8

THE CULTURE DEVELOPMENT CYCLE

> We should always have in our heads one free and open corner, where we can give place, or lodging as they pass, to the ideas of our friends. It really becomes unbearable to converse with men whose brains are divided up into well-filled pigeon-holes, where nothing can enter from the outside. Let us have hospitable hearts and minds.
>
> —*Joseph Joubert*

Warren Bennis defines leadership as a tripod made up of a leader, followers, and a common goal (2007). We find this definition inadequate. True, leadership sometimes involves a leader and followers and their shared goals, but Bennis's tripod does not seem to allow the kind of collective leadership we need to deal with increasingly complex situations. For that reason, at the outset of this book, we defined leadership in terms of its outcomes: direction, alignment, and commitment (DAC). We think this more encompassing view is more helpful in understanding the practice of leadership as it relates to change. Shared direction implies that each member of the collective knows the aims and goals of the collective; each member also knows that the other members know those aims and goals as well. Alignment is the coordination of knowledge and work in the collective. Commitment is the willingness of members of the collective to expend effort toward the needs of the collective over and above the effort needed to meet their individual needs. High-functioning DAC indicates the presence of an effectively functioning leadership culture of beliefs and practices.

With DAC in mind, you can easily see how leadership development relates to:

- Individual development
- Relationship development
- Team development
- Organizational development
- Changes in patterns of beliefs and behavior in the collective
- Changes in systems and processes

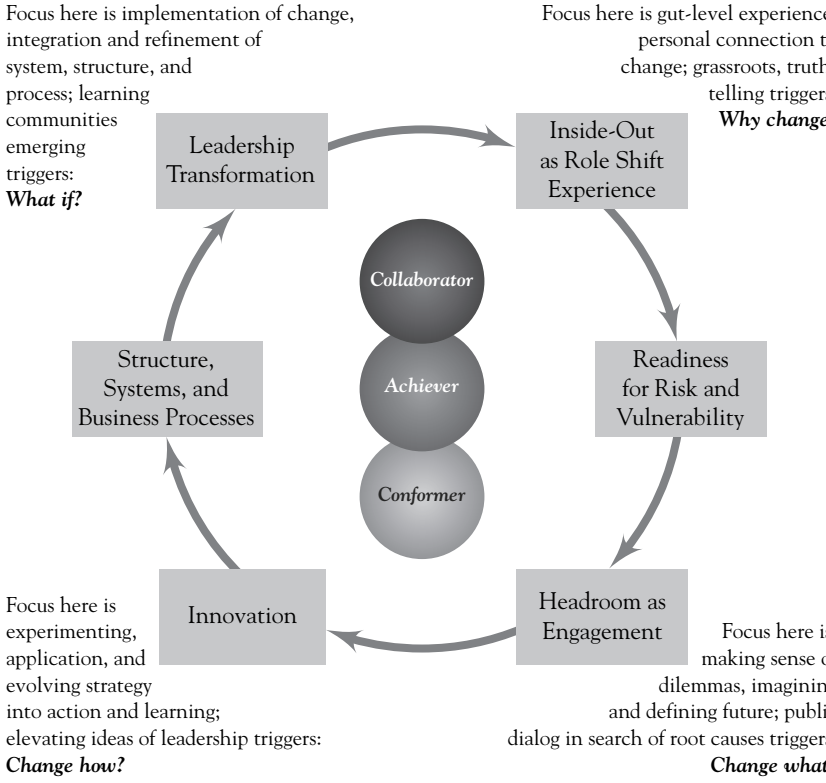
DAC allows us all to see the trajectory and engage in more participative and interdependent ways of leadership, with everyone potentially able to join in shaping new beliefs, behaviors, and practices. Perhaps you can also see how thinking in terms of DAC means that an organization's leadership culture can potentially encompass everyone. Not by coincidence, that is truest for leadership cultures that have reached a collaborative level of leadership logic.

The DAC perspective is part of what led us to see Inside-Out, Readiness, and Headroom in the broader context of an ongoing organizational leadership change, which is part and parcel of the organizational cycle of planning and execution. We call that broader leadership context or model the Culture Development Cycle (CDC). The model attempts to capture how culture transformation occurs beyond the largely personal and senior team work we described in Chapters One through Seven.

The Culture Development Cycle

The CDC is an organizational learning and development framework devised to represent our grounded theory and case study research findings in transforming leadership culture. Figure 8.1 describes the cycle perhaps as well as can be done on paper—which is somewhat limited. In it you see six divisions, which we

Figure 8.1 Culture Development Cycle: A Learning Cycle for Leadership Culture



refer to at times as "dimensions" or "phases." Why not "steps"? Because we want to avoid reinforcing the idea that the cycle must begin at one place, or that one can simply move in order from one phase or dimension to the other. Inevitably you begin wherever you are on the cycle right now. But also inevitably, you must engage in all six phases in order to transform leadership culture.

A transforming organization evolves through all six phases as a collective, organizational learning cycle in order to achieve an advance in culture stage. Simultaneously, within the cycle, continuous interactions between the six dimensions of work

also occur. The CDC represents the dynamic phenomenon of collective learning and culture advancement to bigger minds.

Moving clockwise from the upper right in Figure 8.1, the first three dimensions relate the personal dimensions of transformation (Inside-Out, Readiness, and Headroom) to the collective experience and engagement of leadership. Continuing clockwise from the lower left, the model also brings in the practical, external, action development–based manifestations of change as organizational innovation and adds its expression in organizational structures, systems, and processes. At the top left, the cycle includes the transformation of leadership culture and its elevation to a higher logic and bigger collective mind.

This chapter discusses each phase or dimension and how they interrelate. It also says more about the four types of questions you see on the periphery of the figure: "Why change?" "Change what?" "Change how?" and "What if?" As you will see, the nature of specific questions depends in part on the leadership logic that currently characterizes your leadership culture.

Reading this chapter (and the following two) will prepare you for Chapter Eleven, in which you will get the information you need to map your organization's actions at the individual, senior team, and leadership culture levels so that you can create a gap analysis of what needs to be done in your company to make real change happen.

Do keep in mind that our experience with clients has been stark: in the six cases we have followed most closely, the three organizations that completed major work in the Inside-Out, Readiness, and Headroom phases went on to transform their leadership culture. By contrast, the three organizations that did not work through these phases failed to achieve broader leadership change.

Six Phases of the CDC

As you read about the six phases, remember that culture change is about the interplay of leadership development and organizational

development. As we've noted, big change necessitates individual, team, and organization movement toward a different, expanded way of thinking about complexity in order to make it an opportunity to embrace rather than a problem to avoid. Each phase of the CDC is another opportunity to grow into larger ways of thinking about, feeling about, and seeing the organization and the world.

The Inside-Out, Role-Shifting Experience Phase

In the context of the CDC, Inside-Out connects to shifts in the roles leaders play. We don't mean changes of title, but shifting perceptions of identity (who we are) and what we are actually doing. As a leader shifts to a new role almost imperceptibly and nonverbally, he or she often senses external, incremental changes in the environment that trigger internal shifts. A new role, especially that of guide, will upset old identities.

Voice of Change

Joubert exhorts us to have hospitable hearts and minds, suggesting to us that the imperative for transformation is "listening to your inner voice." As a developing change guide intentionally getting in touch with your inner self, you may raise to consciousness previously unexplored dreams about the cyclical possibilities for bigger minds, bigger hearts, and a bigger universe of possibilities for your organization and the world. By listening to your heart and your mind, you will become more attuned to reflecting, thinking, feeling, and acting transformatively in your daily life. As your individual leadership sustains Headroom, it continues processes of reengagement with your developing self, your developing colleagues, and your developing leadership culture. Over time these learning and development cycles must become a natural experience, continuously reinforced by the engagements that occur with Headroom. Only by opening your heart and your mind to these energizing, continuing cycles of developing a bigger mind, a bigger leadership logic, and a higher state leadership culture will you build an organizational culture of sustainable, meaningful change.

Role experience is likely to be a cultural phenomenon you have encountered in your professional life. You may recognize role experience and role shift issues in terms of organization charts, job titles, job expansion, job enrichment, role descriptions, and accountabilities. In our experience, consciously attending to role experience and role shifts contributes greatly to individual awareness and to a leader's willingness to create the conditions for Headroom and then to stand up and step forth as a role model for others.

Most organizations, most leaders, and most employees operate with explicit or implicit expectations around roles and responsibilities. Given the hierarchy effect that is present in most organizations, it is not atypical to see power and influence concentrated in the upper levels of management and reward systems that clearly articulate the managerial aspects of the job but are often murky in terms of leadership competencies. The net effect of those expectations is to set up norms about what kind of things a person can and should do, what a person can't or shouldn't do, who is in charge, what is expected and by whom, and a differential sense of responsibility and control, depending on one's level in the organization. As we have noted, to do something different, you must be something different, and role shift is central to your leading change in the leadership culture.

Identity Consciousness and the Role of Guide. Identity is an essential developmental construct. Whether that of an individual or an organization, identity speaks to what makes each unique and fuels passion and commitment to doing the right thing, making a contribution, making a difference. As you learned from earlier chapters, the significance lies in bringing internal identity concepts forward to conscious expression. Identity informs intentionality, influences leadership practices, and is instrumental in both readiness and the experience of Headroom and engagement.

Look back at Table 5.1 in Chapter Five. The right-hand column lists educational roles associated with leadership logics. Transformation to any new leadership logic requires senior leaders to take on the educational role of guide. We use that word to identify senior leaders who model new ways of being and doing, find pathways through unexplored territory, have the trust and respect of others, and take people at varying levels of capability and work with them to accomplish success.

To become a guide, you need to raise your own conscious awareness of who you are and what you stand for. You need to declare the business the organization is in and explore where you and others fit in regard to change and culture stage development. As we have said, you need to make time to stop and reflect, digging into your unconscious in order to make conscious your core values and beliefs about yourself, people in the organization, the organization's culture, and the organization's broader surroundings for change and transformation.

Think of the guides on a mountain ascent. They do everything they can to create conditions of maximum readiness on the part of climbers. They share information about the terrain *as it usually is*. They are honest about the dangers and the potential for the unexpected, and they don't typically guarantee that every climber will summit. And they are not only guides but climbers too. During the ascent, they create their own version of Headroom that allows appreciation of individual differences, consensus about dealing with differences in endurance, tolerance for the unexpected, and individual choice within a group context.

We have observed these same guiding habits in senior leaders who are able to facilitate the movement of the organization and its members toward sustainable change and organization culture transformation. Guides in transformation create Headroom to explore leadership and organization capabilities, acknowledge the unknown, and test individual and collective endurance. They keep in their mind a vision of the journey

ahead without determining first how much time it will take or planning to change the route when required to sustain forward movement. In organizations, such leaders not only guide but also scout emerging horizons of bigger mind, leadership logic, and leadership culture.

As you consider your challenges and opportunities as a change guide, reflect on your comfort in letting go of formally designated job titles and role descriptions, and the entitlements that accompany them. This is a challenge. As a CEO, vice president, or senior director, you can imagine encouraging others to stand up and respond, "Tell us how, and tell us when," because that is how they have learned to respond to traditional figures of power. You'll have to rely on alternative, empowering behaviors to depict your guide role, as well as the roles of those you are inviting along on the trek.

Two other points are also good to keep in mind. First, whatever you attend to becomes part of the conscious domain for yourself and others. What you do and how you do it creates reality for others (Goldsmith, 2007). Second, as a guide, you now distribute accountability for various initiatives along the journey of change, but you do so in an environment for learning in which you are open and direct about what you know from experience and what you are experimenting with in the face of ambiguous, heretofore unexplored territory of change and transformation. In this respect, you change your leadership culture practices regarding roles and responsibilities. By starting with yourself as the model of a guide, you alter the social expectations for yourself and others, and over time you plant the seeds for the blossoming of many other guides to work with you along the trek toward a different stage of leadership culture.

An Example of Shifting Roles and Identities. At Technology Inc., where transformation efforts have been successful, senior leaders took the initiative to explore identity issues with peers and the workforce. They actively explored the identity

aspiration for their organization in the future. They also actively explored what was changing about how each leader saw himself. As Technology Inc.'s CEO, Bart, declared publicly, "We are all one in creating the future of this organization. I believe in a different identity for this organization, but I do not have a proven, guaranteed method for getting us there. I believe in each one of you and your potential to create and make this a new and different organization, one that is process oriented and where each of us is accountable to collaborate, innovate, make decisions, and move forward."

The perspective among plant workers evolved from, "I do my eight, and hit the gate," to, "If I put the organization and my team first, then both will better meet my needs and support me in becoming a better contributor." Coupled with a more conscious recognition of "Who I am," "What I stand for," and "How I fit in with the changing organization," their shift to a group and organizational identity resulted in increased productivity and progress from a highly dependent Conformer culture to a more independent one. That shift was reflected in how decisions were made and how people and groups were held accountable.

However, early in the change effort at Technology Inc., employees said, "There is lots of communication and action around changing the organization and the culture, including job titles, but we still know that we have bosses and that they have bosses, so what has really changed?" In this instance, an organization rooted in a Dependent-Conformer culture and intentionally seeking to move toward a more collaborative culture had not yet fully capitalized on the imperative for role shift in creating the Headroom necessary to move the culture toward the Independent-Achiever stage of development. Movement occurred as Headroom became more widespread and more time was devoted to exploring and experimenting with small steps in shifting roles and identity.

Thinking and acting as "we," not just "me," is an early driver of collective leadership. It also promotes acceptance of the role

of guide and helps seed group formation and team-oriented culture. The Inside-Out, identity, role-shifting phase work of the CDC helps to break down territoriality and to meaningfully redistribute responsibility and authority.

The Readiness for Risk and Vulnerability Phase

Leaders need to take risks and make themselves vulnerable in the course of developing skills and personal readiness. This means that senior leaders take risks with others in some public ways—at least "public" to the team. Clearly this needs to proceed in a way that increases traction for shifting roles and clarifying identities, a significant departure from conventional management and leadership practices in most organizations we know about from firsthand experience.

To increase willingness to take risks and be vulnerable, change guides need to identify and encourage openness, trust, and challenges as positive forces for change.

Guides must also continually assess the risks they and others face and immerse themselves internally in the organization to know its tolerance for risk and vulnerability. Indicators include:

- The degree of trust within your change leadership group
- Tolerance for and frequency of open, honest, direct, developmental feedback at all levels of the organization
- Expressions of emotion in response to changing roles and responsibilities
- Degree of commitment to making the unconscious conscious in identity work and psychological comfort with the unknown, the different, and the unconventional

Collaborative work on Headroom, the next phase of the CDC, depends on dealing well with risk and vulnerabilities. It requires guides to openly acknowledge their own experiences

with risk and vulnerability inside the organization: how they faced embarrassment when they didn't have a right answer or how they took some heat publicly from someone several levels down. This acknowledgment is even more of a force for Headroom when guides share stories of their own personal transitions in taking risk and being vulnerable during organizational change. This includes acknowledging that mistakes will happen (since the way ahead is uncharted), that such mistakes will be treated as opportunities to learn rather than opportunities for negative feedback or punishment, and that the only definitive failure is a failure to acknowledge and learn from mistakes.

Recent brain research suggests that we rely on emotion over intellect when making decisions that involve risk and vulnerability. (We provide a sample of sources in Appendix C.) We all have emotional blind spots. Leaders emphasize and pride themselves on the use of rational decision processes to drive business strategy; their attitude is endemic to management science. Likewise, we have seen examples of emotional paralysis in executives who were unable to guide successful culture transformation as reflected in lack of self-awareness or overt suppression of emotional intelligence in problem solving.

Overlooked is the emotional side in making and reacting to decisions, often the least developed of our human abilities. We tend to see the rationality in our own decisions and the irrationality in the decisions of others, especially when we disagree or feel threatened.

As it turns out, reason is not nearly as reasonable or accessible as we thought. Research in the cognitive sciences and studies of brain activity reveal to what degree our decisions are mostly unconscious. Our brains use the logic of frames, prototypes, and metaphors. Emotion does not stand in the way of reason, but emotions influence conscious reasoning and overt decisions. For example, empathy (an emotion) is built into our brains.

Roger, the CEO of Credlow (possessor of a Transformer leader logic), embraces the emotional side of reasoning when he inquires, "How are you? No, how are you really?" and when he invokes the emotion of love as an influence on workplace behavior. Similarly, other advanced leaders see the problem and address it, as do Glen (Freethinker leader logic) and Bart (Collaborator leader logic). Each of them demonstrates the power of engagement and Headroom to bring the Inside-Out emotional components of readiness for change together with the Outside-In rational demands of the business strategy.

Our emotions often shape our messages in ways that do not match our rational intentions (Kegan and Lahey, 2001). If we do not stop and reflect or invite our audience to give us feedback, we can create reactions and engagements opposite to what we expect. Adam, Dawson, and Liam, as we have seen in earlier discussions, fell prey to the unconscious inner voice trumping the external language in their communications. If you are unaware of the emotional triggers embedded in the language you use, you may contradict your messages about change (Gardner, 2004). The fact that the rational is not the dominant or the primary human ability is another reason that we use the methods and tools we referred to in Chapter Six. The least you should ask of yourself and your colleagues is to consciously explore the connects or disconnects between Inside-Out and Outside-In before going public with expressions about change and transformation.

Example of the Effects of Risk Taking. At Memorial Hospital, the CEO's decision to remove one of the most powerful and influential members of the executive team for openly resisting change and punishing those who made mistakes created positive turbulence throughout the organization. The turbulence not only enlarged the Headroom space (our next phase) but profoundly changed the level of engagement and collective learning in that space.

Voice of Change

Heads up! We're talking here about the feasibility of change. If you and your culture spend almost all of your time in the managing part of change—systems, structure, and processes—and precious little time in the human system, then look out. If you can't risk public learning and create Headroom, your chances for creating lasting change are slim. Our clients who make it into and through those two phases of the CDC achieve powerful and lasting transformation from one leadership logic to another. Clients who do not make it into those dimensions remain at the starting gate. Make sure you factor personal willingness to risk into your feasibility analysis of change for your organization.

The Headroom and Widening Engagement Phase

We discussed personal engagement in Chapter Four. At the organizational level, engagement is the active involvement of all levels of the workforce in the public exploration of role and identity shifts, risk and vulnerability, hopes and fears, operating assumptions and norms, and current culture experience. Engagement also provides the opportunity and process for the initial forecasting by the collective of what they might be able to do to transform the desired leadership culture toward the desired future state. Through engagement, people become more conscious about the dynamics of change, their feelings about relinquishing control, their feelings about taking charge of time rather than being controlled by time, and how much they honor spirit and values as compared with dollars and cents only. At this phase in the CDC, we see senior leaders engaging others (peers, change leadership team members, employees) in developmental public learning.

If senior leaders are committed to change but recognize that either it's not happening or is haphazard and not yet working right, they can guide people toward engagement by

planning an event or series of events to deal with change. As we noted in Chapter Six, Headroom is the force that fuels and energizes collective learning and engagement in exploring and testing new beliefs and practices. Headroom begins to manifest through these experiences. Such events spread leaders' own strong commitment to support connectedness in the leadership culture and to model and practice public learning. In turn, the collective learning sparks advances in organization capability, reinforces shifts in role and identity, and supports publicly the rewards of taking risks and being vulnerable. These are essential for moving toward a more collaborative culture in that they nurture continuous practice and experience of the "power of us."

As change guides collectively learn more, and more engagement events (planned or otherwise) occur, they extend Headroom to more and more individuals and groups in the organization. Guides spread throughout the organization, planting the seeds for more and more groups to engage in developing alignment and commitment to the journey toward change and culture transformation. Individuals and groups commit to implementing development within a stage and preparing the ground for the next stage.

As a senior leader and change guide, you need to visibly and accessibly model your own readiness. You create the draft that raises the ceiling for Headroom. You yourself consistently stand up and step forward in order to embed Headroom as a constant in the organization culture. Your role is emotional as well as rational because people will feel different when they are fully engaged and fully present in the Headroom space. As employees from all levels risk stepping outside their traditional roles and identities, their sense of security will depend on feeling your endorsement. The degree and level of successful engagement you model as a change guide is often the tipping point for necessary and sufficient Headroom to emerge, which generates movement along the path of the other CDC dimensions.

Example of Headroom and Widening Engagement. At Technology Inc., Bart publicly acknowledged believing strongly that the company's direction would help it remain not only viable but ahead of the competition. At the same time, he admitted a heartfelt need to engage the larger community of leadership because he was uncertain about how to move the organization to generate alignment and commitment throughout the workforce. This opened up Headroom for others in the strategy process group to acknowledge their dreams, their fears, and their discomfort working with the most complexity and uncertainty they had ever experienced in their careers. Engaging with each other in Headroom supported them in admitting to not knowing the answers and was the moment of unfreezing that led this group to expand to include other leaders. The process reinforced the power of engagement and the opportunity for all to practice it in an expanding Headroom time and place.

The Innovation Phase

Headroom creates an environment for discovery and learning. In the dimension of innovation, we see clients opening up new forms of freedom, expression, design, and operational improvements. With that, innovation adds value for clients, customers, stakeholders, and people in their organizations. What's your perspective on innovation? Do you see it as the responsibility, function, and opportunity of the many, or is it only for the few (such as the people in research and development)?

We suggest that innovation isn't only about dramatic, creative, high-visibility, high-impact contributions. When innovation is recognized as a broader core value and process in an organization, learning becomes more sustained, and the culture itself develops more rapidly. From this perspective, expanding the Headroom space and the frequency of its use, developing bigger minds, and expanding leadership logic become innovations in and of themselves.

The Innovation Paradox. Paradoxically, some organizations want to be on the competitive cutting edge but also want to maintain order and control over people and processes that are the likely sources of innovation. Our experience with organizational creativity and innovation yields findings similar to those of specialists in this arena. In the CDC, innovation is advanced by risk-taking guides. They accept the necessity of trying the new and experimenting with alternatives that could move the organization up to or keep it ahead of the competition. In so doing, guides demonstrate their higher control source, as we discussed in Chapter Five. Moreover, they intentionally use time as a resource to focus attention on leadership strategy and leadership culture, not just business strategy and business results.

When we get to the leadership transformation phase of the CDC, we will speak about a leadership mind-set that, in keeping with the principle of Headroom, consistently values and rewards being on the leading edge. It recognizes mistakes as part of forward progress and learning and does not punish them as failures. The Freethinker logic that embraces the advance from Achiever to Collaborative culture is the stage where innovation begins to flourish!

Ultimately the Headroom you create for cross-process and interdisciplinary consultations and for solving problems opens the space for more creative, entrepreneurial engagement and innovations in your internal problem-solving and decision-making practices. Gratton (2007) observes that boundary-free cooperation fuels innovation, which affirms our observations of the power of Headroom.

Example of the Innovation Phase. Memorial Hospital innovated before its regional hospital competition did. The process began when the change leadership team catalyzed discussions within and across departments that supported new practices and approaches. After Memorial's executives and then its change

leadership team created Headroom, it was embraced by and expanded into all of Memorial's management ranks. Early bottom-line results were quality improvement and cost savings. Other innovative processes were proposed and tested, leading to improvements in cross-shift communications in nursing, ward management, and outreach and engagement of patient families in the treatment planning process.

The outputs of Headroom by Memorial and with other organizations we have worked with are not unlike the "group genius" phenomenon described by Sawyer (2007) or the "hot groups" observed by Lipman-Blumen and Leavitt (1999). Like us, these researchers recognize that group genius is always collaborative. Research over more than fifteen years has demonstrated that collaborative groups are a key source of creative, workable ideas that can drive organization change. Like-minded team members who, through working together, experience an outpouring of creative energy can produce actionable results that transcend the organization's constraints on leading to bigger minds and transforming the leadership culture.

The Structure, Systems, and Business Processes Phase

This is our fifth dimension or phase of the CDC, although in many organizations, it's the starting point because it concerns both change management and change leadership. Change guides often feel most comfortable in this phase, but it ends in great disappointment when leaders allow the cycle to begin and end here without developing further.

In your career, you may have experienced an organization's reorganization in response to results that were below expectations, talent that was difficult to find and keep, or innovation that had ground to a halt. Restructuring is popular because although it appears risky, it doesn't require senior leaders to expose themselves to not knowing, to needing to learn, or to public

reflection on the reasons for change. Seemingly they can move right on to safe, familiar territory of what changes to make and how to make them: Outside-In, operational, tactical questions of execution.

The importance of the structuring, systems phase of the leadership culture development cycle is that it holds the power to consolidate and integrate accomplishments of preceding phases in the cycle. If you've ever seen the child's game Chutes and Ladders, you know the ever-present challenge posed by the chutes, which can take you back to where you have already been. In organizational development, the structuring phase is a chance to create a new foundation or safety net that reduces the chances of sliding back down to the prior stage before the new stage has been thoroughly learned and mastered.

One aim in the phase is putting in place whatever new structures, systems, and processes will anchor and reinforce the current, perhaps recently achieved, level of Headroom. That in turn creates the basis for expanding current Headroom in order to develop toward the next higher stage of leadership culture. In our mountain trek metaphor, imagine the group is scaling a peak. The structure, systems, and process phase is akin to the climbers' making sure they have anchors in place at their current level of ascendance before stretching toward the next level. Structure, systems, and process align people, strategy, and core capabilities on the journey toward culture transformation. And it is also true that you have to have the right culture in place to ensure that these new systems and processes work.

Change guides can become frustrated by how hard it can be for other leaders throughout the organization to detach themselves from the enormous comfort and power they feel from remaining entrenched instead of pressing on, with risk and effort, to the next phase of the journey.

How to get them back on their feet and climbing again? Begin by guiding the organization in assessing the degree to

which key systems and processes support change, inhibit change, or have a currently unknown effect. That assessment will enable you and the senior team to determine in which areas intervention is necessary to align systems and processes in supporting culture development.

Example of Structure, Systems, and Business Processes. Once Headroom became established at Technology Inc. as a space and process for change, the company began to hold quarterly meetings of its top twenty leaders (the process engineers). The purpose of the meetings was to explore how structure, systems, and business processes could support culture change and, in turn, support action development in operations. In addition, this group reviewed the behaviors and practices of each individual and the collective as related to serving as guides for culture development and organization transformation.

Out of this system emerged a new process of coaching to engage individual employees in more than just task work. The new process included coaching in experiencing and experimenting with Headroom to advance the practices within a process and between processes in the manufacturing environment. After creating, practicing, and generally guiding the coaching process, the coaching collective realized the importance of learning every day in the work itself. Strategy process leaders went on to declare that learning was the work and that a learning culture was the process. This further expanded Headroom for the leadership group and other employees to engage collectively in defining what it meant to learn individually and collectively in day-to-day work. Out of this Headroom experience, the CDC was reenacted in terms of the role, risk, engagement, innovation, and leadership mind-set and philosophy. Now learning *was* the work—a breakthrough into the next stage of collaboration to continue evolving from a leadership culture of independent achievement toward one of interdependent collaboration.

The Leadership Transformation Phase

Whether you regard it as the first or last phase or dimension of the CDC, leadership transformation is intimately connected to all the other dimensions of the cycle and to the core framework for organization transformation. Recall how we have determined that one main reason for failure to change is a lack of attention to how well an organization's leadership culture supports the leadership strategy and the business strategy. For many senior executives and executive leadership teams, the concept of a leadership strategy and leadership culture to drive business strategy is not part of their leadership worldview.

It should be. We challenge you and other leaders in your organization to become clear, articulate, and persuasive about a worldview that leadership is collective, that leadership is about networks of relationships, and that its ongoing responsibility is to create conditions for people and the organization to drive toward meeting the organization's challenges.

At a minimum, have an opinion on leadership and learning, leadership and change, leadership and risk or vulnerability, leadership and innovation and creativity, and leadership as both a creative and a distributive force for enacting values.

Examples of Leadership Transformation. Paralyzed leadership strategy and mind-set can completely obstruct cultural change. At Global Electronics, for example, the CEO was proud of his command of the newest thinking about leadership, culture, and organization development. He repeatedly said the company must develop a leadership strategy and culture to support the business strategy (a growth strategy that had not yet been achieved over six consecutive years). Yet he gave little thought to the potential cultural barriers (roles, identity consciousness, risk and vulnerability, engagement) to implementing the aggressive growth strategy.

This CEO espoused leadership concepts like empowerment, collaboration, strategic leadership, distributed decision

making at the lowest level, inclusion, and direct and open communication. Yet each time a member of the executive team voiced an objection to advancing ideas on new leadership practices or changing leadership culture, the CEO retreated to diplomacy, disavowing the ideas and pinning them on someone else.

In so doing, he backed away from personal risk and vulnerability and so prevented Headroom. As of this writing, the company continues to set the same strategic business goal that has not been met for eight consecutive years, and it continues to fall far short of its potential. All that keeps the organization from imploding is that it represents a foothold in North America for a global company.

Affinity groups in Technology Inc., in contrast, promulgated a belief that became ingrained in the leadership mind-set and the culture of the organization as a whole: "I am a member of a team, and we can decide and take action." This set in motion

Voice of Change

Many CEOs confirm that change is one of the top three challenges they face now and into the future. They also often argue that leadership and management development are core elements in achieving their business strategy. They espouse support for empowerment, collaboration, distributing decisions to the lowest appropriate level, inclusion, diversity of perspectives, direct and open communication, and so on. So you may ask yourself: Given this awareness, why do organization change initiatives succeed only a third of the time or less? Our response is to ask you a question: In your own experience, how frequently are these comments intentionally acted on, or are they merely given lip service in the pursuit of running the business? It is unlikely that you or your change leader colleagues will succeed unless you recognize and act to address the potential barriers to development posed by cultural issues regarding the need for shifting roles and identity consciousness, risk, vulnerability, and engagement. So will you stand up and engage, or will you be MIA—missing in awareness, missing in action?

the processes related to role shift and identity consciousness in other dimensions of the CDC.

At the same time, the organization adopted a leadership practice of "Take time out for learning." In so doing, it shifted expectations for leaders and expanded the definition of work from simply fulfilling tasks to one of continuously creating and guiding the organization toward more independent achievement using collaborative methods such as dialogue.

Memorial Hospital's change leadership team, in collaboration with the executive team, evolved a leadership imperative: "Patients, their families, and our community are number one." In articulating this strategic intent as process throughout the evolving culture, Memorial further reinforced role shift awareness and identity consciousness to create closer bonds between leaders and between leadership and the broader hospital community in executing the strategy without personalizing differences. This became an antidote to a prior tendency to deflect honest differences in perspective about hospital operations and culture as personality problems or disruptive attacks. However, the team was able to do these things only after forced turnover of the hostile vice president, who had often personalized issues in order to intimidate and quiet those with a different mind-set or philosophy.

When Memorial's CEO removed this influential individual, he created momentum for authentic social discourse, expanding participation within the leadership culture to patients, their families, and the community. In the resulting Headroom, a new leadership mind-set flowed through the hospital in favor of sharing responsibility for finding and experimenting with the next good idea.

Successful change relies in great part on identity, and identity must reflect a leadership mind-set that drives profitability, effectiveness, efficiency, doing the right thing, making a difference, and finding and creating opportunity for the next good idea. In our experience, this includes leadership that is distributed in

terms of responsibility and authority for decisions that support the business strategy and drive the culture development cycle. It's leadership that enables power but not force, and it legitimizes a culture founded on social discourse and social contracting.

The Four Learning Questions and Different Leadership Logics

Look back again at Figure 8.1, specifically at the four major learning questions in the four corners of the figure: "Why change?" "Change what?" "Change how?" and "What if?" (McCarthy, 2000). These questions help leaders grow bigger minds in the process of moving through the phases of the CDC. This section is about how those four questions play out depending on your organization's current leadership logic and where it is headed.

Why Change?

When faced with how hard change is to accomplish, most of us rightly ask, "Why change?" In the why change portion of the CDC, the people in organizations try to make sense. They watch others and use their connections with others to make sense of expected changes. Intentionality and engagement are critical to answering Why questions.

In a Dependent-Conformer culture, "Why change?" can lead you to explore and test shared decision-making authority and influence because it is fundamental to strategic execution. The question can also widen your focus from mastery of technical skills to learning about yourself and your colleagues as cocreators of change. The question provides an opportunity to grow beyond controller learning logic, to get beyond "my superiors want me to." And in the trenches of change, you had better know why you're doing it, or the change effort won't last.

If you are in a primarily Independent-Achiever culture, asking "Why change?" can expand your views of what is good

for the team, your department, your function, and your own achievement so that all incorporate the value of change. This requires diving deep into systemic root causes driving the need for change. You will use role shift experience, identity consciousness, and risk taking to explore the benefits of change that lie within and beyond self-interest. You open yourself to exploring capabilities across teams, departments, functions, and disciplines to deliberately grow a bigger mind to advance the organization, not just yourself or your part.

In an Interdependent-Collaborator culture or in the transition zone toward such a culture, "Why change?" includes more Inside-Out seeing, thinking, and feeling that guides you toward cocreating the Outside-In of the larger world. You are learning and growing beyond the boundaries of the self, the team, and the organization into the larger world community. More of your learning involves the spirit of intentionality and an exploration of how your values can shape or shape-shift the relationships between your organization, the community, and the global society.

Change What?

If "Why change?" is about finding and making meaning, then "Change what?" is about finding order. Many leaders are relatively comfortable with this question's analytical bent. "Change what?" requires investing yourself and your time in engaging with others to sort out facts, dispel myths, and bring forth, probe, and integrate diverse perspectives. To decide what needs to change, you must listen, think, and intuit. You use your emotions as well, revisiting issues of control center, time sense, and intentionality as they connect with the business strategy, leadership strategy, leadership logics, and leadership culture.

In a Dependent-Conformer culture, "Change what?" can create dialogue about decision making, work style, the place of learning in leadership and work, and about degrees of freedom

to shift relationships, work processes, and operational systems. Addressing the question pushes you to share energy and spread responsibility, with you and the organization developing toward a more Independent-Achiever culture stage.

In an Independent-Achiever culture, "Change what?" requires you to reflect on feelings that arise in a process of shifting away from work identity groups based on "we," extending that toward more global thinking about "who 'we' would be" in an Interdependent-Collaborator culture. Learning focuses on what it will take to change identity consciousness and open oneself to working in a connected process with leaders and with workers from other teams, departments, functions, and disciplines.

Thus, "Change what?" involves dialogue about Inside-Out thinking, feeling, and acting as steps toward a bigger, conscious worldview. Because the educator role in the Achiever culture is that of coach, it's likely you will want to consider bringing in trusted expert advisers and others with practices and logics of guide who can help with "Change what?" analysis and action planning.

In an Interdependent-Collaborator culture, leveraging the learning opportunities of "Change what?" takes an even broader mind-set. Inquiry is likely to be about learning orientation and sustaining a learning environment that supports bigger minds and envisions one still bigger. In the interdependent culture, "Change what?" leads to enhancing the leadership logic and the corresponding leadership culture and to exploring greater possibilities for the business strategy and leadership strategy. For example, you may ask whether to further reinvent yourselves and your organization.

Change How?

Having reached some agreement on what to change, the learning focus shifts to how. At this point in the CDC, engagement, innovation, and leadership dimensions come to the foreground

as attention shifts to experimenting, testing assumptions, and expanding beliefs about leadership logic and leadership culture. This is all about practical, feet-on-the-ground, make-it-happen practices. Recall that in the work of innovating leadership mind-set, you are asking each other what you can do that is creative, feasible, growth generating, and transformational. Your efforts go toward putting the bigger mind to work—developing prototypes, running pilots, implementing systems, developing processes—to put your organization's operation on the path to practicing and using an advanced leadership logic.

In a Dependent-Conformer culture, "Change how?" means attending primarily to and applying more teamwork to innovations and experiments. It means more testing of current limits on how possibilities are analyzed, making choices, and taking action. Initiating action shifts to teams, work groups, and collectives, without needing direction or orders from superiors. From the perspective of leadership and learning logics, it's a move beyond the controller mind-set and practice toward coaching and mentoring. That movement toward a coaching culture will foster active shared learning and solidify future progress toward Independent-Achiever logic.

In an Independent-Achiever culture, leaders are independent and self-assured; they and their teammates generate their own achievement values and standards. If that's where you are and you aim to make a transition to an interdependent culture, "Change how?" questions will lead you to cocreate intentional experiences that take you beyond your own values and standards to an appreciation and understanding of others. In turn, that shift will free you up to more inclusive standards and more focus on areas that benefit the whole organization. Your work to answer "Change how?" incorporates the learning of new leadership logics into the actual work of leading. For example, "Change how?" might lead you to reframe a project so that it requires cross-team, cross-functional, cross-disciplinary work.

In an Interdependent-Collaborator culture, "Change how?" implies using more of your strengths in strategizing, influencing, and contextualizing. In answering how, you will see challenges as opportunities to practice truth telling and to elevate the leadership logic and culture for productive change and the benefit of all. You will take chances in your experiments and challenge yourself and the leadership team to do more collective learning in public. Senior leaders will be interchangeably leaders and managers, validating the logic and culture of transformational thinking and feeling, being and doing. You and your team may think in terms of the legacy you leave for future generations.

What If?

When you reach this learning question, you're in rarefied air that portends newly enriched Inside-Out reflection on the nature of your organization. In "What if?" territory, looking back out over all phases of the CDC and on how you thought and acted in response to the other three learning questions, you'll glean new insights into motives, aspirations, and hidden possibilities, private and public. It's with "What if?" that you open yourself and others to original solutions and practices that further define and refine leadership culture in your context. The road ends here in the sky. Transformational streams merge at a line of collective learning, integrated leading-managing, and "change teaming" instead of tag teaming.

Our experience has been that "What if?" learning is much the same across all organizational culture stages. It is the question that triggers deeper reflection and higher creative impulses.

Ongoing Cycles and Shifts

The CDC's four learning questions lead naturally to important questions about a triple bottom line: an expansive inquiry about the possibilities for combining economic, social, and

environmental goals into a winning business strategy (Savitz and Weber, 2006; Boyatzis and McKee, 2005). This is the opportunity of developing bigger minds and advanced stage leadership cultures while executing your organization's business strategy, another benefit of Inside-Out and Outside-In actions of leadership.

Exercises

Questions

Reflecting on and answering these questions can provide you with insight into steps to take in guiding other leaders through the dimensions in the CDC:

- Which of the six dimensions in the CDC keep you awake at night, and which dimensions are you ignoring or experiencing blockages in or at? What is the gap?
- What does this gap in attention suggest about what the team needs to do to move the leadership culture forward?
- What are the costs of public learning in your culture, and how can you and your team improve the three corners of readiness together as a leadership collective?
- What would becoming a change guide require of you that is different, and what will you get back in terms of your aspirations for developing yourself, your team, and the organization?
- How comfortable are you with creating a learning environment that encourages a cycle of inquiry grounded in Why? What? How? and What if? questions that inform the learning cycle?

Imagine and Write

Imagine that your leadership talent has developed to an advanced capability to execute strategy. Write a story about your experience of advancing through the dimensions to the new logic.

Discuss with Your Senior Team

After completing the previous exercise, facilitate a dialogue with your organization's senior team to explore Why? What? How? and What if? questions. As you move through the dimensions of the CDC, focus on how the dimensions are critical to executing your organization's strategy in the near and the long terms.