

LEADERSHIP 2005

Office of the Future Report

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Leadership 2005

Introduction

As a society, over the past quarter of a century, we have been faced with dramatic changes in the way that we live, work, and communicate in this global village. Are the Leadership models that have grown out of the needs of an industrial society adequate to respond to the emerging trends and issues that will define the knowledge era of the 21st Century?

As a business, The Ken Blanchard Companies are known for their Situational Leadership Model and have claimed that SLII[®] is the cutting edge of leadership training. At the same time, many questions have been raised about the adequacy of this model to respond to changing conditions and emerging organizational strategies and structures. More recent leadership language include terms such as Servant Leadership, Transformational Leadership, Leadership as Mutual Meaning Making to describe leadership models that are responsive to the needs of a changing society. Do we as a company need to expand our thinking about leadership as we move forward?

As The Office of the Future, we are charged with taking a future oriented view of trends and needs and to explore new ways of thinking so that the company, its people and its products and services are ahead of the curve. What are the issues, trends, and challenges that will impact organizations and the implications they will have for leadership?

As the Leadership 2005 study group we decided to organize our efforts and this paper as follows:

- To identify and review the critical trends and business issues that are occurring, that will intensify over the next few years, and that will impact organizations and leadership behavior.
- To study selectively the leadership philosophy, theory, and research during the past twenty years in order to:
 - Explore a variety of leadership definitions
 - Identify common themes, concepts, and issues
- To develop our own definition of leadership that reflects the needs of a changing society, accommodates our own beliefs, and incorporates the essence of the themes that we uncovered. We wanted this definition to be practical and operational and to be relevant for anyone regardless of level or function.
- To identify the leadership beliefs and behaviors necessary to influence organizations toward high performance.
- To identify Leadership Areas of Mastery (knowledge and skills) required to impact each of the elements of High Performing Organizations.
- To examine implications of our findings and explore next steps.

Trends and Issues

There are several trends that are occurring that will impact business as we know it. We have chosen to focus on a few of the most critical.

Globalization of the Marketplace

The world is interconnected as never before. Nations depend on each other for commerce, trade and even survival. Companies have plants all over the world, which means that managers have to be sensitive to many different cultures. People travel from country to country, needing to know the nuances of other cultures. There is the realization that our to do culture with its straightforward business orientation is actually a minority in the world of nations. Many more cultures are relationship oriented, which means a different approach to business negotiation and leadership.

Diversity of the Workforce

The socioculture at home is changing. The workforce is no longer primarily white male. The number of immigrants, minorities, Hispanics, Asians and women has increased dramatically. Work teams are often multicultural and multinational. The workplace has to embrace differences, create common understandings and create environments that use the talent of all its people.

Technological and Information Explosion

The explosion of technology and information has created a world of unprecedented rapid change, a world of uncertainty, a world of connectedness and often overconnectedness. Change is Choardic (Dee Hock). It is as discontinuous as it is rapid causing polarities or dichotomies between chaos and order, change and stability.

Technology and information is literally exploding with such speed that the world is rocking. The amount of usable knowledge literally doubles every 18 months. Old ideas of organizations and leadership itself are out the window. Technology gives access of information to all. No longer is knowledge held by the few in power. Everyone is in everyone's business causing businesses to have to stay innovative and build customer loyalty. Competition is fierce.

It also means that customers are more sophisticated. They no longer accept just product. They want to feel special, listened to; they want customized solutions or they simply go elsewhere. Organizations have to structure themselves to be responsive, fast nimble and continuously innovative to survive in a competitive business environment. As a result, businesses are being rocked. Because speed, innovation and responsiveness are so critical to survival, organizations have to be more flexible. The hierarchy is no longer the only viable organizational structure. In fact in many cases it is being replaced by more fluid decentralized structures. We are looking at the emergence of new structures like the networked organizations or even web based organizations where there is a hub from which communication flows in every direction.

Decision-making is becoming more and more decentralized and placed in the hands of front line people. This isn't just because we want people to feel involved; it is because it is necessary. It's a business issue. By the time people seek permission and get advice or direction through the traditional channels, the opportunity has passed.

Teams as an organizational structure are flourishing because they have the resources to deal with the complex issues of today's business world. Old systems are being replaced by processes across departments and functions which reflect how communication and needs are naturally met. In other words they facilitate the flow of work quickly rather than impede and put up false barriers.

It is interesting, as competition becomes fiercer, organizations are setting up strategic alliances to get the work done, which means a whole new set of skills of working with different cultures and operating procedures. They call these "frienimies".

Recruitment and Retention of Talent

As demographics change, the workforce ages and the contract of employment changes, the recruitment and retention of talent is a growing and critical issue. Today's workforce is more mobile, and better educated. They are demanding more from work than good pay. Good pay you can get elsewhere. They are demanding the opportunity to learn, to be involved, to make a difference, to be honored and recognized and to be part of a community.

The old contract of employment for life is fast becoming obsolete. People are loyal to their professions not their company. They no longer depend on lifelong employment, so they are relying on their own capabilities. With competition for professionals and talent so tight, it is pretty much an entrepreneurial market.

The new generation wants all of the above and they want balance. They watch their parents put in 60-hour workweeks and what did it get them? Quality of life is getting more important.

As a result organizations have to find opportunities for challenge, growth and involvement if they want to attract and keep good people. Employees are demanding to be involved, they want meaning and purpose in their lives. They no longer blindly respect authority; in fact, our research shows trust in management by employees has had a steady decline for the past 15 years. The old rules are out. They want empowerment and challenge.

Knowledge Based Learning Organization

The need to create a Knowledge Based Learning Organization has become paramount. To say that people are our most important asset is an understatement. People with their collective intelligence and experience are our assets. The new competitive advantage is the ability of the organization to collect, share and utilize the wealth of intelligence and experience that is locked in each individual's head. This is the organization's capital and collateral.

How does an organization build the environment and systems that encourage people to share their knowledge? How do you keep developing your people, provide a learning environment and reward growth? These are the questions organizations are asking with increased regularity.

Based on the needs generated by these and other trends, we have come up with a definition of effective leadership. One that reflects the need for continued tangible results while portraying an unfailing regard for human beings.

Toward a Definition of Leadership

Leadership has been one of the most widely studied and written about concepts in the behavioral sciences. Our entry into the new millennium has stimulated even more research, speculation and prophecy about leadership needs in the twenty-first century. Joseph Rost (Rost, 1993, p. 179) quotes Chester Barnard, who said in 1948: Leadership has been the subject of an extraordinary amount of dogmatically stated nonsense. If that could be said in 1948, imagine what Barnard might say today when the writing on leadership is piled so much higher.

Nevertheless, leadership is a critically important concept and much positive energy has been invested in trying to understand its elusive nature. We are currently in the midst of a major cultural shift and the implications for leadership are vast. Joseph Rost, (1993, p. 181), in examining Leadership for the Twenty-first Century, calls for a new school of leadership not based on the needs of an industrial society but rather one that incorporates the values of “collaboration, common good, global concern, diversity and pluralism in structure and participation, client orientation, civic virtues, freedom of expression in all organizations, . . . and consensus-oriented policy-making processes.” Dee Hock, former chairman of Visa and author of the much acclaimed, Birth of the Chaordic Age puts it this way:

If we do not develop new and better concepts of organization and leadership wherein persuasion prevails over power, reason over emotion, trust over suspicion, hope over fear, cooperation over coercion, and liberty over tyranny, we shall never harness science or technology in the service of humanity, let alone in the service of all the other creatures and the living earth on which we depend. (1999, p. 309)

Hock, (2000, p. 24) in another essay points out that in this new knowledge era, the most abundant, least expensive and constantly abused resource in the world is human ingenuity. The source of the abuse he says is the mechanistic, Industrial Age dominator concepts of organization and the management practices they spawn.

These and many other scholars and practitioners are calling for new ways of thinking about leadership as we move into the new millennium. Our own SLII[®] Model has been criticized as being too transactional and too narrow to accommodate the transformational needs of moving into a new era.

In our efforts, as the leadership study group, to expand our own thinking and to move toward a definition of leadership that would include both transactional and transformational change, we each read widely in the current leadership literature. We were searching for definitions of leadership that would accommodate the demands of a new era. We found that many of the works that we read did not present a precise definition of leadership at all but focused more on beliefs, attitudes, knowledge, behaviors or desired outcomes. These were all helpful concepts and contributed to our later analysis, but still left a definition in question.

We also found that those writers who did provide a definition varied widely in their emphasis. Some were very general and esoteric, while others were more specific and outcome oriented. Some examples of the definitions will illustrate what we mean.

- Kevin Cashman (2000, p. 20): Leadership is an authentic self expression that creates value.
- Kouzes and Posner (1995, p. 30): The art of mobilizing others to want to struggle for shared aspirations.
- Conger (1992, p 18): Leaders establish direction for a working group of individuals, who gain commitment from these group members to this direction, and who then motivate these members to achieve the direction s outcomes.
- Rost (1993, p. 102): Leadership is an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes.
- DePree (1989, p. 1): Leadership is liberating people to do what is required of them in the most effective and human way possible.
- Greenleaf (1977): Leadership is about service to others and a commitment to developing more servants as leaders. It involves co-creation of a commitment to a mission.
- Kotter (1990): A process of producing change through establishing direction, and aligning, motivating and inspiring people.
- Drath (1998, p. 414): Leadership begins not by the initiation of the leader, but in the reciprocal connections of people working together.

We could go on with many other definitions. However this list gives some indication of the wide range and the different emphasis of various authors.

Common Themes

There seemed to be some themes that were common to many of the writers that we studied. Those that were writing about leadership in the new millennium often saw leadership as including:

- Acting in service to the well being and achievement of others.
- Genuine caring about people, the organization, and the common good.
- Encouraging the development of leadership everywhere in the organization

- A relationship based on mutual influence and purpose guided by principle and focused on change, growth, and accomplishment.
- An organizational capacity and responsibility, not just individual.
- Articulating vision and values and building community.
- Nurturing the capabilities and ingenuity of others.
- A commitment to mutual influence through persuasion not coercion.
- Choice on the part of both followers and leaders.
- Letting go of self (ego) to the strengths of others.
- Seeing the behavior of the followers as the real measure of leadership.
- A belief that the new paradigm for leadership in the 21st century must get rid of the dominator concepts of the Industrial era.
- Leadership as mutual meaning making.

Given this new broader, value-based leadership direction that is emerging in the literature, we found it helpful to distinguish between the two major thrusts in the theory and research on leadership in order to provide a basis for an integrative vision of leadership for today and tomorrow.

The first major body of work has been labeled *transactional* leadership. It encompasses the theory and research that began in the mid-1940 s and still generates a great deal of attention today. Leadership is seen as an exchange process in which the individual who is the focus of the leadership act agrees to provide behavior in exchange for rewards or to avoid negative consequences. This thrust focuses primarily on one-on-one relationships, articulates the concept of leadership style as various combinations of two central kinds of leader behavior, and explores the conditions under which the leadership styles are effective. The context of the leadership process is achieving task performance. This variety of theories that encompass this thrust have elicited an enormous amount of research that has added significantly to our understanding of leadership and the leadership process.

The second major leadership thrust, *transformational* leadership, began to emerge in the literature in the early 1980 s. At the core of *transformational* leadership is the articulation of a vision, which resonates with the hopes, needs, and dreams of the followers. It is often through the mutual articulation of the vision that people are elevated or inspired and strong emotional bonds are created between leaders and followers. And followers are transformed into leaders.

Transformational leadership is often called the new leadership, transactional thereby becoming the old leadership. There is, in the new literature, a bias for the new and, in some cases, a rejection of the old. Critiques of transformational leadership cite a lack of rigorous research, an excessive concentration on top leaders (largely white males in their 50 s, leading from the top of large organizations, with lots of position power to engineer change and evoke commitment), a lack of specificity in terms of how to train people to be

transformational leaders, a focus on successful transformational leaders so we haven't learned from unsuccessful transformational leaders, little situational analysis, personality dependent, and a highly romanticized, heroic view of what leaders do. There are however, some research findings beginning to emerge.

For example, Stoner (1988), researched the relationship between effectiveness of transformational leaders and transformational leaders and their impact on the work unit for both transformational and transformational leadership. She found a strong relationship with performance of their work unit.

Hughes, Ginnett and Curphy (1999, p. 323), in a summary of the research, state that We know today that charismatic leadership can occur in any team, group or organizational setting. We also know that transformational or charismatic leadership is more prevalent among women, lower level leaders, and in the public sector, and that this style of leadership generally has stronger effects on leadership and organizational-effectiveness indicators than transactional or laissez-faire leadership. For example, researchers using Bass's MLQ have shown that transformational leadership is positively related to followers' attitudes toward work and their organizations, and on unit performance indices requiring interdependent effort.

A recent research study (Egri and Herman, 2000) using Bass's transactional and transformational leadership conceptualizations and a population of 73 CEOs of non-profit environmentalist and for-profit environmental product and service organizations performed a wide variety of transformational leadership behaviors *and* a high incidence of transactional leadership behaviors. These leaders were characterized as master leaders whose leadership style involved both transformational and transactional behaviors.

Both—And

These two major leadership thrusts are often positioned as either/or alternatives. The following observations provide a basis for a both/and perspective:

1. Although it is clear that there is a major trend toward flatter organizations with much fewer levels of hierarchy than in the past, the use of hierarchy can provide for fast and efficient organizational functioning. The use of hierarchy as an organizational structuring framework does not have to be punitive, coercive, inefficient, or bureaucratic. We have worked with values driven organizations that involve and empower people, are team-based and are hierarchical. Organizations are experimenting to find ways of functioning meet organizational and employee needs.
2. There is some opinion in the transformational leadership literature that leader-follower one-on-one relationships are being significantly reduced in favor of a movement toward self-managing teams. There is also a clear evidence that many organizations are moving toward team-based management systems and empowered workforces. However, there is also clear evidence that many organizations that have moved in these directions are now moving away from them. The reasons are many:

poorly designed and implemented change efforts, lack of management commitment, lack of employee understanding and/or commitment, technological constraints, economic conditions, etc. Also, a team-based, fully empowered workforce may not fit every situation.

3. At the work force level, evidence indicates that it takes about two years and a significant investment to empower a work force to the level of self-managed teams. When significant change happens such as technology changes, re-organization to meet changing market conditions, etc., teams often have to be re-built. Many of these initiatives are dependent on a charismatic leader to initiate and implement such change. Such initiatives are often pilots that are not understood by the larger organization and positive outcomes are not diffused. When the leader leaves, the pilot often dies. Again, organizations need to find ways of organizing that meet both organizational and employee needs.
4. Alternatively, cross-functional or special purpose teams that come together to solve a specific problem and then dissolve take much less time and resource to get up to speed and running effectively. These teams are often blends of self-managed and leader-led teams.
5. Organizations are engaged in all kinds of change and experimentation with both structure and process. It is clear that a single mode of functioning (like it has in the past with hierarchical, bureaucratic organizations) is not going to emerge as the solution to the how to best organize to achieve organizational objective.
6. Bureaucratic, hierarchical organizations and leaders within this form have deservedly gotten bad press for a variety of well-known reasons. However, leaders have empowered people, created effective teams, fostered creativity and innovation in such organizations. In some situations these kinds of organizational forms work for the good of all involved and aspects of them are embedded in flat, empowered kinds of organizations.

In Conclusion

We believe that leaders of the present and future have to be versatile and value-based. They have to be able to use both transactional and transformational leader behaviors. They have to be able to move in and out of teams. They have to be able to function in a hierarchical setting and on the same day function in a self-managed team and then in a leader-led group. They have to hold people accountable and empower them. They have to force change and foster it. We believe that values-based leadership can function in all these organizational environments in ways that can and must act in service to the well-being and achievement of others, builds relationships based on mutual influence, articulates a vision and values, builds community, and enhances choices for all.

Definitions

As we struggled with these various definitions and concepts, we tried to come up with a definition that was unifying and that incorporated many of the ideas that have been put forth by others. We also felt that the definition must be able to accommodate the major changes that are taking place in our society. We wanted a definition that is practical and operational and that would apply to anyone who exerts influence regardless of level or function. In an effort to incorporate these concepts, we are providing the following definition:

Leadership is the capacity to influence others through a dynamic, reciprocal covenant aimed toward identifying and accomplishing collective purposes.

This definition implies a number of important conditions:

1. The relationships in this process are based on mutual influence, not coercion.
2. The people in the relationship, both leaders and followers, are there by choice.
3. The relationship is dynamic and reciprocal and involves the development of a common commitment.
4. The people involved engage in identifying and accomplishing collective purposes.

Definition of Value-Based Leadership

As we studied and debated about the meaning of leadership, we agreed that meaningful or constructive leadership could not be value neutral. We decided to draw a line in the sand and propose the value of contributing to the common good as the key criteria for what we are calling value-based leadership. We also want to emphasize the value of versatility and collaboration as we deal with the complexities of the new millennium. The following is our definition:

Values-based Leadership is the process of achieving worthwhile results, contributing to the well-being of all involved while acting with respect, care, and fairness for internal and external environments.

Key elements in this definition include:

1. *Worthwhile results* implies contributing to the common good and at the very least doing no harm.
2. *Well being* implies contributing to the growth, self worth dignity, and aspirations of all who are involved.
3. *Internal environments* is focused on the people, processes, products, and other living things within the system that are impacted by the change.
4. *External environment* means that we will act with concern and care for our global village and environment.

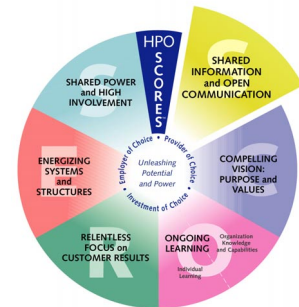
Leadership Lens High Performing Organizations

The lens through which we have chosen to view Value-Based Leadership is the High Performing Organization Model. We have chosen this not only because it is based on solid research but also because it provides a broad perspective of the leadership capabilities needed to sustain and foster growth of both individuals and the organization.

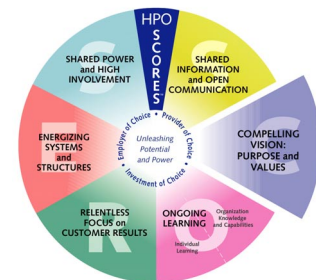
Research has shown that while many organizations rise quickly and then plateau or topple, some continue to thrive, somehow reinventing themselves as needed. We call these High Performing Organizations. These are organizations, which continue to produce high level results, are constantly revitalizing themselves and maintain high levels of human satisfaction and commitment. Because of their flexibility, nimbleness, and responsive systems they remain not only successful and respected today but poised for the future. These organizations become employers of choice, providers of choice, and investments of choice.

Our research shows that 7 elements are evident in every High Performing Organization. Although we report them as separate elements, they are interrelated and all essential to produce high performance and human satisfaction. A brief recap of the 7 elements is in order. These elements are organized around an acronym named SCORES and are discussed below in that order. *For a more complete review see the Office of the Future's white paper on High Performing Organizations, 1998.* Notice how they address the trends shared earlier in this paper.

Shared Information and Open Communication
High Performing Organizations share more rather than less information. If information is power, the more readily available it is, the more empowered and able the employee is to make solid decisions. Communication is the life-blood of the organization. Increasing the dialogue lessens the danger of territoriality and keeps the organization healthy, agile, flexible, and fluid



Compelling Vision: Purpose and Values
Organizational purpose, values, and vision for the future that are clearly understood and passionately supported by all members of the organization creates a deliberate, highly focused culture that drives the desired business results.



Ongoing Learning

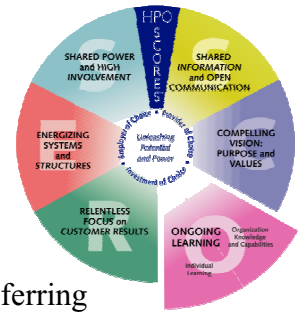
This element actually includes two separate but related elements.

Organization Knowledge and Capabilities

High Performing Organizations are constantly focused on improving their capabilities through learning systems, building knowledge capital, and transferring learning throughout the organization. Clear feedback mechanisms with customers and the market allow the company to quickly respond to new market demands as well as make corrections in operating procedures, delivery processes and approaches, as well as products and services

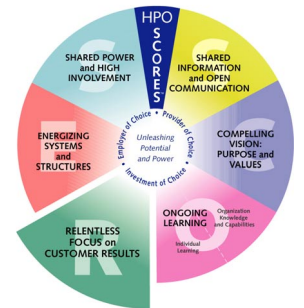
Individual Learning

The focus is on development and providing challenge to all employees. People are seen as appreciating assets and valued as such. The commitment is to raise the skills and competencies of their employees in a variety of ways. Technical and business skills; interpersonal and group skills and personal development are offered across functions and levels. People are skilled in the content of their work, the business environment and their ability to work with others. HPOs focus strongly on continuous improvement and ongoing learning and development.



Relentless Focus on Customer Results

There is focus on the customer to a point of obsessiveness. By this we mean, results from the perspective of the customer. Everything starts and ends with the customer. Data gathering and feedback processes are in place that ensure quick response to customer needs and the ability to adapt quickly to changes in the market place This creates constant innovation in operating practices, market strategies, products and services. This focus on the customer and their changing needs directly relates to bottom line profit.



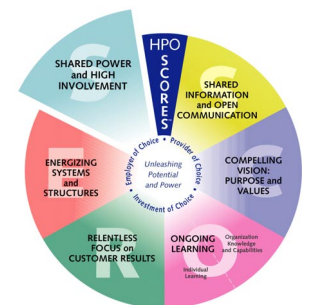
Energizing Systems and Structures

Systems, work processes structures and practices are aligned with the purpose, values, and strategic direction and goals of the organization. They are flexible and integrated, rather than separate making work easier to accomplish. This allows the organization to be nimble and responsiveness to changing needs.

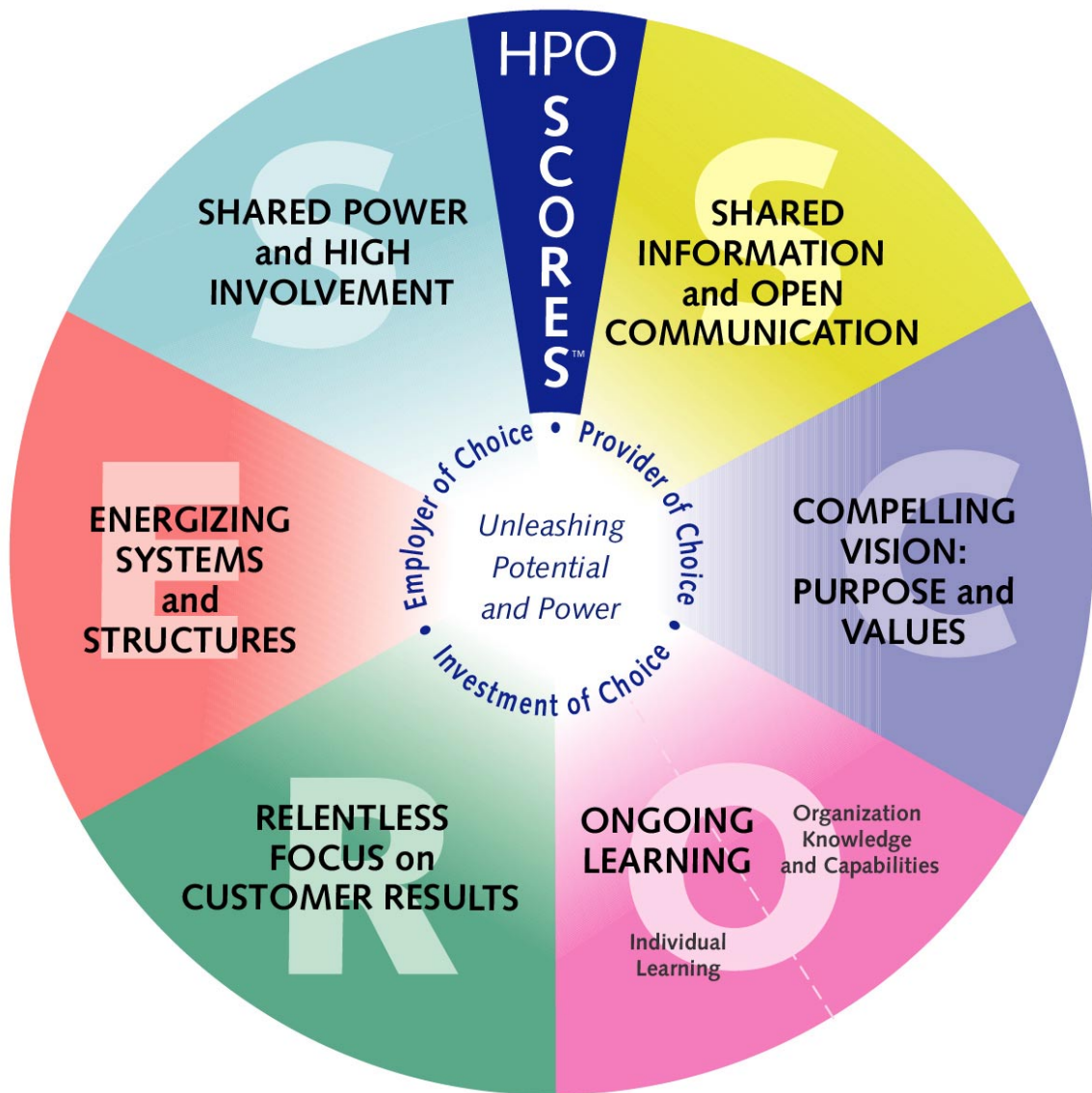


Shared Power and High Involvement

In High Performing Organizations, power is distributed throughout the organization, not guarded at the top. Employee involvement is actively sought. Involvement in decision making by the front line who are close to the customer enhances the quality of decisions as well as increasing the employees sense of commitment and involvement. The environment is such that people are empowered to take risks, be innovative, respond to the customer and make decisions. When these conditions are evident, people view themselves as valuable contributors to the purpose and vision of the organization. There exists a sense of individual and collective power.



The SCORES Model



Underlying Attitudes

There are several underlying attitudes that help shape the culture in most High Performing Organizations. These attitudes provide an underlying philosophy that gives rise to the observable elements. They include the following:

Systems Thinking The ability to view the whole as different from and greater than its parts allows leaders to see patterns that lead to events rather than problems in isolation. Doing so enables the organization to remain fluid and adaptable while at the same time being clear and focused.

People are appreciating assets The view that are employees are our competitive advantage and the key to productivity, and they become more valuable with time as their capabilities and knowledge increase. Money is invested to enhance capability and recognize the willingness to share knowledge.

Bold Action, Take Risks and Learn The climate is one of taking action, taking initiative and willingness to learn from mistakes. Innovation and creativity are encouraged. An environment based on trust is evident where people feel free to communicate openly and without fear.

Social Responsibility Where the emphasis is to be good citizens and contribute to the well being of the greater community in which the organization lives

These are the characteristics of a High Performing Organization. Notice how the critical trends that are occurring are recognized and the capability to deal with them inherent in the elements.

Organizations don t just become high performing. It takes leadership and leadership at all levels. In the next section we will examine the beliefs, attitudes, behaviors, and skills needed by leaders to build High Performing Organizations that are prepared for tomorrow s challenges.

In our study of leadership in 2005, we use the characteristics of High Performing Organizations as the context to determine current and future leadership needs. The High Performing Organizations model provides an organizing framework for viewing leadership because it identifies the key areas in which leaders need to excel in order to build organizations that sustain long-term viability.

Chart 1 Value-Based Leaders provides detail of the underlying beliefs and attitudes and the leader behaviors they drive in the context of the characteristics of high performing organizations.

Three levels of leader attitudes and behaviors are included in Chart 1 individual, interpersonal, and organizational. The individual level addresses who the leader is, what he or she believes and how he or she behaves. Interpersonal focuses on one-on-one relationships. The organizational level of functioning deals with how they view and try to impact the organization as a whole. For example, for the key leader behaviors identified for the Shared Power and High Involvement characteristic of High Performing Organizations, acts from a center of self power, personal mastery, establishes presence is in the individual arena; shares power and enables others to act in the interpersonal, and develops and uses teams and fosters collaboration is in the organizational arena.

Chart 1 Value-Based Leaders

	Beliefs and Attitudes	Behaviors
S Shared Information and Open Communication	<ul style="list-style-type: none"> Organizations that are rich in shared information make significantly better decisions People can be trusted People impacted by decisions need big picture information Feedback is helpful and desirable 	<ul style="list-style-type: none"> Discloses information about self Seeks feedback Consistently shares information and ensures that information is shared appropriately throughout the organization Listens authentically
C Compelling Vision: Purpose and Values	<ul style="list-style-type: none"> A vision and the courage to act on it is a potent creative force A compelling vision is a powerful glue that provides cohesion, direction, and behavioral guidance Optimistic and enthusiastic about the future; belief that positive change can happen Lack of acceptance of the status quo; search for a better way 	<ul style="list-style-type: none"> Behaves consistently with values; clear personal purpose; integrity and authenticity in self-expression; takes a stand for the truth Articulates a vision which resonates with the dreams and needs of people in the organization and creates a shared picture of reality Interprets events so as to create shared meaning and understanding of current events and future possibilities Encourages action toward the vision; rewards changes
O Organizational Knowledge and Capabilities	<ul style="list-style-type: none"> Organizations need to be self-renewing; the ability to reinvent themselves comes from taking in and applying new information The knowledge base of an organization needs to be widely distributed Knowledge that is shared and utilized increases individual, team, and organizational efficiency and effectiveness Open, trust-based environments are the foundation for shared learning 	<ul style="list-style-type: none"> Challenges the processes; finds innovative new ways to get things done; encourages calculated risk-taking; innovative and creative thinking Brings new information and new ways of thinking into the organization Encourages collaboration among work groups and sharing useable knowledge and best practices; eliminates barriers Establishes vehicles to capture and transmit organizational knowledge
I Individual Learning	<ul style="list-style-type: none"> Learning is a priority and key to the future success of the organization People are appreciating assets who grow more valuable with knowledge and experience People with multiple skills enhance the organization People want/need to grow and develop and they never stop having the potential 	<ul style="list-style-type: none"> Self-knowledge; understands own moods, emotions, drives Acts on commitment to personal growth and learning; has a learning stance Develops others to become self-reliant achievers Provides learning opportunities throughout the organization; builds cross-training programs; encourages multiple, broad-based learning opportunities
R Relentless Focus on Results	<ul style="list-style-type: none"> Relentless search for better ways; a sense of urgency Ultimately, results are defined by customers People are the only sustainable strategic competitive advantage Achievement orientation 	<ul style="list-style-type: none"> Sets high standards and holds self and others accountable Celebrates accomplishments and victories; recognizes contributions Makes good business decisions Constantly scans the environment: customer, industry, market issues and needs, current events, politics
E Energizing Systems and Structures	<ul style="list-style-type: none"> Systems and structures must align with personal and organizational goals Ineffective systems and structures can cause conflict between people with good intentions. Looking from the strategic, big-picture perspective, sees interdependencies (systems thinking) Awareness of importance of polarities: e.g., balance in action and thinking, in caution and risk, in personal and worklife. Driven by a desire for service; not to build own ego or gain power 	<ul style="list-style-type: none"> Sees issues from a big-picture perspective and helps others see strategic implications Balances actions: personal life and worklife; bias for action and strategic thinking Creates structures and practices that are aligned with the vision and drive desired results Continually examines and adapts systems, structures, and processes in response to change or when getting poor results
S Shared Power and High Involvement	<ul style="list-style-type: none"> Holding power closely diminishes self and others; it is not a fixed pie—when shared, the pie gets bigger and everyone feels more powerful Belief in the collective wisdom—involvement leads to higher quality decisions People have a right to be involved in decisions that affect their lives 	<ul style="list-style-type: none"> Acts from a center of self power; personal mastery; establishes presence Shares power; enables others to act Encourages multiple points of view Develops and uses teams; fosters collaboration

Leadership Skills: Areas of Mastery

After identifying core leader beliefs and attitudes for each of the HPO characteristics, and the behaviors that flow from them at each of the three levels of leader functioning, we identified the following six leadership areas of mastery. These areas of mastery describe skill sets that cut across all of the HPO elements. These areas of mastery, or skill sets, allow leaders with the value-based beliefs we identified to demonstrate the behaviors we identified. They are requisite for functioning in each of the HPO characteristics even though some may appear to be associated primarily with just one (e.g., Shared Power and High Involvement and harness and use power for the collective good).

Value-based leaders have the ability to:

1. Authentically communicate Communication is the transmission of meaning and the exchange of information. Leaders must be able to communicate effectively at the intra-personal, interpersonal and organizational levels. We use the term authentic because leaders and the information they communicate need to be and be seen as genuine in order to foster trust and enable effective decision making. Leaders need to be able to foster authentic communication flows and processing between individuals, teams and units and with its organizational environment. The ability to communicate authentically implies that the leader has self-awareness and self-knowledge that allows him or her to be intentionally authentic. It also implies that the leader is able to understand the needs, drives and desires of others. This allows him or her to be truly empathic and also to articulate a vision that resonates with their hopes and dreams. Key skill sets include:

- Self-awareness the ability to recognize and understand your moods, emotions and drives, as well as their effect on others
- Authentic expression sharing personal and organizational information
- Personally seeking and giving feedback
- Encouraging self-expression of others
- Enabling feedback at the interpersonal and organizational levels
- Authentic listening appreciating and listening to the voice of others
- Presentation skills
- Writing skills
- Creating shared meaning
- Interpreting events so that people are energized and so they see how they act on the information
- Communicating a vision that resonates with the hopes and dreams of those involved and shows them how they can act on it

2. Identify developmental needs and flexibly respond in ways that foster growth
 There is potential for learning and growth at the individual, team and organizational levels. Value-based leaders foster learning and growth for self and others individually, for teams and for the organization (organization learning focuses on how organizations acquire knowledge, embeds this knowledge in the organization and uses it to impact performance). Leaders need to be able to assess when skills and knowledge at any of these levels fails to meet the demands of their respective environments and respond in ways that foster growth. Key skill sets include:
 - Diagnostic skills understanding the needs of people, teams and organizations
 - Empathy the ability to understand the emotional makeup of other people
 - Skill in treating people according to their emotional reactions
 - The ability to provide the combination of direction and support that meets individual, team, or organizational needs, group and interpersonal dynamics
 - The ability to provide a variety of leadership styles as needed
 - Proficiency in managing relationships and building networks
 - An ability to find common ground and build rapport
 - Catching people doing things right
 - Celebrating successes; cheering others on

3. Understand and use multiple perspectives the ability to understand and consider multiple perspectives allows for creative and innovative thinking. It also allows the value-based leader to use diversity as a strategic advantage. The value-based leader understands that his or her view is not necessarily always the best view as proactively seeks other ways of seeing things. The value-based leader is willing to challenge processes and the current ways of doing things. Their motto is If its not broken, fix it anyway and make it better. They are impatient with the status quo and constantly searching for a better way of doing things. And they appreciate and nurture this quality in others. Key skill sets include:
 - Systems thinking
 - Understanding how to mobilize diversity
 - Creativity
 - Break-through thinking

4. Harness and use power for the collective good Power is literally the release of energy. The ability to tap into sources of power and to release the energy to cause change in attitudes, beliefs, values or behaviors at the individual, team or organizational levels is at the core of value-based leadership. (Where power is the capacity to cause such change, influence is the degree of actual change in attitudes, beliefs, values or behaviors as a result of influence tactics). Value-based leaders have developed a variety of bases of power and the knowledge and skills (influence tactics) to use them. They understand and feel an internal sense of personal power. They

believe they have the power to accomplish their goals because they feel that power. They are also good at helping others tap into their own personal power. Harnessing all this power *for the collective good* is what differentiates value-based leaders from some other types of leaders. Since power is focused on changing others in some way, it must be in ways that adds to, not diminishes them. When this happens, it nurtures the long-term viability of the organization. Key skill sets include:

- Understanding own internal sources of power; a connection with their essence, their character beneath their persona
 - The ability to control or redirect disruptive impulses and moods; and the propensity to suspend judgment to think before acting
 - The ability to help others find their internal sources of power
 - The ability to engineer systems, structures and processes that are empowering and enable others to act
5. Understand and use effective change principles Given the nature of our rapidly changing world it is essential that leaders continually change themselves and their organizations to meet the changing demands of their environments. Many large-scale change efforts do not achieve their objectives and incur considerable human pain in the process. Change is seldom easy, but it can be facilitated in ways that are successful in organizational and human terms. Value-based leaders are able to anticipate and flexibly adapt to change. Key skill sets include knowledge and understanding of the principles of transformational organizational change, strategic thinking, collaborative visioning, impression management, scenario thinking, and coalition building.
6. Understand the work of the organization and maintain its viability This leader area of mastery encompasses what is called in the private sector understanding the business. It includes knowing its customers and markets, how it sustains financial viability, how to use and manage its performance management systems and processes and how to ensure future viability. At a personal level it means taking care of oneself and creating a balanced life. It means understanding how to plan for ones future financially. It means creating a support fabric for ones family. It means ensuring the ongoing viability of ones own life and the lives of others, as well as the organizations. Key skill sets include finance and budgeting, marketing and sales, performance management, strategic and tactical planning, budgeting, and goal-setting.

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