

# VIEWPOINT

EXECUTIVE AGENDA

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## Alpha Leadership: It's Not What You Learned In Business School

*Did the value of leadership plunge with the equity markets?  
To restore the value of leadership in the eyes of the  
organization, executives must first restore it in their own.*

A crisis in leadership has been building for some time and has been compounded by recent events. Today's leaders are under attack from all sides. Most recently, ethical missteps in accounting practices have heightened public scrutiny and elevated frustrations among investors who are already disgruntled by the economic slowdown. And with each investigation, bankruptcy announcement and media portrayal of the latest company gone bad, the gap between trust and credibility widens.

Within the organization, productivity suffers as employees continue to feel insecure and confused by corporate restructurings. Workers are losing faith in the corporate values expressed by executives, making change an even greater challenge.

But the picture is not that different even at the top. Even during the economic boom of the 1990s, executives struggled to come to terms with constant change, running to catch up with the rapid advance of technology and hastily recalibrating aims with customers and competitors who refuse to stand still. In a recent survey, *Management Today* reported that 50 percent of managers were too exhausted to do anything but work and sleep, and 30 percent said their lives are out of control.

Solving the leadership crisis will take more than restoring trust. Executives focused on outside pressures are finding themselves out of touch with their own internal resources. To become more effective, leaders must turn to inside-out approaches.

Top executives need a contemporary approach that addresses the multiple aspects of being a business leader in today's shifting environment—one that enables them to reconnect with the organization and their own value as leaders. My coauthors—Robert Dilts and Julian Russell—and I offer our visions and practical tools in *Alpha Leadership: Tools for Business Leaders Who Want More from Life* (John Wiley & Sons, 2002). The book emphasizes this parallel transformation by turning the microscope inward and applying key principles that can be transmitted across the organization for successful and sustainable change, to develop a culture of leadership, rather than a cult of the leader.

Alpha Leadership focuses on three principles: *anticipate*, *align* and *act*. Together, they represent a map for leaders on how to act differently, starting right now. Clarity and constancy of purpose lie at the heart of these principles. Both the leader and the business move forward in the same direction toward the same specific goals.

These are not skills taught in business school. Companies don't recruit, train or promote against them. Yet they are key to success.

#### ANTICIPATE

In such a volatile business environment, the ability to anticipate is critical. Technologies evolve at exceptional rates. Economies are increasingly based on intangible and ephemeral assets. And people are leaving their jobs after shorter and shorter periods of employment.

Well-honed anticipation skills can help leaders get ahead of the curve, increasing their chances of spotting business opportunities and exploiting them successfully. But moving ahead of the curve is not just about turning a larger profit, it is key to an organization's survival.

Anticipators are more in control, and less stressed when the unexpected happens. An organization of anticipators is ready to deal with whatever the future brings. Organizations that can anticipate master the ability to:

**Detect weak signals.** Executives are expected to take action that is both timely and appropriate—a classic catch-22 in the current environment. Actions must be based on hard evidence to be considered appropriate. Yet, by the time opportunities or threats become clear, it is often too late to exploit or evade them. Leading companies cannot always wait for patterns to emerge. How can today's leaders capture the signals that precede business trends? The answer is simple: Raise bats, not frogs.

What does a frog eat? Flies. But if a frog is placed in an aquarium with a pile of dead flies, it will die of starvation. A frog's sensory system puts together four pieces of information—contrast, shape, motion and light—into a pattern. Before a frog reacts, all signals must combine to give a strong indication that there is something edible within its grasp. Motionless flies do not compute.

Bats, on the other hand, are much better at handling a broad range of signals. Bats send out signals to build a stroboscopic view of their world. A bat's low cruising

pulse rate (10 per second) can scan a wide area, with minimum energy, but when it receives an echo it can switch to higher frequency pulses (200 per second) to gather as much information about its potential prey as possible, including direction and speed.

Organizations should also be able to switch their sensory systems between a low-resolution scanning mode and a high-resolution information-gathering mode to identify multiple opportunities while focusing leadership resources effectively. Executives

## Building a Skin-Driven Management Process

To handle faster change, many managers have adopted a decentralized decision-making process, giving those closest to the customer more authority. However, in many cases, this has been piecemeal, and the results uneven. A company cannot anticipate events without a guidance system that is driven, rather than merely influenced, by messages from its skin. The successful companies of the future will be those with the best skin-driven planning systems, not those with the best plans.

To lay the foundation for a skin-driven management process, executives must identify where market insights will have most impact on the business. Working through the following questions will help create some guideposts:

1. Who has market knowledge? Who else needs to know it?

2. What is the best mechanism for sharing this knowledge?

- Face to face? Email? Teleconference?
- How frequently should knowledge sharing occur?

3. How can you ensure that everyone participates every time?

- Feedback mechanisms?
- Relevance checks?
- Peer pressure?
- Formal performance measurements?

4. What skills do participants need to ensure the process is a dialogue rather than a series of monologues? How do you encourage people to acquire these skills? What could get in the way? What can you do to remove these obstacles?

5. How do you ensure that the process is sufficiently visible to underpin its effectiveness? To ensure that your

skin-driven planning process is effective, look to the following six principles, which are adapted from Ram Charan and Noel Tichy's work on social operating mechanisms from their book *Every Business is a Growth Business*:

- The process feeds real-time information into the organization.
- It relies on external, rather than internal, data.
- It fosters dialogue.
- It generates complete pictures of the market, across all dimensions (supply chain, customers, competitors, employees).
- The information that is gathered is fed directly into key decision-making processes and incorporates follow-through actions.
- The process is rhythmic and repeats over short cycles. ●

will receive the most powerful signals from the organization's skin—those parts of the organization that touch customers and the rest of the market directly (*see sidebar: Building a Skin-Driven Management Process*).

**Develop mental agility.** Executives must develop certain qualities to respond to weak signals effectively. They can use these signals to map out strategies for the organization, but they must be able—and willing—to adjust the map as new opportunities arise. The more maps leaders have, the more options they have available for response. Without multiple maps, leaders may miss the best routes. Without mental agility, leaders will stick to the old map.

Agile leaders see the circumstances that confront them from a variety of perspectives. They are fixed in their purpose, but they constantly reevaluate their goals and are extremely flexible in the means they adopt to achieve those goals. They know when to be unusually creative within the bounds of their current objectives, and when to leap over those boundaries and propose something entirely new.

**Free up resources.** Even the best routes, however, will be useless if the organization can't make the trip. At the end of the day, it makes little difference how agile a leader becomes or how strategic an option appears if the organization is unable to adapt, to redirect and reassign people and resources quickly enough to turn it into reality. The organization must nurture these qualities if the mental agility of its leaders is to lead to action. When people or resources are

locked up in existing assignments, rules or habits, the organization will be unable to respond to opportunities—or threats—effectively, and its powers of self-organization will be frustrated.

#### ALIGN

The most effective leaders are those who motivate their employees to perform because they want to, not because they have to. Leaders must find ways to stimulate concerted, appropriate and timely action by aligning internal resources—and by aligning themselves with those resources. Effective alignment operates on three levels:

**Leading through embodiment.** The most satisfied and most effective leaders spend their lives doing what they value, whether at work or at home. A high level of personal alignment gives leaders the charisma, congruence and vision that will inspire the people that work for them to act just as effectively.

At a team level, strong leaders focus on aligning the relationships and coalitions of people that get the job done, rather than concentrating on the task itself. The key in getting people to follow is to understand what people want and where they want to go. A leader who is skilled in team alignment will help ensure things get done and avoid the frustrations of missed deadlines and inaction.

**Reinforcing relationships.** Mobilizing people requires a different level of thinking than is required to organize tasks. Alpha leaders work on the basis that if you look

after your relationships, the tasks will look after themselves. Alpha leaders understand human instincts and spend a good deal of time creating coalitions of people who are willing to work together to make exciting things happen. Time spent building a coalition can reduce the time and cost of the individual task—and increase the likelihood that outcomes will be sustained.

**Creating cultures that can act.**

Organizations are more than the sum of their members. There are synergies of habits, conventions, routines, attitudes, blind spots and ways of doing things that live in the walls and floors. Creating a climate in

and, more importantly, the direction in which they are walking.

Cultures that act effectively have three distinctive qualities: they are clear, but adaptable; they not only tolerate dissent, they encourage it; and finally, they are always on the lookout for feedback mechanisms that enhance their adaptability and responsiveness.

Effective action also has three essential components:

**80:20 leadership.** The way leaders manage and allocate their time has long been recognized as a crucial issue, and much has been written about it. But it is very difficult, particularly for detail-oriented people,

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which everyone can work at a high degree of effectiveness is easier said than done and requires an equally high degree of alignment within the organization, and with both customers and the marketplace.

**ACT**

What leaders do matters. Considerable management effort is devoted to winning the “hearts and minds” of people and inducing them to commit to visions and missions in the belief that belief itself will galvanize effective action. Usually, however, these visions stimulate nothing but apathy. The Alpha test of effective leadership is the degree to which peoples’ feet are engaged

to distinguish and strike the perfect balance between “doing things right” and “doing the right things” (see sidebar: *Leadership’s 20 Percent*). Leaders must find time and space to think deeply about priorities. If they cannot step back from the action today, the action tomorrow will not be appropriate or timely. Leaders have to be visionaries, with their feet firmly on the ground—dreamers and doers at the same time.

**A ready, fire, aim strategy.** Entrepreneurs talk about the necessity of the ready, fire, aim strategy for building an emerging growth company, but in today’s business climate it is not just the entrepreneurs who need these skills. Technology is advancing

so rapidly that the proposed specifications for a new product or service are likely to be out of date before the project is completed. That is why the ability to detect weak signals is so important. Leaders need to

spot threats and opportunities early, so that they can act early.

The trick is to move quickly, in roughly the right direction, and then rely on in-course corrections to zero in on the goal.

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## Leadership's 20 Percent

The converse of the maxim that 80 percent of the effort produces 20 percent of the benefit is that 20 percent of the effort produces 80 percent of the benefit. But how do leaders find that crucial 20 percent? Clearly, leadership tasks vary, but it is important to make time for a few standard responsibilities.

**Self management.** Leaders must ensure their own personal alignment, taking care to step back from the day-to-day activities and focus on high-leverage actions. They must also tend to their own emotional health and well being.

**From vision to market.** Leaders must develop a big picture of the external marketplace and of the organization as a system within it. This allows them to identify opportunities, formulate strategies, and articulate the strategic intent to the organization in a way that spurs action.

**Managing key relationships.** Leaders work with bosses and others inside and outside the organization that have some authority over them—such as senior executives and shareholders. Managing relationships with these agents to access resources and obtain freedoms is a key part of a leader's job.

**Organizational alignment.** Aligned organizations must be learning organizations to possess and access the right capabilities at the right time. Leaders cannot coach everyone, but they can develop their direct reports. This leads to a wave of front-end empowerment that cascades through the organization.

**Key systems and resources.** Leaders are responsible for identifying and ensuring the organization has what it needs to succeed. This involves aligning systems—technical and social—to goals and

ensuring that resources are sufficiently flexible to respond quickly to changes in the environment.

For individual tasks and initiatives, leaders should consider some basic questions to determine what should be added to the 20 percent:

- How significant is the initiative with respect to the mission of the group or organization?
- How fully does the initiative match the key values of the group or organization?
- To what extent does the initiative fit with the core competence of the group or organization?
- How well does the initiative meet key success factors (such as adequate sponsorship, buy-in from stakeholders or visible feedback)?
- What is the potential payoff of the initiative?
- How much cost or risk is associated with the initiative? ●

In a fast-moving world, the market will probably have changed by the time your plans have come to fruition, so take action early and modify your plans as you go. Leaders must equip themselves and their organizations with the ability and reflexes to fire first, and ask questions about exactly where the target is later. This trial-and-error approach should be applied to every kind of action, from strategy formulation and marketing to purchasing and selling.

**Dogged pursuit.** Leaders must persistently pursue their priorities—but still remain responsive to change. There is a fine line between doggedness and stubbornness. And there is always a limit to how much energy the organization can muster at any one time, and leaders direct that energy when they identify priorities. The dilemma is that organizational energy may be squandered if its momentum is not sustained, but flexibility of approach is important.

Strong leaders understand what is worth pursuing. Projects and change programs should be ruthlessly evaluated and cut unless they prove sufficient value in support of the organization's purpose and

visionary goals. Alpha leaders establish fixed, measurable goals, general enough to remain appropriate for the foreseeable future, and keep expressing and pursuing them until they are achieved.

#### START ON MONDAY

Instilling the principles of Alpha Leadership strengthens the value that leadership brings to an organization. Combining these driving principles with tools such as skin-driven management is what to do differently on Monday. There is no magic answer—no one-size-fits-all formula for transforming leaders' lives. But there is one acid test: The best leaders make themselves replaceable by creating a culture of leadership.

When a strong leader departs, the organization does not fall apart: It is equipped to handle challenges because leadership capabilities have been carefully cultivated throughout the enterprise.

In essence, the most effective leaders have successfully integrated their personal and business goals. They have mastered the job of making the right things happen. And when they win, so does the organization. ■

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#### CONSULTING AUTHOR

*Anne Deering is a vice president in A.T. Kearney's Technology Solutions Practice and is based in London. She has more than 17 years of experience working with senior executives to resolve complex business problems. Anne specializes in leadership and team development, organizational learning, organization redesign, and strategy. Anne is the coauthor of Alpha Leadership: Tools for Business Leaders Who Want More from Life (John Wiley & Sons, 2002) and The Difference Engine (Gower, 1998).*