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WHITE PAPER

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#1. Leadership as a System
The Four Alignments of Leadership

Version 1.8

Purpose

Leadership is far too fuzzy in the minds of prospective leaders and has been taught and trained in a manner that has created too much muddled thinking. Our approach is *a shift in thinking* because it originates from experience of years of creating collaborations and strategic alliances – a realm where organizations must partner, but neither controls the other. This paper addresses the following issues:

- Why Leadership is not a set of traits, but a "System"
- The Four Dimensional Alignments that Collaborative Leaders must understand
    1. **Cultural Alignment** – Building an Environment of Trust
    2. **Strategic Alignment** – Mission & Direction
    3. **Operational Alignment** – Execution & Results
    4. **Dynamic ReAlignment** – Changing, Innovating & Adapting in Time

Contents

Author's Note: My father started my leadership journey for me at a very young age – he expected me to lead and set standards. Frankly, as a youngster I really didn't have a clue what this quest meant, but I stumbled forward like most youngsters. Probably the first steps was being a Boy Scout, 4-H Club member, and sports teammate. My first formal leadership training was as a Reserve Officer Training Corps candidate beginning as a freshman in college in 1965. I also received leadership training every summer as a midshipman in the Navy, including Marine boot camp. During my career I served as a leader in combat operations in Vietnam and in Command Development, studied leadership at Harvard, served on the Board of Directors of nearly 30 profit and not-for-profit organizations, started 7 companies, and led training programs in collaborative leadership for nearly 50,000 executives. I have read hundreds of books on the subject, including authorities writing about leadership and the biographies of the leaders themselves. It has taken nearly sixty years of experience to begin to recognize we've missed the mark – something that is so obvious has been overlooked. Now it's time for a fresh look.

The Leadership Imperative

Leadership has always been a priority for educational institutions. From business schools to military academies, leadership has had an uphill climb to be defined, trained, and evaluated. It's been approached by so many angles: from character, from traits, from idols, from models, from prescriptive practices, from the great man or woman biographies, from people-first, from mission-first, from outcomes, from do's & don'ts, from aphorisms, from servant to authoritarian, and on and on. Nothing has captured the underlying essence of how a *collaborative* leader thinks, perceives, reacts, communicates, builds trust, and produces extraordinary results.

This White Paper goes into a region seldom explored from a new point of view that enables leadership to be conceived, analyzed, trained, measured, and even multiplied.

What's more, the lessons from leading complex strategic alliances has given us greater insight on how to align people across organizational and cultural boundaries, how to build trust, and how to turn differences in thinking into powerful new ideas and innovation.

Leadership as a System

Today's world is changing at a bewildering pace. In no other period in the history of human events have we encountered so much change so fast, with the exception of wartime. This makes leadership even more vital today – times of change can become chaotic and regressive when poor leadership prevails, and, alternatively, enlightening and progressive in the presence of inspiring leaders.

In the times ahead:

- *What kind of leadership will be most likely to succeed under these volatile conditions?*

- *What is the nature of the challenge leaders face today and into the future?*

- *How should we prepare leaders to understand and carry out their roles and responsibitlies?*

- *Why has leadership been so difficult to train and what can be done to improve our fate?*

Objectives of Leadership

Every Leadership Development Program should begin by being clear the objectives of Leadership Development. For example, the U.S. Military Academy at West Point presents a good example of aim and direction. West Point's system is designed to develop commissioned officers of character committed to the values of Duty, Honor, Country, and prepared for a career of professional excellence and service to the nation as an officer in the United States Army. Upon commissioning, West Point graduates will:

- **Live honorably and build trust.**
- **Demonstrate intellectual, military, and physical competence.**
- **Develop, lead, and inspire.**
- **Think critically and creatively.**
- **Make sound and timely decisions.**
- **Communicate and interact effectively.**
- **Seek balance, be resilient, and demonstrate a strong and winning spirit.**
- **Pursue excellence and continue to grow.**

While these are admirable objectives, we think significant aspects and parts are *missing.*

Nor are we suggesting that every leadership development system must look like West Point's, but that having clear objectives sets the right direction and foundation for leadership development. All too often organizations are not clear about what they want for results, thus squandering valuable energies, time, and resources.

These are just the beginning of the questions we need to address. This paper, in its short form, will propose some observations and solutions (although a full treatment is worthy of a forthcoming book).

The Troubling Shortfalls of "Teaching" Leadership

For centuries, leadership has been trapped in paradigms that don't necessarily produce better leaders. And those who "teach" leadership are seldom held accountable for their failures. Nor do the teachers challenge their own assumptions about what great leaders do and how to best "train" people to find their own "inner guidance system" that enables them to respond in inspirational ways to demanding circumstances.

There are many points of view on how leadership excellence should be inculcated into leaders. Some argue that leaders are born, not made: leadership is an innate quality and thus cannot be trained. Others advocate that there are specific skills and mindsets that can taught. Others claim that leadership is more of a personal style. Still others teach leadership by case examples of great or poor leaders. Another approach dictates that priorities, such as mission and strategy, must prevail above all else; which is contradicted by those that say people and their feelings are just as important and cannot be subjugated to the demands of mission. Another school of thought believes that trust, respect, and integrity are the qualities of success, and these supersede all else.

Others frame leadership in terms of aphorisms, admonitions, or principles, such as Covey's "Characteristics of Abundance Managers."[1] Others have approached the issue from "Lessons in Leadership" such as Colin Powell's or George Washington's, or Genghis Khan's or Attila the Hun's. Still other leaders define leadership as a "style" while others define it as an "art," or a series of "principles, practices, and best processes." Another group of authors will aim at a specific skill set, such as great leader's abilities to communicate their message. And yet another angle will be to "reveal the leadership secrets" of an acclaimed leader such as Winston Churchill, Jack Welch, or Ronald Reagan. Another approach is a "one size fits all," such as "servant leadership" or "participative leadership" – which actually requires so many exceptions to the rules to make it untenable.

Approaching Leadership from a Systems Perspective

Having been in innumerable leadership positions in my various careers, having read scores of books about leaders and leadership, and analyzing leadership in different circumstances and conditions, all the theories seem flawed. They all seem to be lacking something that goes deep into the core of teaching leadership. What's missing? Why have so many people failed? Consider this analogy:

> What if we taught human biology they same way we teach leadership?
> Medicine would be thrown back into the dark ages. We know that the human body is a complex "systems architecture" -- interconnected functional cardiovascular, digestive, skeletal, and neurological subsystems, elements and organs.

Here's another analogy that will further illustrate the point. Suppose we want to design the world's most advanced jet fighter plane. We might start with selecting a few of the "traits" of a great fighter plane and a great fighter pilot:

Plane: Fast, carries heavy payload, highly maneuverable, long range, accurate deployment of weaponry, etc.

Pilot: Courageous, fast response times, quick thinker in stressful conditions, follows standards of excellence, intuitive, innovative under stress, etc.

We would never stop at this level in our aviation design. We would look at an airplane as a "system" composed of highly integrated sub-systems. This means we would breakdown the jet fighter "system" into several sub-systems, including the guidance system (together with the pilot), the propulsion system, the airfoil system, the landing system, and so forth. Then we would look at design limitations: the battle environment, the critical trade-offs (weight, space, etc), and the cost. That's what's called "systems design."

But, when it comes to something as critical as leadership design, we revert back to thinking that was sufficient hundreds of years ago, but falters in today's fast moving, complex world.

Understanding the "whole" means more than understanding the "parts;" it requires more than platitudes, principles, traits, and stories – leadership should be viewed holistically as a system or framework of interconnected functions. This shift in approach enables a leader simultaneously to take both an analytic and holistic view of the tasks, responsibilities, objectives, and results to be achieved.

Great Leaders do Four Things Well – the Four Alignments

Regardless of the culture or the times, no matter what the historical epoch or the situation, great leaders across the ages seem to do four things really well[1]: (Figure 1)

1. CULTURE of TRUST & TEAMWORK that channels people's *Energy* and unleashes *Co-Creativity*, which is focused towards the *strategic vision* and *drives out fear*. (think of this a "Cultural Alignment")

2. STRATEGIC VALUE: They set a powerful/noble *Vision* that inspires, gives meaning, creates *Value* and charts a *Strategy* that generates a significant Competitive Advantage. (think of this as "Strategic Alignment")

3. OPERATIONAL EXCELLENCE: They establish a coherent management system of *Processes*, *Measures*, and *Rewards* that produces excellent *Results* that achieve #1 & align with #2. (think of this a "Operational Alignment")

Figure 1: Four Dimensions of Great Leadership as a System

4. INNOVATIVE ADAPTATION: They *shift* and *evolve* as conditions change over the course of time, generating innovative solutions that adapt to forces around them. (think of this as "Dynamic Realignment in time")

This is the Essence of the Four Dimensional System of Leadership

Virtually all of leadership can be viewed in the kaleidoscope of these four "dimensions" or "alignments." Because these "dimensions" are all parts of the system, they must be "aligned"

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[1]Author's Note: I have taught leadership for years. In the past I always put *strategic* issues ahead of all others. However, in collaborative leadership, *culture* comes first, because it's so important – because it sets the foundation for all other collaborative functions.

and realigned as outside and inside forces change and fluctuate in time (very little is stable for long in today's fast-moving world[2]).

Leaders *align & integrate* organizations, and *inspire*, *orchestrate*, *engage*, *seek guidance from*, and *direct* people. Organizations are complex systems composed of hundreds (or more) functions, processes, people, customers, suppliers, and stakeholders.

Definition: *Organization*: the process of giving an organic structure to something; any vitally or systematically organic whole in which separate functions are mutually inter-dependent; any living being; arranging or constituting constituent inter-dependent parts in relation to the whole.

Think of these four dimensions as "Alignments" which are interactive and in constant flux as people, technologies, markets, and a multitude of strategic forces dynamically interact. Just like the front-end on your car: when the wheels are "out of balance or alignment" it's difficult to steer. The great leader understands how to make constant adjustments in the four dimensions, as they ultimately equally important (although at any one moment, one may prevail over the other).

The 4-Dimensional Alignment approach is a "systems architecture" that embraces the core functions of organizational leadership, including interactions, governance, and metrics of sustainable functional effectiveness.

In the following pages, the Four Dimensional Alignments are briefly outlined. (This is a White Paper, and thus brief. In a future book there will be deeper elaboration.)

The 4-Dimensional Alignment System is more than just a Leadership Framework. It is a "universal" architecture that can be used in many modes for understanding the interaction between leadership, organization, people, cross-functional interdependence, teamwork, and a multitude of issues, such as illustrated in Figure 2: Applications of Alignment Architecture.

Figure 2: Applications of Alignment Architecture

It can be used in alliances, corporations, mergers/acquisitions, non-profit organizations, community development, churches, hospitals, volunteer organizations, and a wide variety places where teamwork is essential.

1. Cultural Alignment

Most approaches to leadership with *Strategic* Alignment. While there is nothing inherently "wrong" with starting with strategy, it often leads down a pathway that then jumps to Operational Alignment, which gets a leaders into the details of execution, (which is essential), but causes leaders to bypass or overlook the central issues of culture.

Cultural Alignment addresses how people interact with each other and how the organization structures its unique beliefs, holds its inherent values, punishes and rewards behavior, establishes what it values for behavior, and sets expectations for performance. Leaders play a major role in the cultural dimension communicating what the culture expects. Culture has a larger impact on people's behavior than any other factor, that's why leaders must pay attention to it.

Three Fundamental Approaches to Leadership & Culture

There are three fundamentally different ways leaders can interact with others – *adversarially, transactionally,* and *collaboratively* -- the basic options of leadership in the cultural dimension:

- **Collaborative** – open, trusting, engaging, creative, empowering, participatory, caring.

- **Transactional** – hierarchical, controlling, wary, protective, distant, judgmental, contractual.

- **Adversarial** – antagonistic, confrontational, combative, distrustful, threatening, disrespectful.

Each of these three has its optimum time and place. In situations where organizations are pitted against each other, the trust is low, and cooperation between the parties would be useless, an *adversarial* approach *may* be appropriate; war and political campaigns are good examples – until the campaign is over, then a *transactional*, deal-making approach *might* be required. (Note: At the heart of these three are the 4-Drives of Human Behavior.[2]) All-too-often the transactional cultures will default to adversarial under great stress. Seldom will they shift into a "higher gear" without a leader giving the organization a "quantum kick."

Historically, transactional cultures emerged as a somewhat "middle ground" between the two polar opposites to accommodate (in an unholy compromise) the behaviors of both ends of the spectrum. Much of business commerce has taken the *transactional* route, stemming from the bargaining methods used in trading. Further, when organizations were staffed by combinations of highly intelligent managers and relatively ignorant workers in somewhat stable competitive environments, the *transactional* approach to leadership found strong reasons for its justification. Workers were thought of as "replaceable parts."

However, in situations where complexity, change, ambiguity, uncertainty, and rapid adaptation is critical, and the workforce has reasonable competence and intelligence, the *collaborative* approach has shown massive advantages (see our other white papers for examples where collaborative systems regularly create a 25% competitive advantage). And, as the world moves more and more to value networks in ecosystems for delivery of products and services, collaborative leadership is called upon more and more.[3]

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[2] See Lawrence, Paul; *Driven to Lead*, Jossey, Bass; 2011, and Lynch, R.P.; White Paper, *Culture as a Force Field*

Muddled Leadership

What is most disconcerting to most organizations is that a fourth option also manifests – *muddle, mongrelized leadership* – which, willy-nilly, grabs a piece from all three of the above noted approaches, melding them into a befuddling mélange, mixing and matching a little of this and a piece of that glued mercilessly together into a pastiche of contradictions and confusion. Most graduates of business schools have been exposed to all three forms of organizational theories, advocated by different professorial authorities, each salaciously extolling the virtues of their favorite model.[4]

Behavior is influenced more by culture than any other factor…. the number one determinant of culture is leadership.

This is why effective leadership is so important

Muddled cultures are not benign, they are highly dysfunctional because every individual is receiving garbled signals as to what is required to perform and be evaluated positively.

The Power of Culture

Overwhelming evidence, in study after study, demonstrates that *people's behavior is influenced more by culture than any other factor*, including personality.[5] Great leaders understand how perceptions, work ethic, teamwork, and performance responses are deeply imbedded in culture, and spend the time ensuring the key elements of culture (see Figure 3: Impact of Culture on Results. It should also be noted that only *collaborative* leaders will extol the virtues of culture – *transactional* and *adversarial* leaders dismiss culture's value.)

> *"The defining ethos of Thomas Watson, Sr. (the founder) was everywhere at IBM…part of the company's DNA. His personal philosophies and values – hard work, decent working conditions, fairness, honesty, ethical behavior, respect, impeccable customer service – defined the IBM culture. A sense of integrity, of responsibility, flows through the veins of IBM in a way I've never seen in any other company.*
>
> *"I came to see, in my time at IBM, that culture isn't just one of the aspects of the game – **it is the game.** In the end, an organization is nothing more than the collective capacity of its people to create value. Business, government, education, healthcare, or* any *area of endeavor – will succeed over the long haul if those elements aren't part of its DNA.*
>
> *"Successful institutions almost always develop a strong culture that reinforces those elements that make the institution great."* -- Lou Gerstner, CEO who transformed IBM from *Who Says Elephants Can't Dance Inside IBM's Historic Turnaround*
>
> **Figure 3: Impact of Culture on Results**

Leadership influences outcomes more than any other factor in organizations and our society as a whole. Leaders strongly influence how people perceive their realities, how they prioritize options, how they interact, what they expect of each other, and how they perform. (See White Paper #4, *Culture as a Force Field*.) Leaders are the most powerful means of influencing people's thinking that leads to actions that make a difference.

The main determinate of culture is *leadership.* Thus, culture becomes a *central point of leverage* for leadership, perhaps not in the instant moment, but certainly over the long haul.

Sports provides simple examples of great coaches using culture to create winning teams. They take over a losing team, trading no players, and winning the world championship the following year. Culture plays a major role – a winning attitude, teamwork, and learning from failures. Losing teams are "me first," playing the blame game when things go wrong. We understand how this transformation is done in sports, business, government, education, and community – it can be taught, replicated, and sustained. A consistent, integrated delivery architecture (frameworks, mind-sets, strategies, best practices, methods, and skill-sets) is necessary to be successful.

Trust & Teamwork: Central Organizing Principles of Collaborative Cultures

Trust and teamwork are the *central organizing principles* of collaborative leadership, which enables people to engage in teams, to solve problems together, to enjoy each other's company, to share resources and ideas, and to be willing to sacrifice the present for a better future.

The spirit of trust channels people's *energy* into teamwork and unleashes *co-creativity*, which is focused towards the *strategic vision* and *drives out fear* – the paralyzing force of destruction.

In developing a culture of high performance, the central organizing principle must be trust. Why is this so important? Because without trust, all the other critical factors for successful performance are either undermined or wither. This happens at the small team level, at the organizational level, and also at the national level. For example, we have found a direct correlation with the level of trust (lack of corruption) and the economic prosperity of a nation. In virtually every case, the countries with the highest level of trust (lack of corruption) had the highest levels of economic prosperity. And the opposite was also true: the highest levels of corruption produced the poorest nations. Collaborative Leaders are fierce defenders of trust. Anyone who breaks trust, and fails to remedy it swiftly, will suffer consequences.

At the foundation of all great cultures lies the ability of people to trust their leader and to trust each other, without which no teamwork can manifest. This is why collaborative cultures are so important in the rapidly changing world.

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Trust is the foundational cornerstone of all Collaborative Enterprise.

How do we know this is true?

Take trust out of a well-functioning team, organization, or alliance … and watch what happens. The teamwork implodes, timing is disjointed, communications shifts towards blame, etc.

Effective Collaborative Leaders are "architects" of a culture – the attitudes, perceptions, beliefs, and rewards of a particular set of expectations. What works in one culture may backfire in

another. And, while people are more similar than different the world over, individual personality and personal experience does play a role in the way people respond to the world around them.

How a leader interacts within a culture and how the leader molds culture is one of the most vital lessons in leadership, as displayed in the "Union from Hell" case in White Paper #4.

For these reasons, many leadership "models" have limited effectiveness because the model that was effective for Genghis Khan will likely not be effective for a modern leader such as an urban school principal, project manager, or community leaders.

> *Courage enlarges, cowardice diminishes resources.*
> *In dangerous straits, the fears of the timid*
> *aggravate the dangers that imperil the brave.*
> *--Christian Bouvee (1820-1904)*

Values, Metrics, Rewards & Symbols

Values epitomize what is important in culture – it's "character." Leaders must carefully align values with performance metrics, rewards, punishments, and symbols to ensure a consistent, integrated message is delivered both inside and outside the company. Symbols -- such as stories, statues, mottos, and awards – are central to communicating what is truly valued.

Learning Loops

Humans are pre-wired to grasp how they should interact with each other through the cultural signals that emanate from their values, norms, metrics and symbols. Leaders are key signal generators and must respond if the group misunderstands the signals or gets their signals crossed.

Effective leaders recognize that people learn fastest when there is a coherence between what they *believe, perceive, conceive, achieve,* and *receive* for results.

In muddled cultures, there is massive misalignment of signals becoming jumbled and ensnarled; people's brains become befuddled, their pattern recognition systems scrambled, and chaos replaces cognition (it's part of what's called "cognitive dissonance). When this happens there is a high likelihood people will opt for certainty over uncertainty, defaulting to a hierarchical or even authoritarian leader.

For leaders who quickly grasp the importance of building a collaborative organization to be adaptive to high levels of flux a fast-moving, rapidly changing world, they must lay down the foundations of a *Collaborative Culture* upon which to build their other three alignments.

2. Strategic Alignment

Strategic Alignment addresses how an organization sets its direction into the future to create sustainable competitive advantage. It's vital to understand the nature of this alignment.

Aim of Strategy

To transform Vision and Strategic Assets into Value
that creates Sustainable Competitive Advantage
fast with the most efficient use of Resources.

An inspiring strategy should set forth some powerful sense of *mission and purpose* for the organization and its people. It should generate a *significant advantage* over the ordinary. This gives people a sense of mission, purpose, and meaning – they make a difference. Having a "vision" or a "dream" is not enough because people need something more than the ethereal words to live by -- a "strategy" is essential – it is the means to bring the *dream into reality*.

> The effective leader is always keeping the organization "aimed" in the right direction, aligning vision, adapting to competitive threats, responding to customer needs, and ensuring sustainable profitability both immediate and into the future. The leader who loses their "aim" sees an organization wander, flounder, and use precious assets poorly.

> Strategic Assets are not just physical (like money or equipment). People constitute "vital" assets. Customers, suppliers, and alliance partners compose "virtual" assets. These assets enable the leader to marshal resources to succeed.

Strategic issues impact the organization's long-term destiny. Strategy must ultimately address several key points, which should be articulated simply, in a straightforward manner that all employees, suppliers, and customers can understand clearly and simply. If people can't understand these core forces of alignment in the organization, there is no way they will be able to complete the learning loop in their hearts and minds.

- Create *Value* that can be recognized by key stakeholders: customers, investors, employees, and suppliers.
- Produce sustainable *Competitive Advantage* that keeps the organization thriving into the future.

In today's world, where networks of organizations compete against other networks, no leader can realistically expect to excel at strategy without carefully including high-value suppliers, customers that experience critical advantage

Checklist of Key Strategic Alignment Issues
- ✓ Vision & Mission
- ✓ Strategic Intent
- ✓ Value Proposition
- ✓ Competitive Advantage
- ✓ Strategic Value Evolution
- ✓ Strategies for Growth
  - o Internal Growth
  - o Mergers & Acquisitions
  - o Strategic Alliances
    - ▪ Upstream
    - ▪ Downstream
    - ▪ Innovation

from the company, and strategic alliance partners that deliver or add value -- this is a "value network" view of the competitive field.

Competitive advantage is the mainstay of sustainability. Competitiveness is more than just a competency; it's a state of mind, a way of being, a mindset about how to continue to recreate oneself. This is almost always overlooked in competencies.

Leaders who fail to recognize failings of strategic alignment and rectify them quickly will soon realize all efforts to produce value will soon meet mediocrity.

Strategic Intent Examples

- A computer on every desk -- Microsoft
- From Worst to First – Continental Airlines
- Be the #1 or #2 Provider in each market segment – General Electric
- Two Moments of Truth – When the Customer decides to Buy our product, and when the Customer Uses our product. – Procter & Gamble

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Value Propositions

A Value Proposition is a Vision Made Measurable; it may upgraded upon achievement.

For example:

- We will predict and have countermeasures in place for 99% of all cyber security attacks 24/7 in 12 months.
- Double the Capacity of a Computer Chip at half the cost every 18 months -- Intel

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3. Operational Alignment

Operational Alignment addresses how different functions interact and execute to produce visible, tangible **results**.[6] Without worthwhile results, no organization, no leadership, no strategy, and no culture can be considered valuable. The danger here is Machiavelli's precept: if the means justifies the ends , with no trustworthy counter-balance, unethical behavior produces unsustainable gains.

Sustainable results do not come simply by installing a hard-driving, in-your-face project leader who screams and instills fear into people; it comes from highly aligned organizations that have their strategic, cultural, and operational acts integrated and aligned to execute as a highly coordinated team.

Operational Excellence

Successful leaders establish coherent system of **Processes**, **Measures**, and **Rewards** that transform the vision and dream into concrete reality, meaning that a leader must produce tangible and measurable **Results**.

There is a powerful statement:

"Vision without execution is hallucination."[7]

This does not imply, however, that a leader has carte blanche to follow the Machiavellian premise that the means justifies the end, while destroying all sustainable passion and teamwork. Getting results while sacrificing trust will only turn people against each other or drive wedges between them as they hunker down behind defensive castle walls (known as silos).

Cross Functional Integration

Because a large proportion of all delivery requires cross-functional integration from different specializations, producing results requires bridge-building, cross cultural communications, and functional integration. These can only be delivered successfully in a highly collaborative system.

Because organizations today deliver value through complex value chains/networks composed of multiple layers of suppliers and customers, a leader must be able to manage complex interfaces, eliminate non-value added work, and respond with lightning speed.

Operational Breakdowns

The faster the system tries to function, the more it will hit barriers where operational breakdowns are encountered. High performance, high trust teams are very adept at turning breakdowns into breakthroughs, solving problems by sharing information, and improving coordination for precision delivery. This is where *collaborative* cultures excel and their counterparts fail.

Productivity

High levels of productivity come from many *collaborative* factors that enable efficient use of resources. The worst obstacle to productivity actually is the introduction of non-value added functions, which typically arise in low trust cultures (*adversarial* and *transactional*) where increased control, risk, and auditing functions bog down fast-paced delivery.

Management & Administration

Over a century ago, graduate schools of business began offering Masters in Business Administration (MBA). Thinking emerged that business was an inherently logical profession composed of processes that focused on **P**lanning, **O**rganizing, **S**taffing, **D**irecting, **Co-O**rdinating, **R**eporting and **B**udgeting (POSDCORB). These were the core functions of management. (Notice, Leadership is left out of this perspective, hence the "hole" in organizational development. The difference between Management, which focuses primarily on *Operational Alignment* and Leadership is evident in this chart:

Management *About Today* — Processes & Practices	**Leadership** *About Today & the Future* — Principles & Passion
Managers are Institution Builders and Risk Mitigators	Leaders tend to be Pioneers and Visionaries
Managers guide Efficient/Effective use of Resources & Assets	Leaders guide Strategy, Direction, Vision, Trust, & Culture
Managers follow-through to continue to sustain momentum	Leaders like to take the initiative to make new things happen
Managers tend to be more logical and analytical	Leaders tend to be highly passionate, empathetic,& intuitive
Managers are problem solvers and organizers	Leaders like to Create and Break New Ground
Management involves communications, planning, delegating, controlling, coordinating, problem solving, marketing, loyalty, choosing between alternatives, maintaining relationships, clarifying lines of responsibility	Leadership entails spirit, courage, vision, drive, enthusiasm, imagination, inspiration, selling, breaking through barriers, overcoming obstacles, creation of something new and worthy of time and effort
Management requires trained people willing to do things the right way, to establish an organization that functions the way it is designed. Management keeps the venture on course with the weight of its tasks evenly distributed	Leadership involves risk-taking: experimenting with new ideas, creating new opportunities, and driving imagination and teamwork to new limits
Leadership, as defined by a Manager, is *"influencing people to achieve a common goal."*	Leadership, as defined by a leader is *"burning, persistent, and focused desire to organize people to win a worthy goal."*
Managers provide the consistency and continuity to enable success to be replicated day after day.	Success is pursued by the leader like a hound dog methodically tracking its prey, with unrelenting persistence.

What Proportion of *Management* & *Leadership* is the Right Balance?

The importance is that *both* are valuable, and *both* are required for success. *Management* creates efficient organizations that will function well in the short run. *Leadership* creates high performance organizations that can sustain adversity and changes in the future.

Fundamentally, Management is guided by processes, practices, and often by rules; while leadership is driven more by principles, vision, and innovation. They are both essential to a flourishing organization – and they must both be in alignment. Any managerial/operational practice that is not in alignment with the strategic, cultural, and dynamic dimensions will create frictional misalignment and need attention. In organizations where there is little need for change or competitive advantage, where the level of Ambiguity about the future is low, the two dimensions of Cultural Alignment & Operational Alignment may be sufficient (see App. 2)

4. Dynamic Realignment in Time

Dynamic Realignment is the process of how the organization adapts and innovates to keep out in front of changing conditions; it is the "fourth dimension."

There is no time to rest on one's past accomplishments, for the future is not the same as it used to be. Competition, technology, information, politics, and environment are always throwing new forces and demands into the organization.

Adaptation is the focus of dynamic realignment.

We live in a dynamic, fast moving, rapidly changing world. Competitive advantage can be very fleeting. What's been valued in the past may not be valued in the future.

Two major forces are at work: the first is the nature of change, complexity, and speed, as illustrated in Figure 4. The other force is *creative destruction*, which is the result of any capitalistic economy that causes new innovation and dynamic realignment to happen very quickly. . Just look at the evolution of today's "cell phone" into the "smart phone" to understand this. Look how fast Nokia, Blackberry, and Motorola fell from preeminence in the cell phone market when Apple introduced the iPhone.

Change + Speed + Complexity

1970 1980 1990 2000

Figure 4 -- Graphic Depiction of the Rate of Change in the Business World

This condition is not conducive to hierarchical, top-down leadership systems that thrive on stability. Instead it calls for a special type of Collaborative Leadership that embraces a strong commitment to Collaborative Innovation and Collaborative Entrepreneurship to be poised to adapt in dynamic (real-time) change.

Make no mistake – all change is stressful, which induces conditions where it becomes very difficult for people to engage in the all-important *collaborative innovation.* This is where the *collaborative culture* and *collaborative leadership* bears the weight of the stress. Without a focus on trust and teamwork, adaptations to the new forces are likely to fail as organizational siloes fail to work together, protecting their turf rather than shift paradigms.
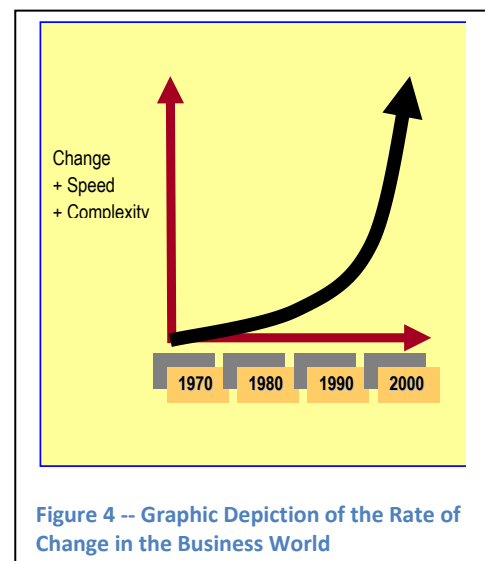
Value Evolution

Value is never stable – it is constantly evolving. The very foundations of capitalism cause the old to be replaced by the new – it's referred to as "creative destruction." Creativity is essential just to keep up; dynamic innovation is necessary to get ahead.

Collaborative Innovation

Because the very foundations of capitalism are based on "creative destruction," every leader must harness the dynamic forces of change.

All great problems facing us today will be solved on a foundation of Collaborative Innovation.

There are fundamentally two ways for innovation to flourish:

---

1. Highly Creative Individuals – such as Einstein or Tesla, or
2. Dynamic Innovation Teams – based on "Collaborative Creativity"
    people who don't think alike (differential energy) but can collaborate, which requires a "high trust"

In the final analysis, in today's world, the Dynamic Innovation Team approach outperforms the highly creative individual nearly every time (This is just another advantage derived from an investment in collaborative systems.) Diversity, when optimized in a *collaborative* culture, is the source of continuous innovation.

 Why?

 Because an individual will either run out of ideas or get caught in "paradigm paralysis." On the other hand, the innovation team, if properly constructed, will keep on inventing. [3]

Dynamic Differential Energy

Generating innovation at a rapid rate is possible only when people who think differently from each other are brought to bear on a problem. (if everyone thinks alike, innovation seldom materializes because common thinking gets common, stale, incremental solutions.)

Differences in perceptions, cultures, backgrounds, skillsets and experiences have proven to be the best way to use the different energies of people to design new ideas.

This can only happen in a culture of trust. If creative people don't trust each other, their ability to generate innovation drops to very low levels very fast. Leaders who are unable to create trust and unable to align people on common goals, quickly encounter difficulty getting teams to adapt to changing conditions.

In the final analysis, differential energy is most sustainable and productive as a sustainable source of innovation.

Changes in Strategic, Cultural, & Operational Forces

Change can be monitored in each of the three core dimensions relatively quickly, as outlined in Figure 5.

Typical Shifts Leaders Must Anticipate

These should immediately trigger *Dynamic Realignment*: (Abbreviated List)

◆ *Shifts in Strategic Environment*
- ✓ International Price/Political Changes
- ✓ Change in Technology
- ✓ Competitors Entering Market
- ✓ Market Changes
- ✓ Production Costs
- ✓ Strategic Realignments

◆ *Changing Culture*
- ✓ Changes in Trust
- ✓ Change of Key Personnel
- ✓ Lack of Commitment & Support
- ✓ Conflicting Organizational Values

◆ *Changing Operational Conditions*
- ✓ Internal Financial Problems
- ✓ Production and Marketing Costs
- ✓ Lack of Productivity

Figure 5: Shifts to Monitor

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[3] This is actually the approach used by Edison, which produced the one of the most prolific streams of innovation the world has ever seen. It has and can be reproduced with reasonable certainty as evidenced by organizations like NASA, Lockheed Martin's Skunk Works, or Palo Alto's IDEO.

Innovation is the essential ingredient in times of change as forces change in the organization's environment (context). No single leader can possibly anticipate and respond to risks, thus a more holistic approach is essential that brings the create talents of entire teams and organizations to bear on the problems and turn them into an opportunity.

Conclusions

We have gone astray for centuries focusing on leadership traits and qualities, primarily by telling stories. This tradition goes back to the Greco-Roman era, epitomized by *Plutarch's Lives* – a brilliant analysis comparing leaders of ancient times. The world was less complex then, and we have come a long way in terms of understanding human behavior and the cause-effect relationships between thinking and action. While many of the precepts of ancient wisdom are still valid, we can benefit immensely by rethinking the leadership paradigm.

Leadership in a Collaborative World

The Four Dimensional Alignment framework provides a new future for understanding, learning, and teaching leadership.

This approach does not rely on traits, characteristics, habits, or charisma. Taking a "systems perspective" can unleash human energy, mobilize the intelligence of people, and adapt to change.

> *Civilization is the continuous upward journey seeking to bring out the best in humanity – our ability to collaborate, create beauty, find truth, and inspire wisdom.*
>
> *Civilizations are only as strong as their underlying institutions.*
>
> *Vibrant institutions advance great societies; mediocre ones fail to bear the stress of changing social and economic needs.*
>
> *Leaders are the single most important force that makes the difference between progress and regression, as the Dark Ages give clear testimony.*
>
> *Great Leaders move organizations by the four alignments, which identify collaborative leaders from the transactional and adversarial counterparts.*

Qualities of the Collaborative Leader

The Collaborative Leaders seeks:

- **unite not divide**
- **inspire not open fire**
- **elevate not denigrate**
- **embrace not disgrace**
- **enlighten not frighten**
- **enthuse not confuse**
- **engage not enrage**
- **align not malign**
- **integrate not segregate**
- **lift not rift**
- **to use differences as a source of innovation**

Appendix 1: Misconceptions about Collaborative Leadership

The biggest fallacy about collaborative leadership is that it's soft, sweet, squishing, or tender. Most collaborative leaders are tough, hard- nosed, demanding *and* caring. Collaborative leaders always put the team above the individual, while recognizing every individual has unique needs and circumstances.

This is substantially different from a *congenial* leader, who may be either too soft, too kind, or too squeamish to exert the authority to hold people accountable. (see Figure 6: Congenial versus Collaborative) Beware the leader who's too busy trying to be nice to get great results.

Congenial/Collegial

- Superficial friendliness -"Hollywood Hug"
- Looks pleasant on the surface – socially acceptable & politically correct.
- Hidden Agendas & many sub-rosa issues for fear that if an issue is unsettling, it will create permanent and irreconcilable rifts.
- Transactional & Relational Trust
- Often Passive Aggressive
- Don't Challenge is the Norm
- Play it Safe, Few "Breakdowns," Low Risk, blame those who are deviant
- Focus on Ethics and Codes of Conduct
- Bury frustrations – "time heals all wounds"
- Synergy happens by chance

Collaborative

- Tough Love, All for One – One for All.
- Can look paradoxically confrontive and playful
- People display genuine affection and caring.
- Trust is strong & honourable
- Reality is on the surface and dealt with as a challenge to improve performance and commitment to mission.
- Standards of excellence and ethics are high and critical to the culture. Excellence is a journey, not a goal
- Confrontive with the expectation that all will innovate based on new perspectives.
- Continuous sharing and learning
- Frequent breakdowns as teams push the limits, turning breakdowns into breakthroughs
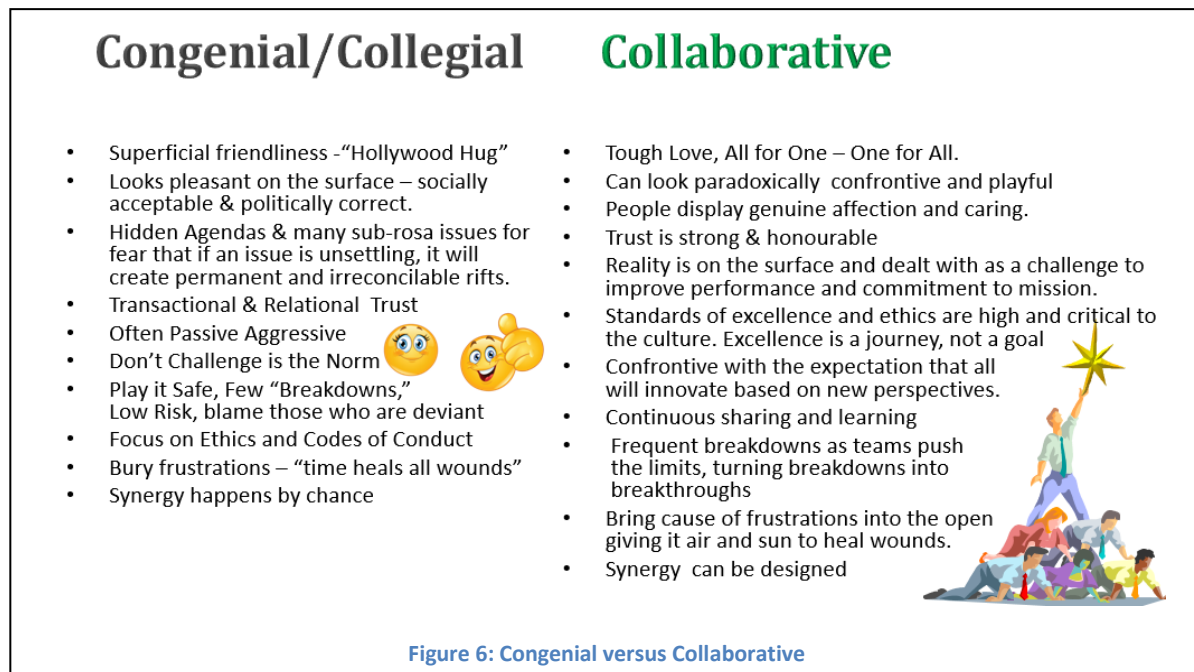- Bring cause of frustrations into the open giving it air and sun to heal wounds.
- Synergy can be designed

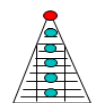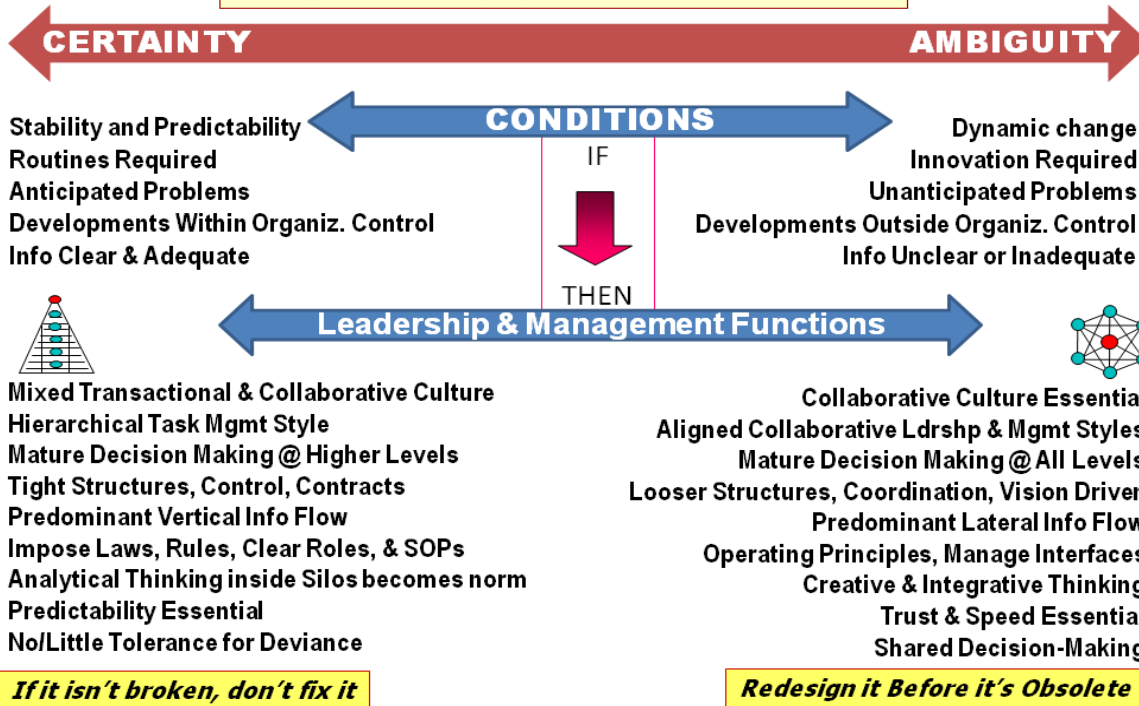**Figure 6: Congenial versus Collaborative**

Appendix 2 – Certainty – Ambiguity Continuum

Control & Building Collaborative Culture
Ambiguity-Certainty Continuum

> The Higher the Ambiguity; The Greater the Trust Needed

Best Practice

← **CERTAINTY** — **AMBIGUITY** →

← **CONDITIONS** →
IF
↓
THEN

Stability and Predictability	Dynamic change
Routines Required	Innovation Required
Anticipated Problems	Unanticipated Problems
Developments Within Organiz. Control	Developments Outside Organiz. Control
Info Clear & Adequate	Info Unclear or Inadequate

← **Leadership & Management Functions** →

Mixed Transactional & Collaborative Culture	**Collaborative Culture Essential**
Hierarchical Task Mgmt Style	**Aligned Collaborative Ldrshp & Mgmt Styles**
Mature Decision Making @ Higher Levels	**Mature Decision Making @ All Levels**
Tight Structures, Control, Contracts	**Looser Structures, Coordination, Vision Driven**
Predominant Vertical Info Flow	**Predominant Lateral Info Flow**
Impose Laws, Rules, Clear Roles, & SOPs	**Operating Principles, Manage Interfaces**
Analytical Thinking inside Silos becomes norm	**Creative & Integrative Thinking**
Predictability Essential	**Trust & Speed Essential**
No/Little Tolerance for Deviance	**Shared Decision-Making**

> *If it isn't broken, don't fix it*

> *Redesign it Before it's Obsolete*

Best Practice

Building a Collaborative Culture
Managing Ambiguity and Certainty
(Work in Progress – Your Ideas are Encouraged!)

Certainty ←——————————————→ **Ambiguity**

Situation is Repetitive Covered by Rules	Situation is Complicated, Multiple Forces	Situation is Complex, Interconnected	Situation is Chaotic, Paradoxical,
Issues Known and Stable Future is Relatively Predictable	Issues Can be Known Future is Probable	Multiple Unknowns Future is Vague	Multiple Unknowns & Changing, Future is Unknown
Impose Laws, Rules & SOPs	Impose Guidelines/Forecasts	Impose Best Process/Practice	Impose Principles
Proven Operating Procedures Stability is Desired/Possible	Use Judgment & Experience Decision Making Criteria	Use Intuitive Thinking Trust is Essential	Use Creativity & Intuitive Thinking, Prolific Innovation
Decide by Reason/Rationality	Analysis of Components	Examine Scenario Options	Create/Influence Scenarios
Everyone Follow the Book/Contract	Use Intelligence & Knowledge	Rely on Wisdom & Principles	Wisdom & Creativity
Focus on the Right Answer, Optimize Efficiency	Focus on Key Priorities Gain Proficiency	Focus on Systems Interaction Manage Interfaces	Focus on Opportunities & Questions, Aim for Zone
Reward Right Behavior	Use Teamwork & Alignment	Flexibility & Coordination Frameworks	Rapid Response Teams & Multiple Rapid Experiments
No Tolerance of Differences	Tolerance of Differences	Support & Value Differences	Nurture Differences
Position in Existing Markets	Multiple Market Forces	Changing Market Conditions	Incubate Emerging Markets

If it Ain't Broke, Don't Fix It!   Portions Adapted from David Snowden, IBM Centre for Organizational Complexity   *If it Ain't Broke, Break It!*

[1] Covey's Characteristics of Abundant Leaders are "traits based" include:
  – They Return to the Deep Sources of Internal Security
  – They Seek Solitude and Enjoy Nature
  – They Exercise Mind and Body Every Day
  – They Serve Others Anonymously
  – They Maintain Long-Term Intimate Relations
  – They Forgive Themselves and Others
  – They Are Problem Solvers

We submit that, while these traits are admirable and noteworthy, these are insufficient to produce a high performance team, and nowhere near a system of leadership destined to be a model for the 21st century. There are many forms of leadership that are classified in the range of collaboration, including servant leadership, transformational leadership, transcendent leadership, synergistic leadership, and numerous others as consultants and authors carve the field to tout their personal view.

The problem is that each of the highly differentiated models of leadership also has a weakness that the author does not reveal. The most prevalent weaknesses are:

- Lack of a Socio-technical or Integrated Systems Perspective
- No Coherent Linkage to a Trust Architecture, Innovation Architecture, Human Behavior Architecture, Organizational Transformation Architecture, or Economic Value-Creation Architecture.

Our approach, which is outlined more fully in our many White Papers is a holistic model that integrates the architectures outlined above.

[2] See White Paper: **The Case for Collaborative Leadership**
[3] It should be noted that four critical issues must also be addressed in addition to Collaborative Leadership when shifting to a Value Network model of delivery: 1) Trust, 2) Alignment, 3) Value, & 4) Risk. The current models and levels of thinking for these issues is not sufficient to enable successful execution of most Value Networks. We have addressed these issues in a reasonable level of detail in other White Papers.
[4] Interviews with recent MBA students revealed a wide variety of idealized leadership styles, ranging from Machiavelli and Attila the Hun to Jack Welch (GE) and Larry Kelleher (Southwest Airlines).
[5] see White Paper – Culture as a Force Field
[6] An excellent book on getting results and integrating functions is *Execution, The Discipline of Getting Things Done,* by Larry Bossidy and Ram Charan, Crown Business, 2002
[7] Attributed to both Einstein and Edison