The 2001 Linkage Excellence in Management & Leadership Series

Systemic Leadership and Change

Featuring Peter Senge

Dear Participant

Welcome to the third of four programs in the *2001 Linkage Excellence in Management & Leadership Series*. The seminar series is designed to bring four inspiring and influential business thinkers to your organization in a live and interactive manner.

Today's program, Systemic Leadership and Change, features Peter Senge, noted author and strategic business consultant. He will offer insight as to how leaders at all levels of an organization can work with the forces that generate and impede deep change. Specifically, the program provides insight on these competencies:

- Trusted influence
- Conceptual thinking
- Systems thinking

Peter Senge is the author of the widely acclaimed, best-selling book, *The Fifth Discipline*, and co-author of *The Fifth Discipline Fieldbook*. Over 650,000 copies of *The Fifth Discipline* have been sold; and it was selected by *Harvard Business Review* as one of the seminal management books of the 75 years. Peter has also authored the recently published *Dance of Change* and *Schools that Learn*. Dr. Senge is a senior lecturer at the Sloan School at MIT, and co-chairman of the Society for Organizational Learning.

In this program, Peter Senge skillfully walks you and other leaders through understanding and adopting a systemic mindset to leadership and change. He cites numerous examples illustrating how living organizations adapt to change without creating waste. Dr. Senge challenges us to apply these principles to the workplace while supporting individuals as they pursue worthy aspirations. The presentation purposely provokes you to reexamine your long-held beliefs about leadership, consider organizations that embrace a systemic mindset, and consider the opportunities for applying these principles in your daily leadership role.

These Participant Materials have been designed to complement Dr. Senge's presentation. Use them to record your notes. At specified points during the program you will be asked to submit questions to ask Dr. Senge during the question and answer segment scheduled toward the end of the program. Learning is a mental activity that requires more than passively watching a speaker. Simply watching today's program will neither instill leadership skills and knowledge nor result in an immediate change in your organization's culture and strategic positioning.

Instead, becoming a strategic, visionary leader requires reflection, practice, and follow through. To further your learning, suggested pre-presentation activities can be found on page 4. Reinforcement post-presentation activities begin on page 16. These activities have been specifically identified to broaden your knowledge, as well as, give you a head start in establishing strategies for implementing change.

IMPORTANT MESSAGE

These Participant Materials are designed to augment Peter Senge's presentation and will not follow his presentation directly.

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SECTION 1

Satellite Program Materials

What You Will Learn

By participating in this satellite presentation with Peter Senge, you will be able to:

• define the term "systemic" and how it applies to leadership and change

• re-examine personally held beliefs regarding leadership and your role

• identify strategies people use when face with significant changes

• cite examples in which organizations have successfully and profitably adopted a systemic viewpoint

Pre-presentation activities

• Read "Communities of Leaders or No Leadership at All ," found in Section 2 on page 22.

• Become familiar with Peter Senge's accomplishments by reading the brief biography that follows.

Peter M. Senge is a senior lecturer at MIT and co-chair of the Society for Organizational Learning (SoL), a global community of corporations, researchers, and consultants dedicated to building knowledge about fundamental institutional change. Noted for translating abstract ideas of systems theory into tools for change, he is the author of many articles and of the best-selling book *The Fifth Discipline: The Art and Practice of the Learning Organization*, named by the Harvard Business Review in 1997 as a seminal management book of the past seventy-five years.

• Read books authored or edited by Peter Senge:

The Fifth Discipline: The Art and Practice of The Learning Organization by Peter Senge, Doubleday, 1990.

The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization by Peter Senge, Art Kleiner, Charlotte Roberts, Richard Ross, and Bryan Smith, Doubleday, 1994.

The Dance of Change: The Challenges to Sustaining Momentum in Learning Organizations by Peter Senge, Art Kleiner, Charlotte Roberts, Richard Ross, George Roth, and Bryan Smith, Bantam Books, 1999.

Schools that Learn: A Fifth Discipline Fieldbook for Parents, Educators, and Everyone Who Cares about Education, by Peter Senge, Nelda Cambrone-McCabe, Timothy Lucas, Bryan Smith, Janis Dutton, and Art Kleiner, Doubleday/Currency, 2001.

- **Activity:** The ten challenges of initiating and sustaining change

  Step One: Read the following descriptions of the ten challenges of initiating and sustaining change.

  Challenges of Initiating

  These challenges are often sufficient to prevent growth from occurring, almost before it starts. They are consistently encountered at the early stages of significant organizational change. The capabilities to deal with them must be developed under high pressure; but in managing these challenges effectively, organizations develop capabilities much sooner than otherwise for dealing with challenges down the road.

  1. **Not Enough Time: "We don't have time for this stuff!"**
     This is the challenge of control over one's time. This challenge is represents a valuable opportunity for reframing the way that workplaces are organized, to provide flexibility and time for reflection and innovation.

  2. **No Help: "We're like the blind leading the blind!"**
     Some managers believe that asking for help is a sign of incompetence; others are unaware of the coaching and support they need. Meeting this challenge means building the capabilities for finding the right help, and for mentoring each other to develop successful innovations.

  3. **Not Relevant: "Why are we doing this stuff?"**
     A top priority for pilot groups is a clear, compelling case for learning and change. If people are not sufficiently committed to an initiative's goals, a "commitment gap" develops and they will not take part wholeheartedly. Building relevance depends on candid conversations about the reasons for change and the commitments people can make.

  4. **"Walking the Talk" - Leadership values**
     What happens when there is a mismatch between the things the boss says and his or her actual behavior? People do not expect perfection, but they recognize when leaders are not sincere or open. If executive and line leaders do not provide an atmosphere of trust and authenticity, then genuine change cannot move forward.

  Challenges of Sustaining Momentum

  These challenges occur sometime during the first year or two, when the group has clear goals and has discovered that new methods save more than enough time to put them into practice. Now the pilot group's real troubles begin. Sustained activity confronts boundaries—between the work of the pilot group and "internal" attitudes and beliefs, and between the pilot group's needs and the larger-scale company's values and ways of measuring success.

5. **Fear and Anxiety: "This stuff is ----"**
   The blanks represent the fact that everyone expresses their fear and anxiety with a different form of defensiveness. How do you deal with the concerns of team members about exposure, vulnerability and inadequacy, triggered by the conflicts between increasing levels of candor and openness and low levels of trust? This is one of the most frequently faced challenges and the most difficult to overcome.

6. **Assessment and Measurement: "This stuff isn't working"**
   How do you deal with the disconnect between the tangible (but unfamiliar) achievements of a pilot group and the organization's traditional ways of measuring success?

7. **Believers and Nonbelievers: "We have the right way!" say pilot group members. "They're acting like a cult!" say their other colleagues and peers.**
   Riding on a wave of early success, speaking their own language, the pilot group becomes increasingly isolated from the rest of the organization. Outsiders, meanwhile, are put off and then turned off by the new, unfamiliar approaches and behavior. These misunderstandings easily accelerate into unnecessary, but nearly unavoidable, opposition.

Challenges of Systemwide Redesign and Rethinking

These challenges appear as a pilot group's work gains broader credibility and confronts the established internal infrastructure and practices of the organization.

8. **Governance: "They won't give up the power."**
   As the pilot group's capabilities and activities increase, it runs into the priorities and established processes of the rest of the organization. This leads to conflicts over power and autonomy and to a destructive, "us-versus-them" dynamic that nobody wants—and that could be avoided if the capabilities are in place for organizational redesign.

9. **Diffusion: "We keep reinventing the wheel!"**
   Unless organizations learn to recognize and deal with their mysterious, almost unnoticed inability to transfer knowledge across organizational boundaries, people around the system will not build upon each other's successes.

10. **Strategy and Purpose: "Where are we going?" and "What are we here for?"**
    How do you revitalize and rethink the organization's intended direction for success, its contribution to its community and its future identity? How do you improve the processes of conversation that lead people to articulate and refine their aspirations and goals for achieving them?

(Excerpted from *The Dance of Change: The Challenges of Sustaining Momentum in Learning Organizations*, by Peter Senge, Art Kleiner, Charlotte Roberts, Richard Ross, George Roth, and Bryan Smith, Bantam Books, 1999)

Step Two: Which of these ten challenges is one you feel "stuck" on right now?

Step Three: In your own words, describe how this challenge looks and feels in your particular organization. Who are the key players, what is the pertinent history, where do you feel particularly "stuck?"

Step Four: Turn to a partner and take turns discussing the challenge which is presenting the biggest issues for you.

Leadership Role Models:

Senge defines a leader as someone who "steps ahead," who has the courage, capability and credibility to inspire change at many levels.

Who is one person in your life who you would identify as a leader in this context?

What did they do—what actions did they inspire or what results did they attain - that makes them a leader in your eyes?

Step One: Use the space below to record your thoughts.

Step Two: Share your insights with a partner.

The Power of Networks:

Senge notes the internal networker (one type of leader) plays the key function of connecting predisposed but isolated groups to new ideas, practices and other like-minded individuals while helping with day-to-day practical issues (that can thwart change). Without effective internal networking there may be many pockets of innovation but these changes rarely add up to organization-wide practices.

To what extent are you an internal networker? What networks do you move in?

Step One: Use the space below to record your thoughts.

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Step Two: Share your insights with a partner.

Inhibiting Forces:

Chilean biologist Humberto Maturana said, "All movement occurs while it is being inhibited." The "dance of change" is the inevitable interplay between forces producing innovation and growth and forces conserving stability.

Consider a change effort in which you are involved (initiating and/or implementing). What forces are inhibiting it? What forces are nourishing the change and how can they be used to mitigate the inhibiting forces?

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Step Two: Share your insights with a partner.

- **Activities:** Finding Ways to Create Time

One sure-fire way to prevent change from taking hold is to allow too little time in your schedule to devote to the nourishment of the process. The activities which follow, adapted from "Five Ways to Create Time", in Peter Senge et al's resource *The Dance of Change*, can help you to carve out more of your most valuable resource: time.

1. Consolidate Your Change Initiatives

On your own or in a group, list all of the change initiatives that you are currently working on. List everything that you can think of, including new business, professional development programs, IT projects, etc.

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Looking at the list, first determine which are the top three to four highest-leverage efforts. Then identify which of the other initiatives could be included into the top three or four that you chose. Focus your efforts on the initiatives with the biggest impact.

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2. How Are You Spending Your Time?

In the first column below, write the elements of your vision or agenda for change.

Elements of vision:	Impact on:			
	Yourself	Team	Organization	None

Now look at your appointment calendar for the next two to three months to determine if each appointment is fulfilling an agenda element, and having a measurable impact on you, your team, or your organization. If an appointment is not impacting any of these, check the "none" column. Make a mark in the "None" column if an appointment does not fulfill an agenda element.

Determine what percentage of your marks are in the "None" column. You are spending time on non-essential work if your percentage is larger that 30-40%.

For each appointment, determine what you can do to eliminate some of the work related to it.

3. What Can You Delegate?

Before you consider what tasks you yourself can delegate, practice reducing the amount of unnecessary supervision you receive from those you report to. This practice will clarify the benefits to you of doing the same for those you supervise.

- What tasks could you handle with a lot less oversight from your superiors?

- Practice formulating your request for less oversight in ways that clarify the benefits to your superiors and the ways you will ensure quality.

• What task do you wish you didn't have to do, that you could delegate to someone else?

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• What task shouldn't you be doing?

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• What is keeping you from delegating these items and who can help you overcome those barriers?

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4. Decision Styles Tool

You will save time, and unnecessary wear and tear on your team, if you clarify the decision process you will be following when asking for their input on decisions.

Consider your natural decision-making style, and the possible beneficial outcomes, of choosing another style. Above all, consider consciously what you really expect from your team whenever involving them in a decision-making process. Don't initiate a discussion, for instance, if you've already made up your mind. The following five styles are useful guideposts:

Telling: You have already made up your mind and you are announcing your decision.

Selling: You have a clear preference, and are trying to "sell" your team on the choice you would like them to get behind.

Testing: You have a tentative decision, and want their feedback - if it is compelling, you may well change your mind.

Consulting: You have a few ideas, and want to hear more from everyone - you may well build on someone else's idea.

Co-creating: You want to fully engage everyone in the process of coming up with a decision. Make sure you set a time deadline, and that the group has the interpersonal skills necessary to the task.

Read back over this list, and make a check-mark by the style you tend to favor.

Think of a time you used this style, and the outcome was a good one.

Think of a time you used this style, and you regretted not making the decision differently.

What level of involvement would have improved the quality of the decision? Circle the style you wish you had used.

5. What Does Your Team Think?

When you return to your workplace, ask your team members to write their candid responses to the following questions: (They can write anonymously if you feel it is necessary. It is critical that they share their honest opinion with you.)

• "What do you think I pay too much attention to?"

• "What do think I pay too little attention to?"

Review their answers and revise your attention and schedule accordingly. You may find that you are spending more time than you need to on items which your team does not value. A clear-eyed assessment, with data from your "customers"—your team—can help you restructure your time.

- **Application:** Complete the Leadership Assessment Instrument™ (LAI) which appears in Section 3 beginning on page 39. The LAI was researched and developed by Linkage Inc., in partnership with Dr. Warren Bennis. It focuses on the five personal characteristics, or competencies, essential to effective leadership and on the five skills with which leaders put these competencies into practice. Knowing your strengths and opportunities for development may help make today's presentation particularly relevant.

During this program

- *Participate!* Use these Participant Materials for your notes.
- Submit questions to be addressed by Peter Senge during the question and answer session. Dr. Senge will respond to questions in the latter third of the program. To submit questions, complete either the fax form found on page 51, or call in when prompted during the program.

Directions: Use the space below to take notes pertaining to Peter Senge's presentation.

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Introduction

Leaders at all levels of an organization can work with the forces that that generate and impede deep change. Dr. Senge will share strategies which enable people to meet the challenges that arise naturally as a byproduct to significant change. Key to leadership development which enables deep change is an appreciation for the inherent processes of personal growth and transformation. In addition, Dr. Senge will describe how to organize divergent information and search for common themes, patterns and causal connections to lead an effective change process.

Basic Premises

1. Initiating and sustaining significant change requires the active participation of leaders at all levels; leadership from the top is not enough.

2. In most situations, when change leaders encounter difficulties, they act in ways which make the difficulties worse rather than understanding the sources of the forces they are encountering, and developing high-leverage strategies

3. There is no organizational transformation that is separate from personal transformation.

Question and answer session

• If participating in the live presentation of this program, call in, fax, or e-mail your question to Peter Senge using the question sheet on page 51.

• If you are taking part in a post-broadcast program, share your questions with the seminar coordinator and your colleagues.

When the session has concluded…

• Turn to the end of these materials. Complete the participant evaluation form on page 52 and give it to your Site Coordinator.

  Your feedback is valuable in ensuring the integrity of this and future programs. We take pride in providing relevant, thought-provoking, and enlightening programs. But we rely on you to help us make it happen!

• To further reinforce your understanding of today's content, as well as hone other aspects of your leadership skills, complete the suggested Post-Presentation activities on page 16.

Post-presentation activities

- **Complete and submit the participant evaluation form found on page 52 of these Participant Materials.**
- Reread these Participant Materials and review your notes.
- Read "Communities of Leaders or No Leadership at All ," found in Section 2 on page 22 (if not read prior to broadcast).
- **Application:** Reflect and respond to these questions:
  1. Consider the many competencies that Dr. Senge discussed during the program when responding to each of the following questions. Some of the competencies are:
     - **Trusted Influence - focus on Commitment:** The ability to evoke trust from others by keeping commitments, adhering to high ethical standards and principles, and building shared goals or values.
     - **Conceptual Thinking - focus on Strategic (Big Picture) Thinking:** The ability to see all of the forces, events, entities, and people that are affecting (or are being affected by) the situation at hand.
     - **Systems Thinking - focus on Process Orientation:** The ability to increase overall learning and performance by designing, implementing, and/or connecting processes.

     a. Which competency(ies) do you regard as most important for the work you do?

     _____

     _____

     b. Which do you feel represents one of your strengths?

     _____

     _____

     c. Which do you feel you need to work on the most?

     _____

     _____

     d. How can you improve the competency(ies) that you have identified as needing the most work?

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2. Based on what Dr. Senge said about the key elements of leadership during change, what points stand out the most for you? How do those points compare to your definition of an ideal leader?

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3. Think for a minute about your own defining moments as a leader. Can you use any of these moments as stories that will aid the development of others?

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- **Reflection:** "Walking the Talk"

Dr. Senge interviewed executive leaders with comprehensive experience in designing and leading profound change initiatives. Listed are five of the key questions they asked themselves in order to be able to "walk the talk" with conviction.

Step One: Regardless of where you are in your organization's change process, take a few minutes to reflect on and respond to the following questions. Also, note any reservations you have:

1. Do I know why I am doing this?

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2. Do I truly understand what I'm doing, and its consequences?

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3. Am I willing to change?

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4. Am I willing to live with ambiguity?

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    _____

5. Am I willing to keep going even when I don't get continuous success?

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    _____

Step Two: Turn to a partner and discuss your insights.

• **Reflection:** The "Trusted Other"

It's critical that your own conviction, drive, and resolve is clear to those who are observing your behavior. Do what degree does congruity exist? Are you aware of any contradictions between your statements and your behavior? You may think you are "walking the talk," but only a trusted observer can help to confirm that others are getting the impression you intend to convey.

Step One: In the spaces below, list up to five "trusted others"—people in your organization whose opinion you trust, and who you know are capable of accurately "reading others:"

1.

2.

3.

4.

5.

Step Two: Make a commitment to ask each of these people for honest feedback on a regular basis.

• **Reflection:** Taking Off My Blinders

Being authentic and understanding your deepest core values and beliefs are critical to becoming a successful leader. However, we all have blind spots that interfere with our ability to be honest with ourselves, sometimes inadvertently damaging relationships.

Step One: Of the people listed above, choose one person with whom you can discuss the following:

1. What do you see as my key strengths as a leader?

2. What do you see as my blind spots?

3. How can I better recognize these blind spots?

4. What else can I do differently to improve my leadership effectiveness?

Step Two: Commit to asking this person to have this conversation with you at a specific time, and mark that commitment in your calendar now. Add a reminder to yourself prior to that appointment to prepare for the meeting, in order to value and use everyone's time wisely.

• **Research:** Visit the web site for The Society for Organizational Learning and become acquainted with its mission, services, and benefits of membership. The site address is: www.sol-ne.org

As described on the Web site, "The Society for Organizational Learning is a global learning community dedicated to building knowledge about fundamental institutional change through integrating:

- Research (disciplined pursuit of discovery and understanding);

- Capacity Building (developing new individual and collective capabilities); and

- Practice (the application of concepts and tools in pursuit of specific ends)

Our purpose is to discover, integrate, and implement theories and practices for the interdependent development of people and their institutions."

In pursuit of this Purpose the members of SoL believe that,

- **Drive to Learn** - All human beings are born with an innate, lifelong desire and ability to learn, which should be enhanced by all organizations.

- **Learning is Social** - People learn best from and with one another, and participation in learning communities is vital to their effectiveness, well-being and happiness in any work setting.

- **Learning Communities** - The capacities and accomplishments of organizations are inseparable from, and dependent on, the capacities of the learning communities which they foster.

- **Aligning with Nature** - It is essential that organizations evolve to be in greater harmony with human nature and with the natural world.

- **Core Learning Capabilities** - Organizations must develop individual and collective capabilities to understand complex, interdependent issues; engage in reflective, generative conversation; and nurture personal and shared aspirations.

- **Cross-Organizational Collaboration** - Learning communities that connect multiple organizations can significantly enhance the capacity for profound individual and organizational change.

• Visit the www.fieldbook.com website and participate in sharing information about change efforts you are involved with.

• **Application**: Reflect on these questions. Time permitting, share your response with colleagues.

1. What are the potential outcomes of treating an organization as a living, human community as opposed to a machine?

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2. Is your organization a "human community" or a "machine?" How comfortable are you in your current role as a leader of such an organization?

_____

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- If you haven't already done so, read books authored or edited by Peter Senge. They include:

  The Fifth Discipline: The Art and Practice of The Learning Organization by Peter Senge, Doubleday, 1990.

  The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization by Peter Senge, Art Kleiner, Charlotte Roberts, Richard Ross, and Bryan Smith, Doubleday, 1994.

  The Dance of Change: The Challenges to Sustaining Momentum in Learning Organizations by Peter Senge, Art Kleiner, Charlotte Roberts, Richard Ross, George Roth, and Bryan Smith, Bantam Books, 1999.

  Schools that Learn: A Fifth Discipline Fieldbook for Parents, Educators, and Everyone Who Cares about Education, by Peter Senge, Nelda Cambrone-McCabe, Timothy Lucas, Bryan Smith, Janis Dutton, and Art Kleiner, Doubleday/Currency, 2001.

- Read selections from the following suggested reading list:

  The Living Company: Habits for Survival in a Turbulent Business Environment by Arie De Geus, Harvard Business School, 1997.

  Leading Consciously: A Pilgrimage to Self-Mastery by Debashis Chatterjee, Butterworth-Heinemann, 1998.

  Built to Last: Successful Habits of Visionary Companies by James C. Collins and Jerry I. Porras, HarperBusiness, 1997.

  Ishmael by Daniel Quinn, Bantam, 1992.

  My Ishmael by Daniel Quinn, Bantam, 1997.

  The Pursuit of Prime: Maximize Your Company's Growth with the Adizes Program by Ichak Adizes, Knowledge Exchange, 1997.

SECTION 2

"Communities of Leaders or No Leadership at All"
by Peter Senge and Katrin H. Käufer

Faced with profoundly new business realities—unprecedented demands from global competition, new technologies, emerging markets, possible mergers and alliances, and growing environmental pressures—many companies are falling back on old leadership habits. In particular, they seek to create more adaptive and flexible enterprises through turning to "hero CEOs" who "can deliver shareholder value." Ironically, these CEO's, in turn, are asked to distribute authority and business accountability more widely, in order that the enterprise is more able to recognize and respond to dynamic marketplaces. Many organizations soon discover that it is not possible to create less hierarchical organizations solely through better hierarchical leaders.

This is the leadership paradox of our times: enterprises must become significantly more flexible and adaptive and this will undoubtedly require deep cultural changes and strong leadership, but powerful "bosses" may actually impede the increased creativeness, risk-taking, and innovation required to become more adaptive. The success rate for top-driven changes is not encouraging: according to studies by Arthur D. Little and by McKinsey & Co. respectively, two thirds of total Quality Management (TQM) programs "grind to a halt because of the failure to produce hoped-for results." The same is true for reengineering, where the success rate falls between 20 – 50%. On the other hand, it is hard to imagine that the answer is less leadership.

Our experiences with many significant change efforts over the past ten years suggest that the only resolution to this paradox lies with a fundamental rethinking of what we mean by leadership. So long as we cling to the notion that "leader" means top manager and strong leadership means powerful executives, the perpetual search for the hero CEO will continue. Indeed, worshipping the cult of the hero-leader may be the primary cause for maintaining change-averse institutions. An alternative is to re-establish an older notion of a leader as someone who "steps ahead," who has the courage, capability, and credibility to inspire change at many levels. This notion leads inevitably to seeing leadership as a distributed phenomenon and poses a key question: How can we better understand and nurture leadership communities, people in diverse positions who collectively help the members of an enterprise shape their future. We argue that rather than making executives less important, understanding leadership communities clarifies the unique roles of executive leaders as well as the roles of other types of leaders—all of whom will ultimately depend upon one another in creating successful 21st century enterprises.

The Ecology of Leadership

In particular, we have repeatedly found that three types of leaders are crucial in initiating and sustaining significant change:

- local line leaders,
- executive leaders, and
- internal networkers.

Moreover, each type of leader is critically interdependent on the others, often in ways not evident in the midst of difficult change processes. Understanding this "ecology of leadership" is the key to developing effective leadership communities.

These views expressed in this chapter stem from experiences within a consortium of companies, the first chapter of an emerging global network of learning communities, the Society of Organizational Learning (SoL). This first SoL (formerly the MIT Organizational Learning Center) involves about twenty US-based enterprises, mostly Fortune 100 corporations but also including the World Bank, the Urban League, and several agencies within the US Federal Government. Since 1991, many long-term projects have been undertaken within these organizations aimed at implementing new processes and structures to accelerate and deepen organizational learning. These initiatives have differed in terms of their objectives and specific business context, but all have been focused on crucial business issues, typically involving the redesign of workplace environments so that day-to-day work activities may also evolve as the "core learning capabilities listed below:"

- **Individual and collective aspiration:** clarifying personal vision, values and building shared visions;

- **Reflective conversation:** increasing personal reflectiveness, especially regarding individual and shared mental models, and developing capabilities for dialogue and productive discussion within work teams; and

- **Understanding complexity:** developing systems thinking abilities to conceptualize highly independent issues and distinguish high- from low-leverage strategies.

As a non-profit research and education association, SoL provides an infrastructure that helps people to learn from each other's experience and to engage consultants to help with change efforts and researchers to better understand those efforts. Making sense of successes and failures during these profound change projects has led to identifying three distinct types of leaders: local line leaders, executive leaders, and internal networkers or community builders.

Interestingly, in some SoL member companies there have been many examples of significant change efforts that have lasted ten years or longer with neither top management support nor knowledge. Notably, there have been no examples of successful sustained change efforts without committed local line leaders. The reason local line leaders are so essential to innovation is simple. All genuine management or organizational innovation concerns enhancing the processes whereby value is generated. If an enterprise does not enhance its capacity to create value—either through greater efficiency or effectiveness in current activities or by learning how to generate totally new sources of value—there are no consequences for those whom the organization serves, its "customers." Local line leaders are essential to innovation because they operate close to where value is actually created, at the "front lines" where products are designed, developed, produced, and sold, where services are generated and relationships with customers built. As executives know only too well, line managers shape how new ideas become or fail to become new organizational practices. Many grand strategies fail to be implemented because local line managers

are not committed to executives' change initiatives. Even while paying "lip service" to changes driven by executives, and complying with their requirements, uncommitted line managers have great latitude to undermine those changes. On the other hand, committed line managers are instrumental in actually establishing the new practices and processes whereby broad change goals are translated into action and results. In addition, we have found that the role of local line leaders goes beyond implementing or failing to implement executive strategies. They are a critical source of innovative ideas themselves, both operational and strategic ideas.

Conversely, there are types of leadership that can only come from executives. These concern design, mentoring, and being role models or stewards for a higher purpose. Over the long term, executives can have profound influence on the overall environment for innovation in an organization. As designers they can focus on guiding ideas—values, core business strategies and long-term visions, and purpose. These can orient and give meaning to day-to-day activities, on governance systems, and on other deep structural impediments to innovation. As mentors, they help line leaders relate immediate challenges to long-term aims and can play crucial roles in nurturing others' leadership capabilities. As stewards or role models, they embody commitment to change through demonstrating their own vulnerability and continual learning.

Executives who endeavor to initiate important changes often find that there is little they can accomplish without the assistance of local line leaders who are able to translate new mandates into new practices. "Anyone who thinks you can drive this sort of change from the top is wrong," says Rich Teerlink recently retired CEO of Harley Davidson. "When I first came in as CEO," says Shell Oil´s Phil Carroll, "everyone thought, `Phil will tell us what to do. `But I didn't have the answer, thank goodness. If I had, it would have been a disaster." As it turned out, both Teerlink and Carroll were highly successful in helping to develop networks of talented local line leaders, both as a result of overt strategies (e.g., Shell's annual top 200 leadership conference) and as a result of their persistent encouragement to others to take initiative. Nearing retirement from Shell, Carroll reflected on his personal learning as CEO and commented about vulnerability: "You need a healthy dose of humility... The truth is everyone can see your flaws... if you try to hide them, they wonder what else you are hiding."

The third type of leader is the internal networker. They represent a type of leader who is all but entirely neglected both in the literature and by many managers. Internal networkers come from many formal roles: they may be internal HR or training staff, engineers, or even local managers. What distinguishes them is their mobility, their ability to move freely within the informal networks which operate in all organizations. They play the key function of connecting predisposed but isolated line managers to new ideas and practices, and to other like-minded managers. They serve as mentors, internal consultants and "thinking partners," helping local line leaders deal with the host of day-to-day practical issues that otherwise thwart change. Yet, their importance is often overlooked, even by those with whom they work closely, because they usually do not occupy important positions in the managerial hierarchy.

Why do we call the internal networkers "leaders?" Because we have found that without effective internal networking large enterprises have great difficulty sustaining significant change. Internal networkers are crucial to the diffusion of innovative practices, as shown by research on "communities of proactive," the informal networks through which most innovations diffuse. Without effective internal networkers, there may be many "pockets" of innovation but these changes rarely add up to organization-wide changes. We call internal networkers leaders primarily because of our favored definition of leadership: the capacity of a human community to shape its future, to sustain significant change. To not regard internal community builders as leaders would be to ignore a critical dimension of an organization's capacity for large-scale change.

In order to better understand and develop an organization's capacity to sustain significant change it is essential to understand the dynamic interactions between these different types of leaders and the challenges they are facing. This requires a systemic view of the change processes.

Leadership and the Challenges to Sustaining Change

Starting in 1993, we began a series of research workshops with SoL members using systems thinking to better understand the forces that shape significant change efforts and how different types of leaders deal with these forces. The premises underlying this ongoing study have been:

1. The types of change required of Industrial Age institutions unfold at the "outer" and "inner" levels. They involve changes in the systems, processes and practices that define how organizations function; but they also involve changes in beliefs, assumptions, and habits that are social and ultimately personal. Failing to understand the multidimensionality of profound change is why so many "change efforts" fail.

2. Leaders in such systemic change can be thought of as growing new ways of working together, rather than as "changing" old ways. This is not just a semantic distinction. Effective leaders do not try to "change people," they seek to demonstrate that something new is possible. They lead through creating the new and specifically through their willingness to change themselves, rather than through convincing others that "the others" need to change.

3. Thinking of change as growing something new means that processes of institutional change can be understood by analogy to growth processes in all natural systems. All growth processes in nature are governed by the interaction of self-reinforcing (positive) and balancing (negative) feedback. For example, if a biological population grows it is because there is a reinforcing process whereby more adults lead to more births, which eventually leads to more adults and still more births. Similarly, the growth of new organizational practices involves self-

reinforcing processes—such as, new approaches leading to new results, leading to increased commitment and willingness to extend these new approaches. But every growth process in nature is counterbalanced by balancing or "limiting processes." Such limiting processes represent a system's continual seeking for balance points—a human body's homeostatic state, an ecosystem's balance of predator and prey, or a company's historic sense of identity and continuity.

4. Leaders at all levels sustain change by helping in creating the energies (vision, passion, imagination, commitment) that generate self-reinforcing growth processes, while simultaneously attending to the forces that limit change.

5. In most situations, the greatest leverage lies in understanding and attending to the limiting processes. While many would be leaders try to overcome these limits by "pushing harder" on the growth engines, artful leaders pay close attention to the challenges they encounter, knowing intuitively that therein lie their most effective strategies.

6. Understanding the diversity of the limiting processes that profound change efforts encounter can reveal the variety of leadership strategies and leaders needed to sustain such change. In particular, it provides an initial insight into how executive leaders, local line leaders, and internal networkers depend upon one another.

So far, ten distinct challenges or sets of forces that impede significant organizational change have been identified. Each challenge arises as a consequence of some measure of success in building momentum in a change process. If no momentum develops, then these challenges are never encountered—just as the limits to any growth process in nature only arise as a consequence of growth occurring.

However, despite the predictability of these challenges, many leaders are unprepared for them, and react in low leverage ways when they arise. Herein lies a key insight for leaders of all types: success will breed forces opposing further success. Sustaining change requires understanding the sources of these forces and having workable strategies for dealing with them. This is "the Dance of Change," the inevitable interplay between forces producing innovation and growth and forces conserving stability. "All movement occurs while it is being inhibited," says Chilean biologist Humberto Maturana. Great leaders understand this principle and learn how to work with the full range of forces crucial to long-term change. Ineffective leaders disregard these forces, and simply keep trying to "push" their agenda, believing that their mission is to "overcome resistance to change," rather than seeing such resistance as an inevitable by-product of their own efforts, and ultimately a source of great leverage for sustaining change.

The following list summarizes these leadership challenges, grouping them in a typical sequence in which they are encountered by a "pilot group" at any level, including a top management team.

Challenges of Initiating

- Time: "We don't have time for this stuff!"
- Help: "We have no help!" or, "We're Wasting our Time."
- Relevance: "This stuff isn't relevant."
- Walking the Talk: "They're not walking the Talk!"

Challenges of Sustaining

- Fear and anxiety: "This stuff is _____."
- Measurement: "This stuff is not working."
- True believers and non-believers. "We have the way" or (from the "non-believers'" perspective) "They are acting like a cult!"

Challenges of Redesigning and Rethinking

- Governance: "They (the powers that be) never let us do this stuff…"
- Diffusion: "We keep reinventing the wheel …"
- Strategy and purpose: "What are we here for?"

We are not saying that all change initiatives necessarily encounter every one of these challenges. For example, those who cannot meet the challenges of initiating are unlikely to be retarded by the subsequent challenges. Our experiences within the SoL community have shown that each of these challenges has the capability of bringing otherwise promising efforts to a halt.

Leadership Strategies

In *The Dance of Change*, practitioners, researchers and consultants map out these challenges and offer their experiences and reflections on strategies that have helped them meet those challenges.

Challenges of Initiating

No Time

The first challenge that many pilot projects confront is the lack of time. Trapped between the daily workload and aspirations to change the workplace, leaders quickly realize that even ideas which have broad appeal never get implemented because there is simply no time for people to even think seriously about possible change, let alone engage in serious change efforts.

Strategies to cope with the challenge "no time" depend on identifying ways that time is being wasted and strive to enable people to regain greater control over their time. The following list summarizes strategies of how to meet the challenge "no time":

- Integrate initiatives and set priorities instead of running a high number of different initiatives with no prioritization;
- Trust people to control their time;
- Value unstructured time for reflection, dialogue, skillful discussion, practice fields, learning laboratories;
- Build capabilities for eliminating busywork;
- Say "no" to political games playing;
- Say "no" to non-essential demands;
- Consciously experiment with time as a managerial practice.

No Help

The next challenge, "no help," stems from the fact that developing new learning capabilities is not trivial. It takes time. It takes persistence. And it usually involves coaching or mentoring from people with prior experience. This can be outside consulting help. But it can also be internal consultants or managers with significant experience from prior similar initiatives. The important point is to not underestimate the help needed. Pilot groups often have access to numerous sources of help but the quality of help matters. Not every consultant or senior manager can offer the right experience and advice. The challenge of "No help" has two sides: leaders in pilot groups must accept the fact that help may be essential for success, and they must learn to discern what kind and quality of help is needed. Finding effective help requires a team to understand its goals and aspirations and be able to articulate specific needs. Strategies for coping with this challenge are:

- Recognizing and investing in needed help early;
- Creating an internal capacity for coaching;

- Finding partners who can counsel one another;
- Building coaching into line manager's responsibilities;
- Reflecting on your own attitude about seeking help.

Relevance

The challenge of "relevance" stems from the fundamental question, "Why is a change initiative important for people's specific business goals and their job requirements?" Managers often seem to think that because a change is relevant to them, or simply because they declare that "this is something we must do," the relevance is clear to others who must also commit. Yet, change initiatives championed by executives are routinely undermined when local managers do not see the relevance. If a change effort is not significant for people's practical needs, a commitment gap arises. Strategies for meeting the challenge of relevance within a pilot group are:

- Build awareness among key team leaders;
- Explicitly raise questions about relevance to the pilot group—make the subject open and "discussible;"
- Make more information available to pilot group members;
- Keep all training linked tightly to business results;
- Be sensitive to possible perceptions that some people are getting "carried away:" people can become so enthusiastic about particular changes, like "developing dialogue," that they alienate other, less enthusiastic team members;
- Revisit relevance periodically.

"Walking the Talk"

Ultimately, all change involves risk and many people will invest themselves only to the extent that they have confidence in the people advocating the change. Whether advocates are local line managers, internal networkers, or executives, their personal credibility and perceived integrity are inseparable from the credibility of their change aspirations. If leaders are perceived as not "walking the talk," this will severely limit people's willingness to commit to any change initiatives. This limit is especially important, in our experience, as it pertains to local line managers because they are the most immediate contact points for most people within the management hierarchy.

Leaders' credibility must be built continually, but people especially look to periods of stress as indicators of a person's commitment. David Marsing, Intel Vice President, describes one such experience during a difficult business situation earlier in his career as a local line manager (Senge et al, 1999) :

"In the mid-1980s, I became the plant manager of an Intel fabrication plant in Livermore, California – the facility at which we produced the 386 processor, which launched Intel´s spectacular revenue growth of that time. This plant was also the site of remarkable technical improvement, but as an eighteen-year-old facility, it could not stay competitive with new, more advanced facilities. In 1989, we were told that we would have to shut the operation down. We senior managers made a commitment that whatever we did, everybody working there would have a job. We would find them a job in the area or, if they could relocate, somewhere else at Intel. We spent two years relocating more than seven hundred people. This was a phenomenal task, but it created a core group of people, scattered throughout Intel, who helped do some phenomenal things later. At other facilities, employees would say, ´You can't trust management.´ But people who had been at Livermore would say, ´You can trust these managers, because they'll go to the mat for you.´"

Marsing's story illustrates how trust and shared responsibility built in difficult times can carry over into the future strategies for addressing the challenge of "Walking the Talk" include:

• Develop espoused aims and values that are credible in terms of the "living qualities" of the organization;

• Build credibility in organizational values and aims by demonstration, not by articulation—remember the old adage, "I can't hear your words, your actions speak too loudly;"

• Don't go it alone – work with partners who can help you see how your own behavior may communicate messages of which you are unaware;

• Cultivate patience under pressure;

• Develop greater sense of organization awareness;

• Think carefully about your beliefs about people;

• Make room for talk about individual values;

• Cultivate patience with bosses;

• Practice shuttle diplomacy

Challenges of sustaining:

Fear and Anxiety

The challenge of fear and anxiety arises because, to some degree, everyone has fears of exposure, of making a mistake, of showing ignorance, or of accidentally hurting others through inappropriate candor and behavior. These are very reasonable concerns and they inevitably grow as significant change processes reveal more and more of the deeper issues. All change efforts can induce fear of

the unknown. But deep change processes that eventually call into question long-held beliefs and attitudes, and habitual ways of acting (such as deferring to bosses, or bosses not having to reveal their reasoning) can be especially threatening. If fear and anxiety are not acknowledged, they become powerful limits to change.

Fear and anxiety do not have to be insurmountable limits for leaders who appreciate fear as a potential source of awareness. As they say among mountain climbers, "those without fear are the first to die." Fear is a healthy reaction to the unknown. Fear only becomes counterproductive when it is unacknowledged and then begins to occupy people's minds. But, fear and anxiety must also be dealt with gradually. Trust is not built in a day. Impatient managers often want to "solve this trust problem" like they would attack other, technical problems. Several years ago, a CEO in a SoL company learned from consultants about several difficult issues that members of his team considered "undiscussable" in his presence. He was upset at hearing this and declared, "We will solve this problem. We'll put each of these issues on the agenda of our next staff meeting." Needless to say, this did not make matters better. The fear that was making these issues undiscussable in the first place was only intensified by the boss confronting people directly demanding open discussion.

Strategies to cope with fear and anxiety include:

- Start small and build momentum before confronting difficult issues;
- Avoid "frontal assaults" on people's anxieties: safety cannot be commanded;
- Set an example of openness;
- Learn to see diversity as an asset;
- Use breakdowns as opportunities for learning;
- Do everything possible to ensure that participation in pilot groups and change initiatives is a matter of choice, non-coercion;
- Remember that skills matter: inquiring effectively into complex issues requires individual and collective capabilities that take time to develop ;
- Work to develop a common frame around vision and current reality;
- Don't shoot yourself in the foot and push even harder;
- Remind people that fear and anxiety are natural responses to the precariousness of a learning situation.

Measurement

The challenge of measurement arises for two reasons. First, promptly after a change initiative begins, some people expect to see improved business results. However, there are usually significant time delays—anywhere from a few months to even years—in implementing new business practices. The "result gap" between

expected results and actual results often drives negative assessment within a pilot team, and especially outside the team. In addition, negative assessments can arise because traditional metrics used to judge performance might be inappropriate to new ways of working together. For example, the Epsilon product development team, developing a new model year car, achieved significant improvements in many measures of cost, quality and timing (Roth, G. and Kleiner, A. 1999). Yet, there were also side effects of their improvements that made things look worse by some traditional measures. For example, they set a new record for on-time completion at a significant prototype stage. The Epsilon team had 88% "parts on time", compared with a company-wide average of under 50%. The team members regarded this as a great achievement and evidence that the changes in their teamwork were paying off. However, completing more of the prototype on time created other problems—notably, it led to a surge in "change requests" (CR). The CRs were the official documented reports by an engineer that alerted others to a possible problem.. However, CRs in this case, increased because all the engineering sub-assembly teams could now see the work of the others, and they quickly discovered many potential problems that would have otherwise only shown up much later. The team members regarded the increased change orders as a positive development (Roth and Kleiner 1996: 75) but outside the team, the high number of CRs was seen as a major problem. The program was labeled as "out of control" because of the numerous change requests.

Strategies for meeting the challenge of assessment and measurement include:

- Appreciate the time delays that are involved in profound change;

- Build partnership with executive leaders around assessing progress, as well as assessing the assessment process;

- Become proactive around assessment: make assessing progress a priority among advocates of change.

- Learn to distinguish the needs of those participating in a change effort.

"True Believers and Nonbelievers"

It is common for highly innovative pilot efforts to degenerate into "True Believers and Nonbelievers." When this polarization occurs, not only do those innovating find themselves in difficulty but the likelihood of insights spreading more widely declines considerably.

Self-confidence is vital for innovators. But it can also have a "dark side," breeding arrogance and isolation. As transformation initiatives achieve significant changes, the innovator's confidence grows. This comes from two sources. First, as new learning capabilities develop, members of the team experience the dynamic of confronting important issues in new and more effective ways. Second, as team members see improved business results, they have evidence that they are in fact enhancing their capabilities. However, there is a thin line between confidence and arrogance, and often little recognition of when this line is crossed. The more time

the pilot group spends in isolation and the more they develop their own unique ways of operating, the more distanced they can become from the rest of the organization. Dynamics on both sides of the gulf reinforce this isolation, and make the gap wider. Both sides can feel an almost irresistible pressure to defend themselves. Ironically, the deeper the changes that occur in a pilot group, the more easily they can feel disconnected from the larger organizational mainstream. To a certain degree, these problems are inevitable as Art Kleiner shows in "The Age of Heretics," these dynamics have existed throughout the history of organizations and industrial corporations.

To the degree that innovative pilot groups create sub-cultures with norms and ways of working together that differ from the organizational mainstream, the challenge of "insiders and outsiders" is inevitable. But, it need not escalate to dysfunctional polarization if leaders understand and recognize these dangers and develop strategies for dealing with them. Some of these strategies include:

- Leaders becoming "bicultural:" developing capabilities not only to operate effectively within new subcultures created within innovative pilots but also to cross boundaries and operate effectively and respectfully within the mainstream organizational culture;

- Seek mentoring from other leaders, especially those with high credibility within the mainstream culture;

- Build the pilot group's capability to engage the larger system;

- Cultivate reflective openness;

- Respect people's inhibitions about personal change;

- Develop language consciously and be careful about the use of exclusive jargon;

- Lay a foundation of transcendent values that can incorporate those involved in innovative pilot efforts without demonizing those outside.

Challenges of Redesigning and Rethinking

Governance

Innovative groups sooner or later find themselves caught up in issues of accountability and power; these represent the challenge of governance. It may happen when they press for more autonomy, feeling that they have the ability to make decisions on their own due to their increased capabilities. It may happen when they cross organizational boundaries. Sooner or later, even pilot groups with high levels of autonomy will expand their activities so as to affect other parts of the company. When any of these scenarios develop, pilot groups will encounter the organization's current governance system and the reality of the power structure. Issues around governance are not just vital for pilot groups—they also

occupy the time of many executives concerned with designing enterprises better suited to today's marketplaces. Indeed, the "pilot group" may be the top management team, wrestling with such design issues. "We're not trying to eliminate control in our organizations, " says former Hanover Insurance ´CEO Bill O´Brien "The movement of increasing localness is really about replacing hierarchically imposed control by increased self-control. This is a far more difficult challenge than merely giving people authority to make decisions."

Strategies for meeting the Challenge of "Governance" are different for the pilot leadership group and the executive leadership:

for the Pilot Group:

•   Pay attention to your boundaries, and be strategic when crossing them;

•   Articulate the case for change in terms of business results;

•   Make executive leaders´ priorities part of your team's creative thinking;

•   Experiment with sponsored cross-functional, cross boundary teams

for Executive Leaders:

•   Begin at the beginning with governing ideas that articulate a coherent philosophy regarding the sources and uses of power;

•   Develop specific structures that guard against "authoritarian drift," the gradual concentrating of power in higher levels

•   Deploy new rules and regulations judiciously;

•   If you are sincere about the orderly distribution of power and authority, be prepared for a long journey and don't embark alone.

Diffusion

The challenge of diffusion, the persistent concern that there is much new knowledge being generated within the organization that never escapes local "pockets of innovation," is one that many executives wrestle with. This concern is one of the major reasons for investment in "knowledge management systems." This is an effort to deploy information technology to "capture, store, and retrieve" organizational knowledge. The fact that many such investments are major disappointments reflects the reality that the deeper challenges of diffusion are social not technical. Symptoms for this challenge are the "Not invented here" (NIH) syndrome, "reinventing the wheel," and a host of invisible symptoms like the absence of vibrant internal learning communities or the assumption among innovators that no one really cares about their efforts. Diffusion of knowledge won't just happen because the CEO says it should, or because new information technology is "ordered up" by management. Ultimately, meeting the challenge of diffusion effectively depends on creating an organizational climate that encourages risk taking and sharing, that values the diversity of ways that people learn, and fosters a healthy balance between competition and collaboration. None

of this is easy, but leaders can start by concentrating on tangible changes in learning infrastructures that encourage people to cross-functional boundaries and to engage in mutual learning processes. Strategies for meeting this challenge are:

- Legitimate and value network leaders as carriers of new ideas and as coaches;

- Pay explicit attention to existing communities of practice, informal webs of people in an organization as channels for diffusing knowledge and information ;

- Release information widely about new innovations;

- Periodically, get "the system" in the room by gathering people from across functional boundaries for collective inquiry into mutually important topics;

- Design more effective media for internal information exchange;

- Cultivate "appreciative inquiry": other people are probably not as crazy as they seem.

Strategy and purpose

Lastly, the challenge of strategy and purpose arises in different ways for each different type of leader. Today, the field of strategy and strategic planing is in a state of turmoil. Many leading thinkers, including many within executive ranks, now realize that markets are too dynamic to "figure it all out from the top." Even if the top could figure it out, by the time the brilliant strategy reaches the front lines, everything may have changed. As leading strategist Gary Hamel puts it, "the bottleneck is at the top of the bottle."

For top management, the primary challenge is rethinking the strategy process. It is not that all strategic thinking should be left to people at the front lines, where the primary concerns are short-term.. But the crafting of strategy, or the nurturing of effective emergent strategies, must become a two way street, with more give and take among all levels of management. Pilot groups with significant practical successes invariably find new aspirations emerging. They begin to live with basic questions like, "What do we really want to create?" But for local groups to articulate new business visions can be seen as significantly overstepping their mandate. Moreover, these pilot groups may be unaware of many things, from market and technology trends to internal political dynamics, vital to pursuing new strategies. Lastly, behind many questions regarding strategy are even deeper questions about the purpose of business enterprises. The taken-for-granted belief that the purpose of the business is to maximize shareholder investment is becoming more questionable in marketplaces with abundant financial capital, increasingly scarce natural resources and increasing pressures for social accountability.

Strategies for meeting this challenge include:

- Use scenario thinking to investigate blind spots and signals of unexpected events;
- Develop stewardship as an organizational ethic and practice;
- Continually engage people at all levels around questions of organizational strategy and purpose;
- Expose and test the assumptions behind the current strategy;
- Focus on developing better strategic, and ethical thinking capabilities.

The Dance of Change

When one considers the range of challenges described above, it would take a true flight of fancy to think that all an organization needs is a great hero CEO to create change. In fact, creating change means dealing with diverse challenges of initiating, sustaining, and redesigning. These diverse challenges lead to understanding leadership in a new way, as a capacity of the human community to sustain significant change.

In particular, local line leaders are crucial in dealing with the challenges of initiating. For example, only local line leaders are in position to help people prioritize their efforts so as to create the time needed for new initiatives, or to "make the case" for the relevance of particular change efforts for peoples' practical goals. Lastly, people will look to those championing change as local role models, and if local line leaders do not measure up, many will disengage.

Internal networkers are also important in dealing with the challenges of initiating but also the challenges of sustaining. They serve as coaches. They serve as coaches and mentors to team members. By helping innovative local line leaders connect with other like-minded leaders beyond the team, they expand the pool of potential partners and mentors, prevent isolation and defensiveness, and seed the diffusion of new ideas and practices. Lastly, executive leaders bear special responsibility for the challenges of redesigning and rethinking. For example, there is little that local line leaders or internal networkers can do about measurement systems that might thwart the spread of innovative practices, or about governance and the strategy process. But there is much that executives can do. What they cannot do is take new ideas to the front lines, to innovate new practices and establish ways of doing things. For this they need committed local line leaders and internal networkers. In these ways, we begin to see how the different types of leaders need one another.

Lastly, these ideas illustrate why thinking systemically about change is so important: if leaders understand the systemic interrelationships that give rise to these challenges, they do not wait until problems actually occur to deal with them. They can anticipate problems in advance because they understand the play of forces that operate in such change processes. They can prepare for difficulties before they arise, and in many cases take actions that cause these difficulties never to arise at all. They can appreciate crucial interdependencies they share with others. They can cultivate personal relationships with those upon whom they "inter-depend" in advance. This is the "dance of change" that artful leaders know intuitively, working with the continual interplay of forces that shape change. Moreover, it is a dance done together, by an ensemble of leaders in many places and roles, collectively determining the capacity of an enterprise to sustain transformational change.

What has been learned to date is but the beginnings of a theory. What is important is not its absolute "truth," for surely there are many ways in which it can be improved. What is important is the way of thinking about leadership it proposes—seeing the phenomenon of leadership as embedded in webs of interdependencies that shape change.

Translating this theory into practice requires developing the capacity of people engaged in real change processes to think systemically, so that they can better see and appreciate the interdependencies within which they operate, and to act more and more in ways that truly support the whole.

SECTION 3

The Leadership Assessment Instrument™

About the Leadership Assessment Instrument™

The Leadership Assessment Instrument™ (LAI) was researched and developed by Linkage, Inc., in partnership with Dr. Warren Bennis. It focuses on the five personal characteristics, or competencies, essential to effective leadership and on the five skills with which leaders put these competencies into practice. Knowing your strengths and opportunities for development may help make today's presentation particularly relevant.

The five categories the instrument assesses are:

1. Focused drive
2. Emotional intelligence
3. Building trust/enabling others
4. Conceptual thinking
5. Systems thinking

Each competency and each skill has a definition and an associated set of behaviors that demonstrate that competency or skill. Additionally, each competency is described by ten of these behaviors and each skill by five. Furthermore, the ten behaviors for each competency are organized into two groups of five, each corresponding to a component of that competency.

Let's take a closer look at the five competency categories in greater detail.

Focused Drive

The competency of focusing on a goal and harnessing your energy in order to meet that goal—a balance between the components of:

- Focus: The ability to identify an important goal or vision and to channel efforts at specific targets that support that goal or vision.

- Drive: The ability to persevere, sacrifice (when necessary), and expend high degrees of energy to reach high levels of performance.

Emotional Intelligence

The competency of understanding and mastering your emotions (and those of others) in a way that instills confidence, motivates, inspires, and enhances group effectiveness—a balance between the components of:

- Perception: The ability to read the emotions and thoughts of others through the use of insight and analytical skills.

- Emotional Maturity: The ability to master emotions and cope with stress in a way that instills confidence, motivates, and enhances group effectiveness.

Trusted Influence

The competency of evoking trust from others and placing trust in others to enable them to succeed—a balance between the components of:

- Commitment: The ability to evoke trust from others by keeping commitments, adhering to high ethical standards and principles, and building shared goals or values.

- Empowerment: The ability to help others reach higher levels of performance through trust, delegation, participation, and coaching.

Conceptual Thinking

The competency of conceiving and selecting innovative strategies and ideas for your organization—a balance of the components of:

- Innovation: The ability to create/enhance ideas, products, and services that lead to bottom-line success.

- Big-Picture Thinking: The ability to see all of the forces, events, entities, and people that are affecting (or are being affected by) the situation at hand.

Systems Thinking

The competency of rigorously and systematically connecting processes, events and systems—a balance between the components of:

- Mental Discipline: The ability to sort through ambiguity and alternatives in a way that crystallizes and puts ideas into action.

- Process Orientation: The ability to increase overall learning and performance by designing, implementing, and/or connecting processes.

Purpose and Overview

The purpose of this Leadership Self-Assessment is to provide a leadership profile based on the competencies necessary for strong, superior leadership. The data that you provide will enable you to construct a profile, complete with areas of strength and areas for future development.

Please complete the instrument by assessing your own behaviors and skills according to the directions below. Be honest—the more rigorous you are, the better you can target your developmental needs. Remember, the instrument is meant to assess how you believe that you actually are; not how you think that you should be.

Directions

For each of the 50 items listed on the following pages, consider how much the stated behavior characterizes your own behaviors, thoughts, intentions, or skills in on-the-job situations, and then rate yourself in the space provided according to the following scale:

    3 = I often demonstrate this behavior.

    2 = I sometimes demonstrate this behavior.

    1 = I hardly ever demonstrate this behavior.

Use the enclosed answer sheet (page 46) to record your answers. After recording your answers, add up the totals for each competency and then transfer the overall competency scores to the competency profile sheet on page 47.

Leadership Self-Assessment Questions

1. I balance multiple tasks and prioritize when faced with limited time and/or resources.

2. I create a positive environment—even when it appears "all is lost"—by expressing optimism and offering encouragement to team members.

3. I keep a mental record of every commitment that I make and follow through on my promises.

4. I steer through ambiguity and "information clutter" to resolve complex problems.

5. I ask questions to try to piece together "unrelated" information, events, etc.

6. I build momentum by spending 90 percent of my time on the top 10 percent of my priority list.

7. I view my "wins" with pride and humility.

8. I operate by a value-driven work philosophy that is grounded on clear principles.

9. I adhere to a disciplined process for sorting out alternatives and arriving at the best option when approaching a problem or project.

10. I make connections between and among information, events, etc. that reveal key issues, problems, or opportunities.

11. I display single-mindedness in unstoppably directing my energy at specific targets.

12. I persuasively and effectively reassure teams and/or individuals in the face of setbacks or seemingly insurmountable obstacles.

13. I identify and find ways to meet the needs, expectations, and wants of others up, down, and across the organization.

14. I test ideas and assumptions by carefully reviewing ideas with thought leaders and critical thinkers within my organization.

15. I do not accept a problem at face value, but search for the less obvious underlying factors driving the problem.

16. I find a way to "get it done" and will sacrifice personally to reach the goal line.

17. I have a thorough understanding of my own emotions and feelings and how they impact the situation at hand.

18. I give people a sense of personal fulfillment by recognizing their individual contributions in the achievement of a goal.

Leadership Self-Assessment (continued)

19. I consult outside resources (e.g., magazines and databases) in order to identify where my company, my industry, and the market are moving and to size up new business opportunities.

20. I take into account the potential implications of a decision on other people and departments within the organization before moving forward.

21. I stay the course mentally despite potential distractions and disruptions to my primary focus.

22. I control and selectively display my emotions and feelings in a beneficial way (e.g., I successfully channel my anger).

23. I help build shared goals and values to reinforce individual commitment to the organization.

24. I create viable new business ideas by thinking "out of the box," as well as in a sound business fashion.

25. I build and connect processes within my organization to assure that implementation remains constant and reliable.

26. I display stamina, energy, and intensity in achieving high standards of performance.

27. I express myself in consistent moods that invite participation and further communication with others.

28. I provide honest, clear feedback by focusing on the issue (and not the person) so that the person will accept and consider the feedback.

29. I ask "What if?" questions and play out scenarios to test new business ideas that challenge the status quo.

30. I assure that new ideas are integrated with established procedures and processes so that the organization can digest the new ideas.

31. I act decisively, with a passion for making things happen.

32. I recognize and consider the emotions and feelings of others before taking action.

33. I articulate a goal or vision and motivate others to help me reach that goal or vision.

34. I have the ability to create unorthodox or revolutionary concepts that have growth or profit potential.

35. I create synergy by involving the "right people" in all phases of work design and operational implementation.

Leadership Self-Assessment (continued)

36. I demonstrate boldness in striving for ambitious goals rather than settling for the safety of achievable results.

37. I treat different people differently, with appropriate amounts of candor and sensitivity depending on each individual's unique makeup.

38. I create shared responsibility among team members by building participation in decision making and delegating key tasks and functions.

39. I take the time to check whether a new idea is feasible before proceeding.

40. I pull together disparate ideas to create clear themes and pathways that may alleviate the confusion and anxiety of others.

41. I seek—and find—creative solutions to obstacles blocking the path to the goal line.

42. I accept rejection with grace and renewed determination, modeling to others how to handle failure.

43. I display trust in others by giving them additional responsibilities—and providing them with the appropriate tools and resources necessary to carry out those responsibilities.

44. I seek better solutions to problems instead of falling back on established protocol.

45. I demonstrate a commitment to continuous learning by documenting critically important action steps, i.e., I try to make sure that my organization does not "reinvent the wheel."

46. I effectively communicate the critical nature of the goal in a way that allows others to focus on that goal as well.

47. I offer solutions, suggestions, and constructive criticism to others while also remaining open to additional possibilities.

48. I successfully help individuals and teams reach higher levels of performance (e.g., by displaying confidence in them at critical junctures).

49. I am receptive to the new ideas of others and try to improve or enhance them in a non-threatening manner.

50. I see an entity (e.g., my organization) not merely as a collection of isolated processes and parts, but as a unitary whole of interconnected processes.

Leadership Self-Assessment Answer Sheet

Focused Drive	Emotional Intelligence	Building Trust/ Enabling Others	Conceptual Thinking	Systems Thinking
1. _____	2. _____	3. _____	4. _____	5. _____
6. _____	7. _____	8. _____	9. _____	10. _____
11. _____	12. _____	13. _____	14. _____	15. _____
16. _____	17. _____	18. _____	19. _____	20. _____
21. _____	22. _____	23. _____	24. _____	25. _____
26. _____	27. _____	28. _____	29. _____	30. _____
31. _____	32. _____	33. _____	34. _____	35. _____
36. _____	37. _____	38. _____	39. _____	40. _____
41. _____	42. _____	43. _____	44. _____	45. _____
46. _____	47. _____	48. _____	49. _____	50. _____

TOTALS:

_____   _____   _____   _____   _____

Individual Development Planning

Leadership Competencies

Competency Profile Sheet

1. Transfer your overall competency scores from the answer sheet to the corresponding boxes below.
2. Plot points on the graph using the scale on the left.
3. Connect the dots to see your overall competency profile.

		Focused Drive	Emotional Intelligence	Building Trust/ Enabling Others	Conceptual Thinking	Systems Thinking
Absolute Strength	**30**					
Relative Strength	**25**					
Possible Development Area	**20**					
Development Area	**15**					
Possible Block	**10**					
Competency Scores:						
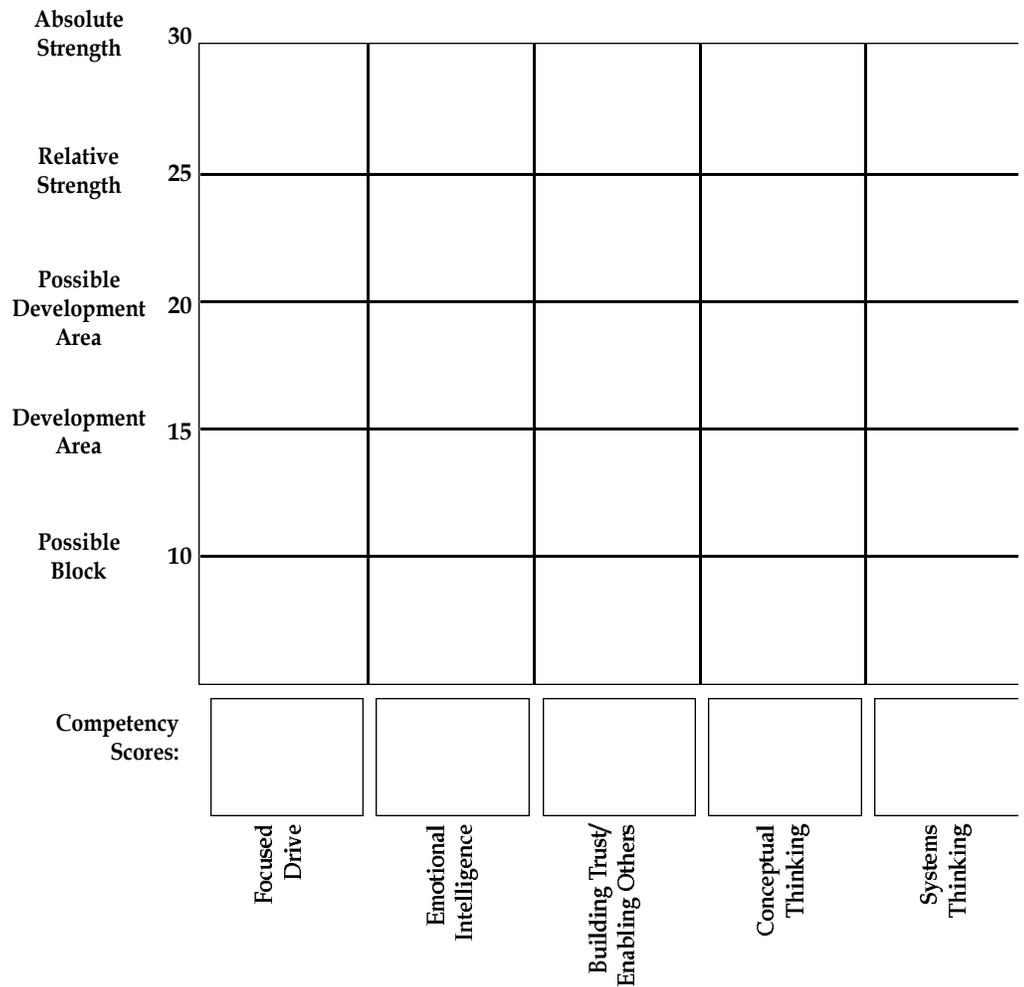
Personal Action Plan

This is a sample of a personal action plan for professional development. It is an opportunity to focus on 2-3 goals critical to your success, identify specific actions that will help you achieve your goal, and identify resources and support you will need to achieve your plan.

Development Goal	Action Plan Activities	Support and Resources
Be Specific I will improve my ability to lead my change management team Criteria for success: Action items will be acted upon positively and actions taken discussed in the next meeting	**Be Concrete** I will take a course on meeting management I will ask others for input into the agenda I will check with team members on commitment for results before meeting adjourns I will check in with team members to see if they need help between meetings	**Be Realistic** Check with HR Dept. to see when next Meeting Management Class is being held Senior manager as a coach Support of team members to help me lead and facilitate more effective meetings
Be Specific	**Be Concrete**	**Be Realistic**
Be Specific	**Be Concrete**	**Be Realistic**

Personal Action Plan

Prepare a personal action plan for professional development. Focus on 2-3 goals critical to your success. Identify specific actions that will help you achieve your goal. Identify resources and support you will need to achieve your plan.

Development Goal	Action Plan Activities	Support and Resources
Be Specific	**Be Concrete**	**Be Realistic**
Be Specific	**Be Concrete**	**Be Realistic**
Be Specific	**Be Concrete**	**Be Realistic**

SECTION 4

Forms

Question Sheet

Use this form to write your question for Peter Senge or for discussion among your colleagues. Please write clearly.

Name (optional) ---

Organization ---

Location ---

Your question (25 words or less):

Tel   1-800-489-8814 (from within U.S.)
        801-303-7412 (from outside U.S.)

Fax   1-877-892-0170 (from within U.S.)
        646-349-3661 (from outside U.S.)

Email   leadership2001@linkage-inc.com

PETER SENGE: SYSTEMIC LEADERSHIP AND CHANGE

PLEASE RETURN THIS FORM TO YOUR SITE COORDINATOR OR FAX TO 781-862-2355.

NAME_____ TITLE_____

ORGANIZATION_____

PHONE_____EMAIL_____

lease indicate functional area (only check one):

❏ Finance ❏ Human Resources ❏ Manufacturing/Operations ❏ Marketing ❏ R&D ❏ Sales ❏ Other (specify)_____

How many people do you have reporting to you (include all levels)? Number:_____

lease indicate your job level (only circle one):

❏ President or Officer ❏ Vice President or Director ❏ Manager/Supervisor ❏ Team Leader ❏ Sales Rep. ❏ Customer Service Rep.
❏ HR, T&D, OD Practitioner ❏ Other: _____

Please indicate a rating for each of the following evaluation criteria by checking the appropriate box.

	Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
Length of Presentation	❏	❏	❏	❏
Effective presenter	❏	❏	❏	❏
Useful participant materials	❏	❏	❏	❏
Useful question and answer	❏	❏	❏	❏
Live (versus taped) broadcast important	❏	❏	❏	❏

Please give a general overall comment about the program. _____

_____

Can Linkage use this comment for promotional purposes (including name and organization)?   ❏ YES   ❏ NO

On a scale of 1-10 (10 = Outstanding), how would you rate this satellite broadcast session? Rating:_____

How many viewers would you estimate attended this event (in the room with you)? Number:_____

Which speakers are you most interested in seeing at the next Linkage Satellite (Distance Learning) Learning Series?
(Please rate your top ten, "1" being most interested, "10" being least interested)

___ Peter Senge	___ Sumantra Goshal	___ Carly Fiorina
___ Steve Case	___ Clayton Christensen	___ Elizabeth Dole
___ Maya Angelou	___ Don Tapscott	___ Nicholas Negroponte
___ Doris Kearns Goodwin	___ Michael Porter	___ Dave Ulrich
___ Francis Hesselbein	___ John Kotter	___ Anna Quindlen
___ Michael Hammer	___ Noel Tichy	___ Richard Pascale
___ Gary Hamel	___ James Champy	___ John Chambers
___ Charles Handy	___ C.K. Prahalad	___ Marcus Buckingham
___ Steve Jobs	___ Michael Dell	___ Jim Collins
		___ Other_____

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