



IN CHARGE OR IN CONTROL: THE LEADERS DILEMMA

This article is based on Peter Robertson's forthcoming book on values, due for publication in 2011.

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FROM THE DESK OF HIRAM J SAUNDERS, CEO, INTERNATIONAL COMMERCIAL RELATIONSHIPS LTD.

PROJECT INDIGO

At a recent meeting of the senior team in Kuala Lumpur we reviewed performance over the last 60 days and agreed unanimously that it will have to improve. The following urgent arrangements have been put in place as at 9.00 GMT. They apply to all employees. Please read this carefully and internalise its content. Given the urgency of the situation we will not be holding staff meetings.

Our aim is to reinforce our core values which are:

We will treat all our clients with respect for their human dignity;

We will be an engine for our shareholders' wealth

In order to achieve this, the following arrangements have been put in place:

You will ensure that our clients are always dealt with in under three minutes, and we have introduced a sophisticated monitoring system of all customer activities.

Failure to treat all customers with appropriate dignity within 3 minutes will result in a disciplinary warning and an investigation by the newly created Customer Vigilance Team

This target will apply consistently in our 200 call centres to 20,000 employees across four continents

Supervisors will now report daily on activity levels. Headings for this report are included on appended sheets 3,4, 5 and 6. In addition, data will be fed back in real time to our Human Activity Data Centre in Kurdistan.

We expect this to result in 9.9% growth in revenue and 15.35% increase in profit this year, which will make us the largest and most profitable call centre operation in the world.

Jemima Khan has left her position as Customer Care Director as of 9 pm GMT today due to unacceptable performance across the operation last month.

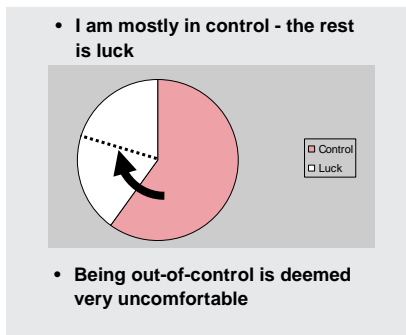
Thank you for your commitment. I should mention that Benedetto Franconi, Group Financial Officer, is on holiday for the next four weeks and cannot be contacted.

Slightly over-the-top I know, but only slightly. Many of you who have worked for large corporations will have received directives which took the same 'lay down the law' tack.

THE LITTLE DICTATOR IN OUR HEADS: CAUSE AND EFFECT AND AN ABSENCE OF CONTROL

Values exist when there is enough diverse, dynamic self-organisation¹; when leaders create conditions for values to emerge then stand aside. Mr Saunders reflects a different view: the one we learn at school and which has been taught at management colleges for the last century. The figure below illustrates the differences.

• Prevailing management thinking...



• Leadership in terms of complexity....



Source: John Harshman, GM ATU

The question is: are we in control (left) or are we in charge (right)

Our default thinking is 'I need to control my family / career / organisation / team/environment' and, of course, that generally works. We make careful plans to re-meet five old school friends now living 200 miles apart at 6.30 at a restaurant in

¹ By which we mean the way the parts of a system, such as a business, organise themselves without outside direction or control.

London and – hey presto ! – that’s what happens. But sometimes all that planning fails and we say that is ‘bad luck’ or ‘chance’ or ‘an accident’. We react by strengthening control so we can diminish the effect of these ‘random’ factors. Our ultimate goal is of course complete control. For instance, we tend to believe that if we could get every bit of information about the market and our sales force, we could remove chance factors, control things and our sales would go through the roof.

Inside every one of us there is a little dictator, bullying the world into doing what we want it to.

The left hand side of the figure illustrates this style of thinking. Mr Saunders sits here and the arrow shows his struggle to get rid of ‘bad luck’. But, as I’ve tried to show in this book, increased control moves organisations up the S-curve until values are destroyed. Messiness resulting from lack of control is not a problem to be solved. It’s an essential element of the natural systems – of which human organisations are examples - and without it we wouldn’t exist; without it, no organisation can innovate and jump S-curves. Leaders who don’t welcome some messiness are like living beings with an aversion to air and water.

The English football team manager Fabio Capello the 2010 World Cup is an example. He thought the liberties his highly paid players expected worsened their on-field performance. He started laying down rules: no drinking; no mobile phones; eating together every night. In other words, he tried to control their behaviour at a micro-level. This would have been a clever move if he’d had time to understand the way values are actually created – through consistent behaviour - rather than seeking to impose them from outside. But Capello only had weeks to create the conditions for values to emerge. The result was under-achievement and, as is the way with English culture, lacerating self-analysis about national decline.

In his memo Mr Saunders doesn’t recognise good luck at all. For him success is the result of control, failure the result of bad luck or chance. Mr Saunders is thinking in straight lines which are not features of natural systems and inhibit the emergence of true values.

Organisations self-organise and inevitably create emergent properties. These processes are stronger than any human control. The right hand side of the figure illustrates this. Whatever managers or leaders might think, self-organisation plays a much larger part in how human projects flourish or fail. Sometimes leaders have to step to one side and let things happen. This is difficult, given the prevailing models of leadership we use.

THERE IS NOTHING EITHER GOOD OR BAD BUT GROWING MAKES IT SO

Does this mean cause-effect, controlled thinking has no place in organisations? Are managers kidding themselves? Should they just ignore what’s going on? No. The two sides in the figure are not competing, opposing strategies. As I’ve commented, cause-effect thinking and control do work: they come into their own at the top of the

business cycle. You need to plan, control and count if you're going to maximise profit as sales begin to flatten. By contrast, self-organising condition-effect strategies in which leaders create the conditions for values to emerge then stand aside, are critical as you're starting off a vision or reinventing your business.

What we learn is that, at different times, different ways of operating are needed and to use the wrong one at the wrong time risks disaster. Unfortunately, we're usually only taught about cause-effect thinking. This book attempts to rectify that imbalance!

Leadership is a more like jazz than classical music: it's about timing, improvisation, variations on a theme and standing on the edge of chaos (without letting it fall over) rather than following a score mechanically, note-by-note.

The search for absolute control misdirects our attitude to risk.

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