

## Notes on Leadership

In the few pages that follow, we will attempt to enrich the background in which people usually reflect about leadership and design leadership strategies. We are writing this to help clients of ours who find themselves limited by the lack of stable, simple wisdom about how to lead their organizations. A quick search of Amazon.com yields 750 books with "leading" or "leadership" in their title; "manage" and "management" yield another 1150 titles. Where do you start when confronted with hundreds of voices clamoring for your ear? The simple answer is that most of us stop listening. We pick a familiar structure that served us well at some moment in the past, and we repeat it. At the moment that you need to lead, you are not in condition to begin reading for a PhD program.

We intend that these notes make a contribution to executives and designers seeking to nurture and craft their own leadership skills and styles, giving a foundation for designs that are sound and also flexible enough to support distinctive personal differences. Our aim is to create a foundation to nurture productive thought and action about leadership, leading, and leaders. We will introduce a framework of distinctions to allow the reader to make sense of the huge, idiosyncratic body of knowledge already available in the experience of many exceptional practitioners, and in a vast literature.

Leadership is a word that evokes controversial interpretations, and often fails to distinguish powerful and reliable actions. There is no consensus (scientific or other) about what the word means. Leadership is not the kind of instrumental distinction that can assure recurrent stable performance, as, by contrast, "electric charge," "velocity," or "atomic weight." As a consequence, prescriptions and rules that offer effective leadership are universally incomplete. So, what are we talking about when we talk about leadership? Why are we concerned with leadership? Why should anyone be interested in studying something so obviously not well understood and potentially difficult to grasp?

Leadership belongs, we suggest, to an extended set of skills that allow us to cope with the constitutional instability of our worlds. This

instability is a general phenomenon that pervades the whole of human existence. In this paper, however, we will focus our attention only on dealing with instabilities in the worlds of our commercial and social lives. As a beginning, we recommend the reader focus on the concerns that give rise to conversations about leadership, and more attention to questions about leadership than to answers.

Alongside leadership, another big set of skills for coping with constitutional instabilities is called "management." Professor John Kotter, Matsushita Professor of Leadership at the Harvard Business School, tells us that "...the pioneers who invented modern management ... were trying to produce consistent results on key dimensions expected by customers, stockholders, employees, and other organizational constituencies, despite the complexity caused by large size, modern technologies, and geographic dispersion. ... Leadership is very different. It does not produce consistency and order, as the word itself implies. It produces *movement*. Throughout the ages, individuals who have been seen as leaders have created change, sometimes for the better, and sometimes not."<sup>4</sup> (Our emphasis added.)

Leadership – producing movement or change – becomes relevant when our current way of coping with the world is no longer effective. We call for leadership, in the face of substantial changes in an industry, when competitors or new technologies threaten to leave a company behind, when customers are deeply dissatisfied and an organization's responses are not producing results, and when we are attempting to do things for which we do not have good precedents and templates.

The fundamental activities of the leader are rhetorical and conversational. With these words we point to the activities of cultivating, adjusting, and enriching the discursive distinctions, semantic wording, and expressions that produce rich sensitivities for grasping concerns of others, and allows the leader to produce strong impacts in audiences. Leaders change people's orientations in conversations: conversations with individuals and groups, face to face and through writing or other media, but always focusing on listening.

Effective leaders listen to how others listen, and challenge and shape their own listening and that of their audiences. Leadership, in short, is about changing social conversations and crafting emerging concerns. Listening, we think, is the most important aspect of leadership. It is also usually the most difficult, because people take listening for granted. The world gives little attention to teaching what listening is or how to do it, and we assume that leaders, leading, must do most of the talking. In keeping silent, letting others talk, asking questions, and creating an open and trusting background, leaders create room for unusual conversations to show up.

Leaders also trigger changes in the backgrounds in which conversations happen by *declaring*<sup>ii</sup> what needs attention, crises, and emergencies, and creating new experiences. Then they listen to how others listened to what they said. Leaders attune their commitments and rhetoric to affect others' listening and to create opportunities for others to engage with the strategic agenda they are leading. Leaders alter the way that others listen by helping them embrace new concerns (and co-inventing with them new concerns) that will orient them to the future in a more meaningful and powerful way. This dimension of leadership activity is born in three rich human traditions: economics, ethics and the constitution of personal and social identities.

For the competent leader, leadership is actually quite simple. It is a conversational skill. However, it is not easily learned, and the exercise of leadership is overwhelmingly complex if you don't know what to watch. The central challenge on the way to competence is to learn to observe, with seriousness and discipline, how people invent alternative futures in their conversations with other people. This conversational dimension of leadership is not accessible without first training yourself in certain ways of observing what happens as people speak and listen to each other – how futures are invented in conversations.

In this background, in the following we point to seven sets of *practices* that leaders cultivate. We use the word "practices" to alert the reader to the fact that we are not simply talking about "things to do," "tools," or "tips and techniques." Think of "the practice of medicine" or the "practice of engineering." The word practice points in a holistic way to a collection of intricately harmonized actions, the backgrounds in

which those actions happen, tools, institutions and curricula of education and governance, habits of thinking and acting in a community, and ethical orientations among the principal dimensions in which action is happening.

To enter a practice one enters a community that embodies or takes care of that practice, finds someone there who is willing to help develop the practice, and follows his or her instructions. In other words, find the right mentor and open a space in which to be mentored. Great leaders do not spring fully articulated from nowhere; they are mentored by others who help them build their own practices of leadership.

**First: Reading the World.** Leaders have practices for “reading” the world – listening to what is going on around them – and for sorting through (and examining) the multiplicity of *narratives* that configure their worlds and shape their possibilities. Narratives – the recurring threads of the stories that people tell about their worlds and their roles in those worlds, including what we see and what we don’t see as actors in those stories – are not merely descriptive. On the contrary, our narratives are the stuff of our opportunities. We do not judge narratives by their accuracy or comprehensiveness, but by their capacity to re-connect and re-couple worlds in a way that we see new ways of understanding our pasts, new bridges to the future, and new endings. It is in our narratives that new, uncertain, yet exciting possible futures have the opportunity to capture the hearts of communities, teams, and business networks. In interpreting and shaping stories, the leader creates new worlds, opportunities, paths to the future, and the meanings and obstacles to be removed. In this sense, storytelling is re-plotting the business space so new exchanges and new practices can be invented. Obviously in speaking of storytelling in this way, we do not mean idle journalistic reportage, gossip, or surveys of opinions. We are pointing to carefully crafted distinctions and interpretations that unleash previously unnoticed resources and impact the current world, distinguishing new spaces of possibilities and new spaces for action.

**Second: Managing Power.** Leaders accumulate, exercise, and manage *power*. We use the word “power” in a very specific way – as

an assessment of the capacity of an individual or organization to take action. Someone with more power is able to produce a result with more efficiency, speed, or quality than someone else. We judge leaders by the richness of the possibilities inherent in the worlds they are capable of bringing to life; power is essential for bringing possibilities to fruition. Organizations and institutions accumulate many kinds of power. We particularly distinguish three, and measure the accumulation of power as “capital:”

1. *Financial Capital* (based in institutional promises) gives the holder the capacity to make requests in marketplaces.
2. Know-how, or *pragmatic capital* (individual and social capacities organized as networks of roles, skills, equipment, and technologies to deliver specific results and performance) gives the capacity to make and fulfill unique offers that are valuable to others.
3. *Symbolic capital* (identities, recognition, and reputation that give access to networks and resources) gives the capacity of being listened and recognized in a singular way.

We understand power in a different way than the traditional naïve moralistic assessment Westerners often attach to the notion. For example, a friend of ours makes a big distinction between leadership understood in “domination” and “partnership paradigms.” For us, this is a moralistic interpretation, attempting to escape distaste for the exercise of power. Neither side of the distinction works. People need leaders. Obviously we don’t want them to dominate us. Neither do we want them to be our partners – not really – we want them to *lead*, out ahead of us. We do not expect our leaders to be our equals, performing the same actions that we perform; nor do we expect our leaders to live by exactly the same rules that apply to our behavior as members of the community. In many Western countries in which egalitarianism has become a dominant virtue, we prefer to be led by someone more “like us,” but even then we apply somewhat different rules (sometimes stricter) to the behavior of our leaders.

Politics is the senior power conversation. Politics is a conversational activity that focuses on engaging different sources of power to mobilize interests and actions with some strategic purpose. Effective

political conversation requires leaders to reinterpret available resources from new perspectives, to enable new possibilities to emerge and new power to be accumulated. Governmental politics is about accumulating capital for the sake of building collective identities. Of course, this interpretation stands in stark contrast to how we commonly think about politics in the United States. In modern democracies, we recognize individuals as legitimate agents with specific rights and duties. Politics in business and commerce is about building collective identities, participating as particular role identities, inventing and completing exchange conversations to produce value for the parties involved.

*Failing to exercise power while leading usually leads to unhappy consequences.*

**Third: Producing Unsettlement.** Effective leaders have rich practices for producing and managing *unsettlement*. The central point of this set of practices is the capacity it gives the leader to attack and dissolve parts of the current common sense, demolish current certainties – things that people previously had confidence in – and create space for new questions to emerge, new ways of listening, and new issues to be taken in account. Leaders produce *unsettlement* in different ways: sophisticated humor, brutal breakdowns, pitiless assessments and declarations, or carefully crafted analysis. How the *unsettlement* is produced is far less important than having the capacity to produce it and keep people unsettled as long as necessary to produce a new background. The *unsettlement* we speak of gives space for capitalizing emerging opportunities. We can see in this set of capacities – producing *unsettlement* and holding it in place – the reason that leaders are often caricatured as rule-breakers, challengers of established values, or possessed of difficult behaviors or weird personalities. In the right moment, after the *unsettlement* has done its job, effective leaders also declare new certainties that subsequently orient questioning, lead people to a new appreciation of the business situation, and re-orient operational actions.

Leaders don't just produce *unsettlement* about the future that is coming. They are just as likely to undermine interpretations about the past, producing *unsettlement* about how we have interpreted

ourselves as a way of orienting people to the worlds they are trying to build. Strong leaders have a remarkable capacity to tune themselves with strong historical discourses and rebuild their practices and rhetoric out of them. We can think of a few leaders that have led their communities through not just one or two, but many competitive and technical challenges, and sometimes even multiple changes in the communities' cultural and historical backgrounds.

A critical aspect of this is the capacity for self-transformation found in many of our greatest leaders. Effective leaders often act out of the conviction that the reinvention of their business is also, simultaneously and inevitably, the reinvention of themselves, including the unsettlement, uncertainty and struggle that always accompany such transformations. These leaders engage in conversations in which they transform themselves to become critical nodes in emerging value-generating networks. A friend of ours who works as an elected official rebuilds herself and her network every year or so. She used to complain of the effort; now she just does it. Such people pay attention to the past, but not merely as mandate and set of values to be treasured and projected. They look to the past as the source of possibilities to be shaped into new roles in which to play in the networked world they move. It is true that leaders often leave themselves open to the characterization that they are ethically flexible and creative, but this does not mean that an effective leader can be rootless, merely opportunistic, or nihilistic. An effective leader's relationship with what is unknown is extremely friendly; not knowing is an asset in the hands of a skilled leader. Expanding our ignorance is the only chance we have for something new to emerge.

**Fourth: Building Conversations in which Markets are Expanded or Invented.** Leaders develop the networks of conversation in which possibilities are invented. To do this, they bring forth (elicit, evoke, and speak) basic commitments among people in a very peculiar fashion.

1. They articulate new and unusual products and services, and ways of measuring the contributions that people make in developing and delivering them – sometimes turning the world on its head. For an example in government politics, remember

- John F. Kennedy: "And so, my fellow Americans: ask not what your country can do for you - ask what you can do for your country." (Inaugural Address, Jan. 20th 1961)
2. They declare (bring into existence) roles that do not belong to the current world. For example, the modern versions of human resources, information technology, logistics, shared services, and outsourcers are roles invented in the last 50 years by leaders committed to bringing new concerns and new organizations of work.
  3. They invent new "bridging narratives" – new stories that help people make the leap from the present to a future with different concerns, different values and wastes, and consequently changed structures of influence and power for those who live in the new world.

Leaders engage in conversations embodying a peculiar understanding of language. In general terms, they don't treat language as a passive device to describe the world. They are not constrained by passive-descriptive interpretations. On the contrary, our best leaders understand language as a generative practice.<sup>iii</sup> Explicitly or implicitly, leaders invent themselves in the conviction that worlds are invented in networks of conversations that they influence or lead – networks in which opportunities are invented and action is mobilized. In this sense, leaders' practices for thinking and acting are *social*; they do not think about themselves as isolated, autonomous agents. Their conversational practices allow them to get in contact with relevant networks, to develop new networks, and to couple networks in unusual ways. Faced with a big challenge, a leader's attention will quickly turn to questions about the networks they need to develop, what conversations will produce the right opportunities, and how to assemble or access and nurture those networks. Leaders are sensitive to the quality of their conversations, the trust that makes certain conversations possible (or not), the way that trust is build or damaged in those conversations, and the emotional backgrounds that hold and orient the conversational foreground.

It makes no difference whether those conversational networks are simple, as for example dealing with office spaces issues, or complex,

as outsourcing a billion dollar business. Some conversational networks require sophisticated technological platforms; others are (apparently simple) face to face interactions. Some conversational networks require years of preparation; others happen in seconds.

**Fifth: Bringing Resolution and Action.** Leaders have efficient practices to bring resolution and produce action through conversations. They declare and manage speculative conversations to create possibilities. They organize and manage transitions from people's experience of frustration or excitement to sets of articulated concerns; from spaces of possibilities to specific articulated opportunities. They declare the routes and schedules for engaging in decisive conversations for action. They declare experimental projects to allow those concerned to better understand emerging opportunities, and they declare strategic projects to produce significant reconfigurations of businesses. They declare their concerns and point to relevant features of the future they are attempting to construct. They define the space in which they are interested in receiving offers. They dissolve hidden negative moods of ungrounded hope, resignation, skepticism, overwhelm and the like. They invest in mobilizing action and *removing the friction that produces something less than total commitment to impeccable execution*. Speaking broadly, leaders carefully manage conversations that maintain, expand, or repair trust in the relationships that allow their companies to adjust themselves to different futures – the conversations that allow their organizations to maintain respect, loyalty, and conviction.

**Sixth: Mentoring People.** Leaders carefully balance the institutional capabilities of their organizations and the capabilities of key individual performers. They are skilled at mentoring the people who will be key players in the games they are inventing. Individual contributors can be relevant for their technical skills, their business knowledge and relationships, or for their work ethic or style of working. Leaders usually include pivotal individual contributors in a special network of conversations in which exchanges (compensation and sharing of revenues) are designed in ways that incent both execution and loyalty. In moments of important challenges and transition, key individual performers embody the organization's struggles in different ways. Some embody the future, as key participants in the process of bringing

a different world; others embody the past and act as guardians protecting historical virtues and sources of value; and some serve on bridges, bringing new practices that will allow the organization to go from the past to the future successfully.

*Leaders push people to grow by producing big and challenging breakdowns and providing some of the right resources for people to thrive.*

**Seventh: Navigating in Technology.** The modern leader has practices to interact with technologists, invest effectively in the development of technology, and design ways for new technologies to help bring new futures. The particular technologies that are going to be relevant depend upon the industry in which one works. For example, we have worked with clients whose businesses depended upon their intimate involvement with metallurgy, high altitude maintenance and logistics (mining), genetics and botany (agricultural businesses), chemistry (cement and pharmaceuticals). On the other hand, “information technology” – IT – is an essential technology in every industry today. It is no longer possible to lead significant communities in the world without the intervention, intermediation, and support of IT. Fifty years ago, “IT” meant machines oriented to storing and retrieving information. Twenty five years ago the focus of the technology morphed to communication. Today, when you look closely you see that the technology is centrally concerned with the delivery of services. Leaders use this technology to bring new worlds, shape the opportunities and worlds they bring, and intervene in rigidities in the worlds they seek to change. Information technology today expands the capacity of organizations to participate in business conversations around the world – conversations in which business opportunities are declared, deals are articulated, consummated, and networks of commitments are activated to complete deals and deliver services and products.

Frequently people find interacting with technology and technologists intimidating. You are attempting to navigate – find your way – in fields that are changing with great speed, where resources and advisors are extremely expensive, and the risks of miss-steps look potentially lethal. Very occasionally, effective leaders are also senior practitioners

in technological fields that are deeply related to the work of their enterprises. Usually, however, this is not the case, even in many cases when it appears to be.

The most effective leaders develop practices and skills for doing something very curious: making effective assessments in matters and domains where they are not competent. This sounds contradictory, but here is a real-life example that shows the dimensions of it. Anyone who has had a serious chronic medical condition or medical emergency has encountered the situation where you find that you must take action, authorize others to take action, or set in place life-changing decisions on the basis of recommendations from other people that we have not known for a long time. What you discover in those moments, if you are lucky and paying attention, is that you must navigate by 1) putting yourself in touch with the right networks of practitioners (i.e., in the hands of the right doctors), 2) making careful assessments about the capacity of the people you are working with to make effective assessments about the situation in which you find yourself, and 3) having the right people construct for you maps of the whole domain in which you are navigating, so that you can spot things that are changing and know better how to protect and take care of yourself.

**Afterwords:** We do not pretend to encompass the whole phenomenon of leadership with the seven practices introduced in this short paper. Rather, we wanted to open some avenues for exploration. As you explore these seven basic sets of practices you are not at the end of the task. On the contrary, you are just opening a new way of dealing what we indicate with the word "leadership." Even though you are just starting, if you explore seriously, we are confident that this framework will fit well with your intuitions and will open a whole new horizon for designing how to generate value.

In a broad perspective, leaders embody the tension – or better, the collision – between assuring current business viability and coupling with emerging market spaces to craft new business identities.

They deal with all parts of the collision between nurturing current roles and configuring spaces in which new roles can emerge.

It is a significant and relentless task of opening up enterprises and institutions in order to make them vulnerable<sup>1</sup> to be affected by the futures coming to them. As we emphasized before, it implies challenging the current common sense and unsettling basic certainties in a multiplicity of practical matters. Leaders work in many dimensions: removing operational waste, prototyping new offers, developing new capacities, mobilizing operational innovations, assuring business results, affecting the cultural background, and developing key people among others. On top of that, a sound Leadership Strategy needs to be simple and able to touch the heart of the business enterprise with few decisive initiatives.

Leadership is a significant task that calls for challenging the current common sense and unsettling basic certainties. The leader works in many dimensions: removing operational waste, prototyping new offers, developing new capacities, mobilizing operational innovations, assuring business results, affecting the cultural background, and developing key people among others. Oddly, at the same time a sound Leadership Strategy is not constructed from a program of 52 (or any large number) program components, but rather emerges as something simple that touches the heart of the business enterprise with a few decisive initiatives that change the game and the background in which it is played.

To develop your capacity for leadership, one of your key challenges will be the rigor with which you build each relevant practice, and, on the other hand, the rigor with which you use the outcomes of your actions as a source of new questions, for tuning your designs.

Leadership is about inventing questions, valuable questions. We should not forget that it happens in a space of “falling apart” and “emergence” and by the time being, without good theoretical frameworks to make sense of it.

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<sup>1</sup> Vulnerable in the sense of able to be influenced, suffering uncertain changes, doing things in unusual ways and often failing to produce immediate results.

In many traditions for understanding leaders and leadership, the leader is a solitary individual who, by accident, discipline, or other reason developed his or her skill as a leader. We are not recommending work on yourself in this tradition. Discipline and good fortune are advantages for a leader, and Louis Pasteur's wise "Chance favors the prepared mind" is a good ironic warning. However, we do not advise that you attempt to develop yourself as a leader by yourself. Although solitude is a relevant part of it, Leadership is a phenomena that arrives and thrives in social and historical networks, and not merely in isolated individual strategizing.

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<sup>i</sup> John P. Kotter, (1990). A Force for Change: How Leadership Differs From Management, New York: The Free Press, A Division of Macmillan, Inc., p. 4. In October 2001, Business Week magazine rated Kotter the #1 "Leadership Guru" in America, based on a survey they conducted of 504 enterprises.

<sup>ii</sup> "Declaration" – to declare – is the name we give to one of six classes of "performative" language actions with which we human beings invent our worlds and coordinate with each other to produce action in them. The English philosopher John L. Austin (1911-1960) was the first to notice the existence of a class of verbs that he called performatives<sup>ii</sup> – verbs that, rather than describing actions, perform actions. When someone says 'I promise to ...,' he is performing the action of promising, not reporting that he will, did, or might promise. It turns out that all human languages contain performatives. For the purpose of designing work in organizations, we distinguish six classes of performatives: declarations, offers, requests, promises, assessments, and assertions. Ask the authors for more on the subject t.

<sup>iii</sup> Many people have influenced our thinking on this subject. The most important influences have been Fernando Flores, Hubert Dreyfus, Friedrich Nietzsche, John Austin, Paul Ricoeur, Martin Heidegger, and Hannah Arendt.