

# The Lean Perspective

**Lean Leadership...A Model for the New Millennium** (The eighth in a 9 part series on Lean Enterprise and the tools and techniques employed to affect change) by **Patrick Lucansky, Robert Burke and Larissa Potapchuk**.

Today, leaders are under pressure to create “mega-enterprises” with the ability to react intuitively where creativity, learning and collaboration are the cornerstones for enhancing the staying power of growth organizations. If today’s leaders are required to be strong, inspiring, and effective, then the dilemma corporations are faced with is, How are tomorrow’s leaders groomed? Even more basic are; Who are leaders? What are leaders? How do we identify potential leaders? Do we even need leaders? and What do Leaders really do? These and other similar questions have plagued businesses over the last 150 years.

Now, with today’s emphasis on globalization and “world class” status, answers to these questions provide the basis for successful business achievement. Experts, “guru’s”, and academics alike have written volumes of articles, books and theses on the subject from many different perspectives. The numbers are staggering and content is dizzying. Nonetheless, this article will explore a contemporary approach to leadership by first demonstrating the need for a new paradigm then differentiating between leadership and management, and finally, setting forth a model for the new millennium.

Webster’s defines leadership, “as the principal member of the group in an organization endowed by cooperative ideology with a heroic to mystical character and one who governs with a minimum of formal organizational restraints and one who claims to be above the group interests.”

## **LEADERSHIP DEFICIT...*myth or fact***

Prior to the 19<sup>th</sup> Century, most organizations were owner-run and owner-managed, and as the 19<sup>th</sup> century unfolded, organizations emerged as local powerhouses or complex entities where the single owner/manager concept paved the way for the creation of middle-management as a liaison to the owner. This organizational innovation exploded in the 20<sup>th</sup> Century where firms built enormous hierarchical structures to manage the increasingly cumbersome, capital intensive and geographically distributed companies. The early 1920’s to the 1960’s was a time when business learned to “routinize” processes (as developed and driven by Frederick Taylor and his Taylorism methodologies), and where the only true competition came from within one’s own geographic area.

Therefore, the need for leadership dwindled and many new versions of management philosophies blossomed. However, the 1970’s witnessed a world growing ever unstable and competition increasing from outside one’s geographic territory. It is this fundamental shift in the competitive landscape which has led the business community to the need for a re-emergence and re-dedication to the “art of leadership.” However, this managerial paradigm of the last 200 years could not be undone overnight or even in a decade or two. The struggle continues, especially in firms that have achieved some level of success, the ability to articulate the need for a change gets lost in the celebrating. Long-term success is generally facilitated by “out of the box” thinking which is in turn facilitated by leaders who are innovative, creative and collaborative.

Phillip Kotter developed a Leadership/Management Chart (See Figure A) which can be used to determine the relative fit of people into the Leadership/Management Dilemma Model, and therefore provide an organization with a clearer picture of their leadership talent pool. In review of quadrant 2 (Strong Leaders but Weak Managers) and quadrant 3 (Strong Managers but Weak Leaders) studies show that organizations contain far too many people with quadrant 3 traits. This is evident as bureaucracy and over-specialization has overrun most organizational processes. In these organizations, ‘more’ is the order of the day, more policies and procedures, while numerous controls stifle innovation. Conversely, those surveyed also stated that they had too few people who fell into quadrant 2. Unfortunately, quadrant 2 people tend to find that their vision is detached from reality and often times is

out of alignment with the organization, while their strategies lack the support of formal planning or budgeting.

Far less noteworthy, quadrant 1 (Weak Manager and Weak Leaders) inhabitants were found to be in excess but rarely in position to damage growth. Respondents stated that quadrant 4 (Strong Manager and Strong Leader) were a rare breed, in short supply, and considered to be the “true” leader types. Add to these findings the fact that companies spend millions of dollars on identification models and training programs, and the overall message is that the corporate world has a deficit of good leaders and lacks the systems to develop leadership and provide the right culture for the exhibition of sound leadership skills.

The good news is that the message does not state that organizations lack potential talent but are most likely deploying the wrong methods for detecting and enhancing the requisite skill sets. Furthermore, leadership “guru” Adam Selznick states “the deficit is due to leader’s who fail to set clear, definable, attainable goals,” and Peter Drucker concurs, he also adds, “...that the leader should see leadership as a responsibility rather than as rank and privilege.”

A continuing consensus further postulates that it is more basic, the entire issue has been overlooked or ignored especially in times of growth since managing the day to day operations takes on more importance (maintaining) whereas in times of high growth, firms tend to get caught up in the hype and hysteria (i.e. the “Dot-Com” boom) and miss the boat all together. More evidence is found from Michael Porter who believes that the deficit occurs as a result of corporate constraints and a fear of reprisal. The result is that most organizations are devoid of leadership because they have not institutionalized the process, they do not provide a positive culture to nurture and develop leaders, and finally, many organizational decision-makers are just not aware of the vast talent pool they have to choose from.

## Leadership/Management Dilemma Quadrant Model

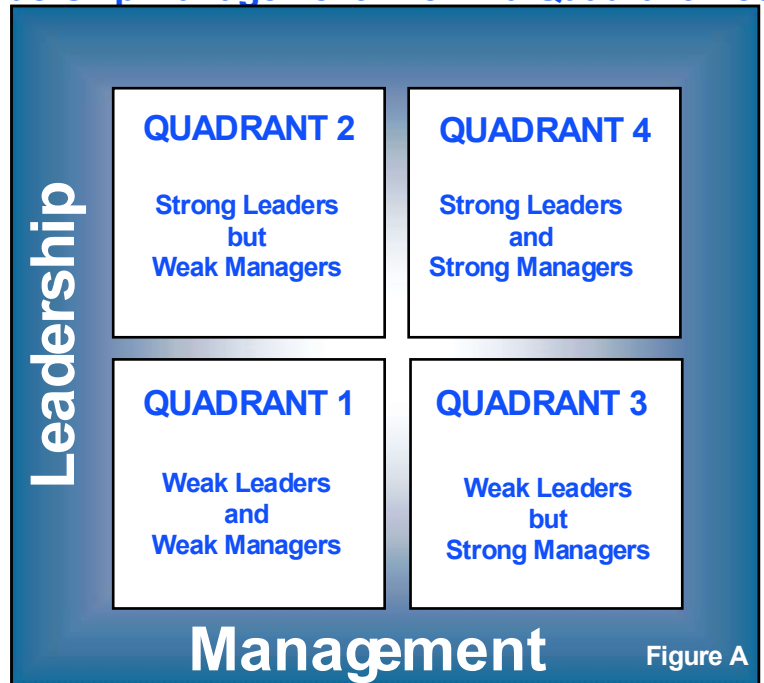


Figure A

- **Situational Approach**
- **Transformational Approach**
- **Transactional Model**
- **Contingency Model**
- **Inherited Concept**
- **Learned Theory**
- **Great Man-Woman Theory**

Figure B

Some companies subscribe to one of the many schools of thought (See Figure B), or believe that leadership can be taught like running a press or that it cannot be taught but is an inborn trait. These disparities add to the confusion and hence the mystique of leadership.

There are many good characteristics of each of these approaches, however, adhering to one style single-focuses an organization and prevents it from reacting and altering course when their external environment dictates. The preferred direction then becomes a hybrid which provides for the employment of the best practices of all these models.

## LEADERSHIP IS NOT MANAGEMENT

As referenced above, the Webster's definition contributes to the confusion surrounding leadership since it subtly suggests that everyone in a leadership position actually provides true leadership. Similarly, it also suggests that leadership and management are synonymous, or at the very least, related. Clearly, to properly define leadership, we must first be able to differentiate it from management. According to John P. Kotter, management is comprised of three main tenets:

- (1) *Planning and Budgeting*,
- (2) *Organizing and Staffing* and
- (3) *Controlling and Problem-Solving*. *Planning and Budgeting* involves creating timetables to meet commitments and developing specific action steps; *Organizing and Staffing* requires that managers put some structure to the plan which includes staffing requirements, communications and delegation of responsibility. *Controlling and Problem-Solving* entails the monitoring of activities, spotting deviations from the plan and organizing solutions. These management processes create and maintain order and predictability within the organization. Further, they can help an organization be on-time and on-budget. Good management controls people by *pushing* them in the right direction.

On the flip side, Kotter states that leadership is a function of:

- (1) *Direction Setting*,
- (2) *Aligning Constituencies* and
- (3) *Motivating and Inspiring*.

*Setting the direction* is designed to create the vision and strategy. In the 1990 May-June edition of The Harvard Business Review, the article titled "Setting Direction: Lou Gerstner at American Express" describes how Mr. Gerstner seized the opportunity to alter the direction of AMEX through questioning "sacred cows" (long-standing beliefs or practices), implementing a more entrepreneurial culture, hiring risk-takers, and clearly communicating the overall direction.

His team responded with entrances into new markets, new product offerings and services and expanded their overseas presence markedly. In *Aligning Constituencies*, the leader lines up all the relevant stakeholders with the vision and strategies previously created while *Motivating and Inspiring* others energizes people to achieve the vision no matter what the obstacle. These types of leadership processes can produce dramatic and significant change within an organization while aiding adoption to a challenging or new environment. Leadership should compliment management, not replace it. Effective leadership produces useful change through fundamentally sound direction setting. A leader is first and foremost a visionary, not a magician. He/she is also a broad based strategic thinker who is willing to take risks while motivating people by satisfying their basic human needs through empowerment. Since change is a function of leadership, then being able to create highly charged behavior is essential for dealing with change and its associated barriers.

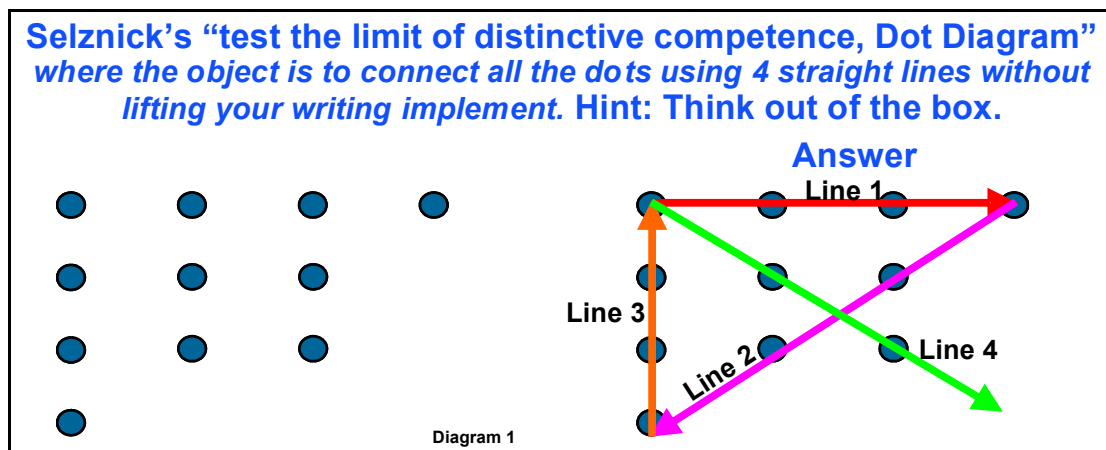
The first distinction that needs to be addressed is the difference between *Direction Setting* (Leadership Element) and *Planning* (Management Element). Managers use planning to create order and eliminate risk, this is usually accomplished in a relatively short time frame where the final objective is to employ a deductive activity to create plans and budgets. Conversely, *Direction Setting* involves producing change over time which necessarily disrupts the current order and increases the probability of risk and its effects. Furthermore, this element is an activity with a longer time frame focus and is an inductive action that creates vision and strategies.

Most leaders realize that their visions of the future should not be firmly fixed, but remain flexible to accommodate change. Similarly, Napoleon once stated, "I have conceived of many plans, but I was never free to execute one of them. For all that I held the rudder, and with a strong hand, the waves were always a good deal stronger." Complete industries can be destroyed or completely altered by changes beyond a leader's control thus placing tremendous importance on a solid, realizable vision in which an organization emphasizes learning as an on-going process. On a cautionary note, we have seen where direction setting can lead to a lack of closure which is very unsettling to the average manager and disastrous to an inexperienced leader. In an effort to reduce exposure to this pitfall, we suggest that effective direction setters exhibit five consistent traits:

- (1) Constantly challenge the status quo by asking basic questions and creating the atmosphere for new alternatives.
- (2) Search for answers for these queries (not give them) and test them against a wide-array of information and proven systems or mechanisms.
- (3) Exhibit decisiveness, regardless of the endless, broad, and in depth amount of data available to them. Hence, they do not succumb to “analysis paralysis” (See diagram 1, Selznick’s “test the limit of distinctive competence, Dot Diagram”). Leaders are willing to and even abstinent about eliminating self-imposed constraints to solve problems.
- (4) Display flexibility, and not rigidity, concerning decision-making. Leaders are willing to revisit a decision, if necessary, and re-structure it.
- (5) Leaders who exhibit these traits in setting directions produce the desired actions of the vision and strategies. Direction setting and planning are distinct efforts yet interdependent components. Without good planning, a vision can lose touch with reality over time. Without solid direction setting, one loses the focus essential for intelligent planning.

With the direction set, the leader now must begin to rally support and obtain unanimous commitment (*Aligning People*) as opposed to *Organizing and Staffing* (management element). For this to happen, leaders have to communicate their vision and strategies to all relevant constituencies (not just one level up or down the hierarchical ladder but from bottom to top). Communications need to be simple and easy to understand but carry a consistent message thus reiterating the vision and strategies over and over.

Message challenging should be openly accepted to foster a two-way line of communication as an effective method of influence and persuasion. Moreover, leaders will engage in activities which maximize the message credibility while enlisting the support of other credible, influential people to help champion the cause. These disciples are a critical link to the implementation phase of any vision.



Unfortunately, many leaders fail to garner support for their directions because they approach the task with a managerial mindset, where they attempt to organize people behind their directions rather than attempting to align them with it. Some telltale signs of this managerial failure are

- (1) relying heavily on the decision-making process (see our earlier article, part three of the series, *The Decision Making Process in the Value Chain*),
- (2) desire for resource specialization,
- (3) lack of a formal corporate structure and
- (4) blind compliance. On the other hand, an effective leader will align people with his/her direction by using a good, open communication process which pulls people together in informal relationships to attain the final goal of direction commitment. The benefit then is that alignment empowers people to initiate action since it is easier when consensus is prevalent on vision and strategies.

Now that we have set the direction and aligned people to the task, we need to *Motivate and Inspire* the group. Traditionally, we would be directed and even driven to attempting to *Control and Problem-Solve*

with little success or enthusiasm from the group. Many experts agree that charisma is the sole key ingredient to success at this stage. We disagree, as many other traits have an equally important influence here like, honesty, courage, ethics, integrity and grit. For a leader to effectively energize people, they must be able to communicate, and communicate. This means communicate their vision and strategies in a way that appeals to the fundamental values of the target group, otherwise referred to as “cultural-functional humility”.

By stressing the values of the group (possibly even above their own), leaders can achieve the task at hand, resulting in a shared vision with greater satisfaction and more meaning. This can be accomplished through providing the group autonomy in their efforts to reach the vision, providing coaching and obstacle removal when roadblocks occur, and recognizing and reward successes. Since the natural reaction here is to attempt to motivate through a controlling mentality of problem-solving, we should not be surprised with negative outcomes and constrained energies.

This was never clearer than when expressed by James Houghton (Corning CEO) when he stated, “30% of my day is devoted to creating the appropriate organizational environment and value system which stimulates the morale and productivity of the workforce and leadership.” Another factor which distinguishes effective leaders from their lesser counterparts is their ability to be astute organizational politicians, not of the Machiavellian sort, but of the enlightened, sensitive type who put the company above his/her own personal gain. This was never truer than now when CEO’s from TYCO, WorldCom, ENRON and others are under fire for just such faults.

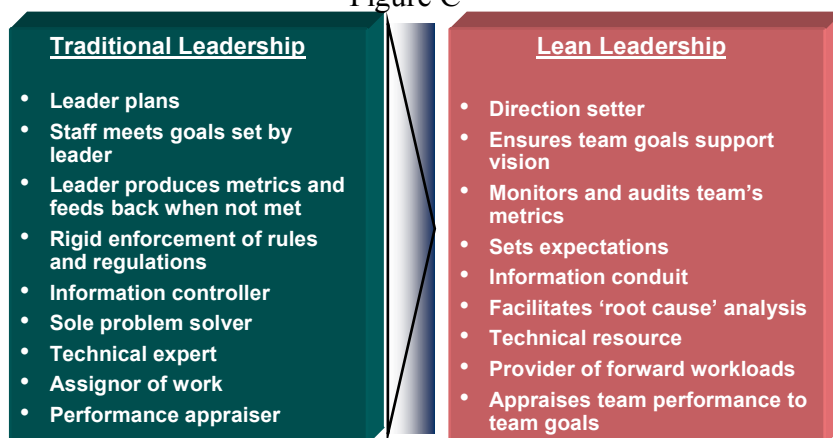
### THE LEAN LEADERSHIP PARADIGM

If we can agree that we are indeed in a leadership deficit and that leadership is meant to cause dramatic, useful change, then as these necessary changes to our way of operating become more global, so should our approach to leadership. For this to occur, a leader should possess some degree of the following characteristics;

- (1) superb written and oratory skills,
- (2) the ability to listen,
- (3) patience,
- (4) Interactive/proactive attitude,
- (5) passion for risk,
- (6) humor,
- (7) compassion/openness,
- (8) the ability to recognize/reward,
- (9) vision, and
- (10) a high energy level. A leader needs to be visible as a role model in order to demonstrate his/her breadth of knowledge and understanding of the business environment and the organizational challenges. In addition, he/she should display an aptitude for logic and a desire to challenge the status quo or “alleged wisdom” in order to facilitate free flowing decision-making.

Finally, a leader must possess the ability to be a linking agent (facilitator) with a wide array of knowledge and information coupled with an unquestionable trust, professionalism, and an open invitation for dissent. Since none of these traits are ethereal or magically possessed, leadership is thus understandable, identifiable and attainable.

Figure C



Traditionally, leadership has taken the form of direction from the top down where answers and solutions are seen as dictates (typically seen in statements like, “I know the answers, you don’t and I will give them to you as you need to know them”) and work is considered extrinsically motivating. Leaders are believed to be born with the skills (i.e., leadership skills can not be taught), and if there is an absence of leadership, the herd (organization) is lost. In essence, the organization is moving around like a herd of buffalo headed for a cliff. This form of leadership is most often typified with words like, mandate, drive, push, must, will and or-else. Allegorically, traditional leadership is similar to the “Plight of the Buffalo” (if one goes off the cliff, all will follow) however, Lean Leadership operates similar to a flock of geese changing leadership when the situation/need dictates (see Figure C). Further evidence is found in an old Chinese proverb that states, “If we do not change our direction we are likely to end up where we are headed....”

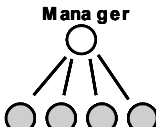
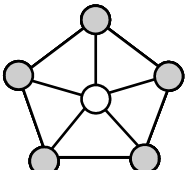
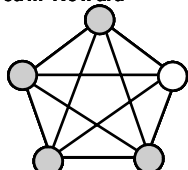
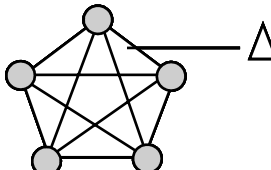
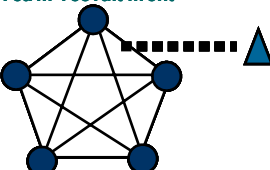
Good leaders motivate people in a variety of ways, three of which are the basis to our “LEAN” approach. First, leaders must define the organization’s vision in a way that highlights the values of their group; second, leaders must support people’s efforts to achieve the shared vision through coaching, feedback, and role modeling; and finally, a good leader will recognize and reward success. In retrospect, a good leader will achieve the ideology that “work itself is intrinsically motivating.” For organizations to nurture and develop effective leaders there must be a corporate culture conducive to creating challenging opportunities for young employees. Some of the well-known companies that have used this approach successfully are Johnson & Johnson, 3M, Hewlett Packard, Proctor & Gamble and General Electric.

The true Lean leader is one who can detach themselves from the team to allow empowerment to flourish where the team provides itself with such services as peer reviews, rewards and even team recruitment (See Figure D). These leaders delegate responsibilities and coach others in ways that nurture their growth, bring out their best and inspire support for the organization’s goals.

The Lean leader possesses many of the skills and characteristics of the other models but is more strategic in his/her actions and words. In essence, the leader is distributing the leadership task (and responsibility) among a wide range of other potential leaders. In larger organizations this concept manifests itself in multiple teams of leadership talent to provide the overall direction. Another benefit is a relatively high commitment level from the team as their ownership of the issues and solutions will be institutionalized. This methodology is a powerful combatant for the problem of the “larger-than-life” leadership figurehead (The “larger-than-life” syndrome is where a charismatic leader is so revered and worshiped that proceeding without him/her would be considered disastrous).

Figure D

### The Lean Leadership Progression Timeline

Leader Skills	Group Communication	Facilitator	Coach	Strategic Planner
<b>Technical Expert</b> Planner Organizer Delegator Controller	<b>Problem solver</b> conflict resolution group dynamics	<b>Leader</b> Conflict resolution	<b>Benchmarking</b>	
Characteristics	<b>Participative</b> Individual Evaluation Individual Reward	<b>Participative</b> Cooperative Team Evaluation Team Reward	<b>Collaborative</b> Peer Evaluation Team Reward	<b>Empowered</b> Peer Evaluation Team Reward Team recruitment
 <b>Hierarchical</b>	 <b>Enlightened</b>	 <b>Shared Leadership</b>	 <b>Coordinated</b>	 <b>LEAN</b>

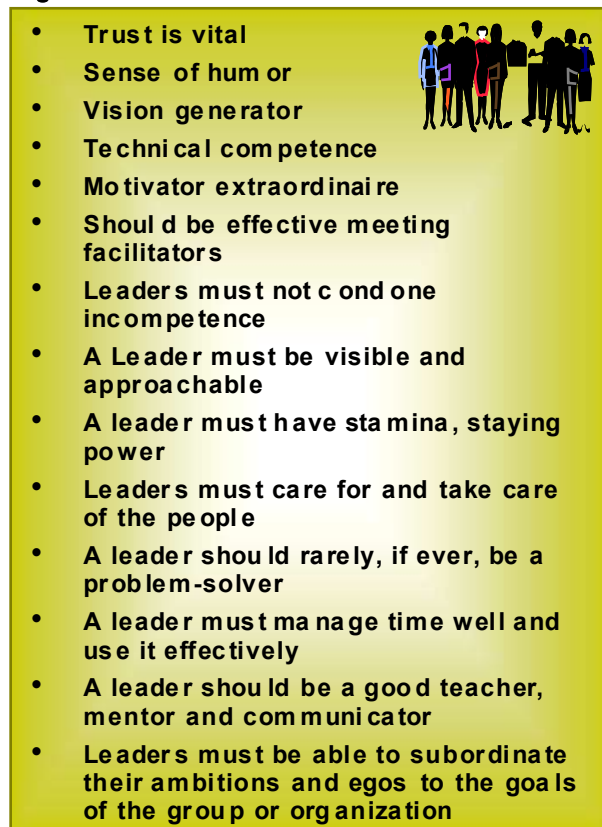
In order for an organization to create sufficient leadership or a leadership talent pool internally, the organization must attract enough people who have potential and desire. This can be accomplished through many different avenues such as the hiring process, creating internal leadership training programs (Like, General Electric's Groton Leadership Facility), providing role models and mentors (executive coaches) or utilizing academia. The key underpinning to successful Lean leadership organizations is creating and maintaining the right cultural atmosphere.

Firms need to provide people with difficult tasks that "cry-out" for leadership qualities while placing them in challenging roles which stretch their abilities and most importantly, organizations need to support people irrespective of success or failure. If people are reluctant to take risks or accept risky career moves for fear or reprisals then Lean leadership is doomed to fail or worse, slide back into the hierarchical model (see figure D) where leadership is typified by command and control, micro-management, writing and adhering to budgets and managing per se (i.e. traditional management). In these rapidly changing environments, leaders and leadership must be equally capable of change. The essence of leadership cannot be reduced to a series of personal attributes nor can it be confined to a single set of particular roles and activities. This is why leadership is so important to the success of an organization and also why it is the first category of the Malcolm Baldrige Award, for without it, few quality firms could survive. However, there are distinctive traits that form the loose parameters of the Lean Leadership Model (See Figure E).

When combined, all these tenets of Lean Leadership provide the potential/incumbent leader with a platform of expertise in the promotion and protection of value (worth) for his/her organization. In retrospect, leadership is about change while management is about sustainability. For organizations to compete in the new millennium they will need superb leadership talent which can only come from a learning organization which promotes and supports a culture conducive to the attainment of shared visions and strategies, while creating value and maximizing customer satisfaction.

Part 9 of the Lean series, **Lean Transformation: A framework for making the transition to Lean.**

**Figure E**



- Trust is vital
- Sense of humor
- Vision generator
- Technical competence
- Motivator extraordinaire
- Should be effective meeting facilitators
- Leaders must not condone incompetence
- A Leader must be visible and approachable
- A leader must have stamina, staying power
- Leaders must care for and take care of the people
- A leader should rarely, if ever, be a problem-solver
- A leader must manage time well and use it effectively
- A leader should be a good teacher, mentor and communicator
- Leaders must be able to subordinate their ambitions and egos to the goals of the group or organization

