CHAPTER 13

The Real Legacy of Leadership: Aligning Rhetoric with Reality

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Whether you lead a global organization or a small team, success depends on instilling in your followers a clear, shared image of the purpose and aspirations of the organization. In times of change and uncertainty, people look to their leaders for inspiration and confidence. Skilled leaders reflect a sense of purpose and perseverance; those less skilled reflect a sense of confusion and desperation.

This chapter explores the boundaries between inspiration and desperation, between organizational effectiveness and ineffectiveness, between skilled and less skilled leadership. The focus of our exploration is on the critical need for leaders to ensure that their rhetoric and that of their organization match the reality of the organization's operating environment and culture—that is, that the organization actually is what its strategy and mission statements say it aspires to be. Our discussion will show that when leaders achieve that objective and align purpose and aspirations with focus and activity, they create the foundation for a high-performance organization.

THE CHALLENGE

Mission and strategy statements may define an organization's direction and aspirations, but the reality of economic and competitive environments can easily shift a company's focus from lofty goals to short-term survival.

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People and organizations have a choice: either they continue to learn and evolve as circumstances around them shift, or they fall victim to changing environmental pressures. Great leaders reflect a sense of focus and purpose that not only adds meaning to work but also helps make organizations more dynamic, decisive, and adept at responding to change.

High-performing organizations stay vital by resisting decay. As they mature, their leaders successfully manage the tension between adaptation—perfecting and improving existing products, services, and processes—and innovation—doing things differently, offering unique products, or changing the rules.[1] These leaders realize that the healthiest organizational cultures maintain a balance between these two perspectives: they continually strive to get better, yet remain open to new ideas and new ways of thinking. They do this by ensuring that the organization retains a sense of purpose and meaning along with a relentless drive for performance.

THE CONTEXT

Scan typical corporate mission statements and you will note that most companies aspire to be some combination of innovative, customer driven, market leading, employee focused, performance oriented, and of course, profitable. Although admirable, most leaders would agree that living up to those traits consistently over time is incredibly demanding and extremely difficult. That is not to challenge corporate aspirations, but simply to make an obvious observation: declaring aspirations is much easier than actually achieving them.

My research, coupled with my years of experience as a consultant, has convinced me that the key to resolving this perplexing challenge is rooted in the ability of leaders to reconcile the rhetoric of corporate aspirations with the reality of the corporate operating environment. Organizations need aspirations, and as Jim Collins reminded us in his book *Built to Last: Successful Habits of Visionary Companies* (HarperBusiness, 2004), people seek the exuberance of being part of an organization with "Big Hairy Audacious Goals." But if the organization's declared purpose and aspirations are out of synch with its operating environment, if people within the organization experience a culture that is very different from its stated purpose and aspirations, the organization is headed for disaster.

Consider an example. Imagine you worked for the Bank (it could be any type of business) and it had recently created a new strategy and mission statement extolling its position as a market leader, its focus on innovation and customer service, and its support for employees. The Bank further commissioned a new advertising campaign that emphasized those very characteristics, complete with TV and radio ads, billboards, print ads, and so on.

Imagine that as an employee, however, you experienced each day a very different operating environment within the Bank. The Bank seldom launched new products or services unless in response to competitor initiatives. The operating norm for employees was to follow the rules and not challenge the status quo. Customer complaints were ignored. And unless you were in a senior leadership position, you were treated as if you had been hired merely as a set of hands.

Given that situation, how likely is it that the Bank will achieve its aspirations of market leadership and so on? Moreover, might the mismatch between the rhetoric of the Bank's strategy and the reality of its operating environment contribute to cynicism and discontent among employees? And if you and your fellow employees became cynical, would you likely be exuberant supporters of the Bank? And could that mismatch of rhetoric and reality, coupled with the employee and eventual customer cynicism it inspired, be a sign of the eventual demise of the Bank? Oftentimes, it is.

All of that leads to a reiteration of the main premise of this chapter: a key factor in the ability of an organization to execute its strategy and achieve its aspirations is the capacity of its leaders to ensure that the rhetoric matches the reality, that the organization actually is what it says it aspires to be.

I doubt that many leaders would take issue with that premise. Yet, it almost seems inevitable that an organization will lose the capacity to maintain alignment between rhetoric and reality and eventually fall victim to time. *Fortune* magazine reported that fewer than 20 percent of the original Fortune 500 companies were still in existence in their original form in 2004 when it published its issue celebrating the 50th anniversary of that venerated list.[2] In reality, organizational life spans tend to be relatively short.

THE CAUSE

To consider the nature of the potentially dire fate for organizations, think of the organizational life cycle—the stages companies go through as they evolve over time. They begin at the start-up phase when an often "crazy" idea becomes the germ for an organization. The small band of believers in the idea put their hearts and souls into bringing the organization and its aspirations to life. If the crazy idea catches on, the company experiences growth: the business develops, demand begins to exceed capacity, and the new company begins to expand. Growth invites competitors and imitators. Eventually, maturity sets in and growth slows down. Unless the organization takes action to revitalize—to revisit and reinvigorate its purpose and aspirations—it begins to decline. Absent dramatic action, a crisis hits, decay sets in, and the company is on its way out.

Before you panic, realize that it is possible for companies to manage this cycle. Just look at 3M, Johnson & Johnson, Proctor & Gamble, and countless other companies that have stayed relevant and effective for decades. But it's rare that a company will survive unscathed once it moves into decline and decay. Under CEO Lou Gerstner, IBM revived itself with a massive restructuring and an expanded business focus. But for every successful turnaround like IBM's, there are examples like Digital Equipment Corporation, Westinghouse, and many other formerly great organizations that have fallen victim to their inability to adapt to changing times.

My research suggests that what actually gets an organization into trouble early on is not incompetence or ineffectiveness but, rather, the organization's past record of success. Over time, the very elements of a business model that enabled that organization to grow and become successful can become the seeds of the organization's self-destruction. As it faces competitive and performance pressures owing to a changing external environment, rather than evolving its business model while retaining its aspirations and sense of purpose, it shifts into a "performance-at-all-cost mode" in which it is driven by the mantras of maintaining market share, margins, and profitability. Metrics and reward systems drive short-term thinking. Leaders emphasize short-term performance. Employees are shaped to consider only bottom-line impacts. The purpose of the organization becomes that of perpetuating current operating processes and objectives with a goal of meeting short-term financial objectives.

Imagine now that environmental pressures subside, performance targets are met, and the organization is ready once again to move into the marketplace and grow. Yet employees have been shaped to view the purpose of the organization as short-term performance. Metrics and reward systems reinforce a short-term, bottom-line mentality. Leaders have been trained to think only about expense control and performance at all cost.

So a new strategy statement is released. The organization is going to grow by being innovative, a market leader, customer focused, and employee oriented. The new direction sends conflicting messages, to be sure. What's an employee to do? The safest (and maybe smartest) thing is to hunker down and make your numbers while you figure out what all this new rhetoric really means. And if the focus and behavior of senior leaders stay the same, if metrics stay the same, if performance criteria remain as they've always been, then there is no compelling reason for any employee at any level to change behavior.

I suspect we've all experienced this phenomenon, on both a personal and an organizational level. Regardless of the strategy statement or CEO speeches, the way an organization's leaders actually behave, coupled with the things they ultimately measure and reward, shapes employee thinking and behavior across the organization. In effect, they shape what I call "organizational DNA."

Just as human DNA contains the complete set of instructions for making a person, organizational DNA contains the complete set of instructions for how and why organizational members think the way they do, and how their thinking impacts motivation and performance.

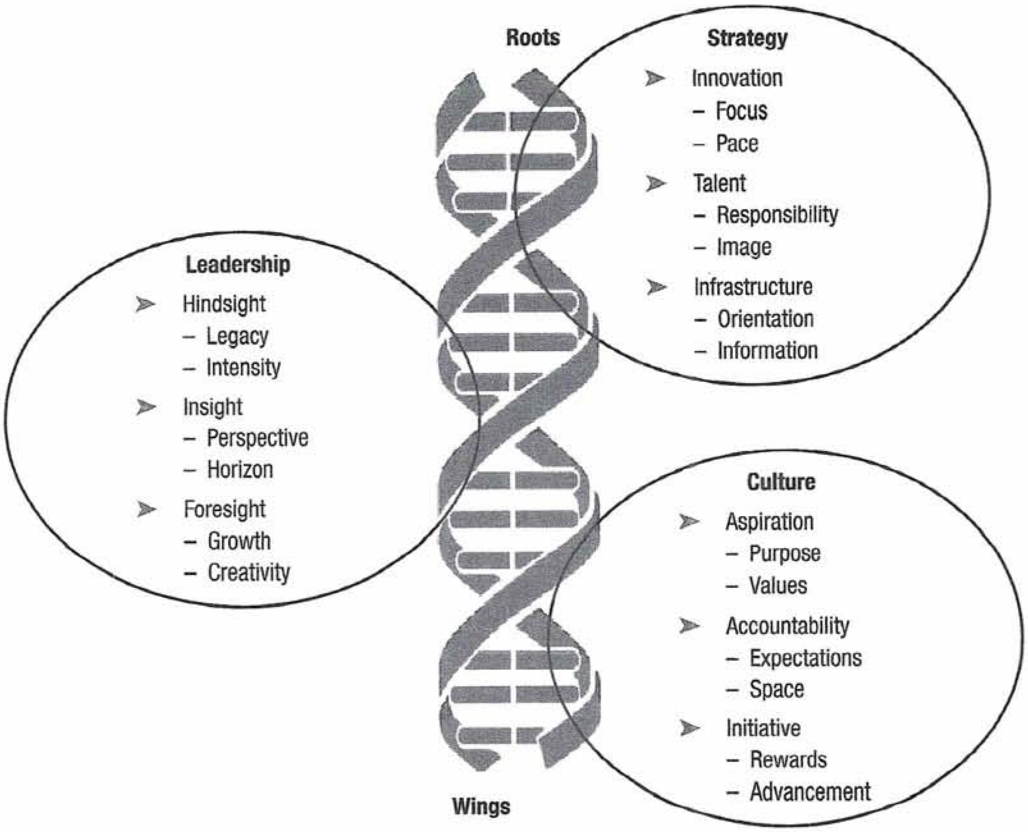
THE RESEARCH

Preliminary results from an ongoing study involving leaders from a wide variety of major corporations, government agencies, and not-for-profit organizations around the world help shed light on how organizational DNA is related to the challenge of maintaining alignment between an organization's rhetoric and the reality of its operating environment.[3]

The critical dimensions of organizational DNA have been broken down into the set of measurable components depicted in the Direction and Alignment (DNA) Model in Figure 13.1. The model is based on a visual metaphor, the DNA double helix, which is made of a backbone—the two intertwining strands that frame genetic character. These strands are connected by a four-letter code comprising the instructions for a person's genetic profile. Each letter of the code contains essential chemical elements that combine into sets of base pairs within which one's genetic code resides.

In the Direction and Alignment (DNA) Model, the backbone of organizational DNA comprises two intertwining strands: an organization's Roots, or its

Figure 13.1 The Direction and Alignment (DNA)® Model



history and operating capabilities, and its Wings, or its ability to change and innovate. Those two strands are connected by a three-letter code, SLC, denoting Strategy, Leadership, and Culture. Each letter of an organization's genetic code contains three essential elements. *Strategy* consists of innovation, talent, and infrastructure. *Leadership* consists of hindsight, insight, and foresight. *Culture* consists of aspiration, accountability, and initiative. As indicated in Figure 13.1, each of these nine essential elements can be defined by a set of "base pairs," or essential viewpoints held by leaders that guide their interpretation of organizational strategy, leadership, and culture.

THE ASSESSMENT

The DNA Model has been operationalized in a survey instrument entitled the Strategy, Leadership, Culture Questionnaire (SLCQ).[4] Survey respondents indicate their perceptions of their organizations with regard to each set of base pairs. The data generated by the SLCQ reveal what organization members think about strategy, leadership, and culture, and the potential impact those perceptions have on member behavior, organizational performance, and strategy execution.

The SLCQ has been used by a variety of major organizations and in a number of settings over the past six years, resulting in a database of over 11,000 respondents representing all organizational levels (though the vast majority are in middle- through senior-level leadership positions). An analysis of the database paints a compelling picture of the challenges faced by leaders as they attempt to align their organizations with a desired future state.

THE PROFILE

Over the period that data have been collected using the SLCQ,[5] the database has generated a "typical" or average profile of an organization that has remained consistent over time, despite economic fluctuations and changing business conditions.

In terms of *Strategy,* respondents indicated that their organizations were followers/perfecters slow to develop new ideas or approaches to business, staffed by take-charge people complemented by technical experts, who were trying to work together but felt like they were operating in silos.

In terms of *Culture,* they indicated that their organizations were prospecting for/reacting to opportunities in order to generate improvements, for the purpose of extracting as much return as possible from their current asset base.

In terms of *Leadership,* they indicated a passion for their organization, felt challenged by their jobs, and were energized by their work situation; however, over 30 percent perceived that their organization's reward system was not tied to job performance and that there was little certainty about pathways for personal advancement.

It is worth repeating that this general profile emerged early and has remained consistent over the years that we have collected data. Individual organizations can vary dramatically from this norm, but the norm itself has remained consistent. Respondents indicate that the "typical" organization is exactly as described.

THE CHALLENGE REVISITED

I believe that the "typical" profile reflects our previous discussion of organizational life cycles. The vast majority of respondents to the SLCQ have been from large, established companies.[6] As those companies have grown and become successful, their culture—as defined by focus, metrics, and rewards—has evolved from the creation of new products, services, and business models to a focus on maintaining share and margins and driving profits. The typical organization is profiled as having limited openness to new ideas and making limited effort to divine new opportunities for growth and development.

If that's the case, how likely is it that a new strategy statement, even one rolled out with town meetings, speeches, and training programs, is really going to make an impact on the way respondents think and behave on their job? It's a safe bet that respondents will keep working as they always have until leaders not only generate the rhetoric of a change in focus and emphasis but also take steps to align that rhetoric with the reality of the operating environment by changing metrics, adjusting rewards, modeling new behaviors, and demonstrating that the organization actually means what it is saying.

THE RESPONSE

I believe that the true legacy of leadership is directly related to the ability of leaders to align the rhetoric of the organization with its operating environment. Leaders who are able to achieve and maintain that alignment are in a better position to prevent track records of growth and success from becoming blinders to an organization's continual need to adapt and evolve to a changing environment.

Take the example of Allied Waste Industries, until recently the nation's second largest solid-waste disposal company. Allied grew through acquisitions that left it highly leveraged, with a driving focus on short-term performance in order to deal with the challenge of paying down debt and generating profits for shareholders.

When John Zillmer became CEO of Allied in 2005, he saw more opportunity and potential for the company. With environmental sustainability emerging as a core social value and business challenge, solid-waste companies had an opportunity to create far more value than just hauling away trash; they stood poised to become experts and advisers in the green movement.

Zillmer, along with President and COO Don Slager, EVP and CFO Pete Hathaway, and HR EVP Ed Evans, made a decision as Allied's top leadership team to move the organization forward. They created a strategy statement, but did so with the help of key leaders throughout the company. They built a strategy, not by hiring consultants to do the analysis and make recommendations, but by involving dozens of leaders from throughout the company in the analysis and decision-making process. They established training programs for leaders and employees at all levels, but they did not just delegate the training to HR and outside resources; they actively participated in the training as sponsors, mentors, and teachers. They changed business metrics to drive not just financial performance but also customer focus and organizational development. They adjusted employee competency models, compensation, and assessment processes at all levels to support the new Allied. In short, they took pains to ensure that the rhetoric of the company increasingly matched the reality of its operating environment.

At the beginning of this effort, the SLCQ was administered and a DNA profile created. Allied's profile looked much like that of the "typical" company described previously. As the process unfolded and we conducted subsequent analysis, Allied's profile began to evolve. Respondents perceived that the company was looking for opportunities to grow, that employees were more engaged and networked, that emphases on customer focus and top-line growth were gaining in parity with profitability and performance, and that the company was committed to employee development and success.

During the three-plus years prior to its 2008 merger with Republic Services, Allied made significant progress in revenue growth, profitability, employee recruitment and retention, and customer service. I don't think that it was any coincidence that the more employees perceived a match between the rhetoric of the organization and the reality of the operating environment, the more Allied's overall performance improved.

I've seen similar patterns in numerous companies across many industries. When the reality of the organization's operating environment is aligned with the rhetoric of the company's strategy, intensity, performance, and morale invariably improve. Organization members seem better able to see where their company is headed, identify opportunities in the marketplace, understand how and why the organization needs to change, and grasp their role in the future of the business. When there is misalignment, members can become frustrated and cynical, often disengaging from the organization. Matching rhetoric with reality is often the difference in an organization's ability to execute a strategy and its failure to achieve defined objectives and aspirations.

THE LEGACY OF LEADERSHIP

Like many key elements of leadership and strategy, it may seem like common sense that to achieve organizational performance and longevity, leaders must align the rhetoric of an organization with the reality of its operating environment. Yet my research and experience suggest that, for most organizations, this connection is fleeting at best. That's why the true legacy of leadership is the ability to maintain that alignment, ensuring that the organization retains a sense of purpose and meaning along with a relentless drive for performance. It's about giving the organization both a set of roots and a pair of wings. It's about ensuring that an organization not only gets better at what it does in order to be profitable but also is able to evolve in order to stay relevant in a changing world.

ABOUT THE AUTHOR

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NOTES

1. A. A. Vicere, "The Strategic Leadership Imperative for Executive Development," *Human Resource Planning* 15, no. 1 (1992): 15–31.
2. Julie Schlosser, Ellen Florian, et al., "Amazing Facts," *Fortune* 149, no. 7 (April 5, 2004): 152–159.
3. An overview of the assessment process and theoretical underpinnings can be found at http://www.vicere.com/documents/SLCQDesc-nos.pdf.
4. Ibid.
5. Ibid.
6. Ibid.