willingness and ability to adapt and change. And in playing your part, you become an instrument of change.

2. The whole senior team must be willing to engage in the cultural change it professes for the organization. If the team is ready to do the work, then feasibility for change is high. If it's not ready, then substantial, lasting change is unlikely. Ultimately people in key roles must act and be the change they expect from the organization.
3. The team must raise its leadership logic to the level required by your organization's vision and strategy. If your strategy requires an independent leadership logic and your senior team has a Conformer logic, then its collective mind-set needs to grow. This may require some sizable, serious cultural and development work for the team.

Factors in Senior Team Readiness

Our work across years, industries, borders, and many different senior teams reveals five factors that indicate a senior team's readiness to work on cultural change:

- 1. The executive team is engaged as both enabler and participant.**

You've seen this happen: executive teams at the top decree the change and enthusiastically rally and invite everyone to get on board, but they themselves don't jump on the train—and the train never leaves the station. When executives don't change, no one else will.

In the Introduction, we recounted how one big change in human resource (HR) operations failed the day it began. In that case, there was actually no HR executive at the senior table. Nor was there significant engagement by the executive team about the change in direction of HR services. Instead, there were

dozens of adults colluding in a passive-aggressive stance while an entire department went up in flames. That kind of behavior destroys a culture and damages credibility. It's better not to go through the motions at all if your team has little intentionality and no commitment to outcomes. Dismal change efforts breed cynicism and are counterproductive to future attempts.

The team that succeeds is one that understands it cannot make change "over there." It must lead the change, engage the organization, and participate in developing change leadership capability.

In all of our client work where change was progressive and successful, the executives actively participated. Even in the most conservative, traditional, Conformer organizations we worked with, change success comes because executives declare, "If we don't do this first, then why would others be willing to do it?" Sounds like common sense to us.

2. Leadership development is part of the organization's cultural history.

The organization has experience with and appreciation for leadership development as a means of building organizational capability. The leadership culture has seen the effects of its previous leader development efforts.

3. In struggling to implement change, senior leaders know that the missing piece is change in the leadership culture.

The team sees compelling reasons for change. It is clear on the need to improve operations but sees that the strategy for improvement lies in leadership's focused effort to work through the human system, building aligned talent as an organizational capability.

4. The senior team is willing to engage in emergent work.

It sees that organizational cultural change is not a management program with guaranteed deliverables; rather, it's a trail that leaders blaze as they go forward. The key to success is the senior team's willingness to develop their ability to tolerate uncertainty and ambiguity.

Voice of Change

Pool hall principles apply to strategy work in change teams. Any numbskull can make a straight shot of the three ball in the side pocket, but the question is, Can you play the game? Can you read the table and set up the next shot and the next? Can you run the table? Likewise, making the numbers quarter by quarter is necessary but not nearly sufficient when it comes to strategic responsibility for the future. Doing what you always did and getting what you always got stops working when markets change, because you will stop getting what you got. Shooting pool requires a big mind capable of looking at interconnecting systems and anticipating scenarios and alternatives in an unfolding, hard-to-predict future. You need to connect the best and brightest players on your change team and get them working together strategically in order to maximize your potential. Two heads are better than one when you have a healthy mix of leader logics and skills on a team that challenge each other and extend the leadership logic of the whole to face the future together.

5. The senior team recognizes the need for cross-boundary work.

The senior team sees that cross-boundary work is essential. That appreciation is often expressed as horizontal process work where peer-like relationships are required to cooperate and collaborate. Processes can include crossing the boundaries of functions, alliances, agencies, suppliers, and other entities throughout supply chains and networks.

Strategies for Change

Here is some essential strategic advice. You'll see that we are continuing the theme of collective learning throughout.

Don't Hand It Off to HR

If your team shifts this work over to HR to plan and implement, or turns it into a "program" for someone to manage, then your

feasibility for change drops several points. Culture change, just like talent development, belongs to the whole organization, not to a function of it. For sure, HR can help secure some expert resources, provide project management help, or even supply advisory consulting. But don't think "they" (meaning really any function or individual outside the leadership team) can create change for you. No one, no group, can do this for the team. No proxy can carry the senior team's responsibility.

Begin Privately Within the Team

Jump-start the change work behind closed doors with just your team. Try the changes; practice playing your part in the team's culture. Learn a few things about change within the team, and think about how sharing those lessons beyond the team might play out. After some practice, you can be more public with the work and use it to create the Headroom necessary for people to participate in public learning and social recontracting.

Be Willing to Give the Time

We talked about time sense in Chapter Four using Technology Inc. as an example. When first discussed at that company, the idea of "taking time out for learning" in the middle of a concentrated, uninterrupted manufacturing process seemed inane to many on the leadership team for whom a steady, continuously urgent pace was sacrosanct. "Take time out to do what? To talk? That's nuts!" a few leaders said. Changing that belief on that team was a huge undertaking with a big payoff.

Practice Strategic Leadership

Inherent in the readiness factors stated above is an eye for feasibility, and this requires continuous learning. Think of strategy building as a learning process. This kind of strategic planning

is different from the planning you do every three to five years that yields a strategic plan for stuffing a three-ring binder. As you make progress in change, you learn, and as you learn, your perspective on the territory changes, so your strategy adjusts and shifts according to what you are learning. As creating strategy is a learning process for strategic leaders, so feasibility analysis and discernment is an ongoing process of collective learning (Hughes and Beatty, 2005).

Locate the Team's Core Leadership Logic

At this point in the game, you need to figure out where your leadership team actually is in terms of its leadership logics. Use the language in Table 7.1 to describe in general your leadership team. Is it conformist and molded into the hierarchy, or is it a pack of mad-dog competitive achievers who will do almost anything to win? Or where else is it on the continuum?

The leadership culture in your organization will not rise above or grow bigger minds than the leadership logic and culture that the senior team holds in common. Leaders everywhere exhibit the King-and-I syndrome: "No head shall be higher than *my* head!"

Separate Strategy from Operations

In team meetings, figure out a simple way to conduct regular operational business management separate from the organization's more complex strategic leadership issues of change. Carve out separate recurring Headroom time and space to talk about the most challenging of the latter.

Operations and change require different modes of discussion. For operations, you can use the centrally controlled approach of a team leader who manages an agenda based on deliverables and disseminates information for programmatic rollout (essential facts about the company's new health

Table 7.1 Team Leadership Logics, Leader Logics, and Focus and Beliefs

<i>Leadership Logics</i>	<i>Leader Logics</i>	<i>Focus and Beliefs</i>
Interdependent-Collaborator	Transformer	Organizational wizardry, transformation “Advancement for common good.”
	Collaborator	Synthesizers, strategic influencers, complexity, systems thinking “We are collectively capable.”
Independent-Achiever	Freethinker	Innovation, unconventional, new organizational orders in construction “I determine value with you.”
	Performer	Winning, adaptive achievement, technical reason and mastery for my benefit “We compete to win.”
Dependent-Conformer	Specialist	Control things, being right, technical expertise “Personal competence is our highest value.”
	Moderator	Control self, go along to get along, paternalism, conflict intolerant, diplomacy “Appearances matter.”
	Dominator	Control others, loyalty, obedience, my power, honor the code, respect authority “I have the control.”

insurance plan, for example). For dialogues-of-change work, you need to open up Headroom and alter the time sense of the team. These can be liberating rituals that the team eagerly anticipates. Discussions can also be sparked by action development agendas. For example, the team can review actions and outcomes of the new leadership logic it’s trying out, gleaning

lessons of change experience for anticipating and planning the next round of actions.

Identify Sails and Anchors

Based on where your team is centered right now in regard to its culture and logics, which team members are likely to push for change, and which ones are likely to resist? Where are the extremes? For example, if you have an essentially Independent-Achiever senior team, which members may be Dominators or Moderators, Collaborators or Transformers? What strategic influence can you bring to assist lifting anchors and setting sails?

Have Tough, Difficult Conversations

You can't get around them. All that stuff the team hasn't been talking about undermines progress and gets in the way. Put those issues out in front, in the open, and then deal with them. A steady diet of difficult conversations isn't fun; a little can go a long way. Those difficult dialogues can open the forum for many other topics that were previously out of bounds. These difficult conversations are crucial (Patterson, Grenny, McMillan, and Switzler, 2002).

Balance Questions of "What" and "How" with Those of "Why" and "What If"

Establish and encourage dialogue that consists mostly of questions; you want collaborative inquiry (McGuire and Palus, 2003). In the course of that dialogue, make sure you or others are asking plenty of "whys" and "what-ifs," which will take you closer to root causes and bring up more alternatives for addressing systemic causes of repeating problems.

"What" and "how" are helpful too, of course, keeping you practical and the team's feet on firm operational ground. Strike a balance of questions. If your team tends to lapse into the what

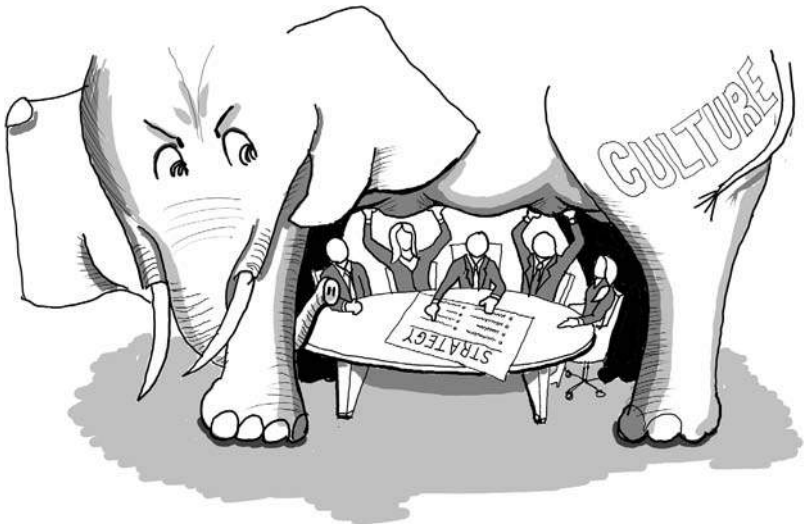
and how, push it back toward why and what-if. Pressing against boundaries is developmental and a good source of learning (McCarthy, 2000).

Make Strategy Conscious

In Chapter One, we defined leadership strategy as the organization's approach to advancing the leadership culture, practices, and people systems necessary for future success. It's about what leadership needs to look like and be collectively capable of doing and how it will be developed in an organization.

We've said that leadership strategy shows up, consciously or not, in the organization's choices about leadership culture and in its beliefs and practices (see Illustration 7.1). The strategy also shows up in the kind of people, or talent, systems the senior team chooses to manage leadership development. This all has tremendous implications for your leadership development systems and programs—but it is much more than that.

Illustration 7.1 Culture Is the Elephant in the Room



Source: Bruce Flye. Used with permission.

Leadership strategy is about the strategic intent of and for leadership as a collective and what it needs to be and do as capability for the whole organization.

Executive and leadership teams bear a responsibility to make the organization's leadership strategy conscious and explicit. They need to be as aware and diligent about the leadership strategy as they are about the business or operations strategy. Moving the choices that are the expression of strategy into the team's zone of intentional change can vastly increase the feasibility of change.

The future lies in leadership practices that align vision, strategic drivers, and core capabilities. First, get the business strategy right; then work on the leadership strategy. Then get both to operate as one, and your chance for success accelerates tremendously.

Lift to the Level That Strategy Requires

We can't imagine any individual or team wanting to take on the work of transformation unless that amount of change is clearly needed for the long-term sustainability of the organization. In reshaping your leadership strategy, figure out point A (what you have today) and point B (required for tomorrow). Become clear and honest about the gap in your leadership culture between points A and B. Define it, describe it, and discuss it with team members. Determine what beliefs and behaviors have to change to cross that gap. Then decide what level or type of leadership logic is necessary to implement your organization's strategy, and make the changes the level requires. The match isn't merely nice to have; it's a must. Your organization's future depends on it.

Create Safety with Numbers

There are more and less safe ways to start or leverage public learning within the senior team. One safe way to start is by

locating a few others on the team who are willing to join you in a conversation about future possibilities. Your answers to the questions we pose in the “Identify Sails and Anchors” section above will help you identify likely partners.

Can you identify three or four other people on the team who likely believe the organization has to move from point A to point B? Do they also practice leader logics in line with or in advance of the team’s general leadership logic? At one of our clients, for example, three people from the executive team listed others they thought they could count on in a change effort. That analysis became their first assay of the feasibility of culture change.

It’s often all right to identify just enough people to start. But be realistic: some of them will also need to be the right people. They will need to possess some organizational influence or power. So don’t start unless you have enough of the right players in your selected start-up group. You need the CEO or the chief operating officer or, even better, both. If people in key positions are strategic, complex thinkers and have proven their ability to tell the truth, deal with conflict, and take risks, then your chances are pretty good.

Aim at “Good Enough”

There is no perfect team.

Think of cultural change in your senior team as a game of chess and each team member as a piece. Then visualize a match in which your new selves are playing your old selves. Your new team positions its strengths and intentionality in order to triumph over its worn-out identity and its current shortcomings in relation to emerging challenges.

Do your new selves have enough of the right pieces in the right positions on the board to mount a sound offense? What are the strengths and weaknesses on each end of the board?

And what about “civilians”? If some people haven’t enlisted on your side yet, you can ask them directly to withhold their judgment for a while and not align against you. Sometimes it’s fine if certain senior team members are neutral to the change. You can gain advantage by convincing potential detractors to sit on the fence and keep an open mind. You’ll be surprised how many people will comply with such a request because you respected them enough to be straight and include them. If they’re not yet believers, then openness and “doing no harm” are the most you can expect of them. They have to be authentic. If they’re open to new possibilities but not actively setting anchors, that’s a positive state. It’s enough.

Change Leadership Teams

Change becomes less likely if your CEO, COO, or other major power broker is authoritarian, a controlnik, a conflict avoider, or a pleaser. The same is true if, outside the team’s immediate sphere of influence, there sits another key player in a powerful and influential position who opposes leadership culture change. On the senior team itself, it takes only one detractor to seriously damage or even sink the ship of change. If people in a key line of business, an important geographical area, or an essential function see their executive vice president, for example, defying the announced change in direction in word or deed, then they won’t support the change and may actively work against it too.

There is a way to mitigate these problems: create what we call a change leadership team (CLT). The CLT is a special team made up of key executive team members (not tokens), influential leaders across and down a few layers into the organization, a company folk-hero maven or two, members of the board, and representatives from the supply chain or client and constituent groups (or both of these). The CLT is an extension of the senior team, not a replacement for it. By creating a CLT, you

can build a powerful set of stakeholders with a collective, cross-boundary voice for change. Using a CLT has several advantages over relying solely on an existing senior leader team. A CLT can strengthen a weak core leadership logic on the executive team, and its members can be advocates on behalf of the organization and so extend the developing leadership logic base. It can extend progress on change work when significant turnover on the senior team is anticipated due to restructuring or retirements or when key players are not yet fully accepting of the change work. A CLT can speed up and extend the change work of a strong, ready executive team.

Voice of Change

Recall from Chapter Two Mike's story about the maintenance staff who replaced the executive suite chairs with seating more suitable for vice presidents. Mike's organization, a government agency, faced a series of forced retirements of executives, including the president, and no one was ready for the succession challenge they faced. They were the most conscientious public servants we've ever met—they cared deeply about their responsibility. Developing the senior team's leadership logic alone was not a feasible plan because half of the team would be gone in two years. The more workable solution came in the form of a CLT, commissioned by the president, which served in an advisory capacity and addressed the major change issues facing the agency and the leadership development capability required to address them. A few key team members assembled to strategize about the right mix of players and made some brilliant choices in selecting players who could come together as a CLT for a strategic interim passage during this tumult of turnover. The CLT was remarkably successful, creating a leadership strategy and executing its development toward a more independent coaching culture (their term for advancement through shared learning). The lesson: Just because the executive team is not ready doesn't mean you can't make progress toward change.

The CLT also provides a broad base for stakeholder representation, which means political power. A few advocates well placed across the political landscape can unblock resources and lever alignments when needed. CLTs are also good for staying the course for a long period of time, and they can even become part of the institution. A benefit to CLT members is that they can be recognized for their significant, influential, long-term contributions to the organization's transformation. You can even use CLT assignments as part of your succession system for high potentials because in a change environment, they'll learn valuable lessons about the extended cross-boundary organizational systems.

Challenges to Teams at Different Logics

Depending at what level of logics your team and its members are starting out, you will face different challenges. Here we discuss a few of them.

Dependent-Conformer Team Challenges

Left unsupported and unchecked, senior team leaders with a center of gravity in the Dependent-Conformer range of logics will likely attempt to sink the ship of change—some passively and some actively—because issues of maintaining control are so prominent for them. That can include the Specialist-logic members who are at the upper, transitional end of the Conformer range. But keep in mind that Specialist leader logic doesn't refer to the same thing as an expert or specialist leader role. It's not the job or role that defines leader logic. Experts in terms of job or training (doctor, lawyer, investment banker) can have Transformer, Specialist, or Dominator leader logic. What determines leader logic is how you interpret your surroundings, make decisions, and react, especially when your power or safety is challenged.

Transformation may be hardest for a Dependent-Conformer culture. To advance such a culture, you hope to identify as many post-Specialist logic members as you can on the senior team. It's common to find a number of Achiever-oriented people. However, most senior leaders in a Conformer culture may be specialists by role who straddle the boundary between Conformer and Achiever logics, one foot in each world. From there they can shift either way. In that light, their potential is awesome.

Nearly 40 percent of all leaders have a Specialist leader logic. Most Specialist senior team members rose to senior positions because they were the best technical experts in their department earlier in their careers. Usually their self-confidence is high and well earned, and they believe they have a lock on their discipline (medicine, the law, stock brokering, software architecture, nursing, investment, or something else). They see their own watertight expert thinking and thorough knowledge as the vehicles of their mastery and control. Data and logic are their primary tools. Most have been valued because of their pursuit of perfection on their way to becoming senior leaders, and they are still highly valued for past or recent expert contributions.

As part of a leadership team for change, these specialists can be tough to deal with. They like to be right. We mean, they *really* like to be right. A lot. They often think that collaborating on imagining a future is a waste of time. They often think, "Not all meetings are a waste of time. Some are cancelled." Not uncommonly, they condescend to those whom they perceive as having less expertise than they. But one thing they *do* respect is—you guessed it—other experts. For this reason, when Specialists become problematic, it can be a big help to bring outside experts in change to the change team. If Specialists believe there is a change expert in front of them, they will respect that and pay attention (Rooke and Torbert, 2005).

In addition to members with Specialist logic, Conformer leadership teams may also contain Dominators and Moderators,

though together they comprise less than 20 percent of all leaders. Both types pretty much hate dealing with emotions publicly at work. By behaving in self-absorbed, intolerant, aggressive ways (fueled mainly by fear), Dominators can stultify entire divisions and sometimes whole companies. But the passiveness of Moderators is no less of an obstacle to organizational change. Executives can rise pretty high in organizations, sometimes to the top, using passive diplomacy as their significant major skill. (It's amazing how often smart people simply avoid making the wrong enemies and wind up at the top without having accomplished all that much.) Dominator and Moderator logics are both extreme logics, and both lack receptors for feedback and change.

In our practice, we never advise succession or termination. We do, however, see clients struggle with resistance from a few people at the top during transformation efforts. When we do, our own conclusion is that you can either change the people or exchange the people. We believe every effort should be offered for development, and we know that sometimes the CEO has to decide that someone needs to go, and that sometimes that someone decides to go.

Independent-Achiever Team Challenges

An Independent-Achiever team culture has a bigger collective mind than a Dependent-Conformer team and a more complex, integrated understanding of the world. It welcomes feedback that helps members learn to deal effectively with ambiguities and be successful. After all, the main Independent-Achiever leader logic is that of Performer (about 30 percent of all leaders). Unlike Specialists, Performers are skilled at interpersonal relationships and are very good at positively influencing others. They also really like to win. So if change is commensurate with winning, then they are in. They're also good at teamwork and in implementing strategy.

What's not to like about the Independent-Achiever team culture? It's not about liking or not, actually. It's about capability. An Achiever culture (short on Freethinkers) isn't very good at innovation and can lose out in a competitive market because it's not keeping up. Performers are great at implementing strategy, but for creating new strategy in the heat of battle, they are not so good. For that kind of creative work, the team needs Freethinkers, Collaborators, and Transformers.

About 15 percent of all leaders command Freethinker, Collaborator, or Transformer logics (Rooke and Torbert, 2005). Freethinker logic is at a stage of development where leaders begin to get a really big mind. Like others with leader logics in the Collaborator culture range, Freethinkers can discern the difference between principles and actions; their insights, born of truth telling, can lead to nimble course corrections. They know that they are in charge of constructing their own reality and take charge of putting new orders of things in place to respond to the challenges they face. For Achiever teams that are developing toward Collaborator leadership logics, this means they just get better and better at systemic, strategic capability in dealing with change.

Shaking Up Senior Teams: Two Examples

It goes without saying that if your organization's business strategy is wrong, no kind of change will help. In that case, transforming a senior team or a culture simply doesn't matter (except perhaps to develop greater strategic leadership to get future strategies right). But when the business strategy is right, leadership culture change can matter hugely. The two must align. You're probably already familiar with the classic stories of Digital Equipment Corporation (DEC) and IBM in the 1990s, but we think they are worth repeating here as ways of observing how strategy, culture, and level of the latter make differences between success and failure.

In the 1980s, computer manufacturing industry leaders had shaken out of a competitive pack by owning and providing vertically integrated systems. Companies like DEC and IBM made products, installed them, and serviced them. But in the 1990s, open software and systems and the rise of personal computers and distributed networks created a new market in which customers demanded integrated systems made up of the best computer hardware, software, and network components, no matter how many different vendors were involved.

Industry leaders fell hard during the 1987 stock market fall, and after a year or two they had not rebounded to previous levels. Growth had slowed, and the market demand had changed. Layoffs and other cost-cutting measures became necessary, but the real challenge was to strike out in a new, feasible strategic direction that accounted for customers' future needs.

Digital Equipment Corporation

One of this book's authors was at DEC when that company came apart, and the lessons have never been forgotten. In the early 1990s, DEC was the number two computer company in the world, behind only IBM. Its phenomenal growth was due to the founder and CEO, Ken Olsen, who had literally created the minicomputer market. DEC was a classic Independent-Achiever culture that had grown out of a Specialist logic base of engineers. Its entrepreneurial beliefs were pervasive, and its matrix management system provided a lot of flexibility. Good ideas had room for testing, proving, and implementing. Internal competition was common, and every business line had its own information technology (IT) and HR operations. This was an expensive business model to maintain, but it was also a fast, furious, and exciting place to work—while the money rolled in.

By 1993, however, product revenue and profit had gone flat, and services brought in almost all of DEC's profit. What is

interesting historically is that DEC invested nothing to create or maintain its services business. It invested only in the product business. Services were seen as an aftermarket business rather than integral to the core business. As a result, the services side of DEC had to bootstrap itself by borrowing from its annual profits to fund its future growth strategies, a practice that placed a continuous strain on business profits. Many of the leaders on the services side of DEC believed that the company needed to make a significant shift toward a services-led business strategy.

At one point, the number two executive at DEC brought together several other DEC executives and services managers to discuss how the company could double revenue from its services business in two to three years. This wasn't idle brainstorming. The company was casting about for potential future fiscal solvency. During that series of meetings, the worldwide manager of DEC's services division made a compelling pitch about how to double that business in two years with modest investment. Number two declared the manager's investment idea a "no-brainer" and said that DEC needed to implement this services-led business strategy right away. He then turned to the company's chief financial officer (CFO) and asked, "We can find the money to do this, can't we?"

Without hesitation, the CFO simply said no. (It's difficult to fathom the absolute absence of thought or consideration given to the idea in the midst of a fiscal crisis.) A discussion ensued, punctuated by the worldwide service manager's pushing his chair back hard from the table, banging it into the wall behind him, and hurling a barrage of cogent points across the table, addressed to Number Two and the CFO about how DEC's product-led mind-set would be its demise.

To no avail. There was no executive Headroom around the table that day at DEC. The executives present were incapable of creating it, incapable of lifting their ceiling of awareness in order to consider feasible responses to the changes in their market and business. As a group, they were incapable of standing up to the

challenge that day. However much the evidence contradicted their prevailing beliefs in a product-led business, the beliefs held out, and no new direction was imaginable. The service manager's new strategic proposal had pointed to a shifting market in which services were becoming more valued than products and that a services-led strategy could offer customers solutions to their business problems—but that position fell on deaf ears and was ignored by the corporation.

A year later, a new CEO (an engineer by background, with a product-manufacturing mind-set) convened a team from across the enterprise and commissioned it to draft a strategic plan based on reengineering. This group's proposal again reflected the need for a services-led solutions business strategy. The new CEO was surrounded by many of the same executives whose leadership logic still clung to the past successful tradition of a product-led company, so he too ignored the proposal to shift strategy toward services. He continued down the same doomed path.

At DEC, a dozen people at the top had failed to escape their restrictive product-business mind-set; they failed to see and understand the change that surrounded them. They were smart people but blinded by the beliefs that had made them successful and unable to get a bigger mind. Although DEC had an Achiever culture, the senior team was weighted more toward the Specialist logic by executives who had grown up in products divisions. They didn't command the Freethinker logics they needed. (This wasn't DEC's first big strategic mistake, by the way; it had bungled its personal computer strategy some years before as well.)

Strategy is hard—anybody can get it wrong—but anyone doing it needs to be able to rise to a level of leader logic that's able to consider all reasonable alternatives.

The result at DEC was that 120,000 employees became 60,000, and the company eventually went on the block. Ironically the buyer wanted what was arguably DEC's most valuable asset: its services capability.

IBM

In 1993, Louis Gerstner became CEO at IBM. His tenure and the successful change he led offer an informative contrast to the DEC story. Having been in other industries prior to coming to IBM, Gerstner wasn't predisposed to the product-business mind-set that characterized both IBM and DEC. "Big Blue" IT shops were the result of a core business strategy for decades, but the market had changed.

Based on Gerstner's account, we would describe IBM at this time as a classic Dependent-Conformer culture. According to Gerstner, IBM's management committee operated under centralized control that diffused responsibility and leadership. A bureaucratic mind-set caused its officials to rubber-stamp project investments without much rigor or accountability. Debate and contention were sucked out of decision-making processes by an institutionalized form of compromise based on prearranging consensus. A system of entitlement had crept into the organization. As Gerstner himself describes in his book *Who Says Elephants Can't Dance?* (2002), IBM so dominated the market that it had little sense of competitive threat. High margins and deep market share don't inspire risk taking and aggressive competitive behavior.

Despite these obstacles, Gerstner set out to change key organizational elements. First, he challenged the company's top two hundred executives to each reach out to at least five customers for face-to-face problem-solving visits. Each visit generated a report that Gerstner was involved in. Gerstner describes these visits as IBM's start toward changing its culture, and he used them to create a new orientation in which the customer would drive what IBM did. Gerstner raised the ceiling of expectation by creating new space in which previously insulated executives were exposed directly to customers. This kind of exposure created vulnerability for executives who had formerly been allowed to remain comfortable themselves as long as problems belonged to someone else. It's a lot easier to sit at the top and

manage than it is to step into the discomfort and vulnerability of direct contact with customers—but the latter is full of developmental possibilities.

But Gerstner did much more than this, according to his book. He dissolved the powerful management committee and created a new leadership team. He reengineered IBM's business processes and changed the business model to focus more on the customer. He established leadership competencies in customer insight, breakthrough thinking, straight talk, and teamwork. And he built all this around a services-led model in which he saw a future where services solutions companies, not hardware factories, would rule.

Gerstner describes in his book how he first had to rise to the challenge for himself in order to learn what new strategy was needed. As he began to understand the possibilities in restructuring around solutions, he recalls his confusion: "My mind was afire . . . this is what I wanted when I was a customer. . . . [I was] thrilled and depressed, thrilled that I had discovered a capability our customers so desperately needed, and depressed to realize that the culture of IBM would fight it" (2002, p. 129).

Gerstner allowed himself to be the practice field for a shift in a corporate identity. He took on the uncertainty that change demands of leadership. By allowing himself the vulnerability of his confusion, Gerstner was able to create Headroom first for himself and then for his team and company. Deep and transformational learning was the result.

At the end, this hard-nosed businessman who had gone to IBM to pull off a turnaround said, "I came to see in my time at IBM that culture wasn't just one aspect of the game—it is the game" (2002 p. 182). By all appearances, Gerstner transformed not only IBM but himself in the process.

Learnings

One global corporation's top team fails to grow and get bigger minds, and the company fails as a whole. Another global

corporation's team succeeds and transforms its culture. The teams don't do it alone, but the organization can't do it without them. DEC didn't have a leadership logic at the top that was capable of mastering a complex new world. Its leadership culture's beliefs and practices couldn't, and didn't, advance. At IBM, key people's leader logics could advance and handle the complexity of the challenge, and therefore they were capable of setting out to change beliefs and practices in the leadership culture, however difficult that effort might be.

Where Are We Now?

In Part One of this book—the seven chapters you have almost finished—you have seen how leadership cultural change can begin with you and spread to other members of a change-leading senior team.

In Part Two, you will see how much of what you have read fits together in a cycle of leadership culture transformation, and we'll share with you more about our cases where change worked and where it failed—and why. Then we'll assist you further in assessing your organization's level of feasibility for change so that you might create a plan of action for initiating change in your leadership culture.

Exercises

Questions

- What is the leadership logic of your senior team?
- What one or two beliefs do you think the senior leadership team will need to change?
- As a senior leader, why do you have to stand up first to yourself and then to your team's culture in a change process?
- Why is it essential to create Headroom in your executive team before or simultaneous with creating it in the broader organizational culture?

- What does your senior leadership team need to do to awaken and then energize Inside-Out development in the team and leadership culture?

Scales and Dialogue

At the next team meeting, have each team member individually complete the scaled questions that follow. Then have them talk about the meaning of the results and the requirements for increasing the change readiness of the team and the organization if there is to be a transformation of the leadership culture.

To what extent is the executive team engaged as both an enabler and a participant in the change process?

1	2	3	4	5	6	7	8	9
Team is not actively engaged			Team vacillates between enabling and participating			Team is enabling and participating actively and energetically		

To what extent is leadership development part of the organization's cultural history?

1	2	3	4	5	6	7	8	9
Weak history of development			Some history of development			Strong history of development		

Have prior change initiatives raised awareness that leadership through culture has been the primary shortcoming in making change?

1	2	3	4	5	6	7	8	9
Current barrier to change			Ambiguous support for change			Current support for change		

To what extent is the executive team willing to engage in the uncertain, ambiguous process of developing leadership culture and guiding organization change?

1	2	3	4	5	6	7	8	9
Team is not currently willing			Team vacillates between exploratory and formulaic approach			Team is accepting and supportive of uncertainty		

To what extent is multilateral engagement deemed essential?

1	2	3	4	5	6	7	8	9
Organization is heavily siloed and turf protective			Support for multilateral engagement ebbs and flows			Multilateral engagement is expected		

How much trust is there within the senior team?

1	2	3	4	5	6	7	8	9
Absence of trust			Some trust among some members			A lot of trust among most members		

