

Caesar, Trust, & the New Leadership



Larry Wilson, founder of Wilson Learning Corporation, Pecos River Learning Center, and Larry Wilson and Associates; author of Play to Win: Choosing Growth over Fear in Work and Life and co-author of The One Minute Sales Person, conducts a fascinating exercise on leadership.

Imagine you are part of a leadership team attending a seminar being conducted by Larry. Larry starts by challenging the team to do what he believes business leaders should *always* be doing: working to create an organization that... *if it existed*... would put theirs out of business.

Larry asks:

“What’s it going to take to thrive in the next decade in a permanent whitewater world of change? What part of your future success will depend on your employees behaving differently than they are today?”

He goes on to say:

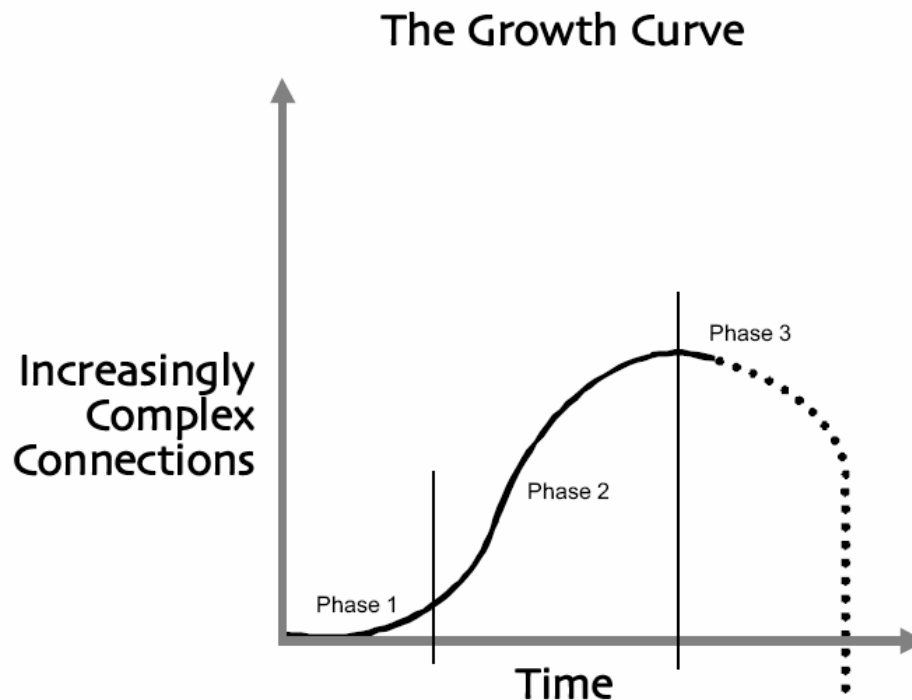
“Most organizations proudly claim ‘people are our most important asset,’ but more often their policies and procedures and even their mindsets do not reflect that.

George Land, author of *Breakpoint and Beyond: Mastering the Future Today*, was vice president of Advanced Research at Wilson Learning for over 10 years. One of the models he brought to Wilson Learning, he called the Growth Model. It defined growth in a unique way - while showing how all things grow in the same way.”

When Larry starts his seminar, he will often use George’s model to help executives quickly identify what stage of growth they are in and what they are headed for. The model can apply to any change— in life or nature. By studying the underlying and predictable processes of change...seeing how change changes over time...the leadership team can begin to develop strategies to be ready for it.

“On a standard graph, George would label the vertical axis, *Increasingly Complex Connections*. That’s how George describes growth, as a process of increasingly complex connections— from a single cell dividing into two; to a company growing in customers, locations, and products; to something like the Internet, which is anybody’s guess as to how much impact it will have on the world.

The horizontal axis is labeled *Time* and measures the passing of Time. Inside this graph, George would place the standard sigmoid or S curve. He would then divide the S curve into three parts and label them Phase 1, Phase 2, Phase 3.



According to George's model, every business, indeed *everything*, goes through all three phases or stages. This is well explained in George's book, *Breakpoint and Beyond*. Here, we will just focus on the business side of the model.

Phase One is the Entrepreneurial stage characterized by trial and error (learning) because everything is new. The culture is very informal, and everyone is willing to do whatever it takes to make things happen. There are very few rules, procedures, or specialized functions and certainly very little 'turfdom' exists. In this phase there is no need to talk about being close to 'the customer'— because the company is probably hanging onto the customer's leg waiting for the check.

Phase One can be characterized as a day-to-day mentality. Typical behavior in a Phase One company may be people figuring things out but usually not writing them down. This Phase One is formative, and the goal is to *get out of it*. In nature, most life forms don't make it out of Phase One— i.e., most tadpoles don't become frogs; most acorns don't become trees, most new businesses fail in their first few years.

Organizations that grow beyond Phase One have discovered and applied what George Land calls an **RP** - a **replicable process** or **pattern**.

In determining its RP, the entrepreneur, team or company has made two key decisions: what we are going to be and what we are not going to be. In Phase One, any idea or anything new was welcomed; but, in moving into Phase Two, the only *welcomed* ideas are those that focus on improving the efficiency or effectiveness of the RP. Whereas, in Phase One you trust the entrepreneur, in Phase Two you start to trust the systems that are finally in place and running the business.

In Phase Two, the organization focuses on improving the efficiency and effectiveness of its **RPs** (systems and structures). As the **RPs** become highly organized and systematized, the norm is for the organization to experience rapid growth and profitability.

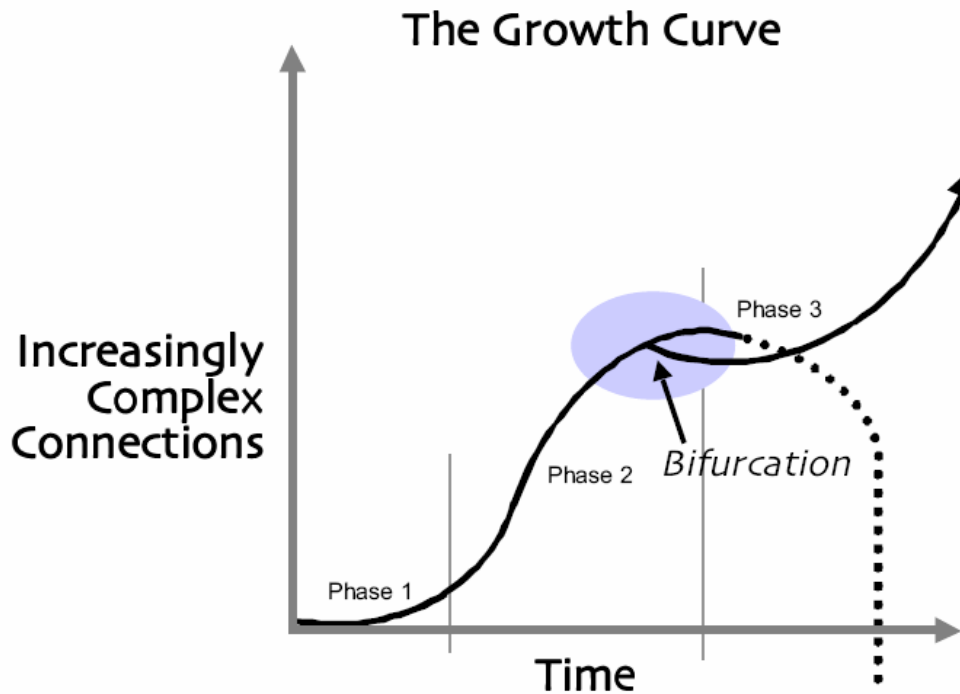
The downside of Phase Two is that, over time, functional fiefdoms develop and silos get built. The organizational focus and energy often shifts from satisfying the customer to satisfying the boss. The focus moves from external to internal, and the organization is less and less sensitive to the outside world. This phenomenon, called 'organizational drift', often causes the company to miss emerging trends.

Inevitably, there is feedback from the environment, representing early warning signals of organizational drift: a slight fall in market share, lower than usual customer service ratings, dropping customer loyalty, falling profits. The first response to these early warning signs is typically denial, but eventually there is a call to action. Unfortunately, the usual response is to 'go back to basics' (doing more of what we did in the past). More often, the goal becomes to rediscover the old RP. While this flurry of activity may produce a short-term gain, it is usually a faithful predictor of a steeper slope to failure.

There is no question that in Phase Two you no longer trust the entrepreneur; you now trust the *system*.

As Phase Three comes into being, in the natural life cycle, death is imminent. In nature however, there is a phenomenon that occurs called *bifurcation* (a new beginning). This can occur at any point in Phase Two, but it turns out that, as a strategy, the earlier the bifurcation occurs, the better. This flies in the face of the 'if it ain't broke, don't fix it' philosophy and 'let's milk this cow till she runs dry.' This strategy is a clear example of trading the normal, short-term gain, for the more enlightened long-term advantage that benefits all stakeholders.

Bifurcation represents a new beginning, but it also represents the difficulty of letting go of things that produced successes in the past. Because the old **RP** was the dominant way of doing business, as the bifurcation comes into being, there is often a tremendous tension between the “old line” (vested people, vested processes, vested products) and the “new line” (different, different, different)...all of which require superior leadership; clear, open communication; shared values and vision; plus establishing a way to allow everyone to both *compromise* and *win* simultaneously.



The old systems and structures are just not sufficient to deal with the magnitude of this change. What those Phase Two systems are mostly about is reducing variability and maintaining standards. Yet, there is a law, second only to the Law of Gravity, that is often disobeyed or ignored as the ship gets tightened up and the systems reign supreme. This is the *Law of Unintended Consequences*.

Certainly no one would suggest that systems are designed to reduce creativity or commitment. Yet, taken to extremes, like the uncontrolled bureaucrat, the pressure is to conform to standards, to stay within the lines, follow the rules, and not rock the boat. My computer tried to finish that last sentence by adding, ‘and you’ll have a job for life’. That was the definition of the old contract. But, we all know that the old contract is dead, don’t we? The real question is: Do the systems know they’re dead? Some things die hard, and Phase Two systems have more lives than yellow-tailed cat.

What's a leader to do?

What is required in this precarious situation is a *new kind of leadership*. This means a leadership that understands, believes, and puts into practice policies, systems, and structures that reflect the belief that people are the most important resources of any company. It also means leadership willingly expects and encourages all that follow to (at appropriate times) take on the mantle of leadership and step into the fire and do what they believe is the *right* thing to be done at the time.”

At this point Larry helps each member of the leadership team understand the difficulty and personal challenge of this statement. He does it by taking them back through 10,000 years of control command leadership. He then helps them understand how, in just a few short years, they can create a shift and move to a *new* and more effective kind of leadership called *Developmental Leadership*.

“As more and more organizations are approaching Phase Three, or are already deeply confused by it, what is needed is not just change, but *transformational* change.

Unless organizations embrace transformational change, stage three leads to death, sometimes slowly but usually quickly. Organizations can re-create themselves. Facing this change requires a fundamental shift in leaders' mindsets. That fundamental shift in mindset precedes changes in behavior. If executives are willing to go through this personal change challenge, the organization can launch the beginning of a new S curve.

Why? Because in Phase Three you must trust the people. That's a big shock for most leaders because their sole experience in Phase Two has been command and control leadership. But a Phase Two style won't work in a Phase Three situation. Leaders need to empower people, helping them assume more accountability and responsibility. To grow a business in Phase Three, you have to *trust the people* and *grow the people* in order to grow the organization.

It's in Phase Three that purpose (mission), vision, and values become essential reference points. People who are going to be asked (and expected) to take on more accountability will have to learn and apply new ways of making choices. Otherwise, how can you give people power? Leadership must be dispersed in Phase Three. Ideally, you want to reach a point where every person in the organization thinks, feels, and acts as a *leader*.

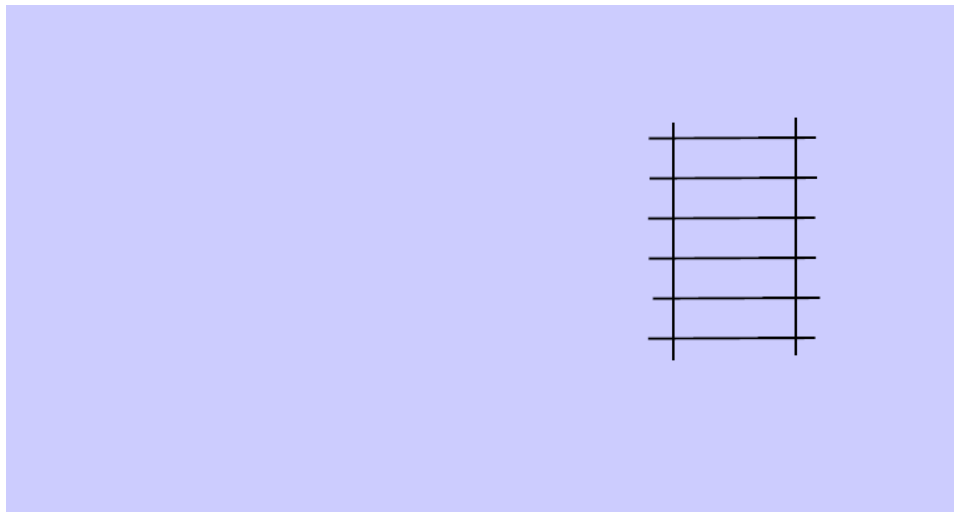
What does this mean practically for organizations today? Leaders are going to have to be the first to change. Leaders will have to

move from a fear-based command and control philosophy to trust-based developmental philosophy. Leaders will have to be the fastest learners, and they will expect the organization to follow their lead. Leaders will have to deeply understand that leadership is the phenomena of “someone following someone else, because they want to, not because they have to. In short, Leaders will have to lead.

Today, the world is rapidly moving into the third phase of change. Yet, most institutions and too many organizations are still stuck at Phase Two: most companies still have to make that difficult move from Command and Control (please the boss) to Developmental Leadership (please the employee who will then, in turn, please the customer).

The difficulty is that we are dealing with a 10,000-year-old norm that we need to change at the speed of light. Today’s companies are trying to cope with ‘discontinuous change’, meaning change is no longer changing the way change used to change.”

In the seminar Larry draws a picture of a ladder and asks participants: “What’s this?”



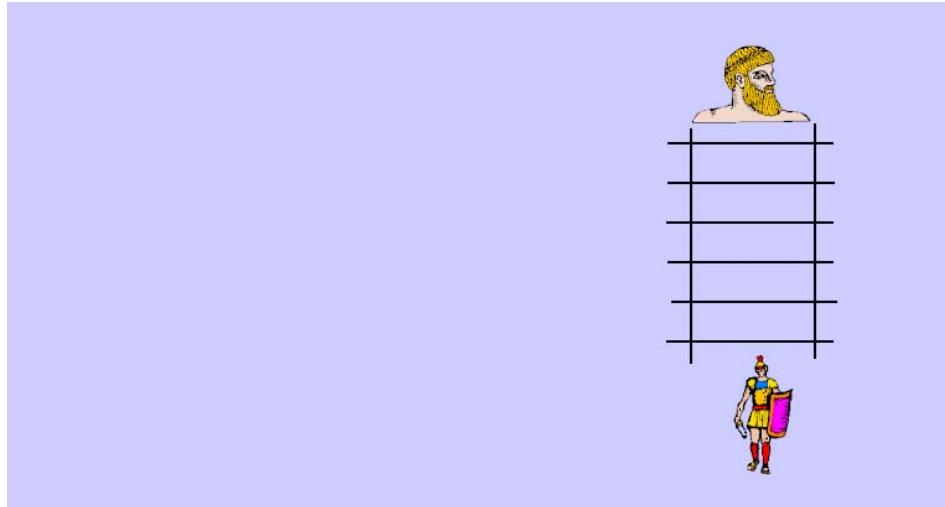
Answers typically include: “a ladder” and “a hierarchy.”

“Right, a hierarchy.” says Larry, “And where did it come from?”

“The church and the military” participants reply.

“Right. Well, we’re NOT going to get into a religious discussion here– so let’s go with the military,” says Larry.

Then Larry draws an image of Caesar at the top of the ladder and a lowly private at the bottom of the ladder.

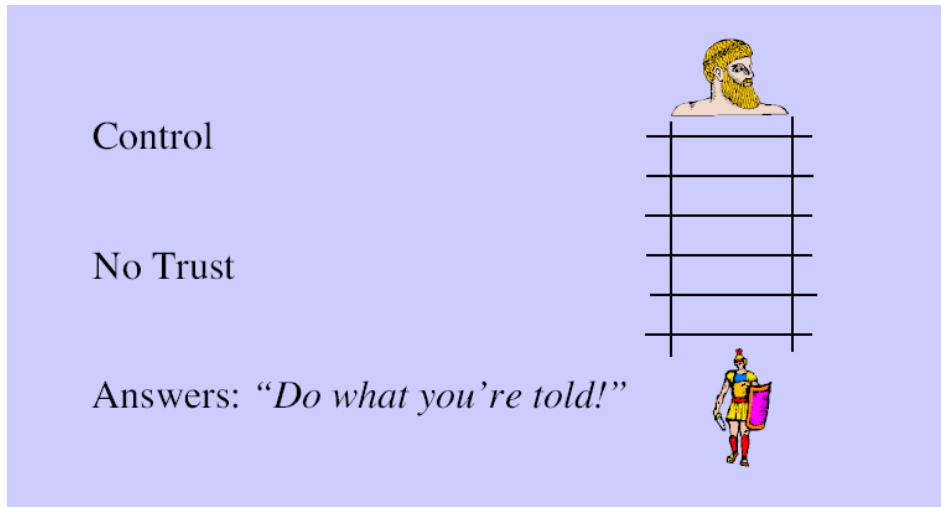


“This hierarchy doesn’t represent just the military but all of our institutions - schools, governments and businesses. This structure didn’t appear magically, there had to be certain values in place—ones that would encourage this structure to become and remain dominant for so long in our cultures and in society.

The first value was ‘I, Caesar, have all the **answers**. Your job, private, is *to do* the answer. Yours is not to reason why; yours is but to do and die.’

The second value is ‘I, Caesar, **do not trust** that you, private, will do what you are told. (The private is going to be asked to do some pretty unpleasant things: charge this army, take that hill. I, Caesar, know I wouldn’t be excited to do many of these things, and neither will the privates, therefore, I, Caesar, am going to have to control you, private, to do what you don’t want to do.)’

So, the third value was **control**. Caesar had to ensure control— in other words, ensure the private did what he was ordered to do. Hence, hierarchy developed. The primary function of hierarchy is control. Information was given only on a need-to-know basis, and severe punishments were instituted for not doing what you were told.”



Larry points out that today this whole model is quickly breaking down.

“First, today Caesar no longer has all the answers, and even he knows that. The world is just too complex, changing too fast. There are too many emerging contradictory trends for any one individual to have all the answers. Though, reluctantly, Caesar now has to turn to the private and say, **‘Do what is right.’**”

That is a huge shift for both Caesar and the private. It means that Caesar must now **trust** the private which means he has to trust that the private has a brain and is willing and able to use it. In most situations, the private is closer to the action, and, therefore, smarter than even Caesar about what is happening.

In some ways, it’s like revisiting Phase One– we are in a new environment; one we have never seen before. But it’s more difficult than Phase One because we are carrying our past on our backs. In Phase One, we didn’t have a past to slow us down nor did we have to deal with the fact that what got us here may not take us where we want to go.

So the private is being asked to take risks and make choices; something he never had to do in past. The implicit old employment contract was ‘do what you’re told; work hard; don’t question authority; and in return you will get job security.’ That was the quid pro quo: hard work and loyalty for a gold watch after 40 years.

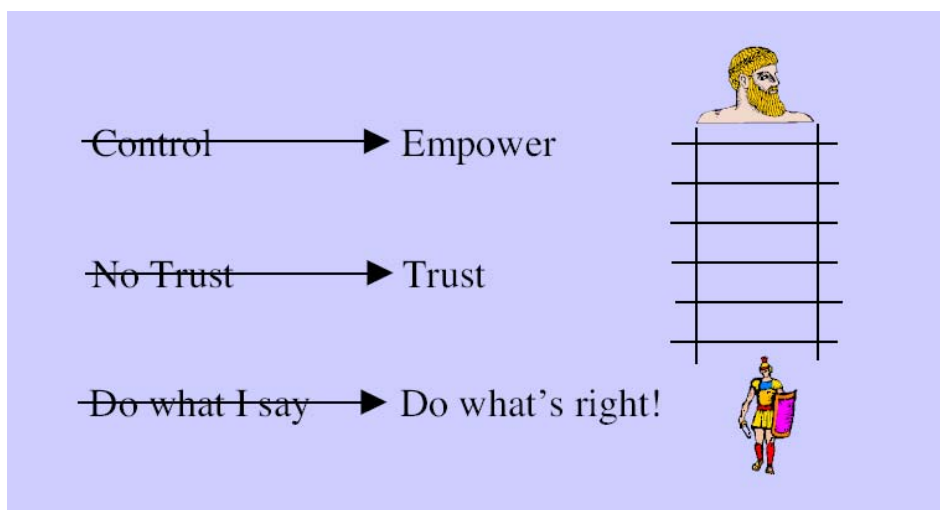
We all know the old contract is dead. This begs the question, ‘What is the new contract?’ The answer to this question begins with two observable facts: 1.) for most people, work is not their highest priority or the most important part of their life, and, 2.) people spend most of their waking hours at work.

This paradox opens the door for crafting a new work contract that takes this apparent problem situation and turns it into a win-win opportunity for everybody.

The New Contract is about 'Creating a Culture of Competency'.
The promise of the New Contract is:

- Come work here and we'll help you learn to master key core life competencies that will allow your work to be more efficient, effective and joyful... good for the company and good for you.
Those key core life competencies include:
 - Learning how to Learn
 - Learning how to Choose
 - Learning how to Relate
 - Learning how to Create
 - Learning how to Integrate
- We will overtly help you learn how to apply these same life competencies to your most important stakeholders in your life. In reality, all that time spent at work becomes a conscious practice field for learning how to make our lives better and how to mediate the sometimes-conflicting needs of our primary stakeholders—our loved ones (spouses, significant others, children, parents, family, friends).

This new work contract develops the 'power' in **Empowerment**. And empowerment only works when there is trust. Today, companies have to trust employees. Trusting implies accepting mistakes as learnings. This is very hard for Caesar, who, we all know, is a control freak. No longer can Caesar say, 'Do it right the first time,' especially if it has never been done before. Reality is: if it's worth doing, it is worth doing wrong, at least the first time. So, Caesar has to realize and trust that people are going to make some mistakes."



Larry then says something that confuses executives and gets their attention:

“It’s okay to make mistakes as long as people meet all three of the following conditions:

First, the mistakes are made on purpose.”

People are taken aback by this statement and often ask, “What do you mean ‘on purpose’?”

Larry clarifies:

“Mistakes are alright as long as they are made in an effort to carry out the organizational purpose, i.e., the purpose of total customer satisfaction.

Secondly, it’s okay to make mistakes as long as people learn from them.

And, thirdly, it’s okay to make mistakes as long as people share their mistake with everyone else in the organization.

This third requisite is founded on a belief that anyone can learn vicariously from everyone else’s mistakes and thus not have to repeat them.”

Larry next asks the question: “Typically, what do people in your company do with their mistakes?”

Participants’ almost always unanimously answer, “Bury them.” “Hide them.” “Blame others for them.”

Larry then points out that the organization is being robbed of its intellectual capital. He asks executives to imagine an organization where, when someone makes a mistake, they ring a big bell and yell, “Gather around. I made a doozy of a mistake, and I want to tell you all about it!”

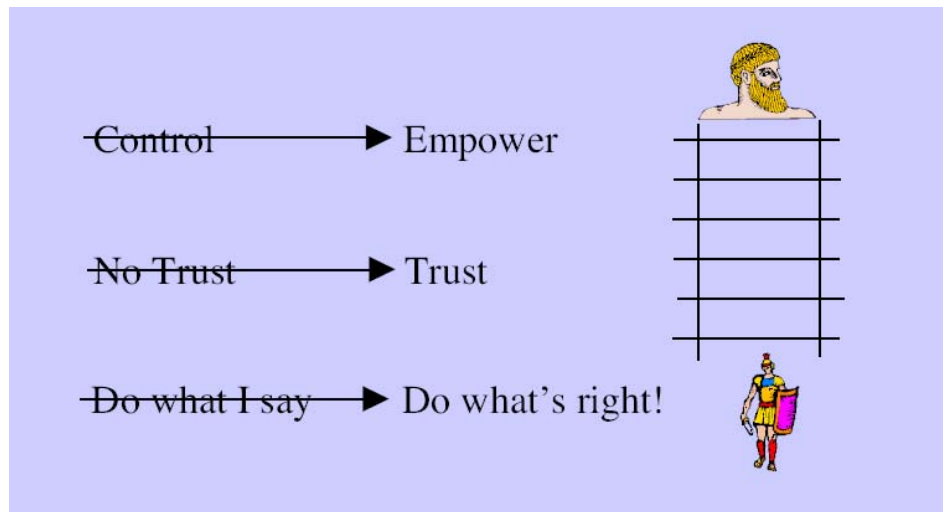
“Can you imagine that ever happening in your company? Most people say, ‘Never in a million years!’

Then it’s here your worst nightmare will occur: you wake up some morning and find that your toughest competitor has learned to ring that bell, gather people round and share their mistakes. The fact is, they would become the fastest learners in the valley. And, they would be the fastest to change. They would be the toughest to compete against.”

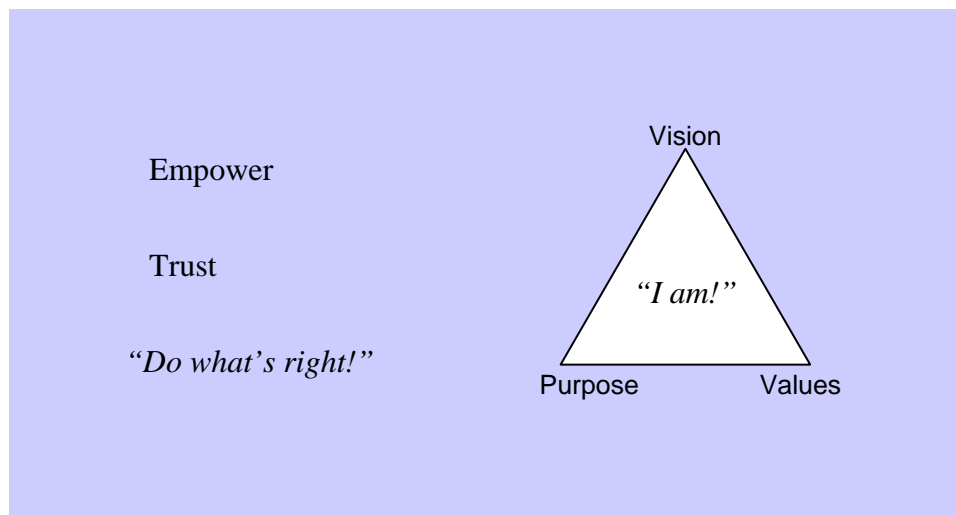
Larry goes on to say:

“The big picture is for leaders to move from “command and control” to “developmental leadership” or, in other words, the task

is for leaders to move the organization from a fear-based culture to a trust-based culture. The new cultural norm needs to be “Do what’s right” rather than “Do what you’re told.”



This requires new thinking. It also requires the organization to go from a “Do what you’re told” hierarchical structure to a new “Do what’s right” structure.



This new structure is an organization driven by a culture that is accountable, committed, collaborative, passionate and focused on “doing what’s right”! It frees the people to be all they can be—their unique, creative, and smart selves. It allows people to show up at work ready and willing to do what it takes to get the job done.”

Larry points out some revealing recent research:

“Current and compelling new research contained in the book Human Capital Edge by McGraw Hill indicates that from their employer, people want:

- to make a difference by supporting the company’s business direction
- a chance to learn and use new skills and competencies on the job
- to participate in making and implementing suggestions that will improve the workplace
- to work for a company that retains highly qualified employees
- a competitive reward and benefits package

In this research, a very significant finding was the large cry from people for what they highly value but yet companies were not providing— skills and competencies to deal with change and stress on the job.

People are not looking to work in an organization that says to its people, “Do what you’re told!” Rather, in today’s competitive world, people are seeking out employers who help them grow personally and professionally. People are screaming for help in learning not just how to survive, but rather thrive, in this “whitewater” world of change.

In other words, as leaders, if we give them what they want, they’ll give us what we want. If we, as leaders, do what’s right, they, as associates, will do what’s right!”

Larry points out:

“It was British philosopher Herbert Spencer, not Charles Darwin, who coined the phrase ‘survival of the fittest.’ Darwin used the term in his work but said, ‘It is not the strongest species that survive, nor the most intelligent, but the ones most *responsive* to change.’”

Larry Wilson uses wit and wisdom from his years of front-line experience to help executives awaken from their trance of *doing what they’ve always done*. Land’s growth model and Wilson’s Caesar model are powerful teaching tools to help executives *disengage* themselves from their “stuck in the muck” Phase Two micro-managing, and get up to the higher altitude of true Leaders.

As Larry says,

“It’s only when we get above the day-to-day problems that we can see the bigger picture, especially the patterns, trends, challenges, and opportunities. It’s from this *Super-Vision* that leaders can start to lead people who are ready, willing, and able to follow a

Developmental Leader -- because they want to, not because they have to.”

Larry uses a powerful, unique architecture to assist companies in moving from a “do what you’re told” culture to a “do what’s right” culture.

The good news is that an organization that has learned to “Do What’s Right” through empowered associates has the best odds of creating a healthy, growing, highly profitable sustainable life in a world of uncertainty, unpredictability, and chaos.

For leaders and for the organization, this kind of change can’t be incremental. It has to be transformational. The challenge of going from “Good” to “Great” takes work, and first working on “us”. This is the character aspect of our growth. Too often this is new territory for leaders who have been following the control-command leadership model of the past. Being the best player in an old game that’s no longer being played is a recipe for failure. In this case, what got us here is “not” what will take us into our new future. We all have to become “Great” players in the *New* game. We’ve got the ball. Let’s Play to Win!

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