

Management for Professionals

Daniel F. Pinnow

# Leadership – What Really Matters

A Handbook on Systemic Leadership

 Springer

# Management for Professionals



Daniel F. Pinnow

# Leadership - What Really Matters

A Handbook on Systemic Leadership

 Springer

Daniel F. Pinnow  
Akademie für Führungskräfte der Wirtschaft GmbH  
88662 Überlingen  
Germany  
dpinnow@die-akademie.de

ISBN 978-3-642-20246-9 e-ISBN 978-3-642-20247-6  
DOI 10.1007/978-3-642-20247-6  
Springer Heidelberg Dordrecht London New York

Library of Congress Control Number: 2011932215

© Springer-Verlag Berlin Heidelberg 2011

This work is subject to copyright. All rights are reserved, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilm or in any other way, and storage in data banks. Duplication of this publication or parts thereof is permitted only under the provisions of the German Copyright Law of September 9, 1965, in its current version, and permission for use must always be obtained from Springer. Violations are liable to prosecution under the German Copyright Law.

The use of general descriptive names, registered names, trademarks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

*Cover design:* estudio calamar, Berlin/Figueres

Printed on acid-free paper

Springer is part of Springer Science+Business Media ([www.springer.com](http://www.springer.com))

*Everything good has been thought before  
one has only to try, to think it again.  
(Johann Wolfgang von Goethe)*



# Foreword

It is a great honor for me that my book has been translated into English as well as Chinese which makes the concept of systemic leadership accessible to an international audience. Furthermore, it shows how this concept is gaining momentum internationally. Although the cultural, social and historical premises are different in different regions of the world, the basic assumptions of systemic leadership concerning success and impact to be found in this book, especially in the second chapter, remain perfectly applicable all around the globe. Leadership is an art of creating a world that others would love to be a part of. This fundamental principle of leadership is valid worldwide. I am deeply convinced that we can only shape and bear this planet if executives focus on the aspects of appraisal, trust and network establishment and put less emphasis on authority and formal powers.



# Acknowledgments for the 5th Edition

Executives and authors have much in common. They share the loneliness of being decision-makers as well as the impact of their words in public. Yet at least in one situation authors have an advantage: they receive more immediate and spontaneous feedback. Authors are grateful for both positive and negative feedback, and in most cases they are also glad to receive meaningful praise. As a matter of course I was very pleased about the favorable reception of the book “Führen – Worauf es wirklich ankommt” not only in relation to the coverage in the media and the management community but also with regard to the positive feedback I received from seminar participants, readers and colleagues. These very personal judgments, in combination with the awareness that a fifth edition in a short timeframe proved to be essential, are also significant indications for the success of the book.

The Chinese translation and publication of the existing book by the renowned publisher “China Machine Press” in May 2008 was a great honor for me. The first edition sold out in just 6 months, a clear indication of how managers value the importance of leadership in China. For the translation into Chinese the publisher had no need to adjust the content or to add further explanations.

Although the cultural, social and historical premises are generally different in China, the basic assumptions of systemic leadership concerning success and impact to be found in this book, especially in the second chapter, remain perfectly applicable. Leadership is an art of creating a world that others would love to join in. This fundamental principle of leadership is valid for Europe, China and every other country and region in the world. I am deeply convinced that we can only shape and bear this planet if executives focus on the aspects of appraisal, trust and network establishment and put less emphasis on authority and formal powers.

Enjoy your reading!

Überlingen  
November 2010

Daniel F. Pinnow



# Acknowledgments

This book has only become a reality because of the support of many people. I would therefore like to take this opportunity to give my thanks to the consultants, trainers and members of the advisory program committee of the Academy for Leadership in Germany (Akademie für Führungskräfte der Wirtschaft GmbH Bad Harzburg & Überlingen), hereafter “the Academy,” who encouraged me to present the approach of systemic leadership in-depth; to the seminar participants who helped us shape this approach again and again; and to the colleagues who helped me with their questions.

Prof. Peter Müller-Egloff, my systemic teacher, was particularly instrumental to the steady growth of this book, as was Alexander Höhn, my motivator and friend. I also owe thanks to my fellow trainer Marita Koske, my fellow in the seminar for top executives, for her perfectly complementary cooperation. I would like to thank journalist and consultant Dr. Bernhard Rosenberg and his wife Dagmar for their valuable assistance in editing and researching, as well as Dr. Lars-Peter Linke, representative of the Academy, who always provided open and critical feedback.

I am also grateful to all employees of the Academy: you put me to the test daily in my responsibilities as a manager and managing director.

Not least of all, I would like to thank the executives who attended my leadership seminars. You have always challenged me and encouraged me to write this book on leadership.

Überlingen  
September 2005

Daniel F. Pinnow



# Contents

|                                                                           |           |
|---------------------------------------------------------------------------|-----------|
| <b>1 Leadership in the Twenty-First Century Leadership in the Crisis?</b> | <b>1</b>  |
| 1.1 The Only Constant Is Change                                           | 1         |
| 1.1.1 Hitchhiking Through the Global Working World                        | 2         |
| 1.1.2 Knowledge Is Economic Power                                         | 3         |
| 1.1.3 In the Vortex of Dynamics and Complexity                            | 4         |
| 1.1.4 The Loss of Security                                                | 5         |
| 1.1.5 From Egalitarianism to Individualism                                | 7         |
| 1.2 Through the Valley of Tears                                           | 10        |
| 1.2.1 The Paradoxes of Our Time                                           | 12        |
| 1.2.2 The “Return of Leadership”                                          | 13        |
| 1.3 An Invitation to Dance                                                | 14        |
| 1.3.1 Result: Leadership in the Age of “Dynaxity”                         | 15        |
| <b>2 Occupation or Calling: What Makes for Good Leadership?</b>           | <b>17</b> |
| 2.1 The Craft of Leadership                                               | 18        |
| 2.1.1 The Old School of Modern Management                                 | 18        |
| 2.1.2 Management as Mass Profession                                       | 28        |
| 2.1.3 A Question of Style                                                 | 48        |
| 2.2 The Leader                                                            | 57        |
| 2.2.1 Character Traits                                                    | 57        |
| 2.2.2 Charismatic Leadership                                              | 58        |
| 2.2.3 Skills                                                              | 60        |
| 2.2.4 Conduct                                                             | 61        |
| 2.2.5 Emotional Intelligence                                              | 64        |
| 2.2.6 Decisions                                                           | 67        |
| 2.2.7 The Dark Side                                                       | 69        |
| 2.3 The Relationship Between Leader and Led                               | 76        |
| 2.3.1 From Subordinate to Associate                                       | 76        |
| 2.3.2 Motivation                                                          | 79        |

|                                                                                             |            |
|---------------------------------------------------------------------------------------------|------------|
| 2.3.3 Trust .....                                                                           | 90         |
| 2.3.4 Personal Responsibility .....                                                         | 100        |
| 2.4 The Leadership Situation .....                                                          | 105        |
| 2.4.1 The Parties .....                                                                     | 105        |
| 2.4.2 The Organizational Structure .....                                                    | 108        |
| 2.4.3 The Corporate Culture .....                                                           | 112        |
| 2.5 Conclusion: The Power of Soft Factors .....                                             | 114        |
| <b>3 Systemic Leadership or: Designing a World That Others<br/>Want to Be Part Of .....</b> | <b>117</b> |
| 3.1 Considering the Whole .....                                                             | 117        |
| 3.1.1 The Titanic Problem .....                                                             | 118        |
| 3.1.2 The Leader as Part of the System .....                                                | 119        |
| 3.1.3 Stimulating Instead of Giving Orders .....                                            | 121        |
| 3.1.4 Learning Instead of Steering .....                                                    | 122        |
| 3.2 Leading with Your Head and Heart .....                                                  | 122        |
| 3.2.1 Hard and Soft Factors – The Mix Makes the Difference ....                             | 124        |
| 3.2.2 No Fairy Tale: Of Princesses and Dragons .....                                        | 125        |
| 3.2.3 Leading Means Knowing Yourself .....                                                  | 130        |
| 3.2.4 Leading Means Communicating .....                                                     | 137        |
| 3.2.5 Leading Means Letting Go .....                                                        | 148        |
| 3.2.6 Leading Means Coping with Contradictions .....                                        | 157        |
| 3.2.7 Leading Means Managing Change .....                                                   | 164        |
| 3.2.8 Leading Means Creating Meaning .....                                                  | 170        |
| 3.2.9 Leading Means Having Power .....                                                      | 175        |
| 3.2.10 Leading Means Giving Orientation<br>and Making Decisions .....                       | 178        |
| 3.2.11 Leading Means Inspiring People .....                                                 | 185        |
| 3.2.12 Leading Means Loving People .....                                                    | 186        |
| 3.3 Conclusion: Leadership as Lifestyle .....                                               | 190        |
| <b>4 More Than Just Talking or: The Instruments<br/>of Systemic Leadership .....</b>        | <b>191</b> |
| 4.1 Can Relationships Be Learned? A New Approach<br>to Leadership Development .....         | 191        |
| 4.1.1 Typical Factors That Disrupt Modern Leadership .....                                  | 192        |
| 4.1.2 Creating Structures for Learning and Development .....                                | 195        |
| 4.1.3 Insights: Systemic Seminar Practice .....                                             | 200        |
| 4.2 Tools as Means to an End .....                                                          | 203        |
| 4.2.1 The Employee Interview .....                                                          | 204        |
| 4.2.2 Feedback Culture .....                                                                | 213        |
| 4.2.3 Coaching .....                                                                        | 219        |
| 4.2.4 Conflict Management .....                                                             | 222        |
| 4.2.5 The Objective Agreement Process .....                                                 | 225        |

|                                                                                |            |
|--------------------------------------------------------------------------------|------------|
| 4.2.6 Delegating .....                                                         | 229        |
| 4.2.7 Developing Teams .....                                                   | 231        |
| 4.2.8 Phases of Team Development .....                                         | 232        |
| 4.3 Can Good Leadership Be Measured? .....                                     | 233        |
| 4.4 Conclusion: Achieving Customer Satisfaction<br>with Leadership Tools ..... | 235        |
| <b>5 Conclusion or: Where the Road Is Leading .....</b>                        | <b>237</b> |
| <b>References .....</b>                                                        | <b>239</b> |
| <b>The Author .....</b>                                                        | <b>245</b> |



# Introduction

Why another book on leadership? For many years now, if not decades, books concerning leadership have all put forth reasons why further books on leadership are necessary, from the point of view of the respective authors. Everything seems in fact to have already been thought, said and written. Indeed, from Sunzun and Macchiavelli, to Drucker and Mintzberg, to Malik and Sprenger: we can no longer count the volumes that fill the libraries.

Why not stop here, simply write my book by referring to the available literature? From my point of view, despite the abundance of information, the available literature lacks compact, applicable knowledge on this vitally important aspect of business management: “leadership.”

Apparently, there is no lack of ideas and concepts, but a lack of implementation, application and action—especially for the “users,” the executives. We are giants in terms of information but dwarves in terms of implementation. Leadership seems to be as bad and as problematic as it ever was. The number of complaints about bad managers and discouraged employees is increasing. According to the latest surveys, only one out of ten employees is actually loyal to his or her employer. Scores of executives attend seminars in order to learn the essence of good leadership. However, in daily business practice everything remains the same. Leadership is not only about listening and understanding; it is more about trial and error and implementation. I have the impression that nowadays the cooperative leadership style—having been popular for many years—is *still not* quite working, but beyond that, the advantages of the authoritarian leadership style are *no longer* working.

What is missing? There is clarity about what really works in practice, what is important and what have proven promising ideas that may become relevant. In addition, how many of the numerous publications from the many self-styled “gurus” can you use? Which sometimes neglected aspects are important for the modern leader? What leadership approaches are important and what is negligible? What do you need for your everyday management? What is new and yet already outdated, or already old but still of real value today?

Please don't misunderstand: I am not trying to claim to have written the ultimate book on leadership true to the motto: "Forget everything you have read and heard before. I have written the one, true, ultimate book on leadership." I would like to invite you to follow me on an unusual journey through the available literature. On this journey I will provide stations comprising my personal commentaries, evaluations, and additions. While subjective, these are based on 10 years of personal experience working with, training, and advising high-level personnel.

Herein, my contributions do not represent a specific paradigm. Instead, the goal is to examine aspects of leadership literature and select useful and remarkable facts. However, the best description for the primary approach is "systemic leading." Systemic leading is a rather broad approach focusing on relationships and encouraging development. It is pragmatic, and does not adhere to any particular ideological framework. Systemic leadership is open to the simultaneous validity of concepts and techniques from a wide range of paradigms. Connections as well as paradoxes are explored and related to everyday life. It includes the personal attributes, methodology, relationships, hard and soft factors, psychology, marketing and management that make up leadership. Furthermore, systemic leadership does not sell ready-made solutions, as there are none. In my opinion, "leading" means operating in such a way as to cultivate a world that people want to be part of.

Jointly with Alexander Höhn and Bernhard Rosenberger, I have presented a book entitled "Caution Development: What You Really Need to Know about Leadership and Change Management."—a first approach to systemic leadership (see Höhn 2003). Back then, the focus was on a lively dialogue with executives; now this title is mainly based on the systematic refurbishing of the existing management literature.

For this purpose and in this understanding this title is a contemporary, comprehensive book on leadership, from a non-academic perspective but taking academic research into account where relevant. My views are embedded in the knowledge and experience of other authors on management and will be complemented with practical examples, current surveys, and data. In this book, executives will find everything they need for working with their staff. This does not rule out certain "classics" authors being extensively referred to. These national and international writers are important keys to me and others and include Peter F. Drucker, Sumantra Ghoshal, Daniel Goleman, Manfred Kets de Vries, Fred Malik, Henry Mintzberg, Rosabeth Moss Kanter and Reinhard K. Sprenger.

At this time I would also like to pay a special compliment to the late Peter F. Drucker. I can only wholeheartedly support what the Frankfurter Allgemeine Zeitung (FAZ) wrote on the occasion of his 95th birthday. This "living legend of a mastermind" has indeed not only managed to capture the essence of leadership using (ostensibly) simple slogans, but to consider it from all sides. For example Drucker had already formulated the principle of "management by objectives" at a time when many of today's top managers were still in diapers. What I like about Drucker is not only his integrity, but also his calm and interdisciplinary approach. He takes into account not only lessons learned from the business school, but also from the social sciences. His claim that "leading above all means leading one

person–yourself” has greatly influenced me and has become my personal motto as well.

I will begin by looking at the working conditions for managers (and staff) today. This is mainly about change becoming commonplace and how you as a manager can be forced to become a juggler of change in difficult times (Part I). Then I discuss the question of what core good leadership represents from different perspectives and according to different theories. I will guide the reader from the skills of leadership through the personality of the leader to the relationships and situations in the business environment in which leadership takes place (Part II).

Next I will “distil” nine essential principles from the approaches and lessons discussed before. These are, I feel, the functions, features, tools and styles of good, relationship-oriented leadership. This is especially the approach of systemic leadership as we use it in the seminars of the Academy and apply it in an overall context. It moves in the dynamic tension field between the “self” of the leader, the people led, and the organization. I refer to this as the “magic triangle” (Part III).

Finally, I will present some very effective leadership tools based on my own experience. They can improve your work just by using them frequently and consistently. The central instruments are the “employee conversation” and the establishment of a broad feedback culture within the company (Part IV). In closing, I would like to brief you in a “final word” on a few theories that I expect to determine the essence of leadership in the future.

A note on terminology: this book is about leaders. A good leader has more capabilities than just a manager. I deliberately emphasize this distinction. Other (cited) authors have their own definitions and may consider managers and leaders interchangeable; I do not share this view. I ask you to bear this in mind as you read.

Additionally: the term *Humankapital* (“human capital”) was voted the non-word of the year 2004 in Germany. For many people, “human capital” sounds disrespectful towards human beings, reducing a person to his or her economic value. Yet in economic theory “human capital” describes exactly the opposite: the enhancement of human capability and willingness to perform, and the knowledge of each employee, which has become the most precious commodity in our time. Today the companies must take the needs and interests of the people working for them “into account.” They must not squander their employees’ strength and motivation, but promote them. Throughout this book, the term “human capital” is used and understood in this sense.



# Chapter 1

## Leadership in the Twenty-First Century

### Leadership in the Crisis?

*Who always does what he's always done, will only achieve what he has always achieved.*  
George Bernard Shaw

Leadership in the Twenty-first century means leading under intense conditions; today's markets and people are different than their counterparts of 20 years ago. Managers and employees are faced with new challenges, have other goals and interests, live in another environment, and they define themselves and their work differently than the generation before them did. Before getting to the topic of leading, I would first like to briefly outline the most important basic social and economic conditions. This can of course be nothing more than a general outline, as, beyond its increasing complexity and acceleration, the Twenty-first century is especially characterized by one trend: change.

## 1.1 The Only Constant Is Change

Every company experiences naturally slow, gradual modifications in the course of its history. However, there are also intense periods of change at irregular intervals, sparked by new technologies, competitors, legal conditions, economic developments, company acquisitions, or a change at the top of the organization. These intervals have become even shorter in the mobile, highly sophisticated knowledge society. In the Twenty-first century, change is no longer an exception but the rule, and the basic conditions for leadership are no longer traditional, reliable constants.

Leadership personnel are confronted with processes of change in two ways: on the one hand they must adapt to changes in their own duties and environment, on the other they have to initiate changes and act as agents of change in order to adapt the culture, the strategy and the structure of their organization to the new environmental conditions. Just like all other jugglers, they have to keep several balls in the air simultaneously, which calls for courage, alertness, skill and practice.

“Leaders’ work is now subject to such substantial and rapid changes that many managers have practically had to relearn their occupation. There is hardly anything familiar that they can hold on to, and so they see the hierarchy disappearing and with it the clear divisions into titles, duties, departments and even companies. They are confronted with extremely complex and interdependent questions and see how the traditional sources of power vanish and old incentives lose their charm” (Moss Kanter 1998, p. 52). This is how Moss Kanter, a professor at the Harvard Business School, has aptly outlined the current situation faced by most high-level personnel.

In order to untangle the chaos of sudden and long-term, planned and unplanned, tangible and subtle changes at the personal, internal, national and international levels, with which leading personnel are confronted today, I would like to consolidate these changes into the following few developmental trends, which are tightly interwoven and mutually influential.

### ***1.1.1 Hitchhiking Through the Global Working World***

In the future enterprises will no longer position themselves as German or European, but as globally acting companies. And this is true not only for the larger, but also for medium-size and small enterprises, as well as for individuals. Due to the Internet and global logistics worldwide cooperation is not limited to the traditional global players – it is also expected from more industries and branches and from the lower hierarchical levels of companies.

Globalization has seized the capital and product markets as well as the job market and will rapidly continue to develop. Today, the borders of countries and continents are broken daily, innumerable and unnoticed, when this is in the interest of matching supply and demand for goods and services or about the co-operation of virtual teams on projects. In the near future, these borders will disappear completely.

Furthermore, the old classification of the world into industrial and developing countries is not any longer valid in all areas. The demographic factor will considerably change the economic world in the coming years: the developed countries will suffer from under-population. In these countries, growth will no longer result from more people working or rising demand. Only increased productivity in the knowledge sector will still produce growth (see Drucker 2000).

The economic globalization does away with frontiers; however, the local cultures will continue to exist to a great extent. Up-to-date leadership has to consider this dualism. No gap should be allowed to form between global and local leadership or between thinking and acting, as in the often cited and quite accurate slogan “Think global, act local.”

Doug Investor, the former CEO of Coca-Cola, described some years ago a development in the US economy, which we can now sense and will increasingly experience in the coming years in the European Union. “As economic borders come down, cultural barriers go up, presenting new challenges and opportunities in

business.” While barriers to and border controls for Southern and Eastern Europe are now defunct, new borders are being erected in the minds of many Germans. The reasons for this are, apart from differences in mentality and the innate human skepticism towards other and new things, above all the fear of production relocation and price dumping.

It is the responsibility of leaders to create a corporate culture that at the same time preserves the identity of the employees and opens their minds for cooperation with other companies, other countries and other cultures. It is about finding a form of business organization connecting internal market control – e.g. using profit centers – and internal career competition with the creation of an internal social network. Rolf Wunderer, former professor at the University of St. Gallen, calls this form of fair, cooperative competition “coopetition.” True for the internal perspective, it is also valid for the manifold networked corporate world in its entirety.

Moreover, the game, rules and playing field, as well as the requirements for the players in worldwide competition have to be defined clearly and uniformly for global players in order to ensure that all may internalize the spirit of the game. Up-to-date leadership on both the international and the domestic level has to be person-oriented and emotion-oriented in order to maintain the balance between pragmatic, goal-oriented and result-oriented management (see Wunderer 2002, pp. 40–45).

Internationalization has led a substantial number of people to become bilingual. On the job, one may speak English, at home their native language. The corporate language also changes the corporate leadership, since language and communication are indispensable components of leadership.

### ***1.1.2 Knowledge Is Economic Power***

The agricultural society – the industrial society – the service society – the knowledge society: these are the stations of socioeconomic development. Technological development is the catalyst of the knowledge society and an engine for change, information being its fuel. Thus, modern organizations are knowledge organizations, and their employees are knowledge workers. Knowledge-based and information-based companies have a different structure and other ways of working and communicating than traditional companies, and accordingly have to be led differently.

Peter F. Drucker, the father of modern management, predicted that the information technology in knowledge companies will make nearly the entire middle management redundant, because these employees, who have to date largely been busy with collecting and passing on information without having real leadership authority or decision-making responsibilities, will be replaced by computer systems and internal information highways. In knowledge-based organizations specialists, who master their field better than their superiors, will communicate directly with the higher management. They need the organization only as a structure and/or platform, in order to unite their knowledge with that of other specialists and convert that knowledge into value.

Knowledge workers are constantly carrying their means of production with them and define themselves by means of them, and no longer identify with the organization where they are employed. They are mobile, individual, and cannot be managed or motivated in the traditional sense but only by a common goal, a vision, in which they participate autonomously, and by their integration into the information flow and decision-making processes (see Drucker 2000).

Further, I believe that knowledge workers come together time and again in new projects and teams. Thus, the importance of teamwork and project management will continue to increase – a topic that, though now offered in seminars, has by no means sunk in as a reality for functionaries still focused on their traditional insignia of power.

### ***1.1.3 In the Vortex of Dynamics and Complexity***

The innovation cycles will become shorter and will follow one after the other in rapid succession. The time for product development is shrinking. That means that the companies have to create an ideal climate for new, creative ideas, and have to offer incentives and space for their employees that enable them to think innovatively. The dilemma is: although the pressure to innovate is rising, leaders have to simultaneously take the pressure to succeed and to justify their own worth off the shoulders of their employees, as no one can be creative and innovative on demand. For many leaders, this is a new challenge.

The acceleration of work is also driven by the mounting internationalization and globalization and increasingly dense virtual networking. This means that along with the dynamics also the complexity of the work environment and of workers' activities is increasing. Information technologies go beyond the borders of departments, bringing suppliers and customers from the other end of the world into your office in a matter of seconds. More and more service processes that were previously processed sequentially are now run simultaneously. Heijo Rieckmann, a professor of organizational development, has dubbed this "infernal duo" of dynamics and complexity "dynaxity" (see Rieckmann 2003, p. 36).

A dynamic environment requires dynamic organizational structures and processes that promote employees' self-organization and individual dynamics. Traditional management tools such as targets and controlling are based on stable frameworks and structures. If the environment inside and outside the company, however, is ever-changing, control will not facilitate but only serve to hinder development. Thinking and acting in schematic terms such as "boss," "department" or "jurisdiction" will lead to a standstill in modern knowledge organizations. Therefore, the term "learning organization," chiefly introduced by Peter M. Senge of the Massachusetts Institute of Technology, is not only theoretically but also practically relevant (see Senge 1996).

### ***1.1.4 The Loss of Security***

The Twenty-first century is also characterized by the erosion of traditional social security systems and values. Institutions such as the family, churches, clubs, local communities and nations will lose their importance and their role as a source of a connecting, communal meaning of life. As the physicist Carl Friedrich von Weizsäcker has summarized it, “The period in which we live is one of growing uncertainty. Everything is slipping away: the moral standards, the traditional structures, the familiar forms and families, religion, technology, the economy. Even the canon of values itself is collapsing. The world in the framework of which we once understood others and ourselves no longer works. Our lease has expired, and its order is crumbling.”

The family’s place has been taken over by friends, peer groups, life companions – and not least by the company we work for. Leadership must be present and convey meaning. Executives cannot evade this task and this responsibility, whether they enjoy being providers of meaning or not. Unlike Fred Malik, head of the St. Gallen Management Centre, I – like many others – very much believe that work should be fun and performance should yield satisfaction, a truth that applies to employees and leaders alike.

A leader spends three quarters of his or her (active) life on work, i.e., on a very energy-consuming activity that requires his or her complete energy. That is why work has to give leaders something back, be it positive energy, motivation and a sense of achievement, recognition, fulfillment, joy or growth. The new generation of knowledge workers has replaced the old status symbols with these parameters as the benefits of work, and thus the entire leadership has changed. In the “War for Talent” big cars, an impressive title on their business card and fluffy carpets in their offices will not lead to victory, nor attract top people.

This highly skilled, educated, mobile, cosmopolitan, communicative, immensely intellectually flexible, and committed knowledge generation no longer lives to work, but works to live. Nevertheless the motto of the successful firm Gore (makers of “Gore-Tex”) is: “Make money and have fun.” More and more companies offer their employees the opportunity for joint leisure time, essentially becoming a substitute family of sorts. And this is true even for the era after the so-called New Economy.

But the companies too are suffering from the loss of security: “We are approaching times of major uncertainties, uncertainties of material and immaterial nature, uncertainties about our business partners, the loss of the company as a fixed and physically solid place of business, the loss of long-term perspectives, and of five-year plans, including career planning.” (Sprenger 2000, pp. 18–24.) For many workers this uncertainty produces feelings of anxiety and of resignation, but it can also open great opportunities for the working world as a whole and for each individual.

Executives, too, are only human, and often experience the changes in organizational structures such as the flattening of hierarchies, the opening of departmental borders and the repositioning of employees as co-entrepreneurs as a loss of power.

They need to learn to live without traditional “crutches” such as their position, title and authority, and discover new sources of power.

Their authority and ability to implement their plans can no longer be based on the obedience of their subordinates or on their substantially greater knowledge, but now depend on the number of networks in which they hold central positions, and on their ability to create critical interfaces. As such, it is becoming increasingly important to scan the business environment for new ideas, opportunities and resources. In addition, due to globalization and digitalization the relevant internal and external environment is growing larger by the day (see Sprenger 2000, pp. 18–24).

#### **1.1.4.1 Fleeing Forward**

Not only have the boundaries of national markets vanished, but also the organization itself. Many companies define themselves no longer (solely) by the number of desks in an office building. This trend is confirmed by the rise of decentralized forms of employment such as telecommuting or home office, or by virtual teams. Many employees come into the office only sporadically and instead of a fixed workplace, they have just a desk cabinet on wheels, which they put wherever they find space. With the loss of the familiar place, a “strong fortress,” the security deriving from the traditional source of loyalty and identification for the employees is gone.

Employees and managers are no longer married to their businesses. An average worker is employed by seven or eight employers in their lifetime, when in the past it was only one or two. The 25-year anniversaries where the boss hands over a gold pocket watch to his or her employee will be rare in the future. This future will be characterized by an army of individual specialists that move like nomads from one company to the next or from one job to another. The companies will focus on a small “inner core” of permanent employees and outsource a large part of the work or, when necessary, hire freelance specialists for certain projects.

#### **1.1.4.2 The Nomads of the Business World**

The classic “dependent” work will be replaced by new forms of self-employment. Reinhard K. Sprenger predicts the future of work as follows: “What counts in the end are the knowledge workers, their training and to a certain extent their price. (...) Not the labor of many, but the knowledge of a few will generate productivity. (...) This means for the individual: The most important capital of the future is his own head.” (Sprenger 2000, p. 21). Formal expertise is no longer the decisive criterion; rather, it is the capability and willingness to perform. Given the current job market situation this vision of the “knowledge mercenary” hardly seems exaggerated.