

At last the dawn of 'Natural Leadership'

Perhaps the most enduring casualty of the current financial upheavals will not be the banks, the hedge funds or even the hapless financial regulators but the most prevalent business model of all – management by 'command and control'. Certainly this is a very good time to challenge the macho management cultures that have led to such chaos. As Darwin cautioned: "It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change."

Yet there seem to be few compelling alternatives to current management designs. Even with mature programme and project management methods, failure rates for major internal business change stubbornly average about 70%. The so-called 'democratic' management models pioneered by Gore, Semco and Google have elements that are attractive, particularly in highly innovative, short product life cycle industries such as information technology and electronics. Nevertheless, even today's open-minded CEOs often question the more radical ingredients of these models: teams deciding on their own – and even their boss's - remuneration, spending 20% of their time on pet projects or backing large numbers of innovative ideas with internal 'venture capital' type funds.

But "cometh the hour, cometh the solution" INL have developed the 'Natural Leadership Model' that they believe is destined to replace 'command and control' as the management model of choice – and need - over the next decade.

INL's first major claim to fame is that they cracked the 70% failure rate for major change in organisations by accurately identifying and engaging the *real* local change agents – saying goodbye forever to immature change junkies and management 'favourites' in change teams. Over a period of 7 years, in a series of interim change manager roles, our consultants led the people side of change for five very successful major change programmes – back to back – at Nationwide, National Savings, Liverpool Direct, Lloyds of London, and Friends Provident. By stringing together five consecutive successful major change programmes, we defied the 70% failure rule and beat odds against success of more than 400 to one. By the way, these changes were not trivial: for example, in one organisation total productivity increased by 100%, while in another culture change led on to a prestigious 'best place to work award' for the first time in the organisation's history. In essence, we recognised that, overwhelmingly, people factors are the cause of major change failure and that the solution lies in engaging natural leaders who are highly influential with colleagues but also change positive (or at least open-minded) by nature. These same *real change agent* individuals are also essential in changing the day-to-day behaviours that deliver – surprisingly quickly - fundamental culture change in the workplace.

INL's second major claim to fame is that we identified the crucial importance of informal organisational networks in businesses and moved on to adopt advanced software tools to identify the underlying causes of many of the most common, intractable organisational problems – at a time, starting more than 20 years ago, when academics were just beginning to make their early, primitive efforts at understanding social networks. Today, the web-based Magus Toolbox software and associated methodologies address issues ranging from individual influence, communication and collaboration networks, through a wide range of problem analyses, to mapping networks of knowledge sources and comparing 'as is' to 'should be' situations. The generic target never varies – identifying the causes of organisational performance problems, and fixing them to improve results. It is all about developing practical 'deep leadership' where natural leaders are identified throughout organisations: they change from topic to topic, from circumstance to circumstance, and from time to time. In effect, we provide tools that regularly identify and indirectly engage this whole new range of 'natural leaders' – well beyond just the people who strongly influence the views and behaviours of colleagues. The bottom line results range from improved productivity, greater innovation and faster new product delivery, through to faster process cycle times, higher sales and much improved employee morale. The approach has been successfully applied in many industries and public sector organisations.

'The Natural Leadership Model' emerged over time by blending these two complementary insights. While natural leaders who are the *real* change agents are certainly essential in *implementing* major business change, other natural leaders have key roles in creating comprehensive, high-performance workplaces. For example, individuals who are sources of business or specialist knowledge are natural knowledge leaders; people who stimulate and underpin informal work-related interactions between

internal (and sometimes external) groups are natural communication leaders; project specialists who generate energy in colleagues as well as organising what needs to be done are natural project leaders; those who collaborate across merged organisations to speed up integration into a new cohesive whole are natural collaboration leaders; sales people with extensive, relevant personal networks become natural sales leaders as they share contacts with colleagues and increase overall sales; and people in R&D teams with extensive, relevant personal networks become R&D process leaders as they encourage their contacts to participate in innovation activities, so transforming new product delivery.

Interestingly, the use of natural leaders as guides through a variety of informal personal networks greatly helps to overcome one of the traditional constraints on using informal networks: peoples reluctance to disclose potentially sensitive information. Managers who build trust with natural leaders are rewarded with a much greater degree of honesty in return when problems are analysed and relevant solutions highlighted and implemented.

This raises the question – what happens to managers in the Natural Leadership Model? Well, certainly the use of this model will lead to more influential natural leaders being moved into formal management roles - particularly into first line management positions where the bulk of face-to-face managing takes place. More and more managers will be chosen for their ability to work collaboratively with natural leaders throughout the organisation. Key senior executives who can chart the main direction forward for the business will still be essential, and some of these will need to invoke occasional 'command and control' behaviours to guide the organisation through any crises. But the whole point of the Natural Leadership Model is to make the business more adaptive to change: to get ahead of the curve when spotting future problems, challenges and opportunities via continuous honest feedback from the front lines. Middle managers will increasingly become change enablers and coordinators, prioritising and scheduling change through a variety of potential innovations highlighted and energised through real change agents across the organisation.

All organisations need to be effective. All need to be efficient. All need to deliver high quality outputs – products and services that meet or exceed the needs and wants of their customers. In short, all organisations need to be high-performing organisations. While this has always been true, in difficult economic times, the need is even greater.

There is only one route possible to achieving a high-performing organisation, and that is through optimising the focused contributions of all employees – throughout the entire organisation. Command and control management approaches don't hack it – never have and never will. Trying to apply them in current conditions, where fear is a big factor might just achieve malicious obedience, for a while at least. A far better bet is the natural leadership approach. It is available now; it is cost-effective; it delivers its results quickly – and uses technology that enables large numbers of natural leaders to be engaged in the performance development process.

Implementing the Natural Leadership Model

The first thing to realise when setting out to implement the Natural Leadership Model in your organisation is that it can be initiated, facilitated and encouraged but – in the final analysis – can neither be imposed nor fully controlled. A good analogy is an irrigation system to water crops in a field. A farmer can lay the irrigation pipes to ensure that surface water from seasonal rain in local rivers reaches certain points in certain fields but he cannot prescribe the exact level of rainfall or the exact way that water seeps into the soil at each outfall.

Similarly, a CEO aiming to implement natural leadership throughout an organisation can take a number of 'structural' actions. The percentage of natural leaders across the management team can be greatly increased as:

- Selected change-positive influencers with good coaching skills are progressively moved into key first line management positions (typically increasing the level from less than 40% to 80%+ over time) where they will be ideally placed to energise other real change agents at lower levels.

- Middle managers (and even some senior managers) are also moved over time, depending on their collaboration and change credentials - and the level and range of relevant influence with peers and key senior executives, so that those with the 'best mix' of influence networks are increasingly in the most relevant line positions. As a by-product, common command and control anomalies, such as where high-level functional managers are much less influential with their superiors and peers than one or two of their subordinates, will largely be eliminated.

The way that people behave at work – not just what they do, but the way that they do it - can often be improved significantly:

- At a cultural level, initiatives are put in place to reach management/change agent consensus on desired workplace behaviours and these can be reinforced continuously through day-to-day informal peer encouragement of 'good' behaviours and criticism of 'bad' behaviours as these occur.

The way that people behave at work – not just what they do, but the way that they do it - can often be improved significantly:

These types of 'structural' changes will minimise the degree to which innovation pipelines across the organisation are 'clogged up' with the wrong people in key positions and will significantly reduce the incidence of groups or individuals 'behaving badly'. Malicious obedience – a common and very damaging human reaction to unreasonable or inconsistent management behaviours - will become extremely rare.

Structural changes can also be made at the team or group level. For example, relevant informal personal networks will often become key determinants for group and team effectiveness:

- R&D teams will be chosen as much for their overall network of personal contacts as for their mix of technical skills. Some team members will also be chosen because of their access to knowledge sources. Very different groups of people delivering much enhanced, practical innovation in shorter timescales.
- Project specialists who can energise those they work with will be identified and optimised across a variety of change projects, often irrespective of their specialist skill sets. Recognising key human aspects of change teams delivers much better results, usually on time and on budget.
- Successful sales people are generally those with extensive, relevant personal networks – with key people in customer organisations, with other sales staff, and with relevant individuals within the parent organisation. Structures can be put in place for these 'super salespeople' to share or even pass contacts on to others in different sales teams, so increasing overall sales levels.

These are just a few examples. Relevant organisational networks will have a significant impact on both the efficiency and effectiveness of most teams working in a business environment. Indeed, the whole process of induction as new employees move up their respective learning curves can be transformed by rapidly building relevant informal personal and team networks through 'seeding' new contacts in a variety of training, job rotation, project and social events.

Structural changes alone, however, are not a total solution: despite the potential power of these structural change channels, problem solving and innovation would still essentially be left to the natural instincts and willingness of different types of natural leaders throughout the organisation. Very fertile ground certainly - but built on people who are, by and large, not yet familiar with change analysis and implementation. Moreover, there are other conditions necessary for natural leaders to emerge and make their full contribution to developing a high-performance organisation. For example, people generally produce better results when they:

- Have better information

- Can engage in multiple, collaborative interactions with colleagues
- Are better networked with colleagues inside and outside the organisation
- Feel safe to develop and try innovative new ideas
- Can learn and develop through doing rather than just taking in information

Each of these, at first sight, is subject to management action, but that first sight is illusory. For example, it is possible to develop a well-designed, technology-supported knowledge management system. But that does not mean that people will consistently make use of the information that is available and share it to deliver informed analysis and therefore better decisions.

It is possible to develop and issue policies on collaboration, but does anyone believe that these will directly lead to significantly higher levels of collaboration in practice? Policies on inter-personal or inter-group networking (by themselves) are likely to be equally ineffective. Policies on formal networks may have benefits, but will do nothing for the vast majority of tacit interactions, since these occur through discretionary informal networks. Telling people that they are safe to develop and try new innovative ideas is more likely to be greeted with blank stares or, worse, cynicism. 'Safety' in this context is an emotion that is not produced by diktat. The aspects of organisational behaviour that produce a sense of safety are subtle and complex, are heavily dependent on consistent supportive management behaviours over time, and cannot just be prescribed. With a few noble exceptions, learning by providing information is what management routinely does, and it is generally poles apart from learning by doing. The vast majority of learning by doing occurs through cross-functional problem resolution, which is also outside the scope of management diktat.

Yet, despite all these constraints, the CEO can do some very effective and rapid 'pump priming' by buying into informal networks analysis and development tools that help (not instruct) natural leaders at all levels to identify current problems, constraints and new opportunities.

These 'informal network' tools are typically web based and come in two types – targeted and open analysis. Targeted tools are aimed at identifying common problems and constraints that may exist in your organisation, such as poor information flows across functional silos, an excess of 'micro managing' or poor strategy communication through different areas of the business. Open tools can be tailored to address specific problem areas, such as slow new product development, a quality problem or a decline in productivity in a back office. The open tools typically enable relevant employees to identify what 'should be happening' – who should be collaborating with whom, is the problem focused in one area or more widespread, how much discretionary effort is being expended to rectify a specific poor process or system, etc. Natural leaders are used to identify the most relevant sample population for using these analysis tools and participants are always included in follow-up workshops to review the information generated, interpret it, highlight problems, analyse the cause, and identify opportunities and solutions. In these ways, the high error rates associated with traditional 100% or representative questionnaires (particularly when dealing with sensitive issues) are largely eliminated.

In the Natural Leadership Model, formal managers are largely natural leaders acting in harmony with a whole range of other non-managerial natural leaders across the organisation. A variety of natural leaders drive change processes, they build trust and honesty, and they energise implementation of the solutions. Natural leadership gradually fills the practical 'gaps' to create a high-performance organisation – an ongoing process that requires continuing management encouragement, consistent management behaviours, the right structural changes (including appropriate reward mechanisms) and the right informal network tools. Management can set the environment for achieving a high-performance, change resilient organisation but only natural leaders at all levels can implement it fully.

Implementing only part of the Natural Leadership Model will deliver only partial success. For example, in recent years, there has been a lot of talk - and a large number of mainly ineffective initiatives – aimed at increasing employee engagement. Training, briefing sessions, facilitated workshops and lots of management communication have simply failed to deliver a breakthrough to highly motivated employees, working hard, readily giving discretionary effort, and using their brains to innovate for the future good of the business. Put bluntly, collaborative managers working in a predominantly command and control environment do not deliver engaged employees for any sustainable period of time, despite all the management efforts designed to produce effective employee engagement. Most such

management interventions are just another manifestation of 'command and control' management, in this case 'management by exhortation' delivered through friendly, collaborative managers.

The Natural Leadership Model has to be based on high levels of trust and transparency: not just words but consistent, practical actions and relevant mechanisms – including widespread, day-to-day behaviour reinforcement for managers as well as everyone else; with 'natural leader' driven analysis tools; and an open information environment, where results, innovations and proposals are readily available and communicated to all – through many informal communication channels as well as occasional formal announcements.

It is impossible in advance to precisely estimate the bottom line benefits from adopting the Natural Leadership Model in your organisation. Nevertheless, we know that the benefits are potentially huge. Productivity increases of between 20% and 100%, much higher employee engagement and morale, lower employee turnover and the ability consistently to attract high quality people. But the biggest payoffs may well be in spotting the dangerous threats and really big opportunities much earlier. The future of your business may well depend on the early warning mechanisms that you will set in place – mechanisms that only work consistently in a highly-engaged, natural leadership business environment: energised by the right people and supported by the right tools.

As you consider the relative merits of the Natural Leadership Model, it may be worth asking yourself the fundamental question: How many of our natural leaders can we identify today? Well, unless your organisation is very unusual, it's highly likely that more than 75% of your natural leaders are *not* in the management hierarchy at all - and even if you get on the phone and asked all your local managers right now, the combined answers you would get would be only about 33% right! How many natural leaders will you lose through proposed redundancies (voluntary or compulsory) in this recession? How many effective collaborative informal networks will be fractured or destroyed as key 'linking' individuals leave? (Did I hear you whisper that you don't know!)

As Darwin said: "It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change." Over the next decade and beyond, businesses 'most responsive to change' will increasingly be using a tailored form of The Natural Leadership Model.

So you could regard the recession as something to be endured, survived and, hopefully, soon forgotten. Alternatively, you could follow the wisdom of the chap who said "There's no such things as problems – just different kinds of opportunities". Why not take the opportunity to clean out the Augean Stables of old, failed management models. As with Hercules, it would mean getting to grips with the nether regions of the organisation, but heroes do these things when the need and payoff are both great. In the current situation, having an organisational stable brimming full of previously hidden thoroughbreds just raring to go sounds like a good antidote for depressed economic times! If you would like to explore the what, why and how, please give us a call. Our team would be delighted to help you buck current market trends.

Copyright Informal Networks Limited 2009