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The changing nature of leadership
Chris Speechley

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Insights from practice

The changing nature of leadership

Chris Speechley

Chris Speechley holds a PhD in the ''Process of Cultural Change''. He is the founder of Advanced Solutions, Peterborough, UK, a company specialising in change, leadership and team development. Whilst advising on change programmes in some of the world's most demanding organisations, he has developed a number of innovative approaches designed to achieve significant change. His experience ranges from working on behalf of the British Government assisting the South African Police Service, shortly after the election of Nelson Mandela, to working within a diverse range of organisations from pharmaceutical, civil engineering, financial services, IT, petroleum and telecommunications industries and the public sector. Web site: advancedsolutionsuk.com E-mail: mail@ advancedsolutionsuk.com

Summary

Purpose – *The paper is designed to discuss how leadership is evolving to meet the demands of a global environment, where teams operate across boundaries; leadership is often at a distance and lacking direct line-management control.*

Design/methodology/approach – *The paper discusses an intervention in one global pharmaceutical company designed to equip leaders with the skills and techniques to meet this challenge. A highly qualitative ethnographic approach was used to analyze the organisation, teams and leadership, including informal interviews and observation. Evaluative data were collected immediately after the intervention, six weeks and 18 months later, focusing upon personal reactions, through to changes in organizational culture.*

Findings – *The intervention was almost universally seen as addressing a real need. Traditional leadership development initiatives had not equipped leaders with the skills or techniques necessary, to successfully operate in this new and far more complex leadership environment.*

Research limitations/implications – *This intervention is limited by its very nature to one organisation, but the concept of identifying and changing meta-directions has significant implications for improving attempts at organizational change. Further research in this area, both in terms of identifying meta-directions and changing them could significantly enhance our understanding of organizational/cultural change.*

Practical implications – *This paper highlights the importance of enhancing leadership capability and an approach to identifying key areas to change i.e. meta-directions and shows the importance of the integration of learning domains, i.e. cognitive, psycho-motor and affective as a way of effectively enhancing leadership capability to meet the challenges of change.*

Originality/value – *The paper identifies the importance of identifying meta-directions as a significant step in bringing about organizational change, demonstrates the changing nature of leadership driven by a more global and complex operating environment, and identifies an intervention designed to enhance leader's capabilities to meet these changes by integration of all three domains of learning.*

Keywords Leadership, Pharmaceuticals industry, Team working, Multinational companies, Organizational structures

Paper type General review

Introduction

This paper examines the changing nature of leadership, in particular how a global pharmaceutical company addressed the development of leaders of highly complex multi-national teams.

Situation

At the beginning of the twentieth century, Max Weber (1947) described what he called a rational-legal authority system – a bureaucracy, where authority is exercised by a system of rules, procedures and the position within a hierarchy that an individual occupies. Weber posited that a bureaucracy was the most technically efficient form of organisation. However, by the 1970s bureaucracies were being criticized for stifling flexibility, innovation and creativity. By now most large, bureaucratic organisations have been subject to a series of

hierarchical flattening and downsizing exercises that have produced far leaner structures designed to enable greater flexibility and responsiveness.

Many organisations have now moved, or are moving a stage further to a structure that is matrix and/or project based. In either case, cross-functional working is fast becoming the norm. In fact by 1995 a survey of US companies found that over 84 per cent of innovative product development projects used cross-functional teams (Griffin, 1997). Cross-functional teams in particular, would appear to offer a number of benefits, for example:

- Cost reductions.
- Improved ability to handle complexity.
- More entrepreneurial style.
- More customer focused.
- Increased speed in development.

The paper focuses on a global pharmaceutical company that had adopted cross-functional teams as a way of operating within its matrix-based environment.

As leaders in this organisation worked in this environment they became increasingly aware that traditional forms of leadership, such as command and control, were no longer adequate. They recognised that the teams they were leading, were now far more complex and virtual in nature, than the traditional ''same place'' teams they had previously experienced working in and leading. They also recognised that different, or at least more enhanced skills and techniques were required, to lead these teams successfully.

The term ''complex virtual teams'' (CVTs) evolved to describe these cross-functional teams. In short they are teams that are affected by one or more of the following factors:

- Geographically dispersed.
- Culturally diverse.
- Multi-lingual.
- Cross-functional.
- Multi-disciplined.
- Lacking direct line-management control.

An example of a CVT within this pharmaceutical company would be one tasked with the development of a new drug e.g. ''X12345''. The team would consist of people involved in early research; those involved in clinical trials, pharmakineticists, statisticians, physicians, regulatory experts, and marketing. These people could easily be located at many different sites, in different parts of the world and obviously come from a range of different disciplines. Leading these teams is the basic challenge faced by leaders.

Complication

Technological change

The successful formation of cross-functional teams has only been possible thanks to many technical innovations that have fundamentally affected how we work and organize our lives e.g. mass air travel, e-mail, mobile phones, internet, video and teleconferencing. Such technical advances have allowed organisations and teams to operate in ways that would have been impossible 20 years ago – in 1984 no one had a mobile phone. So as teams become more virtual so reliance and usage of technology must increase and so, in turn, must the nature of leadership change to make effective use of this technology.

Globalisation

These structural and technical changes have in turn led to the inevitable globalisation of both markets and organisations. Generally organisations, teams and leaders are now working in a far more complex environment where:

- Many different cultures exist.

- Communication is virtually instant.

- Distances are global.

- 24-hour working is the norm.

Constant travel can sometimes be the outcome for leaders, but this has a cost both in terms of financial loss to the organisation and a loss in work-life balance to the individual.

Leading at a distance

Many organisations are experiencing at least one of these changes. This has led to a situation where many of our assumptions about the nature of teams and leadership are becoming increasingly tenuous, for example, see Figure 1. How true now is this statement? It may be a better analogy to say that team members of cross-functional teams are all in different boats, in different locations, but hopefully all heading in the same direction. But as one leader of a CVT in the organisation explained, even this analogy is too simple:

> Not only are we in different boats but we are all experiencing different weather, for one team member it may be sunny, another may be becalmed because of a shortage of wind and another will be in a storm fighting for their very survival.

The historical legacy of a traditional bureaucracy, has tended to provide a range of assumptions about teams and leadership, based upon the notion that teams largely operate:

- at the same time;

- with the same people;

- at the same place;

- with similar cultural backgrounds; and

- at the same speed.

A further complication is that research indicates that leaders help create meaning for teams and groups of people – they interpret, react and show emotional response to ideas, concepts and situations (Gardener, 1995). This is a pivotal role in setting the shared emotions experienced by teams (Goleman *et al.*, 2003); typically, leaders' comments are quoted more often than others. What effect then does distance have on this relationship? How do leaders replicate the more positive emotional outcomes such as motivation, commitment and determination when they rarely meet face-to-face with their team members?

Question

Despite the enormous structural changes that have taken place in many organisations, few leaders in our experience, have been trained to lead and manage teams in this new environment. Leaders often lack the skills, tools and techniques to meet the new challenges they face. These challenges include:

- how to build a team at a distance;

- how to maintain team spirit at a distance;

Figure 1 ''We are all in the same boat''

- how to achieve engagement and commitment at a distance;
- how to remain target and results-oriented;
- how to create a sense of belonging;
- how to lead people who do not report to you;
- how to create an inclusive environment – not unintentionally exclusive;
- how to identify and manage boundaries;
- how to communicate; and
- how, when and where to meet.

Answer

The leader's role is critical

Whilst many factors need to be in place before CVTs can function successfully, such as adequate technology, a supportive organisational culture, sufficient resources etc, the competence of the leader is regarded by many (e.g. Leigh and Maynard, 1995) as the single most important factor. Many leaders inside the organisation shared this view; one senior manager interviewed captured this point:

> The way in which the team performs is almost entirely dependent on how you as a leader perform.

Our later research conducted within the organisation also supports this view.

Leadership across boundaries

Advanced Solutions was commissioned to design and deliver a leadership development programme. The programme – leadership across boundaries – was aimed at filling the gap that had developed between existing leadership practice, and the skills, tools and techniques required to lead in a complex and virtual environment.

Analysis and familiarisation

The first phase of the programme was that of ''analysis and familiarisation''. Time was short and the need to provide much-needed training prevented a lengthy period of analysis. However, our past experience in conducting similar exercises continually reinforces the view that much data is gathered to prove a point, when in fact underlying causes are often identified earlier on. Our approach on this occasion was highly qualitative in nature. This consisted of an ethnographic approach to try and understand how CVTs functioned. Observation and informal interviews were the norm. We also subscribed to the view that a lengthy training programme focusing on a whole range of manifesting symptoms was not the answer.

A deliberate attempt was made to identify critical factors that would influence a whole range of other areas – a meta-direction. This approach is similar to that postulated by Bate (1994) who argues that changing meta-directions has a proportionately greater impact than focusing on other manifesting symptoms – of course the difficulty is identifying meta-directions and it is to this we now turn.

One manifesting symptom that was commonly espoused was the difficulty caused by national cultures, but our research did not support this view. Whilst variations in national culture existed, the similarities far out-weighed the differences, and people were very tolerant of those differences. More important were the disparities in organisational culture, across sites, disciplines and functions. Personality and relationship conflict was also a factor, plus the ever-present tension between project and line.

Our research convinced us that the importance of the leader's role in managing CVTs should not be underestimated. Individuals stressed the importance of the leaders':

- Integrity – ''saying and doing'' the same thing.
- The use of praise and recognition.

- Being inclusive, not exclusive.
- Genuineness.
- Courage.

It became clear, through observations of CVTs in action, that if leaders continue to manage and lead CVTs using traditional styles and techniques of leadership, e.g. command and control, then at best poor performance follows. Despite much rhetoric, the continuing effects of the bureaucratic, hierarchical organisation described and admired for its efficiency by Max Weber, is still all too apparent in some behaviours displayed by managers.

These are the key issues

Personal qualities of a leader

The individual qualities displayed by a leader were held to be far more important, particularly when you cannot see the leader and you have to depend on trust and integrity to ensure that things are being done as you expect them to be. This finding is supported by Handy (1995) who argues that only trust can prevent the geographical and organisational distances of global team members from becoming psychological distances.

Relationship leadership

CVT leaders do not have line accountability over many team members. They are often miles away from team members and therefore cannot observe what is taking place and in reality cannot control what is happening. The set mould of control-based management practice that has been criticized for its detrimental impact in ''same place'' teams; can prove utterly disastrous in organisations where CVTs are becoming the norm. Those CVT leaders who used aspects of relationship-leadership espoused by authors such, as Fiedler (1990) appeared to be far more effective. These skills also allowed them to build effective relationships with line-managers and establish shared expectations of the input expected from team members.

Culture

The need to understand what culture is and the effects it can have on the individual, team and organisation was implicit in many of our observations. We felt that understanding the meaning of culture and how to develop a team culture, attuned to high performance, was more important than focusing on national cultural differences.

Meetings – the critical interface

One important feature of CVTs is the heavy reliance placed on communication. Effective communication allows team members, separated by time and space, to work together. Early research indicated that, as the organisation became increasingly matrix and project-based, meetings were acting as a pivotal interface – perhaps the only real interface that many teams now had. It was in these meetings that individuals, teams, leaders and functions all came together. Of course in teams that are largely ''same place'', team meetings are still important, but many other informal interactions take place that help to create a sense of belonging and team spirit. While techniques exist to replicate this, the reality is that for CVTs meetings take on a far more significant role. If meetings are to be effective, whether they are at a distance, therefore electronically based, or face-to-face, then a new approach had to be found. Leaders have to develop the skills to use a range of new tools and techniques that are critical to success. Whilst leadership across boundaries focuses on many different areas, it used this pivotal interface (meetings) as a vehicle to develop new leadership skills and techniques, to achieve motivation and trust, and to create a sense of belonging – all taking place in a CVT environment.

To address this, leaders are introduced to a range of techniques designed to ensure full participation and achieve high levels of trust. They do this by challenging some of the most flawed assumptions found in meetings, for example, the assumption that people are being open and honest in comments such as:

Does everyone agree with that?

This is the intervention we devised

A two-and-a-half-day workshop was developed to assist leaders in meeting the demands of leading CVTs. The training used a concept known as multi-dimensional training. This approach integrates all three domains of learning: cognitive; psycho-motor; and affective.

In the real world, in order to deal with any situation, we use knowledge, skills and attitudes all at the same time. Training has to replicate this if it is to be effective and ensure successful transference to the workplace.

Key skills – closely aligned to emotional intelligence – are required if CVT leaders are to be effective, e.g. ''interpersonal sensitivity'', ''an understanding of group dynamics and culture'', ''listening'', ''inclusiveness'' and ''de-centering'' – (the ability to ''helicopter'' above the process). A large part of the programme is allocated to providing the opportunity for leaders to apply skills and techniques.

Meetings are simulated in a range of environments including face-to-face, video and teleconferences. A strong emphasis is placed on debriefing and feedback. In a safe environment leaders begin to learn from one another and the improvement in skills and the use of techniques becomes increasingly rapid.

The initial impact of the intervention

Overall, 22 workshops were delivered with more than 220 leaders taking part. Comprehensive evaluation was carried out to establish the impact immediately after the event and again after six weeks. The types of comments received include:

> . . . its aims are spot on in what we need to change and get the Culture and Management right.

> I have modified behaviours in approaching certain things, in particular making sure I do not succumb to emailitis when the phone is a far more valuable tool.

Culture

The workshop did contain some information of national cultural issues but focused on how culture affects creativity, innovation and delivery. The focus was on using practical behavioural tools; the following comment highlights how these could be used:

> The tools in particular were the useful component and being able to address issues with a cultural behavioural reactive style, alongside the other behaviours has been most useful in working through issues with my colleagues, but also with functional heads and their teams.

Qualities of a leader

Evidence also indicates that the programme had a considerable impact on the behaviours of leaders, who have tried to show more ''interpersonal sensitivity'' when dealing with others. The following comment is typical:

> I'm more aware of how I'm behaving in my interactions and of other's behaviours, particularly I notice people switching off and on, and I've been careful about bringing them back in.

Eighteen months later

To establish the difference the intervention is making in the whole organisation is much harder and more work still needs to be done. However, some anecdotal evidence is promising. For example, some 18 months after attending one of the first workshops one CVT leader was using the techniques provided during the workshop in a global meeting to develop a far more effective process and gain the buy-in of all the participants.

The views of people with an overview of organisational activities have also been sought, such as human resources. The following section provides evidence from these sources.

Meetings – the critical interface

Meetings were perceived to be far better and more productive. This was thought to have had a significant impact on the organisation, both for the leader and the team members. The following comments taken from participants at least one year after they had attended the workshop:

> The practical exercises we did ... had a huge influence on everyone, including me. It made people sit down and think about meetings, rather than just let them happen. Virtual team meetings are far more successful now – it has had a significant impact on the organisation because it affects those individuals who were in the meetings and they in turn interact with others and run their own meetings.

Relationship leadership

The programme would also appear to have influenced key business relationships, as one person said:

> People were provided with more options to influence, as well as identify and deal with barriers. In particular being able to get behind symptoms and get to the root causes of problems. This was particularly important in managing the interface [boundaries] and stakeholders.

Conclusion

Roberts (1995) found in his benchmarking study of 244 firms responsible for 80 per cent of R&D spending in Western Europe, Japan and North America, that cross-functional teams had the greatest impact on time to market for new products. Complex virtual teams are more complicated in nature and therefore even harder to lead, but they undoubtedly do offer significant advantages to R&D-oriented organisations.

This intervention clearly identifies that both types of teams demand different skills and techniques compared to ''same place'' teams. Participants clearly felt that the programme was meeting a specific need and the four key areas addressed were highly relevant to their role:

1. Personal qualities of a leader.

2. Culture.

3. Relationship leadership.

4. Meetings – the critical interface.

Leadership across boundaries does not provide all the answers to leading CVTs. However, it does provide skills development, tools and techniques and there is considerable evidence to suggest that the type of training adopted (multi-dimensional) has led to a significant transference of skills into the workplace. Evidence of the impact this has made on the organisation is less tangible and is more anecdotal but still suggests a significant impact across a wide range of different situations.

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