

Transformational leadership

Willingness to change is essential for success

Question:

My company has been in business for over 40 years. The owners are the children of the founders. From very humble beginnings, we've become a multi-state operation. We've been very successful over the years, but that has started to change. There are many reasons for this, but my major concern is that our owners are not progressive enough leaders. It seems like they're afraid to do anything their dad wouldn't approve of, even though he's been gone more than 10 years. We're stuck in a rut in which we fall back into doing things the same old way. Nobody listens to new ideas. If we question how things are done, we're put in our place pretty fast. Employees come and go, and the ones who stay are frustrated. The competition is stiffer and still we don't change even though it's 2005, not 1965. What can we do to challenge the owners to get their heads out of the sand and start acting like leaders?

Answer:

In my article in the April 29 issue of *Small Business Times*, I wrote about servant leadership. In response to your question, in this article I will talk about the concept of transformational leadership.

But before I do so, an important consideration to keep in mind is the concept of leadership effectiveness, something you touch on in your question. Leadership effectiveness (i.e., the factors that cause a leader to be effective, such as making the group productive) is quite different than leadership emergence (i.e., the factors that cause an individual to become a leader, such as having certain experience or preparation). Frankly, in many cases, what helped someone become a leader is not what helps them succeed once they occupy that role. In your example, the fact that the owners are the children of the founders is no guarantee they are effective leaders, at least not for this time and this place.

It is also important to take into account the context in which leaders operate. As leadership is concerned, one size definitely does not fit all. More specifically, an important consideration is the nature of the organization in which leadership occurs, different settings and circumstances may require different leadership approaches.

With these provisos, let me introduce the concept of transformational leadership. As conceptualized by researcher Bernard Bass and others, transformational leadership is an approach in which leaders seek to challenge their followers' views. Four elements are central to transformational leadership:

1. Charisma:

Transformational leaders set high standards for others to follow.

2. Inspirational motivation:

Transformational leaders provide

their followers with challenges and encourage commitment to shared goals.

3. Intellectual stimulation:

Transformational leaders encourage their followers to question how things are done and generate creative solutions to problems.

4. Individualized consideration:

Transformational leaders provide followers with coaching, mentoring and growth opportunities.

Transformational leadership is most appropriate for an organization on the march, one that is pursuing change, one looking to move to the next level. Your question suggests that your organization needs to change, but the leadership is holding it back. If we accept your view of the situation as accurate, this is an indictment of the owners. As we know, the tone for the company is set at the top. Your characterization of the owners suggests that they are caretakers, status quo-oriented and living in the past.

If this is true, this is a recipe for certain failure. After all, we live in an Information Age characterized by:

- Mergers, buyouts, restructuring
- New markets and new customers
- Global competition
- Expanding technology
- Greater sensitivity to the cultural context
- Intergenerational workforce
- Maximizing human capital

Fast-paced change is all around us. As author Jason Jennings has observed, in today's business environment, "It's not the big that eat the small . . . it's the fast that eat the slow."

How nimble is your organization?

How responsive is it to the emerging trends in today's business environment?

To sum up, your company is confronted with a leadership challenge. Your owners must set a different course so that the solutions they pursue to solve today's problems are not simply a reflection of, "the way we do things around here." Today's problems call for today's solutions, not yesterday's.

So, here's some simple advice for your owners (i.e., the company's leaders): Stop living in the past. Yes, take genuine pride in the accomplishments over the past four decades. But, don't rest on that foundation, build on it. You have no entitlement to be in business. Somewhere on this planet, right now, a company exists whose sole purpose is to put you out of business. Therefore, make a commitment, today, to pursue today's challenges using today's approaches. In short, make a commitment to change.

So, the message here is to adopt a different leadership agenda. This is not to indict the model that has been used to date. The track record you allude to speaks for itself. Frankly, the leadership approach that has been employed must have been reasonably effective, given the gains made over the last 40 years. But, as you hint at in your question, one wonders, "Will more of the same produce different results?" I, for one, suspect that the answer is, "No."

In short, your owners must embrace change and encourage others to do the same. Within the context of this article, I would suggest that they must operate as transformational leaders. They must model the "new way" on behalf of the organization at-large. They must challenge others to come up with new and better processes and practices. They must unleash the critical thinking capabilities of organizational

members. And, they must create a learning environment for the company that more fully harnesses the productive capacity of each and every employee.

Sounds like a lot of work, doesn't it? But, then so was the last 40 years ...



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