

authentic leaders

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Required Reading for Growing Companies

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2100 Aliceanna Street, 2nd Floor, Baltimore, MD 21231
Phone: 410-342-9510 Fax: 410-342-9514 www.smartceo.com

Publisher: Craig Burris

Editor: David Callahan

SmartCEO has some interesting statistics in its 2003 media kit about its readership. Important for a columnist to know, huh? Yes, and for some reasons I didn't fully appreciate when I began this column.

Primary and secondary *SmartCEO* readers are owners and top management of firms with 5 to 250 employees. There are great differences among companies with 5, 25, 50, 100, and 250 employees—in complexity of organization, infrastructure, balance of individual initiative with standardization of policies and procedures, and in the style of leadership required. This column offers insights on the style of leadership appropriate to the size and stage of development of the organization.

Focusing in on these stages, Larry Greiner, in his *Harvard Business Review* article, "Evolution and Revolution as Organizations Grow," highlights:

STAGE 1— CREATIVITY AND COMMITMENT

- Organizational Structure: informal
- Management Style: individualistic
- Communication: frequent and informal
- Control Systems: limited to direct, tangible results
- Rewards: mission and meaning

A crisis necessitating change in this type of organization is that as numbers of employees increase, the leader's informal and sporadic communication becomes inadequate and management responsibilities and demands for structure mount. If appropriate changes are made, the organization moves to—

STAGE 2— EFFICIENT OPERATION

- Organization Structure: more centralized; task division restricted and functional
- Management Style: significantly more directive
- Communication: more formal and impersonal
- Control Systems: focus on method of operation, personnel—rigid
- Rewards: compliance

A crisis comes from alienation of lower level staff from a

sense of ownership and the resulting demands for greater staff participation in decision-making. Appropriate changes lead to—

STAGE 3— DELEGATION

- Organizational Structure: activity and decision-making take place at staff level
- Management Style: hands off—intervene only when problems arise or changes required
 - Communications: lateral communications among team emphasized; infrequent contact with top management
 - Control Systems: looser, emphasis on project completion
 - Rewards: project completion

The crisis happens here when top management sees themselves losing control over projects and field operations, with fiefdoms developing and coordination breaking down. Appropriate changes lead to—

STAGE 4— CONSOLIDATION

- Organizational Structure: more formal planning process to provide coherence, consolidation and coordination; object is to integrate programs and implementation.
- Management Style: watchdog
- Communication: frequent bottom-up and top-down
- Control Systems: detailed intensive planning system and frequent staff reporting
- Rewards: achievement of plan

A crisis develops when the red tape of planning and accountability systems engulfs organizational effectiveness.

Probably most *SmartCEO* readers and leaders can identify with one or more of these stages in their organization's history or in its current situation. Each growth stage has its own unique problems.

The leader also has his or her own unique problems. The Institute for the Advancement of Service in Alexandria, Virginia highlights these problems in its material. What I have done below is to rename the Institute's stages of development and then highlight the leader's state of mind at each stage.



Wayne Caskey

1. SURVIVAL

“It’s me or us against the world. And I’ve got to control internally and externally what happens so the walls of my business won’t come crashing down. The truth is I’m very vulnerable to forces beyond my control and it’s not a comfortable place to be.”

2. MATERIAL PRODUCTIVITY

“Efficiency and beating the competition are my primary values. Everything else—ethics, honoring others’ individuality, balance in life—is secondary. I’m going to achieve external power here by dominating the marketplace and dominating the workplace. My associates in this enterprise are really pawns to be moved about in the big chess game I’m playing. Power, money and sex are big items for me in this world—I get high on them. If I don’t have them, I feel low fast. Sometimes I feel like my life is a soap opera, or like the movie *Disclosure*.”

3. WE HAVE THE ANSWER

“Our product or service is so unique it is non-replicable. Our patent/technology/secret recipe makes us so unique that others’ attempts at copying it are doomed to failure, at least in any short-to-mid-term scenario. Others are just plain wrong in their approaches and cannot touch us. We are going to save the world! Whenever anyone questions our superiority, we laugh them out. We’re beyond soul-searching here.”

4. SACRIFICE FOR THE ORGANIZATION

“Sure, you’ve got another life outside the office, but what we’re doing here is so important your personal needs will have to wait. In any event, you will ‘fulfill’ yourself here by serving this organization and its worthy cause. It’s true a number of our former employees said in their exit interviews that we didn’t care about them and they got burnt out here, but they just couldn’t cut it. We know you can.”

5. WORK-LIFE BALANCE

“We expect our people here to devote time to both their

jobs and their personal lives. We believe the whole person comes to work, and a happy person is a happy employee. We offer flex-time, an employee assistance program, and numerous other programs to help our people grow in their personal lives. We’re also considering a virtual office for at least some of our employees. As our employees grow, they can better serve, both at home and at the office. We believe we are at the forefront of American business with our progressive programs.”

6. OPEN TO DESTINY

“Yes, we have our operational and strategic plans. And we do honor people. But some of the greatest strides we have made have come from our openness to synchronistic events—accidents which we did not dismiss as inconsequential. Many say we were at the right place at the right time. We say it’s just being open to what comes down the pike toward us.”

So, what does all this mean for effectiveness and personal growth of leaders at various stages of organizational growth? I submit that many leaders become stuck in one stage or another, and their stuckness limits their ability to lead their organization to the next stage. Some leaders, however, integrate the learnings at each stage of growth. By aligning themselves with the changing needs of the organization they increase the latitude and flexibility of their management styles. Such growth-seeking leaders also become keenly aware of the interrelationship of their organization’s hubris and their own personal hubris. They seek awareness and perspective, knowing the health of the organization depends on their doing so.

Viewed in this manner, leadership never gets old, because there’s always the next stage, the next organization. Leadership renews its authenticity at each stage, becoming a life-long challenge and a life-long growth process. The old saw, “once a leader, always a leader” becomes a dynamic, transformative process in which the authentic leader leads and is led to ever-widening authenticity.

Wayne Caskey is a three-time CEO who is now an executive coach. His website is www.waynecaskey.com.