

From Chapter 2 of *Leadership Agility* by Bill Joiner and Stephen Josephs

A LEADERSHIP CHALLENGE

Ed is the new CEO of Overmyer AMT. During the nineties, the company was an industry leader in designing and installing advanced technology used in manufacturing plants. Cecelia Overmyer, who ran her own publishing company, became board chair of the family business when her father died in an automobile accident. She quickly realized that the company had lost its innovative edge and that the current CEO was a big part of the problem. The search for a new top executive led the company to Ed.

Ed is a bright manager in his mid-forties, well-qualified for the job. He has a bachelor's degree in engineering, an MBA, and many years' experience in the industry. He has a track record of successful assignments and is known for his initiative and his ready grasp of business and technological issues. In his last job, he led a small advanced manufacturing technology firm that made inroads into Overmyer AMT's customer base.

Cecilia Overmyer has given Ed a clear mandate: Restore profitability within two years and reclaim market leadership within three to five years. Overmyer AMT's larger size and its more complex array of products and customers will make this a bigger challenge than the one Ed faced in his previous job. Competition will be fierce, and customer requirements for new advanced manufacturing technologies will continue to change rapidly.

"What we need now," Cecilia tells him, "is real leadership. I'm confident that you're the man for the job." She only hopes that she's right.

A Little Imagination

As you read the three scenarios that follow, we'll ask you to use a little imagination. Taken as a whole, they're a bit like the 1993 movie *Groundhog Day*. In that film, Bill Murray plays Phil, a jaded weatherman who's covering the annual groundhog ceremony in Punxsutawney, Pennsylvania. After a very frustrating day in a town he hates on sight, he wakes up to find himself reliving the day's events all over again. This bizarre time loop recurs morning after morning, until it dawns on Phil that he can learn from his experience. Once he decides to use each day as an opportunity to change his life, he gradually transforms himself. In the end, with a few basic quirks still intact, he becomes a happier, wiser, and more compassionate person, open to the wonder and uncertainty of life.

Reading the three scenarios will be a little like watching Phil gradually transform as he repeats the "same" day. Each new scenario will show the same person (Ed) responding to the same leadership challenge. The only difference is that, for each successive scenario, we imagine that Ed has developed to the next level of leadership agility. Throughout all the scenarios, Ed will remain exactly the same age and have the same IQ and personality type.

Assessing Your Level of Leadership Agility

As you read about “the three Eds,” ask yourself which scenario best describes the way you would respond to a similar kind of leadership challenge. This will allow you to make an initial assessment of your current level of leadership agility. Reading the scenario that follows the one with which you most identify will show you what it’d be like to move to the next level.

If you’re like the vast majority of managers, you have one agility level that represents your home base—a way of operating you gravitate to again and again throughout your day. But your agility level can also vary somewhat over the day. For example, you might function mostly at the Achiever level, sometimes at the Expert level, and occasionally shift into the Catalyst level.

Each scenario shows how a leader at a particular agility level would typically lead an organization, build a team, and conduct pivotal conversations. In reading these scenarios, notice whether your own level of agility tends to change as you move in and out of these three action arenas. For example, you might identify with the Achiever level of team and organizational leadership, but when it comes to pivotal conversations, you might identify more with the Expert.

Here are a few more details to set the stage: You and Ed are friends but you don’t see each other that often. Seven months into his new role as CEO, he invites you to dinner to catch up on things. Each scenario will take the form of a brief, informal conversation. Each time, you’ll ask Ed the same questions about how things are going at work.

The first evening, you’ll talk with Ed1, who’s spent the last seven months leading at the Expert level. When that conversation is over, you’ll take a few moments to reflect on it. Then the next evening at the same table, you’ll talk with Ed2, who’s just spent seven months operating at the Achiever level. You’ll continue this way until you’ve talked with all three Eds. One more thing: You can remember each conversation, but in these scenarios, Ed can only recall his current agility level.

Here we go . . .

ED1: THE EXPERT

YOU: Well, Ed, you’ve been at it for seven months. How’s it going?

ED1: You know that expression, when you’re up to your butt in alligators, it’s hard to remember you’re there to drain the swamp? Well, this place is full of alligators. It’s a tough job, but it’s the kind of pressure I thrive on—having to use my industry know-how to fix a business. I’m a quick study, and I like solving problems. Wind me up and I drill down, figure out the problems, and come up with the right solutions. The fact is, I’ve got a damned good track record with this kind of thing.

YOU: How did you get started?

ED1: I went right away after the information I needed to wrap my head around the business. I met with each of my directs, but I concentrated on the main functions—R&D, Manufacturing, and Sales and Marketing. I studied reports—got up to speed on sales projections, financials, manufacturing efficiencies, and the product development pipeline. I kept in shape lugging two briefcases stuffed with reports back and forth between home and the office!

I have to admit, though, we have so many different products for so many different kinds of customers, this business is a little more complex than I'd expected. The learning curve's been a real bear and I haven't climbed it quite as fast as I thought I would.

But it didn't take me long to figure out some obvious things that needed to be done. I got R&D to accelerate development on a couple of products that could really be big for us, and I got Sales and Marketing to support faster launches. I told my Manufacturing VP he needed to cut costs for the year by 15 percent, and I showed him a few specific budget items to prune. Looking toward improving next year, I told my R&D VP and my Sales and Marketing VP to work with me on a profitability analysis of all our products. Also, I told my VP of Finance to start getting me the monthly numbers on time. I gave him a new way to format the data to make it easier for me to analyze our costs.

YOU: What's it been like working with your executive team?

ED1: I get more real work done with my directs when I meet with them one-on-one. Getting everybody together on a regular schedule, whether we need to or not, just isn't productive. Don't get me wrong. If we need a group meeting, I call one, but I use those meetings mainly to keep everybody informed about my latest thinking and review progress. I usually start with Sales and Marketing, then focus on Manufacturing, then R&D.

By and large, though, group meetings usually don't get you that much. People tend to hold back. When you do progress reviews, people focus more on making a good impression than on getting down to the real facts. Everybody else sits back and looks like they don't want to be there. I've tried all the usual techniques to get people engaged—forceful arguments, provocative questions. I've even tried to get them to debate issues. But I usually leave thinking, "No wonder this place is in trouble. Everyone just sits back and plays it safe."

To be honest, I'm frustrated. My VPs don't seem to share my sense of urgency. I'm also not sure we have all the right people in the top few levels of management. But I don't think this is the time to shake things up with a lot of personnel changes. Right now what I need to focus on is getting this business back on track and under control.

YOU: Have you had any conversations so far that have been especially challenging? ED1: What pops to mind— Last week, my HR VP asked if she could talk to me about company morale. I said OK, and she started talking about this meeting I'd just held with the group that runs R&D. Apparently, some people were offended by some of the

comments I made about how to run a first-class new product development process. Something about my cutting people off when they reacted to what I was saying. Well, I had to stop her right there, because the real problem was that they were defending business-as-usual. I've gotta say, I was pretty disappointed to see how closed-minded they were to new ideas. I mean, why did Cecilia Overmyer hire me in the first place? Because in my old job I was taking market share away from this company! I just wish more people here shared my passion for making this a first-class operation. Sometimes I wish I could clone myself.

After you and Ed1 go your separate ways, you reflect on what he said. He expressed a lot of pride in his knowledge and expertise. But you get the distinct impression that he's focusing on issues in so much detail, he's getting overwhelmed by the complexity of the business. You wonder how much the executive team's passive stance is a business-as-usual mind-set and how much it has to do with Ed1's behavior. Finally, there was that conversation with his HR VP, where he cut her off just as he did with the R&D managers. You know he's always been successful in the past, but you can't help but wonder how things will work out this time.

ED2: THE ACHIEVER

YOU: Well, Ed, you've been at it for seven months. How's it going?

ED2: It's moving forward. The big challenge is shifting people's mind-sets. This place has an interesting history. In his own time, Cecilia Overmyer's father was a pretty innovative guy. During the nineties this company was a real industry leader. But they fell into the success syndrome mentality. You know, everything's working, you have a lot of pride in what you do, and you just keep doing it. Pretty soon, you lose your external focus, you miss changes in the marketplace, then competitors start to eat your lunch. That's the basic problem here. I'm working on getting everyone's head back into the marketplace, thinking further out and looking at things from the customer's point of view.

YOU: How did you get started?

ED2: For the first six weeks or so, I mainly just took a lot in. Got to know the executive team, did skip-level interviews, talked with current customers and ones we'd lost, walked around the factory, and generally made myself visible. Even did a town meeting. I think leadership has a lot to do with the personal qualities you bring to your mission, that ability to challenge and inspire others to go beyond what they think is possible.

I know the industry quite well. The company's biggest strategic problem is that it's lost its innovative edge. In this industry new technologies quickly become commodities, so we need to re-ignite Overmyer's tradition of innovative leadership. We need to revamp our new product development process and some of our other business processes so we can be more responsive to our customers. From a strategic point of view, we also need to deal with commodification by improving and expanding the services we offer.

The other thing I did at the outset was look at our people. Having the right strategy and infrastructure is essential, but to execute, you've gotta have the right people.

YOU: What's it been like working with your executive team?

ED2: We usually meet once a week, unless something major comes up. I start by doing updates and sharing important information, but I try to reserve most of the time for group discussion of important topics, either strategic or operational. I know I need to motivate them to focus more externally, so in every meeting I try to introduce at least one agenda item that stretches them in that direction. For example, I instituted a more meaningful customer survey process, and I make sure we talk at the executive level about results and implications.

Several months after I got here, I started a strategic planning exercise, and that's worked really well. Nothing too detailed or ponderous. I used it mainly to make sure my team and their directs are all working off the same data. Even more important, we're driving for the same outcomes. By having them work on *how* we're going to achieve Cecilia's mandate, I got them to buy into the mandate itself! Not only that, I got them to sign off on some new strategies that really worked for me in my last job.

I can't say that it's all been smooth sailing, though. I don't think everyone's going to be up to the challenge in front of us. One guy in particular I got very concerned about—Ray, my VP of Manufacturing. I could tell he hadn't really bought in to the need to change, that he was just going through the motions. A few others in the top ranks are question marks right now. But Ray's performance really stuck out like a sore thumb, so I knew I had to deal with it.

YOU: Have you had any conversations so far that have been especially challenging?

ED2: The meeting I had last week with Ray. These discussions are never easy, but I know from experience that if you avoid acting on major performance issues you can be sorry later. I had a number of conversations with Ray, starting early on. Before long, I was telling him what he needed to do if he was going to stay with us. I asked our HR VP to help me be sure I was handling this the right way. She was actually very helpful.

The previous VP of Manufacturing was a guy named Dan. When Cecilia's father went from being CEO and chairman to just being chairman, he promoted Dan to CEO, and Dan tapped Ray to take over Manufacturing. Unfortunately, Ray got promoted to a level over his head. He was hanging on, doing the old turtle routine, keeping his head in his shell and hoping no one would find out.

It finally came down to this: I realized I wasn't going to achieve Cecilia's mandate with Ray in that role. Last week, I finally told him he had to move on. We got him a good package, and I'm probably going to replace him from outside. We may need to let a few other people go as well.

Afterward, comparing this conversation to the one before it, it strikes you that Ed2's approach is quite different from Ed1's. While Ed1 focused mainly on discrete problems, Ed2 is more outcome-oriented. His top priority is achieving Cecilia's mandate. Whereas Ed1 seemed to lead primarily by giving orders, Ed2 wants to motivate people to adopt a strategic mind-set that's more focused on customers and marketplace dynamics. Ed2 also seems more prepared for the give-and-take of tough conversations: Unlike Ed1, he initiates discussion about major performance issues, and he accepts feedback and advice from his VP of Human Resources.

Then a few questions come to mind: Are his VPs really as supportive of his objectives and strategies as he thinks they are? Will the strategies that worked so well for his previous company be on target for the new one? What about the managers at the next level, which include people managing the company's overseas offices? Is Ed2 placing his VPs in a situation where they'll wind up getting things done by giving Ed1-style orders to their organizations?

ED3: THE CATALYST

YOU: Well, Ed, you've been at it for seven months. How's it going?

ED3: It's quite a challenge, but I'm excited about where we're going! Overmyer AMT definitely lost its edge after Cecilia's father stepped out of the CEO role, but I've always respected this company's tradition of excellence and innovation. In the martial arts, they say you need to aim right through and beyond your target. That's what I want to do with Cecilia's mandate. I envision a company that will not only regain its status as industry leader but also become a benchmark for other industries—a participative, high-performing organization that's a great place to work. To do that, people need to learn to lead and manage this place in new ways. It's going to be challenging for everyone, but I think the great majority will be able to rise to the occasion.

YOU: How did you get started?

ED3: I got to know people at the top levels, but I also walked around a lot and started following some of the social networks. I sought out the innovators, learned what they're doing, and gave them some encouragement. I also met with key customers, including some former customers, and I've asked my VPs and their people to do the same. Then we talked about what we learned.

A couple of months in, I had a two-day off-site with my directs and their directs, a good-sized group that included our top overseas managers. To help design and facilitate the meeting, I brought in a facilitator I worked with in my previous job. I started by saying a few things about myself and my respect for this company and its people. I said I'd been in their place a few times before when a new leader came in, and I could easily imagine the questions they might have about the company's plans and their own future. I reiterated our mandate to achieve profitability and industry leadership, and I said, "To achieve these objectives, we need everyone to contribute their best work and

their best ideas. That's what's going to secure your job and mine, starting right here in this meeting."

Then I said that, these days, sustaining industry leadership takes more than innovative know-how and a can-do attitude. If you look out across different industries, I believe that the best companies are those that intentionally set out to establish an organizational culture based on participation, mutual respect, and straight talk—and that's what I intend for us to do, starting with this meeting. Of course, that kind of talk makes people nervous, because they're not used to managing or being managed that way. But I got right into it by asking for questions. A few brave souls spoke up, and we were off and running. It was a hugely productive two days. We only touched the tip of the iceberg, but our facilitator captured everything in writing, and it really opened things up.

YOU: What's it been like working with your executive team?

ED3: In many ways it's like a laboratory. I'm trying to develop an executive team that can be the prototype of a participative culture, which they can then disseminate to the rest of the organization. This is so important that I try to spend two hours a week with the team engaging in important strategic and operational issues. They know I make the final decisions, but they have a lot of influence. I may put my ideas on the table and ask for their critique, or I may just throw out a topic and let them go at it for a while. They may have fallen asleep at the wheel before I got here, but they know a lot about this company. Sometimes I wind up changing my mind, and sometimes I don't. But the main thing is that they see I can be influenced by their ideas, and they know it's not just a game to get their buy-in. I've already made some better decisions with their input than I would've made on my own. Not only that, it creates an environment where anyone can step in and exert constructive leadership. It also models what they can do with their teams.

Another vehicle I'm using is the strategic planning process. In addition to the usual process with the executive team, with their people playing supporting roles, I said I wanted to set up a way to get meaningful input from a cross-section of people at all levels. Not just as a feel-good thing, but because I think people at all levels can come up with interesting ideas—strategic as well as operational—that can be really useful.

The team batted the idea around a while, then dove in. A few weeks ago, we started a series of focus groups to capture ideas from a broad cross-section of employees. We also tasked a couple of groups to get ideas from outside stakeholders. This process is generating a lot of positive energy, which we really need right now, and I know from past experience that we'll get some ideas that will really make us think. When my VPs see what this generates, I think it's going to help change the way they lead their own organizations. That's the first step toward creating a new culture.

We also need to reexamine our core business processes, especially product development. We've also got some huge opportunities to make our manufacturing

processes more efficient and more environmentally responsible at the same time. Lots of cost savings possible there.

YOU: Have you had any conversations so far that have been especially challenging?

ED3: I can think of several. I've been coaching some of my VPs. But about three months ago, I asked my executive team for feedback on my leadership approach. After some hemming and hawing, some people actually spoke up! Parts of that discussion were a little difficult, but it was very helpful overall.

The most challenging was a series of meetings with Ray, my VP of Manufacturing. After a couple of months, I saw that we weren't going turn this place around if he stayed in that position. These conversations are always tough, but I finally just told him, very straight, what I'd observed about his attitude and his performance. I checked out a few assumptions I had, asked him how he saw the whole situation, and gave him a lot of room to respond. Pretty soon he opened up and acknowledged that he was over his head trying to manage an organization on an international scale.

After we reached that level of honesty, I said, "If you could invent any job you wanted, what would it be?" Turns out that Ray loves being a plant manager. After I talked it over with other key players, I concluded that he'd be a great asset back in a plant manager role. He said he'd love to do that, even with the pay cut. I won't go into detail about it's all going to work, but it's opened the door to several other important personnel changes.

After you part company with Ed3, you reflect on the differences between this conversation and the previous one. Ed3 has a more ambitious vision that involves creating a company that not only is an industry leader but also has a model organizational culture. In fact, in just seven months, he's already doing things to shift the culture in that direction: that first three-level meeting, the way he's leading his management team, and the strategic thinking process he and his team have instituted. This participative approach might go a long way toward addressing the commitment and execution questions you had after your dinner with Ed2.

The other thing that strikes you is the difference between how Ed2 and Ed3 dealt with the VP of Manufacturing. Both confronted the issue, but when Ed3 got Ray to open up, it led to a more creative solution. Actually, Ed3's whole approach sounds pretty good. You just wonder how he'll handle the tension that might develop between the people who commit themselves to the transformation he's starting and those who'd rather continue with business as usual.

