

# Developing Leaders

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# Developing Transformational Leadership Capability

Dr Jonathan Trevor  
and Richard Hill

Increased complexity and pace of change within the operating environment is forcing many organizations to transform the way they compete for value. Irrespective of sector and locality, senior executives are embracing customer demands for smart offerings - products and service that are both highly integrated *and* highly customized in distinctive ways. Fickle customers and highly competitive global markets mean that the line between corporate success and failure is finer than ever. And yet, there are great rewards for businesses that can deliver in this post-bureaucratic age of increasingly networked, mobile and information rich consumers, communities and markets.

## Developing Future Fit Organizations

The potential for enhanced integration and customization of product and service, made possible by the introduction of new technologies, is driving the exploration of creative additional avenues for growth and competitive differentiation. In addition to investments in technology, organizations must also invest purposefully in resources – people, structural, knowledge and systems based, if they are to develop core capabilities that make possible sustainable advantage, whether it be through innovations on the one hand, or excellent execution on the other. However, knowing where to prioritise investments in resources requires strategic foresight in the face of uncertainty and conviction in the face of intellectual and emotional resistance from cognitively and culturally entrenched investors, managers and employees.

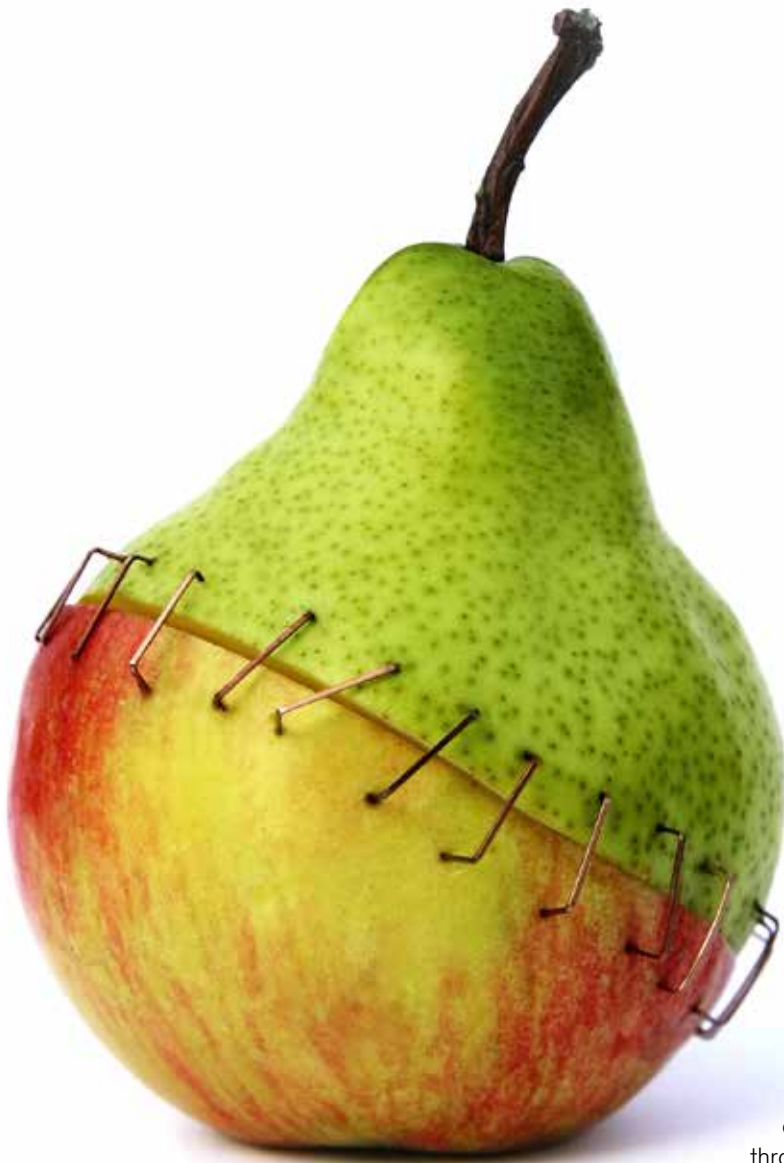
A second key challenge is, having articulated the desired future state, to galvanise the organization to transform to embrace new strategic and organizational priorities. Often overlooked in strategic change planning is the requirement to continue to maximise the exploitation of existing business opportunities (those that are known and the focus of current strategic and organizational priorities) whilst *simultaneously* exploring new avenues for growth, distinctiveness and sustainable long-term success. This 'ambidextrous organization', as envisaged by O'Reilly and Tushman (2004), is simple conceptually, but exceedingly difficult to achieve in practice and few organizations we work with claim to do it comprehensively well. A priority for ambidextrous organizations is the matching of future customer, market and competitor demands with the development of future fit-for-purpose organizational capabilities, through which the organization might secure sustainable competitive advantage for the long term.

## Transformational Leadership as Organizational Capability

Within the context of these imperatives for change, our engagement with leading companies in our research and executive education activities reveals a common thread – they invest purposefully and significantly in developing transformational leadership capability to manage the tensions between, for example, the imperatives for continued efficiency on the one hand, and change on the other.

Transformational leadership, as we define it here, represents an informal and non-hierarchical 'cadre' of talent located throughout all sections of the organization. Typically,





Having articulated the desired future state... galvanise the organization to transform...

they are selected and empowered directly by the CEO and executive committee, with the remit to drive transformation organizationally. Transformational leaders are necessarily highly networked, but remain functionally separate from execution-focused elements of the organization e.g. business units, divisions and departments. 'Business as usual' for transformational leaders is taking personal and collective ownership for (a) visioning the future state organization and (b) championing transformational change throughout the organization.

Transformation requires the ability to operate pan-organizationally and to take a long-term view whilst balancing urgent short-term priorities.

The transformational leadership population is functionally diverse in its make up, comprising a range of occupational, functional and technical specialisms sourced from across the organization, but united both in purpose and method and endowed with sufficient generalist knowledge to forge novel and high value connections across the organization. Crucially, it is the responsibility of transformational leaders to draw fully upon the resources of their network, both internally and externally, to address the competitive, environmental and customer challenges of the business and to develop 'crowd-sourced' solutions. This requires working closely together, where necessary, but also engaging widely within the business and facilitating strategic thinking and the development of robust options for (a) product, service and organization enhancement and / or (b) transformation through the introduction of radical innovations to embrace new business models, technologies, products and organizational capabilities.

Transformational leaders are selected on the basis of their potential to collegially and consensually take ownership of the change agenda. Strong individual performance is a requirement for selection, but performance alone does not guarantee selection. Highly empowered, well informed and pro-active, transformational leaders possess little formal authority, but are highly influential, serving to educate, challenge and inspire superiors, managers and employees to be positively different in the changed and changing environment. Success in the role requires the ability to:



- Navigate complex scenarios and thrive on uncertainty and paradox
- Exhibit thought leadership, intellectual authority and creativity
- Inspire and mobilize change through personal influence
- Create the right environment for the best contribution of others
- Emphasize humility and the value of 'other' in securing success
- Craft a compelling and accessible vision of a future state
- Practice responsible entrepreneurship

In turn, transformational leaders demand a lot from their employers, including:

- Freedom to create, make mistakes and learn
- An unambiguous remit to drive transformation
- A collaborative leadership ethos and access to diverse talent
- Clarity about the opportunity and potential for their contribution
- The opportunity to leave a positive and sustainable foot print
- Significant learning and development opportunities
- Stimulation and challenge, intellectually and emotionally
- An appeal to a higher purpose of making a positive difference socially to communities (globally and locally) as well as economically for investors

### Preparing the organization for transformational leadership

The development of pan-organizational transformational leadership capability, and fostering an ethos of collegiality, requires a focus on both group learning as well as individual learning in the development process.

This can create distinct tensions for any ambitious organization which wishes to develop transformational leaders - to successfully engage with the process requires a commitment from those directly involved in the development process, but also from those who are placed on the periphery. It requires those who are personally benefiting from the experience of development to take on a responsibility towards the business, but also for those who will exist within the new environment of transformation to sympathetically and proactively allow those cast as leaders to perform.

The critical stage in creating a transformational leadership program is in the initiation. Definition of the specific outcomes that are expected are obviously the starting point for any development program, but in this case is a more profound step given that it is a strategic issue for the organization. Transformational leaders are the key resource for strategic change – alongside training outcomes for the individual, business outcomes and management plans need to be considered and foundations built to allow the business to take advantage of the abilities engendered in the cadre.



Assuming the organization is ready to embark on the journey towards transformational leadership, what then are the key elements that carry the individuals concerned along this road?

Engagement with leaders who have formal authority at the earliest stages of initiation is always crucial. This is for a number of reasons:

- If they are in leadership roles they are likely to be asked to cede some of this leadership as a result of the program
- Their active participation in the process is required for participants to feel they have permission to exercise the mandate they have been given
- As formal authorities in developing organizational strategy they need to consider the roles and potential for transformational leaders

Beyond these individuals positioned at upper levels in the hierarchy, it is also critical for cross-organizational positioning of the development to take place to create a fertile environment for the newly empowered. In short, the organization as a whole must learn to allow leadership relationships to form away from familiar structural power relationships so that the flexibility and open space in which transformational leadership can flourish can be created.

### Transforming Leaders to Be Transformational

Assuming the organization is ready to embark on the journey towards transformational leadership, what then are the key elements that carry the individuals concerned along this road? Skills development that reinforce the abilities outlined above are a major component, but only one part of a process that creates confidence and resilience. The range of inputs that form any leadership program are required, the fundamental difference between this type of leadership development and standard leadership programs are the environment, business engagement and make-up of the participant group, but significant areas to explore include:

- **Comfort with complexity**  
The demands made of transformational leaders are varied and complex, as are the contexts in which they operate. Beyond the technical expertise they have in relation to specific job roles, the ability to understand and engage with nuanced and complicated settings, relationships and strategies cannot be overstated. An individual's ability to engage with complexity can be enhanced through a number of activities including exposure to big picture narratives, participative tasks to create awareness of complex relationships, but above all it is developed through growth in capacity to think critically about challenges and opportunities. Traditional case based teaching only goes part way to creating this core capacity – the greatest success lies in the ability to step away from usual business context and develop the skill to extrapolate ways of thinking which can be drawn back to workplace needs. In our experience executive programs should draw on learning from leading practitioners, globally recognised in areas of expertise removed from business education, such

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as medical researchers, senior civil servants or creative leaders, enabling program participants to draw conclusions and make connections which are applicable to their own roles. A combination of knowledge acquisition and critical thinking creates the intellectual authority to drive forward through complexity and enable others to follow successfully.

- **Interpersonal role modelling**

As detailed above, transformational leadership is dependent on being highly networked and able to leverage this influence. The two facets of this are self-awareness and the ability to understand one's own empathic and relationship capabilities, and the recognition of the value of others, both followers and exemplars. Within a development program considerable space must be given to Emotional Intelligence and the ability to flex styles and type of engagement as a leader, while reflection on the humility of leadership and the ability to mobilize others to act must act as the counterpoint to self-determination. A significant method of accomplishing this is through exposure to personal leadership stories from both within the organizational culture and from the wider world, with role models who act as examples for behaviour that the organization seeks to promulgate. While it is inspirational to have these stories shared, it is also critical for these behaviours to be practiced – one aspect of work-based challenges in a program, such as Action Learning Projects, is to create a safe and agreed space where individuals can explore and experience new approaches to how they exhibit their own behaviour. Whichever method is chosen, given the significance of mobilizing resource for the benefit of the organization, factoring in opportunity for understanding and exhibiting positive modelling is essential.

- **Visioning for a purpose**

It goes without saying that the ability to vision and pull others forward into that vision are integral parts of any leadership program, but in this instance significant attention must be paid to this. Given that the cadre may be drawn from tiers who are traditionally not tasked with creating and moving forward the organizational purpose and strategy, more time and effort may be required in enhancing these skills. In addition the type of visioning may differ from the norm – these leaders will be tasked with peer influencing without structural authority so need to work from a primarily values-based foundation. Exploring a value driven leadership framework is a complex task but one which will develop greater engagement from transformational leaders as they seek to make impact both socially and organizationally.

### **An Opportunity for Sustainability**

The challenges for an organization in developing transformational leadership capacity are significant, but the opportunities are immense. A successful program not only enhances individual ability to drive the business forward but also creates a sustainable mechanism through which organizational capability can also be grown, embedding within the culture a flexible and forward-looking approach which lives beyond the activities of individuals



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and genuinely develops a future focused organization. Ultimately the development of transformational leaders will lead to the development of a transformational culture which will transcend the individuals concerned and grow a participative organization – developing a cadre of pan-organizational leaders is the first a step in creating an entire business of transformational individuals who think in a proactive way, act in a collaborative manner, and utilise their networks and connections to drive forward sustainable business development.



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Despite much discussion about the need for leadership development in corporate and public organizations, and the considerable industry that surrounds it, this is the first authoritative periodical focused entirely on this area.

*Developing Leaders* looks at the critical confluence between the provision of executive education and the real everyday needs of organizations to strengthen their management teams, their corporate performance, and their leadership.

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