SCALING LEADERSHIP: A MANIFESTO

Robert J. Anderson & William A. Adams

"Our leadership was exposed at scale."

Scott (name changed to protect identity), the president of a very successful high-profile corporation in the entertainment industry—and one of our clients—made this candid observation. He told us that, as the leadership team attempted to meet the doubling of their business and expand internationally, the capacity and capability of their leadership was exposed.

Scott is incredibly intelligent, as smart as they come, and a highly committed leader. Under Scott's leadership, the company had enjoyed great success with a string of impactful offerings into the market. Not only did they grow rapidly, but almost overnight, they significantly increased their business in China. This, along with other factors, stress-tested the organization. As Scott told us, *"When our business grew, our leadership and what made us effective and ineffective was 100 percent exposed."* Scott knew that leadership and the growth of an organization go hand in hand. At a certain point, the effectiveness or ineffectiveness of leaders determines whether or not an organization can grow. A business can't outgrow the effectiveness of its leadership!

To scale effectively, Scott and his leadership team had to rethink in detail the design of their organizational structure and leadership system. They needed to scale leadership—to stretch their current creative talent across a much broader portfolio. They changed who would report to whom, and they took on the development of leaders at all levels. Most of their creative talent had never considered themselves to be leaders, but because they were thrust into leadership positions, they had to learn to lead. Scott said, *"My job as a leader is to develop other leaders and do it well."*

Fortunately for the organization, Scott saw the need to create the right conditions for scaling leadership across the organization. And that's what he did, leading the organization to tremendous growth as well as creative and financial success.

Ineffective leadership caps the ability of an organization to grow. Leadership that works at one level of scale is likely to run into serious limitations at the next level. The men and women who may be well-suited to lead a 100-person business unit with $30 million in annual revenues may be unable to lead a 250-person business unit with $100 million in annual revenues.

To scale the organization, you must scale ever more effective leadership. As an organization becomes larger and more complex, the number of people being led is larger, and the issues and opportunities requiring a leader's attention are more numerous, more frequent, and more consequential than ever. On top of all this, leaders are challenged to grow their organizations in a world of business that is faster, more complex, more disruptive, and more uncertain. In order for your leadership to scale into all this, the effectiveness of leadership—both individual and collective—must, at a minimum, develop at the pace of change, growth, and escalating complexity.

Is your leadership built for scale, or are you already beyond the level of scale and complexity for which your leadership is optimized? If so, you are likely feeling in over your head. You may be getting great results but at a higher energetic cost—that is, diminishing returns on ever-higher expenditures of time and effort. You may have a gnawing sense that working more hours is not the solution (and you would be right). The harder you go, the more you get in your own way—to the point you may even be canceling yourself out. If you're trying to scale or grow the business through your own capability alone and not through the capability of other leaders and teams, then you won't scale successfully.

Leadership Matters

We often ask the leadership teams we work with a simple but powerful question: "How many of you agree that leadership matters and that, all other things being equal, effective leadership outperforms ineffective leadership?" Every hand goes up.

There is nearly universal agreement that leadership matters—to results, performance, culture, engagement, agility, adaptability, sustainability, job satisfaction, and more. We also agree that individual and collective leadership effectiveness is a primary driver of organizational performance. Yet, in most organizations, the development and scaling of leadership is usually not a strategic priority led from the top.

And so, we go on to ask questions that are an interruption for most leaders and leadership teams. If leadership really matters, if it is a primary driver of performance, how much time do you personally and collectively devote to the development of your leadership? Is it a strategic priority owned by the top team? Do you measure it as you would other KPIs? Is it a business imperative?

We are convinced that, in the new business reality of constantly escalating complexity, the effectiveness of leadership—individually, collectively, and at all levels—will determine to a large degree which organizations thrive and those that don't. The new reality requires mature, effective leadership at scale.

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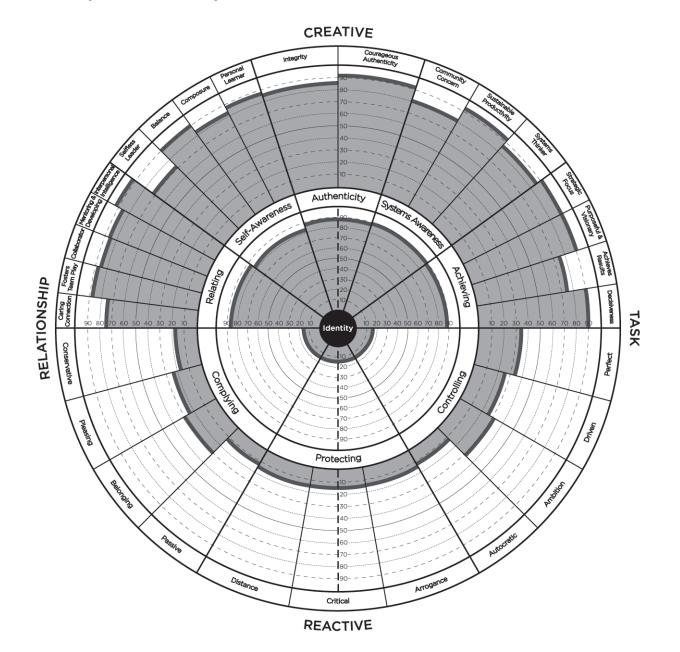
We Know What Effective Leadership Is!

It is tough to make scaling leadership a business priority if you don't know what effective leadership is. We have all heard it said that leadership is the most studied and least understood of subjects. Well, we don't think that's true any longer. The field had figured it out, and what's more important, leaders know what it is. There is a strong consensus on what great leadership is, what works, and what does not. "We know it when we see it."

When we go into an organization, we often ask: "Of all the leaders here, who are the two or three you most admire, respect, and appreciate?" Routinely, 80 percent of the people we ask will name the same two or three leaders—men and women who stand out among all the rest. Then, when we ask, "What makes them that way, and why did you choose them?" we hear very similar descriptions of what makes these few leaders so extraordinary. As we continue to ask these questions, we get a clear picture or profile of the effective leaders, their qualities and characteristics. Employees know who they are. We know what makes great leaders great—it's not a mystery.

In our book *Mastering Leadership*, we present the Leadership Circle Profile (LCP) and the Universal Model of Leadership on which the LCP is based. The LCP maps the specific strengths and weaknesses of leaders—providing them with 360-degree feedback in the form of a circle.

Since every leader has a profile, and we can describe our view of effective leadership, then we should be able to measure (quantitatively and qualitatively) what great leadership looks like. Through the lens of the LCP, the Optimal Leadership Circle Profile looks like the one displayed in Figure 1.

Figure 1: The Optimal Leadership Profile

We arrived at the Optimal LCP by asking 50,000 leaders and employees worldwide to fill out the LCP, describing ideal leadership: What kind of leadership, if it existed, would enable the organization to thrive in its current marketplace and into the future? Consistently, people give us this Optimal Profile in every kind of business, in every industry, all around the world. Keep in mind that this in no way represents the goal for any individual leader, as we must each leverage our unique set of gifts and strengths. It does, however, express an important worldwide consensus view of what great leadership looks like.

The top half of the Circle in the LCP measures 19 competencies that define what we call Creative Leadership. In *Mastering Leadership*, we show that these 18 key competencies, when combined, are highly correlated to measures of Leadership Effectiveness (R = 0.93) and Business Performance (R = 0.65). The bottom hemisphere of the LCP measures 11 Reactive tendencies. These are strengths that we turn to under stress. As such, we overuse them or use them in the wrong situation (that is, we find ourselves interrupting someone and telling them what we think when we are better off listening to what they are trying to tell us). When we run our strengths reactively, they become liabilities. Hence, the correlation between the combined Reactive measures are very inverse (R = -0.76) to Leadership Effectiveness.

Reactive leadership is not built for scale. Reactive leaders identify with their strengths, over-developing them while underdeveloping others. As a result, they lead from their own unique capability, and therefore, do not scale leadership by developing capacity and capability around them. They are very driven, but their drive is often self-centric and overly ambitious. Furthermore, they tend to get in their own way by emphasizing caution over creating results, self-protection over productive engagement, and aggression over building alignment. This type of leadership is self-limiting and does not scale.

Reactive leaders can and do get results—sometimes extraordinary results. They may sell more, innovate more, and deliver more than anyone else in the organization. But they often leave

behind them a trail of broken, disenchanted, and disengaged employees, peers, and other stake-holders who invariably feel pushed, coerced, pressured, or let down. Hence, the performance that results from their Reactive leadership is often at the expense of those who report to them.

Creative leaders, on the other hand, are less self-centric and are much more about developing the capacity and capability of others and the organization. They are approachable and skillful in working with people, listen well, build high-performing teams, mentor and develop capability in others, and empower their people. Creative Leaders embody their vision calmly and with integrity and courage, and they improve organizational systems. Creative leaders get a large multiple on their leadership by developing and scaling leadership all around them.

Scaling Leadership

In our book *Scaling Leadership*, we start from the hypothesis that leaders know what works and what does not. We decided to "listen in" on how they provide feedback to one another about how they can be more effective. We did that by sampling our database of 1.5 million 360-degree feedback surveys. We sorted that database for senior leaders (levels 1 through 3) in large organizations around the world. We then selected a sample of the most Creative and effective leaders (upper-quartile leaders) and a sample of our most Reactive and least-effective leaders (bottom-quartile leaders). We read and studied the written feedback about each leader's strengths and liabilities.

We wanted to learn about effective leadership, as experienced and described by other leaders. What is leadership unplugged or unvarnished—stripped of all the models, theories, frameworks, and pontifications? How do real leaders describe leadership when they provide feedback to improve another leader's effectiveness? The data was illuminating. In fact, it blew us away!

Here is a small sample of what we learned. Creative leaders lead people. Six of the top ten most often described strengths of the High-Creative leaders had to do with effectively leading people and teams. In other words, Creative leaders scale leadership by developing it in others. Reactive leaders do just the opposite. They try to scale by doubling down on their own considerable talent. Their written feedback says they lead through their own intellectual, creative, technical, and strategic capability. As such, they may be making a significant contribution to their organization but are not experienced at leading effectively.

Creative leaders receive very few comments about their leadership liabilities. Reactive leaders receive 6.5 times more feedback about their liabilities than do Creative leaders. Reactive leaders are described as having poor interpersonal skills—they do not develop teamwork, they micromanage, are poor listeners, and are impulsive and impatient, to name but a few. Reactive leaders receive more comments about their liabilities than they do about their strengths.

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The ratio of strength to liability for Reactive leaders is 0.9 to 1. We call this the *Canceling Effect*. These leaders are getting in their own way and are literally canceling out their leadership. Creative leaders have the opposite impact and get a multiple on their leadership with a leadership ratio (strength to liability) of 4.5 to 1.

When we looked deeper into the data, we discovered that the quantitative feedback (numeric scores on all the Creative and Reactive dimensions of the LCP) and the qualitative (written) feedback were remarkably consistent. They literally paralleled each other. This led us to the conclusion that when leaders provide feedback to one another, they describe—with remarkable accuracy—what effective leadership is and is not, and what it looks like in the real life of real organizations.

The written feedback research surprised us in another way: that High-Reactive, ineffective senior leaders are as brilliant and competent as the High-Creative leaders. These Reactive leaders are ineffective not because they are meeting their level of incompetence. They are meeting their level of development. Their development has not kept pace with the expanded complexity of their roles. They need to develop into the kind of leader that can scale leadership.

So, we know what works and what does not, and we know it with remarkable precision. Why do so few organizations put this knowledge to good use? Why do we not use it to scale the leadership we so vitally need? We are swimming in a feedback-rich environment. All we need to do is ask and people will let us know what we are doing and how we can improve. Feedback is the breakfast of champions, albeit an acquired taste. It is a crucial component of scaling the kind of conscious, mature and effective leadership that transforms organizational culture and performance.

Six Conditions for Scaling Leadership

This research shed light on our combined 60 years of organizational consulting experience. It led us to realize that leadership is ultimately about scaling the capacity and capability of an organization to create outcomes that matter most. Creative leaders scale capacity and capability in others, through teams, and in the organization by putting in place six conditions.

1 | **Creative Leadership:** *They commit the organization to a shift from leading Reactively to leading Creatively.* Reactive leadership limits scale while Creative leadership scales in multiples. Creative leaders raise the game of everyone around them. They create commitment and loyalty to the organization and its mission. They also create an open, honest, authentic, optimistic, generative, agile, engaged, and innovative culture where the best ideas can emerge, be implemented, and where everyone is encouraged to develop. This kind of culture requires Creative leadership and will not arise on Reactive leadership.

2 | **Radical Humanity:** *Transformative leaders are radically human. They lead the change personally (starting with themselves) and vulnerably (as the one who has the most to learn). They encourage the same in others.* Some of us think we need to know all the answers and exert control over the people who work for and with us. But these false beliefs—the illusion of knowing and the illusion of control—prevent us from evolving. We need to shift from knowing to learning and from controlling to empowering. Leaders who scale leadership start with themselves by letting go and then learn out loud (publicly), embracing the vulnerability of not knowing. When we choose to be more radically human with one another (beautifully incomplete, imperfect, and vulnerable in our evolving), we begin to create this condition for scale. We do so with fierce humility and vulnerability to be a learner on a journey with other learners. We are humbled by the magnitude of our mission. We understand we are tiny compared to the waters in which we navigate. Yet, we can lead into the magnificence of what is emerging through deep relationship with one another and with all our stakeholders.

3 | **Deep Relationship:** *They develop deep relationships at every level of scale, one on one, in teams, and with the organization.* Deep relationship at scale is a non-negotiable. The best leaders get things done through the relationships they develop at every level inside and outside the organization (one-on-one, one-on-team, team-on-organization). The deeper those relationships, the more solid are the foundations for scale. When the people we lead and with whom we work know we care—know we have their best interests at heart—they are willing to give their discretionary energy to creating what matters. Scale requires being in deep relationship based on the firm foundation of trust, transparency, and honesty. It is foundational to the courageous truth-telling required to be collectively intelligent, getting our best thinking on the table, and innovating creative solutions to vexing problems.

Deep relationship unlocks human imagination. Expanded imagination (versus constricted) is an essential condition for the organization and its leadership to scale. It also requires learning to be very relationally and interpersonally skillful, developing the abilities to mentor and develop those around us while fostering the highest levels of teamwork and collaboration.

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4 | **Higher Purpose:** *They lead from purpose and orient the entire organization on a vision worthy of one's deepest commitment.* Great leaders catalyze alignment by channeling the aspirations and dreams of those who work for and with them. They co-author a vision and direction with their people by engaging in dialogue that aligns everyone in the organization. Alignment happens naturally when people realize that their personal values and purposes can be fulfilled by working toward the organization's purposes. With an abiding focus on mission and vision, organizations naturally fall into high alignment. People can disagree strongly—and they often do—but they do so in trust, knowing all are committed to the same things.

The condition of purposefulness is required by every one of the other conditions. It is the beating heart of Creative leadership, the motivation to develop oneself, authentically, vulnerably, radically. It is the glue of alignment and the durable agility need to persevere together. In the presence of powerful purpose and compelling vision, people and systems evolve. It is a condition for leadership at scale.

5 | **Systematize development:** *Development and feedback systems are in place and everyone is expected to grow.* Scaling leadership throughout the organization requires leaders to be designed for development. In *Mastering Leadership*, we describe how we work with our clients to take a systemic approach to scaling leadership. Fredric Laloux's book, *Reinventing Organizations*, provides multiple case studies of leaders successfully scaling their organizations with new and innovative designs. Robert Kegan and Lisa Lahey, in their book *An Everyone Culture*, describe deliberately developmental organizations (DDOs), how they are designed, and the kinds of structures and processes used to create a culture where everyone grows.

These organizations are designed to harvest the feedback-rich environment all around us. Most organizations are a wasteland of feedback and support, yet every one of us is constantly

swimming in a feedback-rich environment. What's often missing is that leaders don't harvest this feedback and act on it. We can't scale leadership without institutionalizing supportive, challenging feedback systems for development.

6 | **Generative tension:** *They establish generative tension—the creative force that results from holding the gap between our individual and collective aspiration and the current reality of how we are showing up and the results we are creating.* Tension is a component in each of the conditions. There is a generative tension in the gap between our aspirations and our current reality. Great leaders cultivate this tension at every level. They establish it by committing to what matters most, and by fiercely and compassionately telling the truth about current situations. At the personal level, leaders cultivate it by facing their development gaps. At the organizational level, they orchestrate the dialog that establishes organizational identity (mission, vision, values), an honest SWOT analysis, and the rigors of transformational redesign.

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Where to Start

Everyone has the seeds within them to become a truly great leader, and to nurture great leadership in others. In these times of business volatility, uncertainty, complexity, and ambiguity, mature and effective leadership is needed more than ever before.
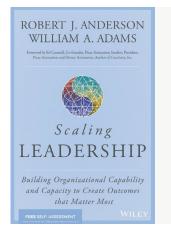
As you consider what you need to do to scale your own leadership, and the leadership of others who work for and with you, we suggest that you follow these three steps:

- **Start with yourself:** Identify your personal balance of leadership strengths and liabilities. Learn out loud, transparently, with your leadership team.

- **Develop leadership teams:** Have the leaders on your team do the same thing. Support one another to learn together. Scale leadership in the organization by scaling relationships and building leadership teams throughout the organization.

- **Build a leadership system:** Design your organization for development. Put in place feedback and development processes. Create a culture where everyone is expected and encouraged to develop as a leader.

Since the context in which we lead will continue to challenge us, the rate of development of our leadership individually and collectively must at least keep pace with the rate of change and escalating complexity, if not close the gap. This means constantly developing and staying ahead of all of this change, so we—and our organizations, products, and services—will remain relevant.

It is a business imperative today that we transcend our current level of leadership. It is a business imperative today that we scale our leadership. **It's up to you to take the next step.** ⌐

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About the authors

Robert J. Anderson is the Founder, Chairman, and Chief Creative Officer of The Leadership Circle, and co-founder of the Full Circle Group. Anderson created The Leadership Circle Profile (LCP) (the first of its kind) a 360-degree feedback tool integrating behavioral competencies with underlying motivational systems.

William A. Adams is the CEO of the Leadership Circle, and Co-founder and CEO of the Full Circle Group. He has worked with CEOs, senior leaders, and boards of directors as a leadership consultant and trusted advisor for over 30 years. Clients include the CEOs and teams of major Fortune 500 corporations (public and private), non-profits and private equity start-up businesses. He works with executives in the areas of business transformation, leadership effectiveness, performance improvement, strategy alignment and execution.

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