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The New Leadership Paradigm  
—Everyone, Every time, No Exception!

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Organizations and leaders are facing today the convergence of three mega trends that are reshaping their value proposition, their customer relationships, and their talent engagement.

Alone, each of these mega trends is a significant challenge to face. Together they present either an existential threat to the business or an evolutionary opportunity. By and large, most leaders are neither ready nor equipped to address these changes.

## **MEGA TREND #1: The Transparency Era**

In the past, organizations were able to create a perfect image of themselves through carefully crafted marketing efforts and public relations activities. The world in general, and customers in particular, saw what the leaders wanted them to see and, as a result, developed the deliberately designed perceptions those organizations wanted them to have. Elements such as the organization's operation, process or culture were kept hidden from the public eye. The prevalent thought was: "It's none of their business." Companies could run a nasty sweat shop in the back end as long as the front of the house was carefully portrayed in the right Pantone colors chosen by a glitzy branding agency hired to put lipstick on a pig. The days of controlled images are gone.

Today the complete operation, all the way to the salary of the lowest paid call center employee, is displayed for all to judge and comment upon. Organizations and leaders have discovered that this new reality has zero PR protection fig leaves. They are there in their birthday suits facing the naked truth and required to defend EVERYTHING they do. In an era of complete transparency where even one comment in a "closed doors" meeting can cost a presidential candidate his potential presidency, leadership needs to be redefined, and new skills developed, to deal with the 24/7/365 truth telling.

## MEGA TREND #2: Change Is No Longer an Event; It Is a Life Reality

We used to be able to have change management department that would usher in new changes such as a new technology platform or new regulation based policies. Life was, by and large, quiet with several peaks of change related noise. Change was difficult but manageable. Today's speed of change is so rapid we can no longer call it change. Change implies some form of normalcy with occasional interruptions. The interruptions are now the new normal. From new technologies to evolving customer tastes to new competitive entrants challenging decade's old business models, change needs to be developed as a new skill set. The speed of change will not allow for traditional debates and decision-making processes. Change needs to be accepted, embraced and executed on a daily basis. This requires leaders to develop new competencies in order to handle change as a new life reality.

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## **MEGA TREND #3: Redefining the Value Proposition as “Purpose and Passion”**

The evolution of organizations' value proposition from products to services and then to experiences, has reached its ultimate destination: purpose and passion. The quality of products has increased dramatically in past decades and process efficiencies were created through programs like Lean and 6 Sigma. Today's customers are seeking purposed based vendors who match their value system. They seek to partner with passionate organizations that deliver authentic value. The definition of value through purpose and passion brings with it a new challenge for leaders. What is the purpose of the organization, and how do you bring the passion to life in a way that will be authentic and appealing?

This change is ten times more difficult when dealing with Generation Y, who seem to demonstrate very little respect for authority and bureaucracy, as well as veteran employees, who are cynical after years of cost reduction efforts and borderline exhaustion from being understaffed and overworked. Employee engagement surveys have consistently showed a near 30% level of engagement among employees while the remainder 70% of the employees are either disengaged or actively disengaged. It will be extremely difficult to demonstrate purpose-centric, passion based performance when 70% of your workforce doesn't care to even show up to work.

Adapting to the transparency era can be a daunting task. Catching up to the speed of change can be a breathless race, and inspiring cynical employees can almost be seen as mission impossible. Together, they require a new approach to dealing with this convergence of mega trends.

## From Centralized to Distributed Leadership

Traditional ways to address evolving trends would usually include some form of senior leadership meeting, usually in some 5 star resort, to discuss and evaluate the options. The chief strategy officer would present the options and, after 6 months of further deliberation, a town hall meeting would be conducted where the CEO would share the “New Vision” with all employees. Everyone, then, would be expected, often with few tools and little guidance, to go and execute the new strategy. If budget allowed, employees would be treated to a new mug or t-shirt with a nicely designed logo of the “New Vision.” This centralized leadership approach was based on the belief that a few top leaders stir the big organization by their sheer power, insight, decisions and budget allocation. In this centralized leadership model, a few executives did the leading. The rest followed.

When carefully examining the mega trends we discussed above, we can conclude that the era of centralized leadership is over. Purpose and passion are not the outcome of a PR campaign, but rather the result of thousands of employees' performances every day with customers. And there is no budget large enough that an executive can use to force his employees to smile sincerely in the transparency era (to smile- yes; sincerely is their personal choice). Every employee is exposed to the same level of scrutiny. When every cell phone is a broadcasting device, every employee is a CEO holding full responsibility, on behalf of the organization, to his or her actions and decisions. The speed of change requires adoption at the execution, not only the decision, level of the organization. We no longer have time for lengthy debates and acceptance. Embracing change ought to be done faster and at every function and department level. Welcome to distributed leadership.

We define distributed leadership as a practice in which every employee at every interaction is fully empowered to act in the best interest of the customer and the organization. The assumption that the employees bear full ownership, at the moment of truth, of making and executing the right decisions. Distributed leadership is not another new package for the old empowerment mantra. (Although, advancement in that area was less than impressive.) It is a new foundation to developing, managing and innovating the organization through the sum total of *everyone's* decisions. It is about defining the ownership of leadership on every employee and providing them with the tools and knowledge to perform to the new purpose- and passion-based value proposition.

# Distributed Leadership: Questions to the New Path

To approach the distributed leadership challenge, leaders and organizations should examine their leadership platform and how ready is it to become a distributed leadership model that includes every employee. The following questions may guide the conversation. I deliberately chose not to prescribe a 5-step model, but rather address the evolution towards distributed leadership as a series questions in which the answers should be crafted by each organization, based on its own DNA and cultural environment.

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Adapting to distributed leadership requires more than just a rational decision and a plan. It involves emotional concessions and personal realizations on the part of senior executives as to how they see their role and what they seek to get from it. Hence, the approach of utilizing questions to provoke new thinking while allowing each individual reach his or her own path to distributed leadership.

1. As a leader, how do you define your power?
2. What is the purpose of your leadership? Why are you willing to endure the hardship of leadership?
3. What degree of trust do you have in your employees? What would you trust them to do? What wouldn't you trust them to do?
4. What is the reason for the lack of trust? Lack of tools? Information? Practice?
5. What percentage of your employees rise up and embrace the challenge of leadership? For those who wouldn't, why?
6. What percentage of your employees believe that the organization exist to achieve a goal greater than money and profits?

7. What percentage of your employees truly love the products and services you provide?
8. Do they find personal fulfillment in impacting customers? Do they know what their impact is?
9. What percentage of the decisions will favor the customer first?
10. How often does your organization evolve and change?

Engaging in these questions in an honest and open way will enable you to determine the level of readiness you have for distributed leadership both personally and organizationally. Distributed leadership, in light of the aforementioned mega trends, is not really an option. But the pace in which you will adapt to it will determine if you will lead the trends evolution or be led by them.

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# The Two Questions That Will Steer the Ship

One of the most difficult elements of the shift to distributed leadership is the requirement that senior executives will now share equally with all their employees (and, for that matter, their customers) the answer to a single question. It is a question they not only don't know how to answer, but often times refuse to answer: "Why?"

When coaching executives to start with the "why" when they task employees, some get offended. What I recognized is that many of the offended executives are products of the seventies or eighties management paradigms. They simply mirror their managers' behaviors and, as such, are puzzled by the expectations to explain themselves to employees. They almost view doing so as a humiliating exercise that lowers their status in the eyes of their employees. They are right about one thing. Managers in the seventies and eighties did not bother to explain "why." Employee engagement had a standard look: the paycheck. You got one, you are engaged. You lost it, you are disengaged. Needless to say, we have evolved since then. To combat corporate cynicism and adapt to new employment expectations, we need to learn to explain "why" and engage employees on a human level. We need to treat them as leaders by providing them the rationale behind decisions so they can relate to it, internalize it and apply it in their own decision making. Think about the "why" as the ultimate leadership coaching.

The next question that can set your organization free from the shackles of the centralized leadership and steer you towards distributed leadership is “what’s next?” Organizations today seek to “repeat and reinforce.” They are focused on the question, “what’s best?” They seek best practices and try to institutionalize them. Institutionalizing practices and processes is the exact opposite of moving and evolving at the speed of light. It is a constant attempt to control behaviors, and it does not free employees to innovate and adapt.

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By focusing on “what’s next,” you accept that whatever happened yesterday was good for yesterday. You do not attempt to stretch old formulas of success over new domains of challenges. Instead, condition the organization to embrace and seek the change in its earlier form. You create an environment of welcoming innovation every day, in every action and at every function.

Distributed leadership is the answer to the combination of the era of transparency, change as the new romance and the purpose driven customer. It shifts the responsibility of leadership from a few senior leaders to thousands of employees. In reality, leadership has already been distributed when employees are expected to create exceptional experiences in every interaction and adapt to changing customers' demands and expectations. Transparency requires everyone in the organization to become a chief spokesperson and defend the organizations' actions. Adaptation to change is happening faster than we are willing to admit. (Is anyone still play Angry Birds?) In short, distributed leadership is creeping into your organization as we speak. The only difference is that we are not planning for it and executing against it deliberately. **That is, at the end of the day, the biggest difference between the accidental leader and the one who plans for successful leadership.** 📌

# Info



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**ABOUT THE AUTHOR** | One of the world's authorities on customer experience and customer centric transformation, Lior Arussy's strategic framework converts organizations from product- to customer-centricity. It is drawn from his work with some of the world's leading brands: Mercedes-Benz, Royal Caribbean Cruises, Thomson Reuters, HSBC, E.ON, FedEx, SAP, University of Pennsylvania, and Johnson and Johnson. His achievements were recognized by *Consulting Magazine* which named his company among the Top 7 consulting companies to watch in 2015 and by *CRM Magazine* who honored him with their Influential Leaders award.

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