

Willing to change

Effective leaders see connectivity

Question:

I saw your article headlined, "Defining leadership: Today's business leaders need many skills," in the March 3 issue of *Small Business Times*. I appreciated what you had to say and wonder if you could elaborate on the Three P's and Three C's. Why are these so important?

Thanks.

Answer:

The column that the reader mentions highlighted the importance of leaders adopting a holistic perspective as they confront the complexity of the Information Age. In it, I suggested that leaders must focus on internal integration (i.e., linking and aligning individual and collective efforts) in order to provide for external adaptation (i.e., proactive positioning in the marketplace).

In my last column in the March 31 issue of SBT, I addressed the Three Ps of internal integration — purpose, partnership and process.

In this column, I turn my attention to the Three Cs of external adaptation — customers, competition and change.

Before I do that, though, let me again

reinforce the central point of my discussion which is that to be maximally effective, today's leaders must adopt a "systems perspective." That is, they must recognize how individual issues, events, tasks, etc. add up to a collective whole. To be a systems thinker, then, is to understand the interrelatedness and connectedness of things.

By using systems thinking to pursue the Three Ps, leaders link and align individual and collective efforts.

But, for what purpose? Toward what end? This is where the Three Cs come into play.

The Three Cs are critical elements that influence the external business environment in which an organization operates. Knowing what is going on in the external business environment allows leaders to make certain choices about how they pursue the Three Ps. Having a clear understanding of the Three Cs gives leaders a well-defined target at which to aim. Let's look at each of the Three Cs in some detail.

Customers

When leaders focus on customers, they are focusing on the lifeblood of the organization. At the macro level, leaders need to set the tone regarding the manner in which the organization interfaces with its customers. This means defining who the customers are, understanding their needs and positioning the organization to be maximally responsive to them.

A key issue along these lines is instituting a data-gathering approach that captures accurate customer-related data. In simple terms, leaders need to know the customers like the backs of their hands. They also need to think in terms of a continuum of customer satisfaction. To what extent is the organization addressing the expectations of its customers? How satisfied are the customers with the service they receive?

Failing to meet customer expectations is at the low end of the spectrum. This equates with customer dissatisfaction and is not a viable customer service posture. It portends certain failure over the long term. Moving up the spectrum, other gradations include meeting, exceeding or exciting customer expectations. Applying some standards of merit, meeting customer expectations is "good," exceeding them is "better" and exciting them is "best."

The prescription, then, is for leaders to define the methods and approaches that are used to regularly excite or wow the customers.

Competition

To help the organization do well by its customers, leaders need to understand what the competition is doing, both in terms of its business practices and customer practices. One general approach for doing this is known as benchmarking.

Benchmarking is the process of identifying, understanding, and adopting outstanding practices from other organizations to help your organization improve its performance.

But, as researchers such as W. Chan Kim and Renee Mauborgne, the authors of *Blue Ocean Strategy*, have pointed out, there are some problems with the way most organizations pursue benchmarking. Specifically, a common shortfall of many benchmarking initiatives is that the organization benchmarks only within their own industry.

But, the major reason for doing benchmarking in the first place — to be different from the other guys. Knowing this, savvy leaders study their industry and the competition in order to stop competing. The idea is to identify new possibilities, new approaches, etc. that allow your organization to stand alone in the spotlight of customer attention.

From this perspective, a question worth asking is, "What is the one thing that we could do tomorrow to look different from the competition and in so doing shift the paradigm — the ways things are done — so that we are the market leaders?"

Change

From my way of looking at things, emphasis on this third "C" is the inevitable outcome of paying attention to the first two "Cs." Let me be more precise. Targeted, planned change is the inevitable outcome of knowing your customers and competition well.

In other words, for the leader who operates as a systems thinker, Customers + Competition = Change. Implicit in this is the idea of choosing the right change at the right time for the right reasons. To do this, leaders need to start by making fundamental choices that align with the core values of the organization. They must act with personal integrity and encourage others to do the same.

Further, as change management experts like John Kotter have suggested, leaders must remain vigilant in support of organizational change efforts.

To summarize, by attending to the Three Ps, leaders have the opportunity to gather feedback about their internal business practices. In evaluating feedback relative to goals and standards, subsequent actions can be better focused, aimed, or guided.

A guided systems approach, then, is

the outcome of paying attention to the Three Ps.

Yet, while a guided systems approach is better than an unguided one, I would suggest to you that a more powerful approach is an adaptive systems approach. Within the context of this column, I am suggesting to you that leaders can build adaptive systems on behalf of their organizations by attending to the feedback possibilities provided by the external business environment and the Three Cs.

Ultimately, my message is that leaders need to look both inward and outward. By looking inward at the Three Ps, a guided performance system that links and aligns individual and collective efforts will be built. By looking outward at the Three Cs, an adaptive performance system that allows for well-timed, opportunistic adjustments will be built.

My message is that by attending to the Three Ps and the Three Cs, a high-performance organization will be built. And, from my way of looking at things, that is a most effective criterion by which leaders can be measured.



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