

TRANSFORMING LEADERSHIP

Gervase R. Bushe Ph.D.
Beedie School of Business
Simon Fraser University

&

Robert J. Marshak Ph.D.
School of Public Affairs
American University

ABSTRACT

The complex challenges of today's organizations are calling for a new kind of heroic leader. The unquestioned assumption that vision is a pre-requisite for successful change, and that leaders need to be visionaries who can show us the way, presumes the future is predictable, organizations are controllable, and that plans can be implemented. We argue these assumptions are responsible for the abysmal failure rate of organization change programs. In this paper we will describe how our ongoing study of newer change practices (Bushe & Marshak, 2009, 2014, 2015) leads us to argue that successful leadership in situations of volatility, uncertainty, complexity and ambiguity (VUCA), which describe most transformational change scenarios, will require very different assumptions about organizing and leading from the prevailing "Performance Mindset" that emphasizes instrumental and measurable goal setting and achievement. Rather than identifying what the change will be, leaders need to identify and lead processes for engaging the necessary stakeholders in emergent change processes. To do that successfully requires a Generative Leader Mindset that acknowledges and works with the social construction of organizations. We identify seven assumptions we think underlie successful leadership practice in a VUCA world. The continuing emphasis on being a solitary, strategic thinker who can envision viable futures and the path to those futures does little to prepare today's leaders for the complex, ever-changing challenges they face. Instead, leaders need to be able to hold the space of complexity and uncertainty in ways that encourage and enable emergent and generative transformational change.

Prepared for Practicing Social Change, January 2017.

For decades various researchers and commentators have suggested that large scale organizational change efforts fail about four out of five times. Rowland and Higgs (2008) suggest an important nuance to that. In their study of 70 different change efforts they found those where leaders decided on the content and directed the process of change were usually failures. But those where they directed the process, engaging and focusing employees on the challenges they face while supporting emergent ideas about what to change, were almost always successful.

This fits nicely with our recent in-depth analysis of newer change approaches that we’ve labeled Dialogic Organization Development (Bushe & Marshak, 2015). Leaders who successfully use Open Space, Appreciative Inquiry, Future Search, World Café, and over 40 other Dialogic OD methods to achieve their change outcomes don’t try to “pick winners” from a set of proposals. They don’t assign projects to people. Instead, they assume that they can’t predict in advance what will work and what unintended consequences any solution might create, so they encourage a large number of “pilot projects” to be launched, led by the people and groups with the motivation to act on their ideas. Then they monitor, nurture and embed successful changes (Roehrig, Schwendenwein & Bushe, 2015).

We suggest that using an emergent and generative approach to change makes more sense for leaders in today’s VUCA world than the more dominant “performance mindset” (Bushe & Marshak, 2016). The “performance mindset” is based on applying a technical rationality to the challenges of organizational change – a legacy of the machine-like images of organizations prevalent in the last century. As shown in Table 1, this mindset rests on a number of assumptions that don’t fit most people’s daily experience of organizational life. Overall, instead of seeing organizations as things that can be designed and controlled to produce predictable outcomes, the Generative Leader sees organizations as a stream of conversations where things are sometimes predictable and sometimes not. From this perspective, situations are so uncertain and the local contingencies so important that any generic tools we have are of very limited value.

TABLE 1: CONTRASTING THE COMMON ASSUMPTIONS OF THE PERFORMANCE MINDSET WITH ASSUMPTIONS OF THE GENERATIVE LEADER (ADAPTED FROM STACEY, 2015)

The Performance Mindset talks about	but the Generative Leader sees
organizations in the abstract, as systems, as ‘things’, subject to impersonal, environmental and technological forces	organizations as conversations and that what happens is influenced by who talks with whom, when and how.
independent, autonomous, rational individuals making choices and taking action,	our interdependence and how we constrain and enable each other and can’t get much done without the consent of others.
wise, heroic leaders whose vision and acumen steer their organizations to success,	that no one can control what everyone else is choosing and doing and leaders often feel powerless to influence their own organizations.

generalizable tools and techniques of organizing and leadership in the belief that they will improve organizations,	situations so uncertain and the local contingencies so important that any generic tools we have are of very limited value.
results coming from the choices, intentions and strategies made by leaders and teams,	results emerging from the interplay of all the choices, intentions and strategies of all the stakeholders in both intended and unintended ways.
rational, analytical ways of making decisions, using big data and increasingly automated decision processes,	that far from being purely rational, people are emotional and often unconsciously driven by the anxieties aroused by organizational life.
Uncertainty and ambiguity but then proceeds to act, and encourages others to act, as if there was certainty and predictability, as if we can control large organizations	that sometimes we are surprised and sometimes we are not; we have very little control and we can never be certain about what will happen next.

In our research we believe we have identified the unique and common characteristics of recent OD innovations and how their underlying ideas and practices are merging to create a new way of thinking about organizations and change (Bushe & Marshak, 2014). Our focus in that work was on the Dialogic Mindset of the Organization Development Practitioner. In this paper, we adapt and apply those insights to create what we call the seven assumptions of the Generative Leader Mindset. These assumptions are shown in Table 2 and briefly described in the following pages. Importantly the Generative Leader Mindset also calls for heroic leadership actions, but differently from the prevailing image of the visionary leader. Among these behaviors are modeling trust, inquiry, learning, humility, openness, confidence in self and others, and bravery.

INSERT TABLE 2: THE SEVEN ASSUMPTIONS OF GENERATIVE LEADERS ABOUT HERE

1. THE MEANINGS AND INTERPRETATIONS PEOPLE MAKE ABOUT FACTS, FIGURES AND WHAT OTHERS SAY AND DO GUIDE HOW THEY THINK AND WHAT THEY IN TURN DO.

What people believe to be true, right, and important emerges through socialization and day-to-day conversations. In one organization, the “bottom line” is all-important; in another, it is growth and market share. The meanings people make about what’s important and what to do are in turn powerfully influenced by what leaders talk about, share, endorse, read, comment upon, ignore, dismiss, negate, or downplay. Nonetheless, there are other powerful influences, and leaders cannot just insert or implement new “realities” like they might a mandated reorganization, new strategy, or new

TABLE 2: SEVEN ASSUMPTIONS OF THE GENERATIVE LEADER'S MINDSET

- 1.** The meanings and interpretations people make about facts, figures and what others say and do guide how they think and what they in turn do.
- 2.** Organizations are social networks of meaning making that create the organizational realities people experience and react to.
- 3.** Transformational leadership helps shape how meanings are made throughout the organization and especially the implicit storylines and narratives which guide people's experience.
- 4.** Organizations are continuously changing, in both intended and unintended ways, with multiple and different types of changes occurring at various speeds. Everything is always in various states of flow.
- 5.** Groups and organizations are continuously self-organizing and re-creating themselves, but disruption to repetitive and limiting patterns is required for transformational adaptation and change to occur.
- 6.** Some challenges in a VUCA world are too complex for anyone to analyze all the variables and know the correct answer in advance, so the best approach is to use emergent change processes to develop adaptive ideas and solutions.
- 7.** Leading emergent transformational change requires mobilizing stakeholders to self-initiate action, then monitoring and embedding the most promising initiatives.

performance standards. Meanings emerge out of the multitude of day-to-day interactions embedded in social contexts. Leaders need to have an eye and ear for what people in the organization are saying, reading, and writing about organizational dynamics. Ignoring interactions that are dismissive of critical issues could be as dangerous as ignoring downturns in productivity, sales, and revenues. It becomes an essential aspect of leadership to encourage interactions, conversations, and resulting social agreements about what the organization, its people, and its stakeholders should pay attention to and be concerned with, and then encourage the development of new ideas to address them.

2. ORGANIZATIONS ARE SOCIAL NETWORKS OF MEANING-MAKING THAT CREATE THE ORGANIZATIONAL REALITIES THAT PEOPLE EXPERIENCE AND REACT TO.

We are meaning-making creatures, compelled to make sense of what we and others are doing and what is going on around us. When things aren't making sense, people might go and directly ask the source of confusion "what's going on?" "Why did this happen?" But more often than not, people will talk to trusted colleagues, friends and spouses (or just themselves) to try and figure out what is going on. These networks create common beliefs about what others are thinking, feeling, and wanting, and then people act on this sense-making as if their beliefs are true (Bushe, 2009). Consequently what happens in organizations is influenced more by how people interact and make common meaning than by how

presumably objective factors and forces impact the organization. This also means that attention to, listening to, and including marginalized or excluded voices is critical for innovation in a diverse world with a complex array of factors, influences, and stakeholders. Leaders who view organizations as social networks of meaning-making will pay equal or even greater attention to what people throughout the organization are thinking and saying and how they make sense of their daily work experiences. What stories and anecdotes do they tell about what is needed for individual and organizational success and failure? How do they interpret current and ideal performance? Who do they hold responsible for what? What do people believe is possible and not possible in their job and the organization? Furthermore, the meaning of things may well differ in different parts of the organization, inviting inquiry into the different interpretations that may exist in different sectors and networks of the organization.

3. TRANSFORMATIONAL LEADERSHIP HELPS SHAPE HOW MEANINGS ARE MADE THROUGHOUT THE ORGANIZATION AND ESPECIALLY THE IMPLICIT STORYLINES AND NARRATIVES WHICH GUIDE PEOPLE'S EXPERIENCE.

The meanings and interpretations that arise in organizations are shaped and reinforced by the narratives or “storylines” that help explain to people how to make sense of what they see taking place. Leaders need to understand that the actual reasons for why they take whatever decisions they take are not as influential as the interpretations people make about those decisions. It's the storylines in people's heads that will determine how people see and react to organizational challenges and leadership decisions (Marshak, 2013). Developing new narratives to shape new and agreed upon ways of thinking is a core part of transformational leadership. New storylines and narratives stimulate new meanings which in turn will allow previously impossible or incompatible actions to be seen as not only possible, but long overdue. This also means transformational leaders will encourage some meanings or interpretations over others. For example, they will try to ensure that “doing more with less” is interpreted as a call to re-invent how work is done rather than a demand to “work harder and longer with fewer workers to achieve the same results.” They will also pay attention to what meanings are being made in the organization, how those meanings come into being, what sustains or challenges them, and what the leader might do to encourage the emergence of new meanings to meet new situations.

4. ORGANIZATIONS ARE CONTINUOUSLY CHANGING, IN BOTH INTENDED AND UNINTENDED WAYS, WITH MULTIPLE AND DIFFERENT TYPES OF CHANGES OCCURRING AT VARIOUS SPEEDS. EVERYTHING IS ALWAYS IN VARIOUS STATES OF FLOW.

One of the legacies from 20th century management thinking is the tendency to think of organizations as entities with inherent stability where change is something that occasionally happens between periods of stability. Certainly, there are times of stability and forces for stability, but in a VUCA world it might be better to see organizations as flow processes in which lots of things are moving at different speeds and change is merely a matter of temporal perspective. From this point of view, “stability” is just slow moving change. Furthermore, what is changing and why things are changing is often out of the hands of any person or group. Change inside organizations can be the consequence of changes in the political, social, technological, economic, or natural environment. Any single “planned change” effort has to contend with a multitude of other forces pushing the organization in a myriad of ways. The larger and more complex the organization, the more likely a variety of planned changes are simultaneously underway and at various stages of unfolding.

5. GROUPS AND ORGANIZATIONS ARE INHERENTLY SELF-ORGANIZING, BUT DISRUPTION TO REPETITIVE AND LIMITING PATTERNS IS REQUIRED FOR TRANSFORMATIONAL ADAPTATION AND CHANGE.

In nature, order emerges without a plan or leadership. Science has recently taught us that complex behavior emerges from a few simple rules. Self-organization into new patterns and forms occurs in organizations wherever and whenever there are disruptions that lead to ambiguity and allow space for innovation and adaptation to emerge. Whether that self-organization will be more or less beneficial to the organization depends on leadership and the narratives that guide people's meaning-making. In contrast, the dominant Performance Mindset of leadership assumes that without proactive leadership there will be disorganization, anxiety, and chaos, so order needs to be imposed, preferably by an all knowing leader. It may be true that you can impose (temporary) order more quickly than it will emerge, and therefore may seem like a more productive route, especially when anxiety is high. However, leaders cannot unilaterally impose the meanings people will make of situations. In a world of uncertainty and complexity, working with rather than against self-organizing processes, while attempting to shape them towards organizational needs, is ultimately a more productive path. Furthermore, unless the on-going processes of self-organization are disrupted in some way, they may continue to re-create familiar, but limiting patterns of thought and action and thereby pose a barrier to necessary learning and adaptation. While disruption is viewed by the dominant leadership mindset as an unwelcome threat to success and thus something to guard against and avoid, the Generative Leader Mindset understands that disruption is integral to transformational change and embraces it. The leader may guide a transformation in response to an unplanned disruption (e.g., a new disruptive technology that poses an existential threat to the organization). Alternatively, the leader may have to encourage disruption to existing narratives and patterns of meaning-making to create the necessary stimulus for innovation and adaptation.

6. SOME CHALLENGES IN A VUCA WORLD ARE TOO COMPLEX FOR ANYONE TO ANALYZE ALL THE VARIABLES AND KNOW THE CORRECT ANSWER IN ADVANCE, SO THE BEST APPROACH IS TO USE EMERGENT CHANGE PROCESSES TO DEVELOP ADAPTIVE IDEAS AND SOLUTIONS.

When dealing with a VUCA world, expecting a leader to be able to see the future and show the way may cause more problems than it solves. One of the most common findings of studies of companies managing complexity and innovation is that trying to figure out the right answer before you engage the people who will have to implement that answer is the road to ruin. For example, in one study of companies that thrived in uncertainty leaders pursuing big visions were outperformed by leaders who did not try to identify the right new product or service and make a big bet (Collins and Hansen, 2011). Instead, the more successful leaders encouraged numerous small experiments, learning as they went, in a more emergent process of change. In environments of uncertainty, successful companies fire bullets, then cannonballs. In other words try many small, fail-safe experiments to see what, in a specific situation, really leads to what, and will actually do what you hope it will. In this approach to transformation the leader does not know in advance exactly what the content of the change will be, but does provide a process for change that engages those people who will help the organization learn and adapt through collective inquiry. Our research suggests that transformational change occurs when at least one of three critical ingredients are present during processes of engaging people in collective inquiry: 1) Reactions to disruption are channeled so that the natural processes of self-organization and emergence lead to a reorganization at a higher level of complexity; 2) The process of change stimulates

the creation of new core narratives that provide people with new storylines about the organization thereby shaping new adaptive behaviors; 3) Generative images and processes are surfaced and utilized that increase the production of new ideas and the motivation to act on them (Bushe and Marshak, 2015).

7. LEADING EMERGENT TRANSFORMATIONAL CHANGE REQUIRES MOBILIZING STAKEHOLDERS' TO SELF-INITIATE ACTION, THEN MONITORING AND EMBEDDING THE MOST PROMISING INITIATIVES.

All the previous assumptions inform the generative change leader's basic framework for learning and adapting under conditions of high complexity, and transformational challenges. The leader's job is not to have a grand vision and show people how to reach it. The leader's job is to frame challenges and complex contexts in ways that mobilize the diverse networks of people who must change so that they will want to change. This type of leadership focuses on creating conditions and contexts that unleash the energy and ideas latent in the organization so that emergent, self-organizing processes serve the organization. This leadership works to enrich social networks so that people with similar motivations and ideas can find and support each other in order to take on complex conditions through self-initiated actions and small experiments. Rather than vet ideas, manage projects, check implementation plans, and so on, leaders working from this mindset want to encourage the emergence of new ideas and self-initiated actions fostered by different narratives and meanings that challenge the status quo. This mindset seeks to tap into the latent motivation that exists among small groups of people who are passionate about their ideas and unleash them to take action. The leader, along with others, then monitors the results, and those experiments that show promise are nurtured and allocated resources. Once it becomes clear which initiatives will work, they are built upon, scaled up, and embedded into the organization.

CONCLUDING COMMENT

We think the beginnings of a new mindset about leadership and change has emerged precisely because organizational leaders now face complexity, uncertainty, and diversity that cannot be successfully managed by emphasizing facts, figures, and best practices to identify specific targets and then directing people in how to move towards them. Instead, a new mindset about leadership and change in a VUCA world emphasizes emergent, socially constructed meaning-making in order to foster collective attention towards adaptive challenges and to stimulate bottom-up, locally responsive solutions is needed.

REFERENCES

Bushe, G.R.(2009) *Clear leadership*. Boston, MA: Davies-Black.

Bushe, G.R., & Marshak, R.J. (2009). Revisioning organization development: Diagnostic and dialogic premises and patterns of practice. *Journal of Applied Behavioral Science*. 45(3), 348-368.

Bushe, G.R., & Marshak, R.J. (2014). The dialogic mindset in organization development. *Research in Organizational Change and Development*, 22, 55-97.

Bushe, G.R., & Marshak, R.J. (Eds.) (2015). *Dialogic organization development: The theory and practice of transformational change*. Oakland, CA: Berrett-Koehler.

Collins J., & Hansen, M.T. (2011). *Great by choice*. NY: Harper Business.

Marshak, R.J. (2013). Leveraging language for change. *OD Practitioner*, 45(2), 49-55.

Roehrig, M. J., Schwendenwein, J. & Bushe, G.R. (2015). Amplifying change: A three phase approach to model, nurture and embed ideas for change. In G.R. Bushe & R. J. Marshak (eds.), *Dialogic organization development: The theory and practice of transformational change* , pp. 349-370. Oakland, CA: Berrett-Koehler.

Stacey, R. (2005). Understanding organizations as complex responsive processes of relating. In G.R. Bushe & R. J. Marshak (eds.), *Dialogic organization development: The theory and practice of transformational change*, pp.151-176. Oakland, CA: Berrett-Koehler.