

## LEADING, MANAGING, AND CHANGING ORGANIZATIONS—AN INTEGRATED APPROACH

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Organizations are so complex that you always run the risk as a leader of overemphasizing some things while overlooking others, or doing something in one area that adversely affects something in another. To reduce that risk, you need an integrated approach to organizations. The next two pages offer a very brief overview of one such approach. Though brief, it outlines how four different aspects of organizational life interact, so you will be better able to anticipate how making a change in one area will affect others. Below, I start with some basics, then turn to their implications.

### The Basics—How Organizations Work

Whether by design or by default, all organizations rely on *four steering mechanisms* to both direct and drive growth and impact:

- **Formal:** Anything you can explicitly design to move an organization toward its goals, including vision statements, mission statements, strategies, and plans as well as organizational structures, processes, decision rights, and role responsibilities.
- **Leadership:** Leadership occurs at all levels and comes in many forms. Anything people do to catalyze, motivate, inspire, direct, or drive growth and impact can be considered an act of (more or less adaptive) leadership regardless of a person’s formal role. Of the three most common definitions of leadership included below, this approach emphasizes the third, because it offers the most leverage for change and development within organizations.
  - 1: the office or position of a leader
  - 2: the capacity to lead
  - 3: the act or an instance of leading
- **Relationships:** Among individuals *and* groups—up and down and across the hierarchy as well as externally with customers, clients, members, suppliers, investors, donors, etc. The quality and strength of these relationships will affect how well and how quickly information flows, learning occurs, decisions get made and implemented, etc.
- **Culture:** Exists at two levels: surface and deep. The surface level of a culture includes everything you can see that reflects the organization’s deeply held espoused values and beliefs—such as its value or mission statements, its cultural artifacts like brochures or websites, its office arrangements, etc. Then there is the less visible deeper core of a culture: the largely tacit assumptions and beliefs that people carry in their heads and draw on to interpret events and take collective action. The deeper core of a culture dictates how things actually get done in an organization.

## Building Strong Organizations

In a world where change is the only constant and diversity is the only thing we have in common, all four steering mechanisms must be highly adaptive. The more adaptive an organization's steering mechanisms, the stronger the organization is. For each of the four steering mechanisms, that means:

- **Formal—Designing for adaptation and learning.** Organizations of the past operated in slow-moving, stable environments, and they ran (incredibly slowly) with the clarity and precision of clocks in order to capture as much efficiency as possible. These organizations were highly structured with clear roles and reporting relationships and with those at the top episodically setting strategic course and settling any differences lower down about how best to pursue that course.

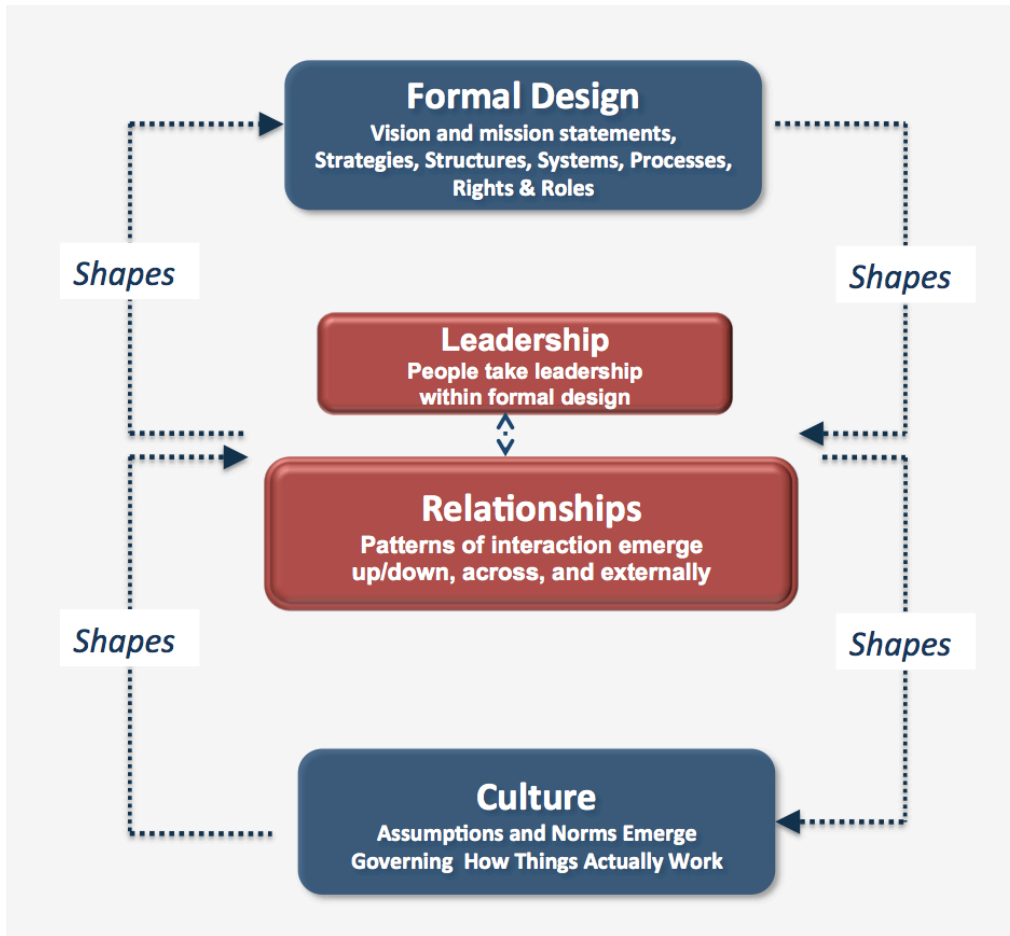
In contrast, today's organizations operate in a far more turbulent, diverse, and global environment, and they run (much more quickly) with the fluidity of a living organism capable of adapting to fast-changing circumstances. These organizations are far less structured and far more organic than the hierarchies of the past. Those lower down and closer to changing realities no longer have to wait to be told what to do. They are empowered to make judgment calls (often together) on how to respond. Information, learning, insights, and decisions thus go up and down and across the hierarchy, not just from the top down. In this world, emergent strategies and planned strategies go hand-in-hand with the one continually shaping the other, and people's roles, decision rights, and responsibilities constantly shift depending on the circumstances and the information and insights people have available to them.

- **Leadership—Developing adaptive leaders up and down and across:** While today's more organic formal designs adapt better and faster than traditional ones, the leaders and people within them face a much tougher challenge: They must develop the ability: (1) to *tolerate and make something good come out of the conflict, uncertainty, and ambiguity* that these more adaptive organizations create; (2) to *continually negotiate and renegotiate—both quickly and well—*their different perspectives, insights, interests, and needs; (3) they must be *comfortable with and capable of continually shifting rights and roles* based on what the situation demands and what their respective information and insight offers, not just on what their formal role or status dictates.
- **Relationships—Building adaptive relationships up and down, across, and externally:** To develop adaptive leaders as quickly as possible, you need to build relationships among leaders that accelerate rather than stall their growth. The most adaptive relationships make it possible for leaders to negotiate and renegotiate their different needs, interests, perspectives, to harness differences and put conflict to work, to shift roles and rights when appropriate, and so on. When relationships among people or groups get stuck in a repetitive rut, they suck up the energy needed to drive impact, undermine espoused values, turn attention inward, and slow down or even derail the implementation of new strategies and structures.
- **Culture—Learning from gaps:** The most adaptive cultures are those that sustain an ongoing dialogue about the gap that invariably emerges between the surface and deep levels of a culture. People in these more adaptive cultures do not censor or punish behavior that deviates from espoused values, strategic initiatives, or desired goals. Instead, they use any deviation they see to inquire into and change the factors that give rise to it—whether those factors be the tacit assumptions in people's heads, repetitive relationship patterns among groups or people, tougher environmental demands, or formal structures that are causing unintended effects. The best leaders make gaps discussable (including their own) rather than drive them underground.

## How the Thighbone is Connected to the Knee Bone

Each steering mechanism shapes and is shaped by the other, forming a dynamic system that is more or less capable of learning, adaptation, and change at any stage in its development.

*Organizational Steering Mechanisms*



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