



The Renewable LeaderSM How To Lead Effectively in Fast-Changing Times

We are in a transformation of leadership that is rare in any part of human history.

Call it change.

Call it innovation.

Call it becoming more agile and flexible.

Whatever you call it, the call to action in business today is for leaders to guide their organization and teams to make decisions and adapt to external change **FASTER** than the competition.

It's only getting tougher.

All the models and theories you have learned are only as good as what you **DO** to create a team or a business that can consistently renew itself on a daily basis.

Which depends on your ability to renew yourself.

Read on.

Trust drives everything.
It is **THE** primary renewable resource.

Introduction

As globalization and the internet have radically transformed the playing field of business, the forces pulling on executives have increased in both intensity and speed. Short-term profit or long term vision? Customer responsive or “build it and they will come”? Employee satisfaction or demands for performance?

Leadership today is not about “having the right answer” to these seemingly “opposing forces.” It is about building teams who make better and faster choices within them. Executives who can do this well are desperately needed in business today. Why? People are hungry for leaders who create economic value AND value in life quality, relationships, and meaning. Perhaps these are “soft” ideas for hard-nosed business leaders who feel accountable mainly to shareholders or Boards. If your world view is that your people are mainly a capital asset whose energy is there to be harnessed for profit (like machinery and buildings), then the concepts presented in this article will not be of interest to you.

But if you are reading this, we believe you understand that the essential work of our time is to build organizations that are more capable of embracing change as a friend, not an enemy. To align passionate people toward a clear vision. To give people a reason to commit to a cause. To provide tools to be disciplined, as well as permission to learn and to “fail.” Doing this well is not natural for many leaders. And, it is our belief it is the greatest work a leader can do.

If you take this on, you will build a team and an enterprise that everyone is proud to be a part of, and you will have more success than you could have imagined in your wildest dreams.

We call this work “Renewable Leadership.” Similar to the renewable energy movement, it is a cultural

change that will shift mindsets to simpler and more effective methods for planning, structuring, and creating collaborative work environments. It will create new sources of growth and renewal for two types of organizations: (1) Those struggling with diminishing returns and need to shift old paradigms of thinking and acting; or (2) Those where growth is rapid, and the business will move faster with strong collaboration and faster decision making.

This Jackson & Schmidt white paper describes:

- A definition of Renewable Leadership
- How Renewable Leadership drives ROI and performance.
- Three major activities that are the engine of adaptable organizations, how they get off-track, and what to do to successfully support each.
- Six strategies for building a stronger capacity to adapt more quickly.

Defining “The Renewable Leader”

“Renewable” is defined by the American Heritage Dictionary as:

renewable: *adj.* 1. inexhaustible.
2. replaceable by new growth.

Our definition of a Renewable Leader is “One who enacts strategic advantage by building people and teams who are friendly to change, who adapt quickly and appropriately to opportunity and crisis.”

The first step in becoming a Renewable Leader is to be clear about the choices you are making – by design or default – in response to the increasing speed and pressures of the external world. There are three major ways executives guide their organizations:

- React to what happens. When faced with the need to change, determine a course of action. In nature, an animal

A Renewable Leader enacts strategic advantage by building people and teams who are friendly to change, who adapt quickly and appropriately to opportunity and crisis.”

runs from a threat or stands its ground to fight.

- Anticipate in advance “what if” and “what could” happen, and plan how to best respond to those possible scenarios. In nature, mankind is uniquely gifted with a sophisticated ability for self-reflection, innovation, and course-correction.
- Build an ongoing capacity to become change-friendly. First, within yourself. Second, within your executive team. Third, across your business. Consistently drive practices that create resiliency and trust, versus rigidity and cynicism. Teach people to respond effectively to whatever happens – including bad news. This choice includes anticipating, planning and quick responses. In nature, this is known as “survival of the fittest.” Remember it starts within yourself (which is easier than you think).

Of course, there is always the “bury your head in the sand” choice – which we don’t discuss here. Those leaders and companies won’t be around long, and aren’t reading this article!

The vast majority of attention in the business world today is spent on Reacting. Most leaders see change as something to be managed or imposed on people. Change is negative, paired with words like “resistance” or “diminishing returns.” Changes in business are treated as “programmatic” and stand-alone efforts to get people to implement a new system or technology. In spite of the increasing recognition of the need and investment in change-friendly, adaptive practices in the workplace, most organizations still operate with mindsets that assume the world is static.

Change IS the natural order. When you develop a friendly and powerful relationship with it, life gets easier. If you are open to new ways to create strong competitive advantage in your market, you have the seeds of “renewable leadership.” You see assumptions and systems that don’t work anymore as an opportunity, not a

fault. You foster a culture that can collaborate and make decisions more rapidly. You don’t treat resistance as something to overcome, but as a sign people just haven’t yet seen the benefit of the new way.

Building the capacity to adapt continuously and quickly is the work of Renewable Leadership.

The Renewable Leader stands apart in three ways:

1. A Renewable Leader understands that **trust** is the energy that drives aligned activity. Metaphorically it’s like the Sun in our solar system: Trust drives everything. It is THE primary renewable resource. We also trust the sun will rise and set on schedule, providing the right amount of light and heat, for eternity (for all practical purposes). The Sun is so powerful that even the very small amount that falls on Earth sustains all life (only 0.00000002% of the total Sun’s energy reaches the Earth).
2. Renewable leaders balance the **tension of opposites**. Like the Earth receiving the light of the Sun, only one side is covered in light and heat at a time. The other is dark. Renewable Leaders always see both sides. They understand the contradictory demands of life and the business world are natural dynamics, and must be balanced appropriately. They work Inside-Out: Balancing self-awareness and self-examination, with the effort to help their team and organization adapt more quickly. They don’t ask their people to do anything they haven’t been willing to do.
3. Renewable leaders **grow other leaders**. They balance their own growth with the growth of others. They use their own energy to generate new sources of energy in the form of new leaders.

In spite of the increasing recognition of the need and investment in change-friendly, adaptive practices in the workplace, most organizations still operate with mindsets that assume the world is static.

They believe their legacy is expressed less by the great deeds they do, and more through the deeds they inspire others to do. For a Renewable Leader, every moment becomes a learning opportunity to expand the leadership capacity within the business, whether people hold the title or not.

The Renewable Leader simplifies this process for their teams and organizations, through mastery of the Inside-Out process: The more they are tuned in with their internal vision, purpose, and strengths, the more they make appropriate demands in the external world. All actions are taken in terms of whether they build trust. They do not hold to the past, to power, or to old ideas. They are always considering how to move into the future from the present. They do not overreact or over-correct to bad news. They are steady toward a vision, and alert to how their teams and organizations can balance opposing forces in a way that continuously renews the trust factor – the primary resource for growth.

The ROI of Renewable Leadership

In his classic research project at Harvard University, John Kotter's book "Culture and Performance" reported the following definition of adaptive organizations:

"A risk-taking, trusting, and proactive approach to organizational as well as individual life. Members actively support one another's efforts to identify all problems and implement workable solutions, and

there is a strong receptivity to change and innovation."

Kotter's research to compare adaptive and non-adaptive organizations was extensive. He found that adaptive companies outperformed their competition in irrefutable and remarkable ways.

You already believe that investing in building adaptive companies creates more value, but in case you need to convince someone, this is your proof. In spite of the growing recognition of this truth, research suggests many companies are missing the mark in how they are going about it. The Gallup organization's recent research of 3 million people (across small and large companies) shows that 66% of the American workforce (including managers) are actively disengaged or "biding their time" at work.

WHAT IS THIS COSTING YOUR BUSINESS?

Let's take a deeper look at how a Renewable Leader can enact these three choices in their business.

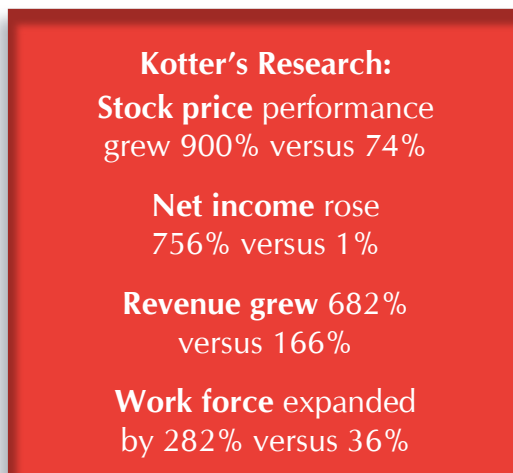
1. Radiating Trust

Just as the Sun is radiating the source of life on Earth, the leader must radiate trust across his team and organization.

The first practice of adaptable organizations lives in their ability to foster environments of high-trust. The Renewable Leader considers everything he or she does in terms of whether it builds or erodes trust.

We know that every leader wants to foster trust and tries to act accordingly. While there is a lot of talk about "greed" and "self-serving" leadership in today's media, you are not one of those people, or you wouldn't be reading this article. You have good reasons for the decisions you make and the actions you take.

However, we also know from our experience working with hundreds of executives, that sometimes they are not as good as they could be about letting



Kotter's Research:
Stock price performance
grew 900% versus 74%

Net income rose
756% versus 1%

Revenue grew 682%
versus 166%

Work force expanded
by 282% versus 36%

people know what they decide, and why. Trust is built when leaders take the time to explain decisions, how they link to the vision and strategy, and ensure everyone understands them. The term “flavor of the month” is a sign this has not been done well. If people in your organization don’t see the connection between what they are being asked to do and the bigger picture, they always feel like they are beginning something new. This ONE SIMPLE DYNAMIC unwittingly erodes trust -- even though it is not the intention. And, it is very simple to fix.

One concrete sign of a high-trust organization is how well decision rights are operating. When everyone is clear about who has the authority to make which decisions AND people honor those boundaries, you typically have high trust. When you do not agree in high-trust environments, the stakeholders will have a candid conversation about it and trust that all input will bear on the decision maker’s final call. This is very different than the one in which a senior leader tells someone to make the decision, and then overrules that decision because he or she does not agree with it. Or, when a colleague says “Yes, I will support you” in a public forum in which an important initiative is launched, but when the pushback comes from down the line, the “support” never materializes.

We worked with a CEO of an organization who said that decision rights was the single most important conversation his team has had over the past 2 years. It has taken that long to build enough trust where the team knew he would not meddle in their territory, and they could trust one another that the person making the decision would do so with collaboration from the team, and in the end, the decision would be one that served the enterprise.

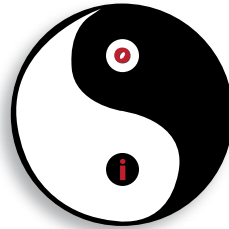
2. Balancing the Tension of Opposites

Executives and their teams are increasingly struggling to balance the seeming tension between “either-or” opposing forces:

- Short-term and long-term focus.
- Increase quality and lower costs.

- Improve speed and accuracy.
- Be adaptable and be consistent.
- Secure individual engagement and hold fast to a larger company vision.
- Balance the competing needs of employees and customers and stockholders.
- Tell the truth and build trust.

A Renewable Leader holds a belief that you must work on all of it, all at once. Adaptable organizations have figured out how to do this simply and well. One way to understand the simplicity of this idea is by looking at the ancient Chinese principle of “Yin and Yang” – a powerful metaphor for balance.



Yin and Yang represents opposing yet complementary aspects of a phenomenon, which together make something complete. Night is distinguished by the presence of day – together they comprise a 24-hour period. Hot is distinguished by the presence of cold. And so on.

When you see opposites as part of a whole, rather than separate tensions pulling on your time and resources, you have the secret to balance. In nature, this is both encoded and gradual (sunset and sunrise are not on-off switches). In business, it is often hard to see when it’s time to swing toward a new phase, and how to best guide the transition. When there is over-focus on one side, and leaders try to instantly swing the pendulum to the other side, the response is not often as quick as leaders would like.

One tangible sign of an adaptable organization is how effectively short-term decisions visibly connect

“Clarifying decision rights was the single most important conversation with my executive team over the past two years.”

–Mark VanTine, CEO, Jeppesen (Boeing subsidiary)

to and support the long-term growth and health of the enterprise.

Let's take an example. About three years ago, the pendulum swung from efficiency and cost-driving, towards innovation. But few organizations cross-trained sufficiently to be flexible AND strong during the years of focusing primarily on harvesting profit. Today, many still do not invest in innovation beyond lip service. Deeply embedded "cost-cutting" mindsets across the business cannot respond to the sudden mandate for innovation. Huge amounts of money are being poured into training and systems to support innovation and top-line growth. But these efforts often collapse because they do not address the undertow that pulls against risk-taking and new idea generation. Efforts to drive innovation are too often defined by the same rules as efficiency. This lack of alignment creates greater tension and resistance, versus fluid movement between both sides.

Another example: Entrepreneurs often over-focus on ideas. They have great vision and see opportunity, but perhaps have lacked the discipline of planning. Working in a small business can feel like a "shell-game" of constantly shifting ideas and priorities. Executives react quickly to what is in front of them. But they often overlook planning, structure and project management. As a result, their people are often unsure of which job they're going to perform at work each day. This can be incredibly exciting and dynamic, as well as frustrating for the players. It can diffuse a central mission or purpose with too much unfocused activity.

Toyota is the perfect integration of BOTH innovation and efficiency. In Toyota, a major purpose of innovation IS to be efficient. Toyota IMPLEMENTS over 160 new ideas every hour, 24 hours per day, over the entire year. That results in over one million new ideas each year. They don't take weeks or months to plan or implement. They

try ideas on the spot, and abandon what doesn't work quickly. The result? A market capitalization greater than the total of the next five auto companies combined.

3. Growing Leaders

You already have talent management, succession planning, leadership development. You understand the importance of growing leaders, and are committed to the process.

But are you growing leaders who are friendly toward change? Most leadership development programs have a "change management" module – but that is like taking a class on strength training. It will provide knowledge, but that is not the same thing as doing push-ups.

One important sign of an organization that is building its capacity to embrace change, is how well leaders and individual performers handle the unexpected and the inevitable breakdowns that occur on a day-to-day basis. Can you have productive and truthful conversations about failure and risk? What are the daily practices that get everyone to see new opportunities and create continuous improvement?

Renewable Leaders enact the belief that "change is good" in daily actions across their scope of influence. They accept that profit and growth are the outcomes, but rather than obsess about it, they concern themselves with the activities upstream that lead to it. That opens the door to seeing opportunity around every corner. Their mindset about change melts fear and resistance – the cause of overwhelm and burnout – and people get more done. Problem-solving is not "loaded" with blame and finger-pointing. This type of leadership frees up huge amounts of energy and creativity. Leaders who enact this systematic mindset into concrete daily action, watch the money flow and the P&L grow.

The Renewable Leadership strategies are Inside-Out: As you grow in your commitment to practicing these strategies within yourself, your teams and your organization will increasingly succeed at them.

Renewable Leadership Strategies

If you are still reading, by now you must be asking “OK, I get it. How do I do it? What is the process by which I can build a stronger capacity for my organization to adapt more quickly and easily to change?”

We have outlined six practical strategies that describe how Renewable Leaders create adaptable organizations. These strategies have been honed and proven over two decades of experience working with leaders of companies across all sizes and industries – from Fortune 10 to family-owned companies.

These strategies are Inside-Out: As you grow in your commitment to practicing these strategies within yourself, your teams and your organization will increasingly succeed at them.

They are described briefly below. At the end, we offer an option for you to learn how to implement these strategies more completely in your life and business.

Strategy One: Establish Urgency.

“It’s Comfy Here, Why Move?” Leaders need to give people a clear and strong answer to the question WHY. Why this, why now? Too often, they skip this step. It is a fundamental reason change efforts fail to accelerate, due to the “gravity” of existing mindsets and assumptions, mistrust, and apathy.

Strategy Two: Clarify Direction.

“Where Are We Going?” In the largest sense, this means having a clear vision. In a more granular sense, it is clear goals and objectives. It’s not enough to define it. The real work is to create a great story that can be conveyed in a clear, concise, compelling manner.

Strategy Three: Boost Attention.

“Is It Real?” Sponsorship and decision rights must be clear and visible. Executives need to spend more time working with their peers across silos to ensure



organization-wide initiatives gain sufficient velocity to overcome resistance and smooth the way for translating our ideas into reality.

Strategy Four: Drive Commitment.

“Why Should I Care?” For people to care about something, they need to participate in meaningful, ongoing, two-way dialogue at the project teams level. This is not a one-event road show. Discussions need to be future-oriented, about the impact and implications of the current decisions and priorities. This discipline builds the capacity for continuous improvement and change.

Strategy Five: Align Action.

“Hit the Throttle!” To create high performance, you must create a stronger bias for action in organizations. There’s simply too much “talk,” too many unkept “promises,” and too many meetings that don’t have an actionable purpose. This diminishes both energy and trust. Managers and employees need a regular system of one-on-one conversations to re-clarify expectations on a frequent and regular basis. Keeping agreements is a tremendously powerful accelerator of trust.

Strategy Six: Adapt to Feedback.

“Keep Your Focus Outward.” Effective feedback mechanisms are an absolutely critical element of Renewable Leadership. A lot of time and money has been spent on 360’s, accountability and performance management systems. Too often, those investments have not translated into consistent, high-quality conversations that drive quick, meaningful adjustments in behavior.

Committing to becoming a Renewable Leader is an exhilarating process. It is also the road less travelled. Many, many organizations are still operating unwittingly within a dying system of archaic business models and practices, and paying no more than lip service to these ideas.

If you are one of those with courage and vision, we hope you will commit to a process of leading differently, starting today.

WE WISH YOU GODSPEED IN THAT JOURNEY.



Because Your Culture Matters

About Corporate Culture Pros

Lisa Jackson and Gerry Schmidt are corporate culture experts and authors of the book "Transforming Corporate Culture: 9 Natural Truths for Being Fit to Compete." They offer a proven method to teach leaders how to evolve their corporate cultures to perform better, innovate faster, and show they truly care about people in an unprecedented era of rapid change and transformation.

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