

STRATEGIC HR REVIEW

Harnessing the power of corporate culture

The work of HR part two: the flow of
information and work

by Dave Ulrich and Wayne Brockbank **PAGE 20**

FEATURES

Ethics and strategy innovation at Citigroup

How O2 built the business case for
engagement

Creating a business-focused IT function

Developing leaders for a sustainable
global society

DEPARTMENTS

STRATEGIC COMMENTARY

Laurent Jaquenoud

e-HR

Employee self-service at RDF

HOW TO...

Integrate corporate culture and
employee engagement

PRACTITIONER PROFILE

Julie Bass, Groupama

METRICS

Rating intellectual capital

HR AT WORK

Tailored recognition at Lloyds TSB
Asset Finance

HR AT WORK

Transport for London's
non-traditional training

REWARDS

Communicating employee
recognition at MDOT

RESEARCH AND RESULTS

Effective recruiting tied to stronger
financial results

Developing leaders for a sustainable global society

A new model for leadership development

Asking business leaders to make decisions that produce superior financials and simultaneously contribute to social progress while protecting environmental quality is a tall order. Nancy McGaw, deputy director at the Aspen Institute's Business and Society Program, shares the results of its research into leadership development with representatives from firms around the world.

OVER THE PAST DECADE, increasing focus has been placed on the role that businesses can – and should – play in contributing to a sustainable global society. Failure to face up to these challenges has significant costs. Increasingly, a firm's long-term competitiveness is dependent on how creatively and adroitly its leaders manage at the intersection of financial, social and environmental objectives.

Responsibility for assuring that leaders at all levels in the firm are ready to meet these rising expectations is widely shared throughout the corporation, but HR professionals, particularly those responsible for leadership development, can be at the forefront of the effort.

To be in this vanguard, leadership development experts must reflect on two critical questions: What kind of leader is called for? And how do we develop individuals with these capabilities? Since 1999 the Aspen Institute's Business and Society Program has been convening experts in leadership development from academic institutions, corporations and professional service firms around the world, inviting them to share insights on these questions. This article details what we have learned so far from conversations with these leading thinkers.

A new model for business leadership

If we are now expecting businesses to operate with a longer-term view that takes social and environmental impacts into account, we need a new model of leadership to achieve that result. Typically, "new model" leaders:

- are able to span boundaries, listen to diverse constituencies and be willing to be altered by any of these inputs;
- have the courage to make tough decisions in a way that acknowledges the often conflicting values/expectations of these constituencies;
- are enriched, not overwhelmed, by complexity and diversity;
- build a team that is stronger than its individual parts;
- see the firm in a larger context, considering social and environmental issues beyond the corporation's gates;
- move beyond solving specific problems or addressing particular needs to setting a broad agenda.

Of the skills and perspectives implicit in these characteristics, four stand out:

1. Self knowledge and mindfulness

The new model of leadership relies on an individual's capacity for consciousness, awareness and presence. Executives think most expansively and hopefully about the role of business as a force for positive change when they think holistically about their sense of self in the world, not simply as business executives but also as parents, citizens, neighbors, spouses. From this

multi-dimensional stance, they are much more likely to see how making decisions that leave a positive footprint on communities and the physical environment also serves shareholders' needs.

2. Communication skills – listening and speaking

Knowing when to speak and when to listen is one of the balancing acts that expert leaders must master. Active listening is vital. Among other things, it allows leaders to pick up on “Weak Signals^{®1}.” Lessons from individuals inside and outside the firm point the way to threats and opportunities for the enterprise, and the costs of ignorance of either are high.

Managers also need to know when to speak honestly and forthrightly. Especially in the midst of crisis, “unbounded anxiety” in a business setting is one of the greatest risks. Speaking out about what is both right and wrong becomes an expression of hope. The diagnosis serves as a container for focusing efforts; colleagues can then move forward.²

3. Operationalizing values-based decision making

Regulatory compliance and strict codes for ethical conduct are critical structures for businesses. However, they tend to level the playing field rather than open paths for businesses to contribute to a sustainable society. Breakthrough opportunities come from the direction of leaders who understand that the values of the enterprise are lived through routine decisions made by employees at every level – by the scientists in the product development department, the analysts in finance, the marketing specialists.

These decisions are not just about what is right and what is wrong. They involve choices with consequences, known and unknown, and costs and benefits that are weighted unevenly for various stakeholders. Considerable expertise is required to develop a decision-making process that gives space to these factors.

4. Understanding the reality of choice

Leaders make tough decisions. Everyone knows that is part of the job, but leaders often take a shortcut in order to get to the “right” answer. They use the financial tools at their disposal to decide which option appears to enhance shareholder value, but the fix is often short-lived. Rather than default to conventional financial analysis, it is empowering for leaders at all levels of an organization to understand that they have more choices than they may realize.

They can, for example, choose to invite, rather than to wait; to value, rather than critique; to question, rather than assert; to think in decades, rather than in quarters. Doing so may open further options for action that offer longer-term benefits.

↓ THE “NEW MODEL” LEADER

Leaders who operate successfully at the intersection of financial, social and environmental objectives must:

- Actively develop to take social and environmental impacts into account.
- Exhibit expansive thinking, good listening skills and values-based decision making.
- Value discovery as well as mastery.
- Ask questions and be inquisitive.
- Allow time for reflection or change of scenery in order to obtain a different view on a matter.
- Acknowledge the value of experiential learning and cross-sectoral dialogue.

Implications for leadership development programs

What kinds of leadership development programs are best suited to help individuals develop these skills and perspectives? Summarized below are insights into this question from participants at the Aspen Business and Society Program conferences. (Sample innovative executive development programs are noted in Figure 1, overleaf.)

Need for new content and questions

Business executives have been well-schooled in using tools to meet financial objectives, but they need additional strategies and more information to seek outcomes that more fully take social and environmental impacts into account. Proposed new curriculum topics include: understanding diverse stakeholder perspectives, considering what “sustainable development” means for today’s managers, surveying global trends and assessing their impact on management decisions, considering the appropriate role and responsibilities of corporations in an evolving global economy, and exploring ways to build partnerships across sectors.

A theme that cuts across all these topics – and dozens of others that might be added to the list – is that they are not so much about *mastery* as they are about *discovery*. This observation suggests that leadership that contributes to a sustainable society is much more about asking questions than it is about finding answers. It’s about honoring the importance of inquiry.

Leadership development programs can help executives value inquiry by designing educational experiences that include questions such as:

- What is the purpose of our enterprise?
- Is it possible to articulate this purpose in a way that engages the passions of employees?
- How do we measure success?
- What is it that we do as a business when we are at our best that allows us to say that our life has meaning?
- What is the “work of the world” and are we doing it?

Benefits of retreat/time for reflection

Giving leaders an opportunity for



Nancy McGaw

is deputy director of the Aspen Institute’s Business and Society Program. She manages the program’s Dialogues with Executive Educators and directs its research projects on corporate leadership and trends in management education.

Figure 1. Innovative executive development programs

Case Western Reserve University (The Weatherhead School)	In its Executive MBA program, students develop a Life-Long Learning Plan to commence after their graduation. The plan is based on a series of instrumented and peer feedback and analyses guided by the work on emotional intelligence by Boyatis, Goleman et al. Students practice skills and inquiry methods to develop more self-awareness, awareness of others and relational competencies.
London Business School	Proteus is an executive program named after the Greek sea god famous for his power to assume different shapes at will. Among its features is time for leaders to meet with young people to hear about their images of leaders and for the leaders themselves to reflect on their own legacies. The program wraps up with a "biography and destiny" session.
Notre Dame (Mendoza School of Business)	The Integral Leadership program, which focuses on multiple facets of human development – cognitive, emotional, interpersonal, physical, ethical, moral and spiritual – is explicitly designed to help business leaders leverage all their strengths to build a successful organization.
McGill and other universities in the UK, India, France and Japan	The International Masters Program in Practicing Management is a degree program that "focuses on developing managers within their own contexts" (their jobs/organizations) and is organized around "mindsets" – reflective, analytic, worldly, collaborative, and action – rather than around functional "silos" such as marketing and finance. Each mindset unit is taught in a different university.

- ◉ retreat and reflection should be a more prominent component of leadership development initiatives. Retreat is seen as a critical counterpoint to the information overload and speed imperative that govern daily corporate life. It is a source of energy and will. It is essential for getting to the epiphanies that give leaders the knowledge of "elsewhere" that drives their vision. The practice of retreat ranges from a night alone in the desert to the practice of setting aside time in training sessions for individual and group reflection. Reflection can also be prompted by a change of venue, like a trip to an art gallery or a short-term assignment that requires participants to solve a problem or start a business. The common thread is to move away from the usual daily routines in order to get a different view.

The power of experiential learning

Experiential learning opportunities for executives (including role-playing, peer exchanges, listening tours and so on) have been sources of remarkable breakthroughs in terms of individuals uncovering their own values and understanding others' points of view.

Two stories offered by participants in Aspen dialogues are illustrative:

- The executive of a small non-governmental organization worked with rival clans in his neighborhood. One day he received a visit from local clergy. He engaged them in role-playing a conflict between the two clans. They became truly immersed in their roles and were changed by the opportunity to trade their clerical robes for those of others.
- In a peer exchange program, one manager observing another was initially disturbed by what he perceived as a lack of productivity. She was "running around like crazy," driven by e-mails, telephone calls and unscheduled visits. Eventually, however, he came to realize that through her interactions she was picking up vital information critical for managing the crisis situations at the core of her organization's work. As a result, his understanding of the manager role expanded.

The central role of cross-sectoral dialogue

Closely related to the need for experiential learning is the importance of making cross-sectoral dialogue a fundamental part of leadership development. "Cross-sector" is widely defined. It can mean bringing together academics and practitioners or representatives from different disciplines or functional areas within a firm. It refers also to discussions across generations or across hierarchical layers in a corporation. At another level, it calls for discussions among representatives of for-profit businesses, non-governmental organizations and government.

Aspen's Business Leaders Dialogues have actively tested the impact of such discussions. One brief story is worth relating here. In the midst of a three-day dialogue with CEOs focused on the role of the corporation in society, a physician told the story of an impoverished young single mother in a Central American country and her struggles to manage her responsibilities as a mother and a worker. It was a simple story of poverty and aspirations and the impediments that chip away at hope for millions of hard-working people around the world. Her story became a touchstone for further conversation throughout the conference and prompted deeper inquiry about the role of business in society.

Building empowerment

What is perhaps most remarkable about the findings from the meetings convened by Aspen's Business and Society Program is the hopeful message they convey about how we may reach the goal of developing leaders who strive to contribute to a sustainable global society.

Despite the increasingly tough standards by which these leaders will be judged, the message embedded in these findings is not about the burdens that leaders must assume. Rather, it is a message full of possibility.

When considering whether leaders will rise to the challenge of running corporations with an eye on financial results and social and environmental impacts, it's not as important to focus on whether they *should* as it is to realize that they *can*. How is it that a responsibility so great can feel so exhilarating? Perhaps it is because the essential tools for taking on the challenge are within our grasp. We can:

- honor inquiry by asking fateful questions that engage and excite;
- enter into dialogue with a commitment to hear and be heard;
- take time for reflection and retreat;
- experience and learn;
- assert the values that we have always held dear, the ones we hope our children will impart to their own;
- imagine a vision of the future and the legacy we can leave behind.

As Frank Barrett and Ronald Fry stated in their book *Appreciative Inquiry and Organizational Transformation: Reports from the Field* (Quorum Books), "The most important resource we have for changing organizations is our unlimited imagination and our capacity to unleash the imaginations and minds of groups." One of the most critical roles for leadership development and other professionals is to ignite imaginations and empower leaders to believe in their own capacity for positive change.

Next steps for development professionals

So how can these professionals set forth on this mission? One starting point is for each to reflect on his or her own professional and personal purposes. Start with the following questions:

- When have I contributed most profoundly to the organization?
- How do I measure my own success?
- Where do the values of the company and my own personal values coincide?
- If anything were possible, what would I like to accomplish with my work?

Think bigger and bolder than ever before. Then move outward. Purposely seek out conversations never before imagined – talk to the people in strategic planning who think about the environmental impacts of the firm. Have lunch with those who manage community relations. Talk to other colleagues in HR, in product development, in marketing, in finance.

Use these conversations as a way to tap into a rich vein of information and ideas about long-term competitiveness. Learn about the challenges and opportunities colleagues face as they work to align financial, social and environmental objectives for the firm – and discover where there is potential for alignment but the connections aren't being made. Enter

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the conversation thinking about the imperative for leadership and innovation, not corporate responsibility.

Armed with this knowledge (and perhaps with a few allies for action around the firm), leadership development experts can become better prepared to make a compelling business case for developing programs designed to produce leaders who understand the imperative for managing financial, social and environmental impacts and have the capacity to do so.



→ CONTACT
Nancy McGaw
E-mail: nancy.mcgaw@aspeninstitute.org

References

1. "Weak signal research refers to those organizational traits and organic components that enable the enterprise to detect weak signals as a matter of course, build models and stories that illustrate the possible effects of whole sets of signals over time, and redesign itself efficiently to take advantage of these possibilities." See Bryan Coffman's introduction to Weak Signal Research on the Matt Taylor Corporation website at: www.matttaylor.com/public/weak_signals.htm

2. Gary E. Jusela, William Wiggenhorn and Mary C. Gentile, "Raising the Stakes or Finally Seeing them Clearly? Balanced Leadership in Times of Economic Crisis", *New Academy Review* 1.1 (Spring 2002): 37-47.