

RANDOM HOUSE  BOOKS



Intelligent Leadership

Alan Hooper and John Potter

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About the Authors

Alan Hooper is Director of the Centre for Leadership Studies at Exeter University, Europe's only such academic centre. In addition, he consults widely on leadership and management. He is a former Royal Marine: his final appointment was Commandant of the Commando Training Centre, Lympstone, where he was responsible for the overall direction of training policy for 7,000 people per annum.

John Potter started his own management consultancy business in 1987 and has worked with a host of blue-chip organisations, including Lloyds Bank, LIFFE, Sony, Coca-Cola and Mercedes-Benz. His current work is in management development, focusing on leadership, corporate culture, teamwork, crisis management and workplace stress. He is a visiting professor at the Centre for Leadership Studies.

Also by Alan Hooper and John Potter

The Business of Leadership (Ashgate, 1997)

INTELLIGENT LEADERSHIP

Creating a passion for change

Alan Hooper
and
John Potter

RANDOM HOUSE
BUSINESS BOOKS

FOREWORD

In a day gone by, running an organization seemed akin to conducting a symphony orchestra. Nowadays, I think it's more like leading a jazz ensemble. There's more improvisation. Someone once wrote that the sound of surprise is jazz, and if there is anything we need to cultivate a taste for in this world, it's surprise, the unexpected, the unimaginable. In essence, we need to acquire a taste for change.

That is precisely what Alan Hooper and John Potter help us to do in *Intelligent Leadership*. The book makes it plain that the best kind of change one could hope to bring to any organization is a receptivity to further change. It explores a range of significant related issues. What do ordinary women and men have at stake? What hidden motivations hinder or encourage change? Beyond examining the internal and external forces of change themselves, Alan and John do an estimable job of addressing the often-overlooked human themes related to change - the emotional and psychological aspects.

Cataclysmic shifts affect the business world more quickly than other families of organizations, thanks to our global economy. A successful business leader is like an early pioneer of the American frontier, waking up each morning to new terrain and new adventures. The words of Walt Whitman come to mind: 'We must bear the brunt of danger, we the youthful sinewy races, all the rest on us depend, Pioneers!' Nurturing a frontier spirit is an important element of acquiring a taste for change.

Over the course of the years, I've been increasingly convinced that good leadership is ultimately grounded in

good character. This book offers an insightful look at the issue at the organizational level. Alan and John note that a yawning chasm often separates an organization's vision statement from its established culture, but also note that successful ones - the ones that can hope to create a 'passion for change' - have strong and consistent values that permeate every level of those organizations.

Chapter Seven examines the imperative to remain strategic, to hold a compass firmly in our grasp while moving through the thick mist. In the face of constant uncertainty, many persons in positions of authority respond with either a fatalistic attitude or a rigid, controlling approach. 'Intelligent leadership' involves abandoning both fatalism and rigid control in order to explore the creative possibilities implied in each new moment. As always, the challenge is for change to serve people rather than for people to serve as puppets of change.

It is an essentially human trait to try to understand and predict the future. The future is for me a portmanteau word, one that embraces a number of notions. First, it involves an exercise in imagination which allows us to compete with and try to outwit events that lie ahead. Second, the attempt to shape what is to come is a social invention that legitimizes the process of strategic planning. There is no other way to resist the 'tyranny of blind forces' than by looking circumstances in the face - as we experience them in the present - and extrapolating how they may unfold, nor is there any better way to detect a compromise of a leader's or an organization's goals or values.

Organizational plans for change all too often serve narrow, short-term priorities while forgetting to ask overarching questions that determine the quality of all our lives - questions such as: Is this right? Is it good for our children? Is it good for the planet? 'Intelligent leadership' factors in societal obligations as well as institutional ones in the course of its planning.

Over the years I have given executives, public servants and others advice on how best to lead, offering such insights as the necessity of leading as opposed to simply managing. But perhaps the most durable counsel I can give leaders is to stay nimble. More than ever, leaders must prepare for what has not yet been imagined, in order to bring order out of chaos. Having in recent decades witnessed the beginnings of one revolution after another (the information explosion is only one), it's become clear that change is the only constant and will remain so for who knows how long.

Finally, while change, as Machiavelli noted, has no constituency, it is the fundamental task of today's and tomorrow's leaders to establish constituencies, by fostering an environment that embraces inexorable change as an opportunity. In that sense, organizations can hope to be like the jazz quartet that loves the unexpected and would have it no other way. Alan and John write that 'it is important to have fun.' I believe *Intelligent Leadership* will help leaders and those they serve to do just that in these turbulent times.

Warren Bennis
University of Southern California

MOVING FORWARDS

The people we interviewed for this book were in the appointments quoted at the time of writing. Several have already moved on to new appointments whilst the book has been in production. We apologise for any inconvenience this may cause the reader - it is simply a feature of our rapidly changing times.

ACKNOWLEDGEMENTS

The writing of any book involves many heroes. In particular, the Centre for Leadership Studies at the University of Exeter has provided us with an excellent background for the research undertaken for this book.

We owe a great debt to all those excellent leaders who have very kindly allowed us to interview them about their experiences, thus providing us with primary research material. There are also the clients with whom we have worked over the past ten years including ABIN, Barclays Bank, Eli Lilly, GKN Westland Helicopters, Lloyds Bank, Nationwide Building Society, NatWest Bank, Sony UK, South-West Water, Watts Blake Bearne and The Wrigley Company. The Public Sector has also supported our efforts to uncover the secrets of successful change leadership. In particular, the National Health Service, Somerset County Council and various city and district councils have all played their part. The Armed Services have also welcomed us both back as occasional visitors even after we had chosen to desert them for the worlds of consulting and academia!

Any list of thanks, inevitably, is incomplete but we would like to mention the following: John Adair, Mair Barnes, Bob Baty, Meredith Belbin, Warren Bennis, Richard Benson, Goran Carstedt, Sir Paul Condon, Sir Peter Davis, Ekow Eshun, Tony Everett, Lino Formica, Arie de Geus, Charles Handy, Sir Stuart Hampson, Sir Geoffrey Holland, Richard Ide, Ken Keir, John Kotter, Graham Lawson, Leo McKee, Tim Melville-Ross, Jim Mowatt, Brand Pretorius, Gail Rebeck, John Roberts, Philip Sadler, Edgar Schein and Tony Stables.

Although we have tried to acknowledge the sources of as many of our thoughts as possible, we have undoubtedly missed some of them and we apologise for any oversights in

that respect. We do have an excuse - as time passes by, good ideas often merge into common sense and we often forget their origins.

There are also the dedicated people at Random House such as Simon Wilson, Clare Smith and, of course, Gail Rebeck who acted as our sponsor for this book.

Finally, and most important of all, we thank our wives Jan and Marjorie for their ideas, patience and understanding whilst we have been writing this book together. Without their support, we would have found life very difficult.

Alan Hooper
John Potter
January 2000

Special note:

The subject of political correctness is one we take seriously. The history of leadership is dogged with the tag of 'male, military and Western', and we hope that the reader will soon realise that this is far from the way we see leadership. In the text we have tried to use 'she' or 'he' alternately, talking in terms of 'she/he' or 'he/she'. No bias is implied. This issue becomes very relevant when using military language. Units are often referred to as 'a four-man cell'. In the modern world this can just as often be 'a four-woman cell' or 'a four-person cell'. However, to fit in to the common language which is understood by the majority we occasionally do use the male descriptor. No bias is implied and we are firmly of the belief that both women and men are equally capable of creating outstandingly effective leadership processes in their organisations. We have become even more convinced of this during our interviews when we have noticed the increasing number of women successfully holding senior management

and leadership positions in both the public and private sectors.

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Appetiser

CHAPTER ONE

In this chapter, you will:

- **COME TO REALISE THAT CHANGE IS OFTEN SEEN AS A THREAT RATHER THAN A CHALLENGE BECAUSE OF THE WAY IT IS HANDLED IN ORGANISATIONS**
- **REALISE THAT PEOPLE CAN LEARN TO LOVE CHANGE – THEY JUST DON'T LIKE TO BE CHANGED**
- **HAVE A GLIMPSE OF THE FUTURE OF WORK**
- **SEE HOW LEADERSHIP FITS IN TO THE PATTERN OF CHANGE**
- **START TO THINK ABOUT WHAT IT MEANS TO BE A 'LEARNING LEADER'**
- **BEGIN TO THINK OF LEADERSHIP AS AN EMOTIONAL PROCESS THAT LEADS TO THE IDEA OF 'INTELLIGENT LEADERSHIP'**
- **START TO REALISE THAT LEADERSHIP IS MORE ABOUT PERSUASION AND UNLOCKING HUMAN POTENTIAL THAN IT IS ABOUT COMMAND AND CONTROL**
- **GAIN AN OVERVIEW OF THE REST OF THIS BOOK.**

Why This Book?

Change. The very word inspires such a wide variety of responses that it is difficult to know where to begin. Most of our organisations are inept at leading and implementing change – every day throughout the civilised countries of the world we see the results of this lack of ability. Work-related stress, political battles in the boardroom, endless struggles to maintain and develop individual power bases and the problems of employee disillusionment are rife in many companies and public-sector organisations. In too many jobs, employees at all levels feel that they are in a socially toxic environment, where to take a risk and innovate is to dice with death, if only in career terms! The consequence is that people feel stifled, unappreciated and become resigned to working in the same old ineffective ways.

At the same time, they fear change because, usually, it means the threat of loss. Loss of colleagues, of familiar working practices, of routines, of predictability and even of employment. ‘Rightsizing’, ‘downsizing’, ‘outsourcing’, ‘rightsourcing’ and the other business expressions of the current time all appear to be geared to the idea that organisations seem to squeeze the last drop of work out of their employees. The concern is that once organisations have done this, then they will consign their people to the scrap heap, often in their mid-forties, to make way for the new generation (usually university graduates), all of whom are less expensive to employ, will work harder to finance their first mortgages and family commitments, and who will

contribute endless ideas and creativity in the name of 'career advancement'.

Rosabeth Moss Kanter¹ points out the ineptitude of many organisations in handling the change issue and Table 1.1 highlights some of the frequent mistakes which are made. We have extracted what Kanter calls the rules for stifling innovation and we have seen them occur in many organisational situations.

Table 1.1 THE NEGATIVE SIDE OF CHANGE

HOW ORGANISATIONS FREQUENTLY MISHANDLE CHANGE

(Based on the observations of Rosabeth Moss Kanter and our own)

How many of these examples are typical of how your organisation handles change? Tick the box on the right of the statement and total your score.

1. Regard any new idea from below with suspicion – because it's new and because it's from below.
2. Insist that people who need your approval to act first go through several other levels of management to get their signatures.
3. Ask departments or individuals to challenge and criticise each other's proposals.
(That saves you the job of deciding; you just pick the survivor.)
4. Express your criticisms freely, and withhold your praise.
(That keeps people on their toes.) Let them know how they can be fired at any time.

5. Treat identification of problems as signs of failure, to discourage people from letting you know when something in their area isn't working.
6. Control everything carefully. Make sure people count anything that can be counted, frequently.
7. Make decisions to reorganise or change policies in secret, and spring them on people unexpectedly.
(That also keeps people on their toes.)
8. Make sure that requests for information are fully justified, and make sure that it is not given out to managers freely.
(You don't want data to fall into the wrong hands.)
9. Assign to lower-level managers, in the name of delegation and participation, responsibility for figuring out how to cut back, lay off, move people around, or otherwise implement threatening decisions you have made. And get them to do it quickly.
10. And above all, never forget that you, the higher-ups, already know everything important about this business.

Your 'change screw-up' score out of 10

Is this an overly cynical viewpoint? It may be so. Despite what we have just claimed, many organisations ARE value-driven, DO care about people and ARE concerned with making the workplace a 'good place to be'. So where is the problem with change? Is it not in everyone's benefit to want

to improve things, to work more effectively, to outperform the competition and to excel in the market place? The answer is, of course, that change itself can be beneficial to all concerned provided it is handled correctly. It is the mismanagement - or mis-leadership - of the change process which causes the problems. In fact we have formed the opinion that human beings can learn to thrive on change. People CAN learn to change - it's just that they don't like to BE changed!

The goal of this book is to help the business leader at whatever level he or she operates to be more effective in handling the change issue, particularly in human terms. We intend creating a marriage of a number of important concepts; those related to leadership and those related to the effective creation and management of change. In this way, we feel we can make a real contribution to the world of work - the world which is based on perceptions rather than fact, on emotion rather than logic.

To the Chief Executive, 'change' means displaying leadership by developing a vision of the future, crafting strategies to bring that vision into reality and then dealing with the crises along the way. It is also about winning political battles to ensure that everybody in the organisation is mobilising their energies towards the same goals and objectives - the process we call 'emotional alignment'.

To the production line worker, the salesperson and the truck driver, change frequently poses a threat to the status quo. Just when things seem to have settled into a predictable routine, someone has the idea to bring in some 'change', often for obscure reasons but usually geared towards gaining more work from people for less money. It is easy to be cynical about change. Apart from anything else, it means that inevitably there will be winners and losers. And frequently it is not the people who are 'let go' in a downsizing type of operation who are always the losers. In many cases they move on to better jobs and careers through force of

circumstance. What is now emerging is the so-called 'Survivor Syndrome' experienced by those who survive the current round of job losses. And it is these individuals who frequently pose the greatest challenge in human terms to the leadership of our organisations.

■ The increasing challenge of change

There is no doubt that the challenge of change is increasing. As we enter the twenty-first century, we have seen more changes in the way we live, work and carry out our business than for hundreds of years previously. For instance, according to a report commissioned by the Royal Society of Arts in 1996,² the changes experienced in the last ten years are irreversible and are having major implications for the future of work. In the UK less than 60% of the workforce is in full-time jobs (and this is declining); 28% of all jobs are part-time; 80-90% of new jobs will go to women; women will account for 55% of employees by the turn of the century; managers work 120 hours a year longer than fifty years ago; and nearly 33% of men and women took their pension by the age of fifty-four.

It is interesting to note the considerable changes that have taken place in the last decade of the twentieth century. We have seen the disappearance of the Berlin Wall, the emergence of the Internet, a virtual explosion in our ability to communicate internationally with mobile telephones, the 'liberation' of South Africa in terms of the abolition of apartheid, and truly global competition in almost every business sector. In some respects, we must agree with Warren Bennis' suggestion that our world has just been in existence for around ten years with regard to the way we live on a daily basis! If the rate of change is increasing, then it is somewhat daunting to think what the next decade might bring.

Perhaps more significant than the changes we have experienced to date are those that are predicted for the future. According to another report commissioned by Barclays Life,³ going to work in 2020 will be very different from 2000. For a start we will face a number of choices. There will be shorter working hours (due to technology improvements); 25% of us will work from home; many of us may work a three-or four-day week in order to concentrate our working hours. This will free up the extra one or two days to pursue leisure activities or do community work. There will be an enormous increase in computer power, so much so that it is estimated that 'one desktop computer in 2020 will be as powerful as all the computers in Silicon Valley today'. The PC may well develop into a PN – a personal network embracing voice response systems and virtual glasses receiving wireless digital video which will 'enable us to talk and see anybody in the world whilst still on the move'. These extraordinary changes to our lives are the environment in which leaders will have to operate in the future.

In this book, we have set out to examine how leaders, across a broad spectrum, have faced up to and dealt with the challenge of change. We have interviewed a wide variety of individuals in settings ranging from large transnational corporations to small local businesses, from large public-sector services undergoing privatisation to individuals in the educational world faced with a global marketplace in terms of their customers. It has been a fascinating journey. At times we have thought we had the one answer to many of the problems associated with change. However, we ultimately found that not to be true. What we did find, however, were recurrent themes which time and again underpinned the effective change leadership processes we explored.

One of those themes is the importance of behaviour on the part of the leader in shaping both the culture of the organisation and the attitudes of individual employees. Edgar Schein⁴ discusses the link between leadership and culture in

terms of the leader creating a culture based on surface artefacts, espoused values and basic underlying assumptions. During the past few years expressions such as 'walking the talk', 'managing by walking around', 'leader visibility' and 'values-based' leadership have become commonplace. We have come to the conclusion that effective change leadership is not so much about what the leader says in terms of rhetoric, but rather what they actually DO, particularly in terms of how they deal with people on an individual level. And leaders set the example for creation of the culture of the organisation in terms of the surface level symbols such as dress code, buildings and so forth, together with how they display their true values and underlying assumptions.

Both authors have extensive experience of running strategic leadership sessions for both private and public-sector organisations. These sessions are based on the idea of creating a vision or mission statement which relates to a set of corporate values, of what is important in the way business is conducted. Implicitly, these are based on the underlying assumptions and beliefs of the organisation. In many cases, we have seen this effort totally wasted, because even when the strategic direction is created, the problems arise when top management fails to behave in a way to support their stated value set.

For example, one value that occurs regularly relates to the importance of people. 'People are our most important asset' has a familiar ring about it! However, it is not uncommon for a company to publish this or something similar as part of their values statement one week - and then the following week make a substantial number of people redundant. The reaction from the workforce is a natural one; people believe what they see rather than what they hear. Once one value has been undermined in behavioural terms, the others become suspect and, as a result, the whole 'strategic direction' setting process falls apart in disarray - all because

the leadership of the organisation says one thing but does something else, usually driven by short-term thinking.

■ A vested interest

As authors, we have a vested interest in change. Both of us have successfully changed careers during our lives in an attempt to meet the challenges of the unpredictable world around us. Although these transitions were not always comfortable experiences they have taught us that the only way to deal with change is to embrace it and not resist it. And this is the challenge faced by all organisations, certainly the ones we researched. In all, we interviewed some twenty-five leaders in both the public and private sectors. We chose individuals who had both a significant impact on the organisations with which they are involved, and who were also clearly 'learning leaders'.

■ Thought on leadership has progressed

So leadership has to be our start point in understanding how to handle the change issue. As we discuss in Chapter Three, thought on leadership has progressed considerably during the past century. What is now abundantly clear is that effective leadership is a process created by an individual rather than a focus on that individual's personal qualities. This means that no longer can leaders be complacent about their personal abilities to create effective processes in their organisations. The world around us is changing at such a pace that the 'learning leader' concept has to be the way for the future. We have chosen the title *Intelligent Leadership* for exactly that reason. The ideas of 'brainy leadership' and 'the thinking leader' have been around for some time. What we have done is to explore leadership both in terms of the

processes created and also the appropriateness of those processes to given situations.

■ The importance of emotion

In many respects we are of the view that leadership is primarily an emotional process and so we have leaned significantly on the ideas of Daniel Goleman with his concept of Emotional Intelligence.⁵ Emotion is being increasingly recognised as having a major impact on how successful we are in coming to terms with the demands made on us by our progress through life. For many years, particularly in the business world, people have fought shy of the word 'emotion' believing it to be counterproductive to the ideas of maintaining control and discipline within organisations. Yet emotion is the very issue that enables us both to maintain control on a personal level and also to create that sense of discipline which is often lacking in so many organisations. We have thus approached this whole subject of effective change leadership from the viewpoint of understanding how successful change leaders master the emotional dimension of change through the behaviours they display. Goleman has identified five areas which underpin the concept of Emotional Intelligence and in many respects these provide a sound footing for understanding effective change leadership. In fact we suggest that these same five areas underpin our concept of 'Intelligent Leadership' because, in the final analysis, leadership is about the emotional impact produced upon the led which transforms their behaviour so that they can reach a higher level of performance.

■ Exploring Intelligent Leadership

The first area of Intelligent Leadership relates to the leader acquiring self-knowledge. 'Know thyself' has been a well-used phrase throughout history and never has it been more relevant than in today's turbulent times. Effective change leaders are aware of their strengths and weaknesses, and capitalise on both their own abilities and those of their colleagues. A key part of self-knowledge is the skill of listening. This is a skill which so many leaders seem to lose towards the end of their reign. For instance, many commentators say that this was the downfall of Margaret Thatcher in the 1990s because, following her successes in the Falklands War and in the creation of an international reputation of the 'Iron Lady', she seemed to develop the idea that she was unassailable and that she could ignore the advice of her cabinet. This ultimately led to her downfall and provides a useful lesson for all leaders, whatever their sphere of activity.

Managing emotions is the second of Goleman's Emotional Intelligence issues and this translates in leadership terms into managing morale, both on the part of the leader and the led. In our earlier book *The Business of Leadership*⁶ we suggested seven basic Leadership Competencies, the seventh of which is decision-making in crisis. It seems a vital part of effective leadership, particularly in times of change, that the leader can handle his or her emotions as well as those of the followers. The issue of 'morale' has always figured high on the leadership agenda, and this is an even more important aspect of leadership in handling change.

The other six competencies are: setting direction, setting an example, effective communication, creating alignment, bringing the best out of people and acting as a change agent. These are explored further in Chapter Three.

Our fourth competency (alignment) relates to the third element of Emotional Intelligence, the harnessing of emotions. In all change situations, one of the most important aspects is managing human energy and ensuring that