

# Leadership in Transformation: Building Capacities for a New Age

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We are entering a dynamic future that will form its own structure. There are no models to use, only principles to point us in the right direction. There are few experiences that help us to know how to lead in a constantly changing, interconnected, and increasingly complex society. There is a growing realization that the world is moving through a period of profound transition.

Peter Drucker, noted futurist and management scholar, suggests:

“Every few hundred years in Western history there occurs a sharp transformation. Within a few short decades, society – its world view, its basic values, its social and political structures, its arts, its key institutions – rearranges itself...We are currently living through such a time.”

If this is true, and we believe it is, local communities are ill prepared for thinking about a different type of future. Too often when faced with new types of issues, local leaders revert to traditional ideas and existing tools in the name of “fixing the problem.” Sometimes out of fear they reject anything new and wish to return to a simpler time. Such an approach assumes that there exists appropriate knowledge, methods and techniques to make things better. This assumption is false.

Bob Johansen, Senior Fellow at The Institute of the Future is a forecaster who looks at trends. He posits that the time we are in is characterized as a VUCA environment:

- Volatile
- Uncertain
- Complex
- Ambiguous

The characterization seems accurate providing some solace as to why things feel so challenging, while at the same time framing the huge challenge we face. (We will say more about Bob when we posit some of the characteristics that will serve leaders going forward.)

## Entering the Tunnel of Transformation

There is a realization in a number of areas that we are, as a society, approaching a limit and that we will need to transform the way we live if we want to survive and thrive. For this to occur, we need to build “capacities for transformation” in local communities as well as have public policy adjust to create an “environment for and in transformation.” Instead of trying to continue to make old ways more efficient ( reforming change ), local citizens need to begin to focus on trends of the future (and weak signals) and how such trends impact basic assumptions of community life. Only by creating new tools through community research and development ( the capacities for transforming change ) will the behaviors, attitudes and activities of people become consistent with that needed to anticipate and

adapt to an emerging society that is constantly changing and increasingly complex.

So what can local communities do to prepare themselves for such a different future? There is no one thing. In fact, we are leaving the world of independence which fosters either/or thinking and standard actions (where we look for the model that we can use for every situation), and moving into a world of interdependency which will require people to think systemically, make multiple connections, design parallel processes, and look for value in what others say and do.

No longer will it be enough to “improve” our existing educational system or “bring more jobs into our area.” To do so assumes that the underlying principles of present educational systems and existing methods of education are adequate, and, that all we need to do is to do more of or improve what already exists. But if only 8% of all people learn by being lectured to, why are schools designed to have a teacher talk most of the time? If the world is constantly changing and there are different interests and types of intelligence, why do we provide standard curricula for all students? If bringing jobs into an area peaked as a technique of economic development in the 1980s, why do we give such large incentives to attract new industry? If direct manufacturing jobs are predicted to be only 4-8% of the workforce by the year 2015, why, other than it's the way we've always done it, do we focus so much attention on industrial recruitment?

We do so because experience traditionally has been a good teacher. We learned from the past to be able to make the future efficient. The very basis of our educational system has developed around the idea that there are core skills and competencies that must be learned by all generations. The very nature of “leadership timing” reflects such an idea. One was not ready for leadership until one was old enough to have enough experience to earn the right to lead...an appropriate idea in an age when trains took four days to cross the continent....when a basic technology of manufacturing was unchanged for 100 years.

But now, with an exponential explosion of knowledge, what was appropriate today will soon be out of date. Some examples follow. A civil engineering student at Cal Tech will find 25-50% of the information learned will be obsolete by the time of graduation. Ford Motor, Inc has an internal Leadership Institute whose objective is to give all employees the capacity to help change their corporate culture within five years. Home-schooled children several years ago won the top three positions in the National Spelling Bee. In each case, there was change...but transformational change, not just improving what had already existed. In each case the very assumptions of traditional structure and thinking have been challenged.

Because of the impact of present trends, there is a need to “transform” how we see the world, how we act as human beings, and how we focus on a family of values that will sustain the kind of society into which we are moving at light speed. It will not be easy. Only by creating an environment that encourages transformation to occur will people begin to realize that “they don't know that they don't know”....and it will take years to occur.

Yet, when the new society that is emerging is fully formed, it will have created its own institutions and underlying principles and capacities that will support a sustainability of environment, people and communities. This society will be different in many ways, but one attribute will be historically unique. The emerging society will require an interdependence of human, spiritual and economic values capable of integrating the needs of the individual with the needs of the community, the country and the planet.

## **Understanding the Context of Transition**

In some ways prompted by impending financial challenges over the next several decades, local communities throughout the U.S. will be challenged to develop new capacities to transform themselves in many specific ways. There is a great need to help people think about the future in non-traditional ways. There is a greater need to help build connections among different people and ideas to

be able to build a new context for the future.

“People can radically transform their behavior or beliefs in the face of the right kind of impetus. This contradicts some of the most ingrained assumptions we hold about ourselves and others. We like to think of ourselves as autonomous and inner-directed, that who we are and how we act is something permanently set by our genes and our temperament. We are actually powerfully influenced by our surroundings, our immediate context, and the personalities of those around us.”

... Malcolm Gladwell, *The Tipping Point*

Although none of us are fixed in stone, in any period of great transition a tension arises between those who accept the need for change and move it along, and those who resist moving from a more comfortable world that is certain and based on tradition and experience. Usually those in power or those committed to traditional ideas resist change. Those interested in new ideas and those able to achieve recognition, money and power previously beyond their reach, endorse change.

## **Technology**

Within the last two hundred years the context of technology has changed, but, until recently, the principles and objectives of life stayed the same. Certainly, the impacts of railroads and airplanes, of wireless and telephones, speeded up the development of Western society, but they did not change the fundamental assumptions undergirding the existing societal institutions.

Key principles and values that had emerged from the 18<sup>th</sup> century Enlightenment continued unabated. For example: 1) the self-sufficient individual continued to be the basic unit of society, 2) most Protestants still believe that one's success is a direct evidence of God's favor, 3) the nation state is seen as the most powerful political entity, 4) there is still faith that science and technology will solve society's issues, and 5) strong leadership sets vision for followers.

Like all parts of the life of a community, the concept of leadership must be considered within its historical context. Until recently, leadership was earned and those in one generation would anoint the next. Those whose experience, character and action gave them respect and authority in organizations gradually earned the right to lead. Those who won the respect of the previous generation would have the baton of leadership passed. Whether the year was 1800 or 1970, the concept of leadership stayed virtually the same. Only in rare moments would a leader appear who would upset the status quo. Leaders would set the goals and objectives for a project, a strategic plan or an achievement in sports, and then he (usually men) led followers in his strategy.

As a result of the context of our Industrial Society, beliefs and attitudes focused on standard answers ( one best way to do things ), material progress as the reason for life, and relatively slow changes in the needs of institutions. Strong leaders were challenged to maintain the quality of the material progress, insure that their workers and citizens did the right things, and helped make their organizations and communities more efficient.

Strong leaders could see the future and lead others to well defined goals.

“In June 1940 the empire which Churchill so vigorously upheld was

fighting for its existence against what seemed overwhelming odds. What Churchill said and did created a sense of unity and purpose which was unprecedented and will probably never be revived.

... Lawrence James, *The Rise and Fall of the British Empire*

In our minds, Churchill at war is the epitome of a strong leader. Standing alone against the tide of the Nazi onslaught, he made often-unpopular decisions that risked his country and himself. And because Britain overcame overwhelming odds, Churchill will go down in history as a blueprint for leadership, as well he should...for a time of crisis. The context of war, with well-defined objectives and identifiable resources, allowed the experience and strengths of Churchill to take advantage of the moment.

The capacities to win existed. The capacities to understand the issues and objectives were available. The capacities to mobilize the emotions of a nation were focused on a known German enemy. The war making capacities were only limited by the potential of the U.S. economy. The context was fixed, and the objectives were defined.

Good traditional leadership is at its best when the capacities exist and the moment is fixed. Whether a city manager with regional waste disposal issues, a textile CEO with production objectives to meet, or a superintendent of schools who must meet system-wide standardized test scores, leadership is defined. It is the ability to mobilize all resources to achieve an objective that is measurable and can be benchmarked against the best of existing practices.

In many ways as a culture and civilization we have been focused on conquering “outer space.” This does not mean a focus of exploring the moon or mars – it means mastering the physical space around us. Given that we have become the dominant creatures on the planet it’s time to focus on getting along with each other, the remaining creatures and the physical environment. Given that much of the work required is shifting our mental models you might call this evolutionary step conquering “inner space.”

### **Leadership in a Context of Transition**

But what concept of leadership is appropriate in a context that is changing in kind as well as scope? Does experience always help, or is experience at times an obstacle? Are new principles of leadership applied the same in both public and private sectors? What will be the attributes of leadership in the 21<sup>st</sup> century, and will there be a standard way to lead at all times, mirroring the concept of leader-follower that emerged in the Industrial Age?

The concepts of leadership in the 21<sup>st</sup> century need to be consistent with the type of society that is emerging. The most significant changes in leadership reflect the transformations that are occurring in the society...a society that is evolving from a structure of hierarchies and standard answers to one that is constantly changing, connected, networked, interactive and increasingly complex.

The concept of 21<sup>st</sup> century community transformation recognizes that there will be times when traditional leadership ideas are appropriate and time when an emerging, new type of leadership is appropriate. This new leadership is called “transformational leadership” or Master Capacity Builder. Traditional leadership is focused on objectives and outcomes. A Master Capacity Builder is focused on connecting ideas and people, and building “capacities for transformation” through community research and development. Traditional leadership emphasizes the use of projects and concreteness. Transformational Leadership emphasizes the use of building webs of relationship through building the capacity for “futures generative dialogue” within a context of the future (see “The Mesh” by Lisa Gansky).

## **Shifting to Transformation**

If there is a crisis (such as a flood), immediate action that is necessary (a growing epidemic), or standards that need to be imposed (world class quality for a product to be produced), then traditional leadership techniques should be used.

However, if the need is to help people think differently, be open to new ideas, test new innovative concepts, link diverse people in collaboration, and consider issues within a futures context, then new transformational leadership approaches for building “capacities for transformation” are needed. The emphasis needs to shift from actions to generative dialogue...from prediction and control to self-organization and emergence. Adaptive planning replaces strategic planning. Processes that connect diverse people and ideas in generative innovation become more important than specific plans and expected outcomes. A Master Capacity Builder is always focused on transformation, not for transformations sake, but because conditions dictate that we do things differently.

"The thinking that created the problems we are facing will not generate the solutions that we need."

. . . Albert Einstein

"If you keep on doing what you always did you will keep on getting what you always got."

. . . Yogi Berra

It is very difficult for people to embrace change of any type. Years of standard outcomes and cherished beliefs insure that the majority of people will resist change. Transformational Leaders need to understand that transformation of ideas and actions will take time and cannot be forced. Great patience will be needed by a Master Capacity Builder to create an environment where people come to their own conclusions about the need for change. Transformational Leaders should never take negative direct comments, body language or reactions personally. There will be many situations when these new leaders will need to introduce innovative ideas or create times of tension which are necessary for the “seeds of transformation” to be established. In those times, irritations and discomfort will be evident...and usually those affected will not be willing to express their reactions because they are threatened by what is being said or what is occurring.

A true Transformational Leader (Master Capacity Builder) understands the need for growth to occur within individuals and among groups. This type of leader cares more about helping the person grow than being liked or receiving a good evaluation. This ability reflects one of the key differences in the attributes of a Master Capacity Builder and a traditional leader. The traditional leader is focused on outcomes and results, at times no matter what the cost to the spirit of those involved. The Transformational Leader understands that for true transformational learning experiences to occur, personal growth ( to include becoming open to new ideas without being threatened ) can be more important than outcomes if the objective is to create an environment for transformation...whether in an organization or the community.

If the objective of leadership is the success of short-term projects and meeting preset standards, then traditional concepts of leader/follower may be appropriate. If the objective of leadership is to evolve a climate conducive to real transformation of thinking, attitudes and behavior over several years, then emphasis needs to shift to how to connect diverse people and how to introduce new, transformative ideas into the thinking and activities of the organization or community.

## **Key Ideas for a Master Capacity Builder : Essential New Ways Of Being**

Whether working in the private sector or public sector, all Transformational Leaders will need to

understand key ideas that will be foundation principles of transformation for the 21<sup>st</sup> century. An evolving Master Capacity Builder will be a continuous learner, and, through experience, begin to know how to apply the ideas in order to seed “capacities for transformation.” Without an understanding of and commitment to these fundamentally different concepts, which will undergird the transformation of organizations and community, the potential Master Capacity Builder will fall back into the habits of a traditional leader.

The following key ideas are of equal value and will be seen as interconnected as any Transformational Leader grows and matures:

### 1. Moving From the World of Either/Or to the World of And/Both

A simple concept once it is understood...but very difficult for most participants in any Transformational Leadership Development Course. It focuses on the fact that our educational system teaches us to look for the one best answer or one factor to solve any problem or issue. In an interdependent society, many factors will interact and many solutions will be appropriate at any one time, depending on the situation. No question should be framed in terms of either/or when thinking systemically.

### 2. Understanding the Difference Between Reforming Change and Transformational Change

95% of all actions that are taken in the name of change are actions which try to make an existing idea more efficient, but does not challenge the underlying assumption of what is being done. Doing more or less of the same in the name of efficiency is called “reforming change.”

Transformational change actually is a result of significantly modifying the underlying assumption in a organizational or community research and development project. An example is a Direct Consensus Democracy experiment that allows residents in a neighborhood or community to set the agenda, to identify compelling factors and their relationships, and to build appropriate strategies for electronic decision making.

### 3. Creating a Context Where People See a Need for Change

No one changes unless they, themselves, see a need for change. Unless people understand how future trends impact their organizations and communities, they will maintain their traditional behaviors, attitudes and action. Transformational Leaders will need not only to help identify trends, but to involve interested people in futures generative dialogue to see the impact of those trends on fundamental assumptions. The objective is to help others become familiar with the need to develop a futures context within which to think about issues.

### 4. Focusing on the Need for Self-Organization, Emergence and Feedback

The principles of ecology and chaos/complexity theory are very important ideas for the Transformational Leader. As a dynamic organization or community is transformed, it will often do so as a result of unpredictable forces. Without the capacity for diverse people to respond without rules and regulations, no organization or community will be able to anticipate change and to prepare themselves for transformation. Ideas, strategies and actions will emerge as a result of generative dialogue. Quickly testing ideas, strategies, and actions and feeding back the results will allow any person, organization or community to change directions and adapt to a constant changing context.

### 5. Laying Seeds

Transformational Leaders have to facilitate the development and seeding of many new ideas using parallel processes. In the past, a leader was trained to think of every potential and work

with one project at a time to increase the chances of success. A Transformational Leader understands that many projects and actions will need to be taken to deal with issues within a futures context, and will spend much time connecting people, starting concepts, and feeding back the results.

## 6. Thinking Systemically

If we move from a world of simplicity and one best answers to a more complex world in which everything is connected to everything else, we need to think systemically. The idea of focus will change from considering one factor or one action, to that of thinking about interrelated factors simultaneously. The fact that it will be more difficult is why the concept of work is changing from physical work to that of the mind.

## 7. Developing Parallel Processes

As we begin to think systemically and begin to work on different needs of a variety of interconnected issues simultaneously, we will need to begin to work in parallel processes. The restoration of a mill village may require multiple actions to be taken for different reasons. One process may focus on the basic needs of the residents related to literacy, preventative health care and existing job skills. Another process may be needed to help local leaders how to think as a Transformational Leader. Another process may need to network people in the region to help financially support the idea. Each process may be done for different reasons at different times with different rates of progress. Parallel processes will become a key component when developing strategies for a system of needs.

## 8. Introducing Future Trends

Unless a futures context is developed, any strategy for any issue will be based on traditional tools of experience. Although only demographics can be predicted with accuracy, identifying future trends will allow those involved to build scenarios to anticipate the impact of these trends. It will be important to have as many people as possible become interested in thinking about the impact of future trends: 1) engage them in generative dialogue groups, 2) send articles illustrating future trends, or 3) establish "futures institutes" in organizations and communities.

## 9. Building Connections for Innovations

There will be no greater challenge nor opportunity than to create "webs of intricacy." All complex systems grow by connecting smaller groups in some collaborative effort. Cells form this way and entrepreneurial networks will evolve to compete in the Digital Economy through collaborative connections. Only by connecting diverse opinions and factors in a dance of innovation will organizations and communities stay vital and sustainable in a constantly changing world.

## 10. Helping Others Be Successful

One of the key principles for a Transformational Leader in the 21<sup>st</sup> century will be the concept of helping each other succeed. Complex ideas and strategies need to have people and organizations collaborate to develop appropriate actions. Unless people work together for the good of the team or network, there will be no success. An interdependent society will need to have those involved realize that an abundance mentality is needed to help others be successful without self-interest. In a web society, traditional competition and self-interest will prevent the levels of trust and innovation that will build continuous connections of ideas, people and actions.

### **Comparing Attributes of Traditional and Process Leadership**

The following chart compares attributes of traditional leadership and process leadership. Each person and group will need to develop the judgment to choose which approach and attribute is chosen based

and group will need to develop the judgment to choose which approach and attributes to choose based on the situation and overall long term processes of the organization or community:

	<b>TRADITIONAL LEADER</b>	<b>PROCESS LEADER</b>
Short-term situation	Takes action	Considers the long term
Long term issue	Predicts a specific outcome	Anticipates with scenarios
Concept of planning	Strategic planning and linear	Planning by self-organization and systemic
Concept of structure	Focuses on standards, rules, and hierarchies	Emphasizes alternatives, feedback, and webs
Concept of thinking	Focuses on absolute answers and singular truths	Emphasizes being open to new ideas and choices
Focus	Concerned for how action impacts the leader	Concern for how action impacts the situation and others
Type of Thinking	Emphasizes logical thought	Emphasizes integration of logical and creative thought
Emotional Attributes	Emphasizes action, being right, strong opinions	Emphasizes patience, caring, openness to new ideas
Ethics	Concern for the truth	Concern for searching for truth(s)
Concept of the individual	Independent and self-sufficient	Interdependent and self-reliant
Concept of others	Compares to one's existing beliefs	Embraces diversity and openness of thinking

A complementary perspective is found in Bob Johansen's "Leaders Make the Future." Johansen suggests ten essential leadership skills for these times.

**Maker Instinct:** Exploit your inner drive to build and grow things, as well as connect with others in the making.

**Clarity:** See through messes and contradictions to a future that others cannot yet see. Leaders are very clear about what they are making, but very flexible about how it gets made.

**Dilemma Flipping:** Turn dilemmas—which, unlike problems, cannot be solved—into advantages and opportunities.

**Immersive Learning Ability:** Immerse yourself in unfamiliar environments to learn from them in a first-person way.

**Bio-Empathy:** See things from nature's point of view; to understand, respect, and learn from nature's patterns.

**Constructive Depolarizing:** Calm tense situations where differences dominate and communication has broken down—and bring people from divergent cultures toward constructive engagement.

**Quiet Transparency:** Be open and authentic about what matters to you—without advertising yourself.

**Rapid Prototyping:** Create quick early versions of innovations with the expectation that later

success will require early failures.

**Smart Mob Organizing:** Create, engage with, and nurture purposeful business or social change networks through intelligent use of electronic and other media.

**Commons Creating:** Seed, nurture, and grow shared assets that can benefit other players—and sometimes allow competition at a higher level.

## Bringing It Together

A Master Capacity Builder will grow and age as a fine wine. No one can be a good Transformational Leader without realizing how long it takes to develop new personal attributes and how important it is to understand the very different concepts and principles of Transformational Leadership compared to traditional leadership. The mature Transformational Leader will be able to move back and forth as necessary. However, the priority of a Master Capacity Builder must always be to think about building capacities for transformation. Developing new skills of connections and integration, Transformational Leaders must grow in the understanding and use of the following:

### 1. Become a Futurist

Unless Transformational Leaders are able to work within the context of the future, they will not be able to help build capacities in others that allow them to help transform themselves, their organizations and their communities. The “futures component” is a very important one for all Transformational Leaders to acquire and know how to use. Aiming for short term results only will not be highly valued.

### 2. Build a Family of Process Skills

Four diverse types of process skills are required: 1) one on one abilities to connect at a deeper level and build trust, 2) learn how to facilitate small groups in generative dialogue, 3) learn how to network large groups of diverse people and build process projects, and 4) be able to be a strategic futurist to develop community-based strategies.

### 3. Individual Growth

No one can be an effective Master Capacity Builder unless personal transformation occurs. Key attributes such as “connective listening,” immense patience, openness to new ideas, caring for others, and the ability to help others be successful are necessary to be a Process Leader.

### 4. Cultivating Emotional Intelligence

The following are key attributes that all Master Capacity Builders need to seed and grow in themselves and others over time.

Self Awareness / Self Knowledge – knowledge of who you are now and who you need to be; awareness of your current emotional state as a way of being

Self Regulation – capacity to change behavior

Self Motivation – judgment about what is important - priorities

Empathy – care and concern for others

Social Skills

Developing one's Communication Toolbox

Embracing Revolutionary Thinking

Building Collaborative Capacity for Nurturing Teams

Coaching and Mentoring Others

Giving / Receiving Feedback

Motivating Others

Crafting "Agreements for Results"

Working with Differences and Conflict – Understanding the Cycle of Resolution

## 5. Conscious Communication

Realizing the impact of our words and non-verbal behavior on others becomes essential to think through what we say and do before we do it so we can assess the systemic impact. Building capacity for diplomacy and tact while being caring and direct will become increasingly essential

The astute learner will recognize that each of the above elements is interactive and collaborative. No one can grow effectively unless they understand the impact of future trends and weak signals, and learn how to effectively connect with others in multiple processes. Any process will only be as good as the context (futures) that is established and the ability to have mature personal attributes and skills that allow connections to occur. A futures context will only be appropriate if those involved in thinking about an issue know how to connect others in processes of generative collaboration...thus requiring the personal attributes of a Transformational Leader. Without understanding the interactions of the system developing a Master Capacity Builder, one will never become a true Transformational Leader.

### Looking Ahead

This introduction has framed the concept of Transformational Leader (Master Capacity Builder) in ways appropriate to both the public and private sectors. As you think about the ideas introduced in this article, think about the original building blocks and how the generic principles and ideas are applied to private sector organizations and organizations within the community. What concepts are appropriate to both and how are different principles tailored to the need of each sector? It is our intent to help guide you on a journey of "ahas." Many of the ideas will not be foreign to you. We hope that our contribution will be to connect new ways to frame the concept of organizational and community transformation within a futures context. None of us have the answers. We ask you to join us in our continuous journey of discovery.

Bringing all of the above to more simpler, common terms we like to think that characteristics of Master Capacity Builders will include

- openness to new ideas
- being OK with not knowing
- willingness to take appropriate risks
- immense patience
- a passion for learning
- ability to share thoughts and emotions
- listen for value in what others say
- help each other succeed
- look for connections among disparate ideas and factors

- be an "and/both" connective thinker
- ability to identify future trends and weak signals
- know how to lay seeds for long term transformation
- ability to ask appropriate questions
- maturity in thinking and acting
- a balance of human, moral, ethical, spiritual, and economic values.
- concern for others
- an emerging new type of wisdom

The recent Wikileaks situation serves as an excellent example of a current situation demanding a new concept of leadership. The release of such information is a canary in the coal mine. Young people want to work in an environment of transparency and authenticity. The use of technology to get beyond what traditionally would be hidden enables, in fact mandates, transparency and authenticity as part of how we operate. But just because the capacity exists does not mean that everything ought to be transparent and available. So how do we determine in an age of constant change how to apply an effective criteria for appropriate information. There is a need for a new concept of 21<sup>st</sup> century wisdom to balance competing concerns in an age of interacting complex systems. Just where the edges are and just what the words mean are ambiguities we will need to live with as new criteria emerge.

Imagine for a moment the same incident in the context of Transformational Leadership that realizes and can articulate from inside the context of the new world we are in. Surely it's a teachable moment to have people from diverse points of view interact in a civil dialogue within a "futures context"... perhaps it does not provide the heat for the talk shows but such interaction will help us through the challenges we will be facing as all vectors and the systemic impact of decisions are discussed, agreements are reached and action is taken.

A new world is already here! We have an opportunity to choose how we will engage and interact with emerging ideas and concepts never before seen. It is in such a world that Transformational Leadership will make the difference as to whether we will adapt to new challenges in vital and sustainable ways, or, in a totally mistaken attitude, retreat to the cocoons of traditional thinking and action.