

Linking Behaviour to Bottom Line Performance

A New Model of Leadership

The relative success or failure of a particular leader is down to a series of complex interactions between the individual, the organisation and relevant external factors. By understanding the relationships between the leader and the underlying context, a model developed by Four Groups called 4G makes it possible to forecast and optimise the impact of a particular individual and the likely outcome of their leadership style.

Leadership is an issue which permeates throughout an organisation and is not only confined to the executive suite. The examples in this article draw on the experiences of a few high profile CEOs whose actions have been widely documented. It is important to remember that similar issues and dynamics affect other individuals within the organisation and are as equally important.

Looking at contemporary leadership, it is possible to see how a changing context, in this case, changing organisation, can lead to significant changes in a leader's performance¹. For instance John Sculley had an extremely successful career with Pepsi and yet his record at Apple was far more patchy, perhaps the biggest mistakes being the departure of company founder Steve Jobs in 1985 and the move to a different technology, PowerPC in the early 1990's. More recently, Carly Fiorina's success at AT&T was not matched at HP, in particular, the merger with Compaq would seem to have been a strategic misjudgement and undermined her ability to lead the combined organisation. What underlines both these leader's mistakes is not that they made poor decisions but that their actions failed to take into account the culture of the organisation.

By way of contrast, Lou Gerstner's

move from American Express to IBM and Carlos Ghosn's career at Renault and Nissan show how, despite a changing context, different leaders experience different outcomes. This then begs the question, what is the relationship between an individual leader and the context in which they work? By understanding this constantly changing dynamic, it should be possible to gain greater insight into the potential and the likelihood of success of a particular individual within a specific time frame.

Similar questions can be asked if we look at examples in which the context, or the organisation remain the same but the leaders themselves change. The fortunes of two former Chief Executives at the supermarket Sainsbury's differ vastly. Peter Davis' record saw the group's market share fall from 2nd to 3rd, while his replacement, Justin King, achieved his target of raising sales by £2.5 billion three

months ahead of schedule. There is a similar story at Marks and Spencer. While Stuart Rose turned the business around between 2004 and 2008, his predecessor, Roger Holmes had a track record that provided a pointed contrast.

Just as with Gerstner and Ghosn before however, we can also find examples which illustrate how things can still work out for the best given the same organisation and a change in leadership. The succession of Jack Welch to Jeffrey Immelt at GE and Lou Gerstner to Sam Palmisano at IBM shows how, with a similar context and a change in leadership, success is still possible.

Another complex issue in the leadership equation is the impact of contrasting styles between a new leader and their predecessor. In particular where there is a considerable gap or difference in personal styles, a period of additional uncertainty is likely to arise.

A New Model of Leadership

Where this is the case, the new leader is likely to face additional scrutiny and comparison and their actions and decisions in the first few weeks will not be judged solely on their own commercial merits but also in relation to the style and manner of the previous leader. In many cases, without some quick results, new leaders can find themselves the victims of their predecessor's legacy.

Table 1 presents a summary of the examples highlighted so far, the relevant background and associated outcomes. The idea is to show how new leadership or a new organisational context has impacted on a specific leader. As above, either the leader joins a new organisation e.g. John Sculley moving from Pepsi to Apple, or an existing organisation gains a new leader, e.g. Sainsbury's losing Peter Davis as chief executive but gaining Justin King.

		Leadership		
		Existing	New	
Organisational Context	Existing	Status quo, no examples given	<i>Sainsburys</i>	
			Peter Davis ✗	
			Justin King ✓	
			<i>Marks and Spencer</i>	
			Roger Holmes ✗	
	Stuart Rose ✓			
	<i>GE</i>			
	Jack Welch ✓			
	Jeffrey Immelt ✓			
	<i>IBM</i>			
Lou Gerstner ✓				
Sam Palmisano ✓				
New	John Sculley Pepsi > Apple ✗	Assumes a 'green field' or startup situation, no examples given		
				Carly Fiorina AT&T > HP ✗
				Lou Gerstner American Express > IBM ✓
				Carlos Ghosn Renault > Nissan ✓

As we can see from table 1, despite changes in both context and leadership, these two factors alone don't guarantee success and there is considerable variability in the eventual outcomes. Over and above this, the table prompts further questions about leadership;

- How to make improvements when leadership and the organisation are relatively steady?
- What is the role of external factors such as market conditions or the actions of competitors?²
- How do we best deal with a new context and a new leader, for example via a merger?
- What is the effect on the organisation of a change in leadership and leadership styles?

Leadership in perspective

While the comparison of leader and context creates more questions than answers, widening the perspective may help us understand more of what drives successful outcomes.

There are a number of different frameworks that help extend our scope and perspective on leadership. Perhaps the most useful in this instance is Wilber's AQAL³. While AQAL is far from beyond criticism⁴, its strength lies in its ability to link together previously disparate themes under almost any topic⁵.

Table 2 on the next page introduces AQAL from a leadership perspective⁶.

A New Model of Leadership

<p>Self Awareness Individual subjective</p> <p>Acceptance Authenticity Awareness</p>	Trust	<p>Relationships Individual objective</p> <p>360 Feedback Leadership Styles Situational Leadership</p>
<p>Team and Group Culture Group subjective</p> <p>Collaboration Group Identity Forming , Norming, Storming</p>		<p>Business & Social System Group objective</p> <p>Business Models Culture Values</p>

In terms of the rationale behind table 2.

- Each quadrant is part of two dimensions, individual/group and subjective/objective⁷
- The quadrants are better seen as permeable membranes rather than fixed boundaries⁸
- There is no right or wrong in the table, but the table attempts to add greater levels of granularity and understanding
- The examples in each of the quadrants are illustrative, one could keep adding different approaches, tools and perspectives ad infinitum
- The concepts and examples in the quadrants are scalable or fractal in nature⁹

Applications

Taking AQAL and applying it to leadership, it is possible to test its assumptions with real life examples¹⁰. In applying the model, our focus is on leaders who have been subject to public setbacks of one sort or another. This is for two reasons. Firstly, if we can identify the underlying reasons behind a leadership problem, there is a chance we can learn from it and prevent it happening again. Secondly, leaders who don't suffer setbacks tend to be put on pedestals and appear to be beyond criticism . Current examples might include

Richard Branson, Jack Welch or Eric Schmidt.

Before testing the model, it is also worth noting that while this group of leaders have been in the public eye, it is a challenge to apply the model in its truest sense because of limited access to the self awareness quadrant and to a lesser degree, the group culture and relationship quadrants. Furthermore, while there isn't scope in this article to explore all of the examples in detail, the information below is encouraging, at least in terms of explaining the out-

comes of a leader's actions. With those caveats stated, table 3 illustrates these examples.

As we can see from the examples, the model offers a pragmatic way of classifying and explaining a variety of different leadership problems. Knowing how to prevent and resolve these problems is what we turn our attention to next.

Resolution and development

In order to improve leadership capabilities and to learn from past events, Four Groups have developed a tool called 4G. 4G helps define and predict the more intangible aspects of an organisation, for example, people's behaviours, their relationships and group culture. By extension, 4G helps people deal with each of the four quadrants in an integrated fashion. While it is beyond the scope of this article to outline all and every aspect of 4G and its applications to leadership, the examples

<p>Self Awareness Individual subjective</p> <p>Carly Fiorina – criticised for 'hollywood' lifestyle Gordon Brown – has difficulty in engaging with public Peter Davis – unfavourable comparisons to Tesco's Terry Leahy</p>	Trust	<p>Relationships Individual objective</p> <p>Barbara Cassani – resignation from Olympics committee after interaction with Tony Blair Carly Fiorina – fell out with Walter Hewlett John Sculley – fell out with Steve Jobs Peter Davis – difficult relationship with Sainsbury family and shareholder unrest with remuneration package</p>
<p>Team and Group Culture Group subjective</p> <p>Carly Fiorina – fell out with HP board Peter Davis – poor customer perceptions of Sainsbury's Patricia Russo & Serge Tchuruk – cultural difficulties with Alcatel-Lucent merger Roger Holmes – lost confidence of M&S board</p>		<p>Business & Social System Group objective</p> <p>John Sculley – product portfolio and marketing became too fragmented Carly Fiorina – disappointing results of HP & Compaq merger Peter Davis – problems with distribution systems Roger Holmes – stagnation of M&S recovery</p>

A New Model of Leadership

below should serve as a useful introduction.

Final thoughts

As illustrated by table 4, there are a number of interventions and examples which can be applied across the four quadrants. By looking at different aspects of leadership through this framework, it is hoped that a more practical and relevant view of the subject has been glimpsed. Likewise, while exploring some of the examples earlier in the article, a comprehensive look at any example in the real world is likely to require more room than this article allows. Such analysis is worthy of something more than the single line of a table!

If nothing else, leadership is complex, multi-faceted and leaders must consider a wide variety of inputs. Self awareness, relationships with other team members, culture and business systems all need to be taken into account for successful leadership to flourish and sustain itself. Mastering this delicate balancing act is far from easy but it is hoped that by taking account of these concepts, overall leadership effectiveness increases.

Table 4	
<p>Self Awareness Individual subjective</p> <p>Various development activities help increase leadership skills and self awareness, self acceptance, integrity and authenticity</p>	<p>Relationships Individual objective</p> <p>Understand how immediate and key relationships work and improve how they function</p>
Trust	
<p>Team and Group Culture Group subjective</p> <p>Understand and predict how different group values and cultures will interact and function within the organisation. By understanding the dynamics behind behaviours, relationships and culture, these issues can be aligned and optimised</p>	<p>Business & Social System Group objective</p> <p>Linking human values to economic values is possible, making their interaction better understood. Knowing how different parts of an organisation will react creates a social system to complement the business system or business model</p>

Four Groups Ltd
5 St. Johns Lane
London
EC1M 4BH, United Kingdom

Tel: +44 (0) 20 7250 4779
Email: contact@fourgroups.com
www.fourgroups.com

Footnotes and references

1. Many thanks to Marc West at the Center for Joyful Business (marc@joyfulbusiness.com) whose input helped shape and inform this article

2. Further to demand and competition, frameworks such as Porter’s Five Forces, Ohmae’s 3C’s and McGahan’s Industry Change all help define the impact of external factors

3. A Theory of Everything: An Integral Vision for Business, Politics, Science and Spirituality, 2000, paperback ed.: ISBN 1-57062-855-6

4. A Critique of Ken Wilber's "AQAL" Philosophy, M.Alan Kazlev, <http://tinyurl.com/6qmccg>

5. In order to remain completely faithful to Wilber’s original work, the quadrants should be named (in clockwise order starting from the top left) I, It, Its, We. It is also worth pointing out that other authors have argued for six quadrants and this view tends to depend on one’s perspective on language and its interpretation. See <http://tinyurl.com/55s52h> for more information

6. The subjective/objective dimension can create a small but subtle distinction. Alternative phrases might be internal/external or first person/third person

7. Further ideas on organisational boundaries, membranes and strong opinions weakly held, please see <http://tinyurl.com/64xmjb> and <http://tinyurl.com/ytrlhm>

8. For example, in the bottom right quadrant, one could think of departmental structure, organisational structure, industry structure and then structure of the economy. In the top left quadrant, Maslow’s Hierarchy of Needs, Wilber’s Memes and Graves Spiral Dynamics all speak about progressively higher levels of personal awareness and development. Further examples of the fractal nature of the model can be seen in the appendix

9. The examples of greatest interest are likely to be those with which we have the greatest familiarity with!

Appendix

An example of the fractal nature of the leadership model, illustrating the progression of the ideas in each of the quadrants and how each one builds on the previous.

Appendix 1	
<p>Self Awareness Individual subjective</p> <p>Physiological Safety Belonging Esteem Self-actualisation</p>	<p>Relationships Individual objective</p> <p>Individual relationships Team relationships Relationships with superiors Organisational relationships Relationships with external stakeholders</p>
<p>Team and Group Culture Group subjective</p> <p>Informal group culture Team culture Department culture Organisational culture Industry culture National culture Regional culture Global culture</p>	<p>Business & Social System Group objective</p> <p>Team systems Department systems Divisional systems Organisational systems Industry systems National economy Regional systems Global systems</p>