



Transforming Your Leadership Culture
Jossey-Bass, Wiley & Sons, 2009
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Book Summary Materials

A MESSAGE TO JADED EXECUTIVES

In spite of their allure and promise, change management practices 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 percent to 75 percent, and one particular study revealed that only one-third of organization-wide change initiatives achieve any success at all.

It is no wonder that you, like most executives, are jaded about making big investments in organization change programs. But think about it: change management programs are primarily focused on external systems, structures and processes. What if the change you need is in your organization's leadership mindset?

This book is first and foremost for you: the executive and organizational leader who sees that change is necessary but has become skeptical that lasting, sustainable change—transformation—lies beyond your reach.

Consider this good news: when leaders take on and follow through on cultural transformation alongside their strategic and operational changes, they consistently succeed in terms of performance goals—while other organizations fail to change and struggle to survive. Think of this book as your survival guide to leading change.

PREMISE

Senior leaders are operating in an increasingly complex and shifting new world order. Every CEO wants fast, capable response to the challenge of change. But parochial mindsets only concerned with the immediate environment simply cannot deal with the complexity. Organizations seeking to grow and adapt during turbulent times—like now—cannot get there by purely technical approaches such as restructuring and reengineering. A new leadership capability is needed to reframe dilemmas, reinterpret options and reform operations—and to do so continuously.

The good news is that organizations can evolve to face new challenges. Individuals, teams and entire organizations can transform their current mindsets into new ones.

Agility, speed, execution, unification, readiness—all the things that CEOs dream about—are available when leaders transform their organization’s leadership culture.

In their client work and action research, the authors have seen this happen. They have studied leaders who work together to grow up and develop “bigger minds.” They have facilitated processes that help senior leadership teams to evolve new mindsets that, in turn, allow the organization to anticipate and prepare for successive future challenges.

Building on a developmental view of individuals and organizations, the authors describe three basic types of leadership culture—Dependent-Conformer, Independent-Achiever, and Interdependent-Collaborator. Each culture is built on core assumptions and logics; each culture has a useful role. However, it is the *interdependent-collaborator* culture that is able to promote intentional, sustained, system-level ways of engaging the organization for strategic change.

McGuire and Rhodes step into the organizational change arena offering three essential truths that senior leaders won’t find elsewhere:

1. *Executives do the change work first.* Executives can’t delegate culture transformation work to others. Without first leading by engagement and example, executives and senior leaders have an extremely poor chance (the odds are one in three or four) of achieving successful organizational transformation. The authors follow two simple principles: (1) Do not ask others to do what you are not willing to do yourself; and (2) if you want something different, then become something different. Culture change is a show-up, stand-up, participative, put-yourself-on-the-line, personal process. In playing your part, you become an instrument of change.
2. *A critical mass of the leadership culture becomes the change and takes change to the middle of the organization.* The key to successful transformation is doing the work in the senior leadership culture first before taking the change broadly and deeply in the organization. It requires senior leaders to be genuinely and seriously committed to the mutual risk of initiating, collectively, new leadership beliefs and practices that generate change. If the team is ready to do the work, then feasibility for change is high. If it is not ready, then substantial, lasting change isn’t likely. Ultimately, people in key roles must act and be the change they expect from the organization.
3. *Everyone gets bigger minds.* Transformation is serious work for serious people; it is about getting bigger minds to deal with bigger and more complex issues that will continue to confront you, your leadership and your organization. Our practice is unusual in its dedication to the advancement of higher orders of human potential in organizations. The team must raise its leadership logic to the level required by the organization’s vision and strategy. For example, if your strategy requires an *independent* leadership logic and your senior team has a *conformer* logic, then its collective mindset needs to grow. This may require some sizeable,

serious cultural and development work for the team. The willingness to learn is the only requirement to getting a bigger mind.

WHAT'S IN THE BOOK?

In Transforming Your Leadership Culture, McGuire and Rhodes offer a new approach to organizational change. They describe the powerful role leadership culture has in organizational engagement, growth and adaptation in the face of complex challenges.

Building on a developmental view of individuals and organizations, the authors describe three basic types of leadership culture—Dependent-Conformer, Independent-Achiever, and Interdependent-Collaborator. They explain why leadership culture change begins with you, the individual leader, and how you can begin the process.

The book reveals the crucial role of a change-leading senior team, and provides processes and tools for engaging the senior team in culture change work. It then offers a path to successful transformation toward more interdependent, collaborative leadership cultures.

Throughout the book, the authors share examples and stories based on their real-world experiences with businesses, executives, and employees at all levels. They include case studies in which change worked and those in which it failed—and highlight client stories to illustrate the differences between them.

While the authors argue for lofty goals—organizational transformation—and share big-picture concepts—the culture development cycle—they are pragmatists as well. Readers are given direct talk, feasible approaches and no-nonsense challenges to help them be realistic about what is possible. With a set of supportive frameworks and tools, readers will expand their understanding of change, tap into a new approach, and create a plan of action for initiating change in their own leadership culture.

KEY CONCEPTS

3 Levels of Leadership Culture

McGuire and Rhodes look at three levels of leadership culture, from simpler and developmentally “earlier” forms, to more complex and later forms. Each level of culture has its own characteristic way of how leaders engage the organization. The three cultures are *Dependent-Conformer*, *Independent-Achiever* and *Interdependent-Collaborator*.

- 1. Dependent-Conformer** cultures are characterized by the assumption that only people in positions of authority are responsible for leadership. Authority and control are held at the top. Success depends on obedience to authority and loyalty. Mastery and recognition of work operates primarily at the level of technical expertise. Other characteristics associated with dependent cultures are: a conservative approach to change, an emphasis on keeping things running smoothly, and the tendency to publicly smooth-over mistakes.
- 2. Independent-Achiever** cultures distribute authority and control through the ranks. They operate on the assumption that leadership emerges as needed from a variety of individuals based on knowledge and expertise. This assumption may lead to decentralized decision-making, high demand for individual responsibility, strong reliance on experts and expertise, and competition among experts. It focuses on success in a changing world and adapting faster and better than the competition. Success means mastery of systems that produce results in an individual’s own domain, and eventually contribute to the success of the organization. Mistakes may be treated as opportunities to learn. Other characteristics associated with independent cultures include: individual performance as an important source of success and status, an emphasis on taking calculated risks, open disagreement, and independent actions within functions or workgroups.
- 3. Interdependent-Collaborator** cultures are those in which authority and control are shared based on strategic competence for the whole organization. Leadership is viewed as a collective activity that requires mutual inquiry and learning. The mindset tends toward collaborating in a changing world so that new orders and structures can emerge through collective work. Mistakes are embraced as opportunities for individual, team, and organizational learning, and both positive and negative feedback are valued as essential tools for collective success. Other characteristics associated with interdependent cultures include: the ability to work effectively across organizational boundaries, openness and candor, multi-faceted standards of success, and synergies being sought across the whole enterprise.

None of these three leadership cultures is better than the other two in an absolute sense. Each has been and can be successful when the context is right. But there is an order of progression among the three. *Interdependent-collaborator* cultures are the only level complex enough to promote intentional, sustained and inter-systemic ways of engaging the organization for strategic change.

Most senior leaders today tell us that what they require is a collective leadership working as a unified force for change. Everything about the increasing complexity of their competitive situation and environment calls for it. But few say that an interdependent-collaborative culture is what they have right now.

3 Frameworks for Transformation

In practical terms, three frameworks of focus guide effective cultural change work: Inside-Out, Readiness and Headroom.

- 1. Inside-Out.** The source of transformation is your internal, intuitive, emotional, creative, spirit realm of deepest experience of being—subjective territory. Beliefs and meaning come from within (“Inside-Out”). In contrast, “Outside-In” is what operations is made of--the objective, empirical stuff. Inside-Out is the source of deep, sustainable, change.
- 2. Readiness.** This is your preparedness as a leader to face the challenge of change. Your degree of readiness depends on assumptions and beliefs that either enable or cripple your personal chance at transformation. There are three forces of Readiness, which include your assumptions about the nature and use of time; the degrees of your felt need for control over self, things and others; and your deepest intentions—how serious you really are. Your personal readiness for change will determine your ability to guide others through change.
- 3. Headroom.** “Headroom” is our term for the space and time created to allow systemic development of the leadership culture. Expanding Headroom assists everyone to acquire the “bigger minds” that meeting challenges requires. Headroom is about having genuine and creative multi-lateral, multi-level connections with others in the course of transformation. It depends on internal and group dialogue, authentic public engagement, and collective learning.

Feasibility of Changing the Organization

We believe that almost all organizational cultures can change to some degree, but feasibility and the readiness to change cannot be taken for granted; at many points along the path you will need to weigh and monitor them. Weighing the feasibility and

measuring readiness to change are fundamental steps in creating a leadership strategy that you can actually implement.

There is a very practical reason to weigh feasibility early and often. We witness many organizations investing huge amounts of money, time and people resources in changes that are destined to fail. If you do good feasibility work on the culture at the outset, then you can save a lot of money and heartburn in the long run.

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

1. The executive team is engaged as both enabler and participant.
2. Leadership development is part of the organization's cultural history.
3. In struggling to implement change, senior leaders know that the missing piece is change in the leadership culture.
4. The senior team is willing to engage in emergent work.
5. The senior team recognizes the need for cross-boundary work.

As the senior team goes through this process of learning, members need to continually ask to what extent they are willing to fully participate in and demonstrate. Not every senior leader may want to come along.

The Culture Development Cycle (CDC)

The CDC is an organizational learning and development model or framework devised to represent our research findings. We arrived at it through grounded theory research conducted during our work with multiple clients. The cycle includes six segments, which we refer to at times as "dimensions" or "phases."

- The Inside-Out, Role Shifting Experience Phase
- The Readiness for Risk and Vulnerability Phase
- The Headroom and Widening Engagement Phase
- The Innovation Phase
- The Structure, Systems and Business Processes Phase
- The Leadership Transformation Phase

The cycle, however, is not a series of six steps. The cycle doesn't begin at one place; you begin wherever you are right now. But inevitably, you must engage in all six phases in order to transform leadership culture.

[See Figure 8.1 in the book—it describes the cycle perhaps as well as can be done on paper—include in summary document as needed].

The Outcomes of Leading: Direction, Alignment, and Commitment

McGuire, Rhodes and their CCL colleagues define leadership in terms of outcomes: what leadership brings about. As a collective human process, leadership can best be described as what is done to set direction, achieve alignment and get commitment.

- **Setting direction** usually implies some measure of change, be it incremental or major. For a senior leader, setting direction means charting a course for the organization. Strategy addresses where you are going and how you are going to get there, so setting direction is part of strategy. All significant enterprise-wide change emanates from vision and strategy. In organization transformation efforts, your leadership strategy is as important as your business (or organizational) strategy.
- **Alignment** produces the right configuration of beliefs and talent in the systems, structure and processes that enable your organization to head in the direction you have set. When leadership practices are jointly shared in by the collective of leadership, such alignment becomes a powerful force for change. One vital alignment is that between your business strategy and your leadership strategy.
- **Commitment** is first getting the leadership culture and then the whole organization on board, believing and devoted to the direction your strategy charts.

Leadership culture then is the mutually reinforcing “web” of leadership beliefs and practices, as they are held, tested, and evolved over time in an organization or other community. Followers as well as leaders are participants in the leadership culture, though with different roles. Together, the group advances the leadership culture and the organization to a stage of development capable of facing and dealing with greater complexity.

Further Reflections

- *Developing a leadership culture starts with you and all of your colleagues in senior leadership.* You can no longer just delegate, defer or demand development from others. The changing role of senior leaders in the changing new world order absolutely requires your commitment to your own Inside-out development—a direct engagement within yourself. Don’t ask anyone to do what you are not willing to do.
- *Advancing your leadership culture means executing your strategy while developing your leadership talent.* By choosing the right level of leadership culture that your organization absolutely requires for its future, your leadership talent as a collective can advance to new levels of organizational capability that

secures success. This is a feasible alternative to advancing talent by developing individual competencies one leader at a time as they come through the pipeline. Instead, imagine if you could amass a flood of talent capable of implementing every new strategy for the next ten years.

- *Inside-out development of leadership beliefs must come into balance with Outside-in changes in the organization's systems, structure and processes.* Business strategy drives the challenge; leadership strategy meets and greets it. The organization is the playground where demand meets supply. Why not finally get the human system in alignment with the operational systems? That is the balance in the equation that really makes everything work.
- *Get a bigger mind.* Serious change demands serious people. Are you up for it? An expanding, learning-capable leadership mindset can successfully face increasingly bigger challenges. Collective learning is the key to the elusive, popular vision of the learning organization. Collective, bigger leadership minds can address not only this year's business issues and goals but also the shifting strategic challenges that face the leadership culture in the future.
- *The three foundations of personal readiness—time sense, control source, and intentionality—are the keys to advancing your personal readiness for transformation.* When leaders demonstrate through their decisions and actions willingness to counter traditional assumptions, they create the conditions for others to learn and advance, and they expand the areas of collaborative exploration, learning and development. These people will together pursue multiple right answers and advance collaborative relationships, thereby addressing more complex emergent issues and build readiness together for leadership in the emerging new world order.
- *Achieving a vibrant leadership culture capable of executing your strategy while developing your leadership talent is the hat trick, the sweet spot, the big enchilada.* This creates the capability for self-perpetuating leadership collective to continuously re-create the organization into endless new structural creations capable of satisfying the demands of emergent complex challenges.
- *Headroom is the primary development process for engaging your leadership culture.* Engaging fully in the Headroom process includes time and space of inside-out discovery, action development for new leadership beliefs and practices, and advancement of leadership logics and culture. Headroom can and will generate a new level of organizational capability and talent. As you progress to an Interdependent-Collaborative stage of culture and talent, no competitor voice of that capability will challenge your organization's ability to survive and thrive.
- *The change leadership team (CLT) is the executive practice zone for emergence, generation and launch of the new leadership beliefs and practices that are the seeds of change that you need.* Over time, it becomes the generator and the carrier of the next-order leadership culture.

- *Focus on the core.* Developing your leadership culture is developing your leadership talent to the next level of leadership logic, and you advance the practices of leaders to the next level of capability. When the next level of leadership culture is aligned with your strategy, your performance will be stellar. By focusing on the few core capabilities the organization needs, you can move the whole and expanding leadership culture forward as a unified force for change.
- *The development law of 3 X 3.* There are three steps of development in each of the three stages of development. This is true for individuals and organizations. The three-step language goes something like this: (1) find awareness, (2) try to apply new stuff, and (3) consolidate learning into the new logic frame. These steps take courage, belief and a new idea that is better and bigger. You have to ride inspiration and gut it out at the same time. You can't skip steps. Development is earned. If it was easy everyone would be doing it. How serious are you?
- *The culture development cycle represents the collective learning that results in the next advancement of leadership logic and culture.* Each dimension is an ongoing, self-contained entity. Your organization can and will go through the phases multiple times and yet be contained within the dimensions as they advance in capability and sophistication.