INTRODUCTION

> For us in the beginning it was being, and only
> later it was thinking. *First, we are*, and then we
> think, and we think only inasmuch as we are, since
> thinking is indeed caused by the structures and
> operations of being.
>
> —*Antonio Damasio*

One of the largest financial institutions in North America recently took on a large-scale, organization-wide change program. At the outset, each of its independently operating business units had its own human resource (HR) functions. The aim of the program was to shift HR from this decentralized, distributed system to a centralized operation offering fee-for-service to the units.

The enterprise had retained a prominent consultant (one who had truly earned the honorific of *guru*) who was pioneering new approaches in the field of change management. As part of the firm's heavy investment in preparing for the change, the consultant worked closely with executives and the firm's entire HR community. A series of small- and large-group interventions had been held in order to "train up" the departments and their constituents in the theory and practice of the change they were about to make. Planning and preparation were thorough and exhaustive. Senior management prepared operational systems and had secured the buy-in of subsidiary business units. A centralized, shared-services operation was ready to swing into action.

On a Monday morning at 8:00 A.M., the company threw the switch, and the new shared-services system went operational. On Friday at 5:00 P.M. the change program was cancelled, the

senior vice president who had sponsored the program resigned, and the organization development staff representing the changes in the business units were about to be sacked.

Shortly after, the HR consultant held an evening speaking session at a local hotel. He was featuring his models and, in that context, was considering the failed attempt at change in this organization. During the Q&A following his remarks, we asked him, "When you plan a major change program, do you ever consider how that change fits with the culture current in the enterprise?" He stopped, looked up at the ceiling for what seemed an interminably long time, and finally looked us straight in the eye. "No," he answered.

We appreciated his stark honesty. We suspected strongly that a problem of the culture of leadership lay behind the failure. But we were equally sure this well-respected consultant was and is not alone in ignoring the role of culture in organizational change. Change management practices have been carefully designed and analyzed for decades by company leaders and their advisers, but few of them, even today, consider the power of culture, especially the organization's leadership culture, to affect and even derail enterprisewide change efforts.

The field of organizational development, spawned over forty years ago, has developed practices in change management that regularly fail to achieve any significant results. Since the 1990s, as many as three-quarters of organizational change efforts have failed. Studies suggest that organization-wide failure rates range from 66 to 75 percent, and one study revealed that only one-third of organization-wide change initiatives achieve any success at all (Beer, 2001). It is no wonder that executives are jaded about making big investments in organization change programs. These change management programs are primarily focused on external systems, structures, and processes.

In their recent review of the organizational development field, Bradford and Burke (2005) indicate that some say we are witnessing the final demise of this ailing discipline. We see it

differently—not as a setting sun but as a new dawn, an advent of a new approach to organizational change through developing leadership culture. Understanding and tapping the power of leadership culture triggers a nearly unstoppable vigor in the spirit of human systems. Agility, speed, execution, unification, readiness—all the things that CEOs dream about—are available to leaders willing to transform their organization's leadership culture toward interdependence.

Granted, it is rare to find approaches to organizational change that focus on and work through leadership. And, more precisely, it is exceptional to find change initiatives focused through the development of senior leaders themselves. We believe this is the new trajectory of successful organizational change.

Consider what you have heard or read about traditional change management pathways, and ask yourself this question: "Even if I aligned all the management systems and structures in this organization toward a specific strategy and bolstered it with vision, is this organization's leadership capable of facing the next uncertain future with all of its endlessly unfolding requirements for new systems and structures and process changes?" If you answer no or are unsure, then we pose this challenge: perhaps the change you need is in your organization's leadership mind-set, not just in its systems and structures.

We suggest that the field of leadership development is emerging as a new agent through which to achieve sustainable organizational development. Granted, challenging executives' mind-sets and inviting their developmental requirements as a core means to organizational change doesn't have the history of forty years of organizational development. Neither does it have the history of 75 percent failure rates. And if our experience and work with several organizations that have attempted deep, sustainable change is any measure (and we believe it is), then organizational change through leadership culture change is not doomed to repeat that history.

In this book, and in our work in general at the Center for Creative Leadership, we are redefining the field of leader development beyond individuals to embrace the leadership development of collectives that together set direction, get alignment, and commit to imperative change results. Imagine the power of leadership as a unified force for adaptable, sustainable, organizational change, and you can see why we say, "Change the leadership culture, and you change the organizational culture."

What If

This orientation answers the endless operational challenges of organizational viability and unleashes the leadership imagination:

- What if we acknowledged that all operational systems find their source in human systems?
- What if organizations are human systems first, and then they manifest human ideas in operational systems?
- What if those human systems are carried forward through leadership culture?
- What if senior leaders were willing to rise above the complacency of success and the insecurity of uncertain futures to find the maturity to lead together?

Edgar Schein (1992) writes that leading the culture is what leadership does, and that makes the human system pretty much the sole territory of leadership. Developing the values and advancing the beliefs of the way people make decisions and operate in an organization is ultimately the most powerful operating system the organization possesses. And yet it appears that even Schein does not believe in the possibility of transforming a culture. We do, and we have hard evidence to justify our belief.

Losing Control

Since the twentieth century, there have been only two basic kinds of organization and leadership cultures in the West. The first is command and control, with its roots in early management principles and the military-born experience of World War II. Our postindustrial era in the West lives with this hangover of hierarchy. It seems that collectively, we still need heroes and we depend on them when the heat is on. We defer our power, and we expect the individual leader to command and lead followers as the primary way to achieve goals. The imperative is to get control and to conform.

The second, emergent, breakout organizational alternative that in the 1970s began to poke through the encrusted command-and-control cocoon is the achievement-based organization. W. Edwards Deming's early influence continues in the lean manufacturing of Toyota, and the innovation cultures exemplified in Apple and Google are illustrative. These continuous-improvement organizations hold independent thought and action as core beliefs and principles. Advancing beyond the hero-led mind-set of command and control, a cluster of heroes can cooperate and coordinate activities and win—together—when direction is aligned. The imperative is to get competitive and achieve.

We are now perched on the threshold of a new world order that continues to unfold. At this writing, for example, the price of oil and its effect on the global supply chain may challenge some of the most basic assumptions about flat worlds, fluid labor, and free capital. The meltdown in financial markets exposes our interconnectedness as never before. Businesses' challenges today barely resemble those of thirty years ago. The technical education many of us received is already failing us. We must either face up to a serious shift in our identities or continue to perish professionally and organizationally at alarming rates.

In response to these unfolding consequences, a new kind of organization can be imagined. And to judge from the results of our work, it is already emerging: the interdependent-collaborative organization. Every CEO wants fast, capable response to the challenge of change. Faster, better, cheaper is impossible without collective leadership capability to reframe dilemmas, reinterpret options, and reform operations—continuously. Cross-boundary, horizontal, customer-centric value chains are not just the currently demanded reality that executives face; they are the harbingers of transformation. Institutions, organizations, and governments are going to need this adaptive, quick-footed, see-around-the-corner capacity. The imperative is to collaborate and transform.

Not everyone is ready to collaborate. A key purpose of this book is to assist leaders in understanding the pathway to get to the collaborative, transformative organization. For many of them, moving from the command-and-control mind-set into the achievement mind-set is the necessary next step. We want to help you imagine and implement a readiness pathway that makes change feasible for you and your organization. Leadership culture can be cement walls with steel ceilings that are always in your way, or leadership culture can generate and expand into a unified force for a promising, innovative, and sustaining future.

Three Things in This Book You Won't Find Elsewhere

What is really new and different in our method of change? For one, the way we approach clients with a balance of discovery, challenge, and support has freshness. Our combinations of intervention content and the integration of developmental theory within our research-based tools that measure collective mind-sets are assuredly new, if not unique. But what is really new and different and reflected in this book are three things.

First, *executives do the change work first*. Executives can't delegate culture transformation work to others. Not anymore.

Without first wading into the cultural morass of internal beliefs themselves, and then making common sense of it in dialogue with others, executives and senior leaders have a poor chance (the odds are one in three or four) of achieving durable organizational transformation. We insist that executives involve more than themselves in the change process. We are adamant that they lead by engagement and example. We follow two simple principles: (1) Do not ask others to do what you are not willing to do yourself. (2) If you want something different, then become something different.

Second, *a critical mass of the leadership culture becomes the change and takes change to the middle*. Serious people connected together in change leadership commit to the mutual risk of collectively initiating new leadership beliefs and practices that generate change. Developing leadership to the next level of maturity while implementing strategic imperatives is the glue of change. It bonds a critical mass of senior leaders to demonstrate alignment toward the change they expect of others by discovering and navigating a joint future together. Then a solid coalition of connected leadership shows up and stands up to advance this increasingly clearer organizational direction into the organizational middle, where core operations are carried out day to day. Together, senior leaders engage both nominal and potential leaders in generating new leadership beliefs and practices that create new aligning mechanisms that advance strategic intent and goals. The viral momentum of seeing is believing spurs movements.

Third, *everyone gets bigger minds*. If not unique, our practice is unusual in its dedication to the advancement of higher orders of human potential in organizations. We stand on a platform of advancement toward more interdependent, collaborative leadership cultures, their beliefs and practices, and the organizations they are intended to serve. This platform orients organizations toward a connected, collective leadership capability in which everyone in the organization can share.

From this support, leaders individually and leadership collectively can shake loose from the complacency of individual success and elevated organizational position to deal with the reality of telling the truth, finding deeper wisdom in the way things really are, and accepting accountability for the sustainability of the whole organization. Understanding and facing that new situation requires increasingly more complex and bigger minds that are willing and capable of dealing with the increasing complexity of an ever-changing world. The willingness to learn is the only requirement to getting a bigger mind.

Whom This Book Is For

Connected human potential is endless. As human beings we want and need to drive and thrive to the next level, the next potential, the next fulfillment. It is our nature. Even so, this book addresses first and foremost executives and organizational leaders of all kinds, who see that change is necessary but have become skeptical that lasting, sustainable change—transformation—lies within their reach.

We think that when you believe that leadership culture is in you and that leadership can be a boundless, emergent, imagining creative force for change, you can construct endless new orders of human and operational potential that transcend boundaries and are limited only by your willingness and then your ability to realize them. We have seen and heard and felt and experienced this potential in leaders and organizations willing to believe in the possibilities of their spirit, vision, and determination.

Are you ready?