

Break

the mold

Today's business environment demands transformational leaders who not only stand strong amid the constant change—they instigate disruption.

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ny effective leader knows how to respond to and manage change. Agility and speed—once the password to the executive winner's circle—have become requisite skills for simply keeping a company relevant.

Leaders who want to push their companies beyond the status quo, however, must do more than simply manage the waves of disruption. In today's landscape those waves—rapidly evolving technology, turbulent politics, changing consumer expectations, the redefinition of the social contract and a winner-take-most economy—are relentless. And incremental growth is not enough.

The transformational leader knows this. Instead of riding the waves, transformational leaders make them. They articulate a vision that will take an organization, industry or even the world into uncharted territory. They inspire others into action. Transformational leaders set the course by shaping, altering and reinforcing the conversations inside an organization.

There is no better—or more obvious—example of a transformational leader than Amazon CEO Jeff Bezos. The richest man in modern history has upended industry after industry and redefined what a company can be, and where and how it can play. Amazon has innovated multiple business models, and virtually each one of those new business models has disrupted a legacy business.



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Mr. Bezos sets a high bar that seems to keep rising. But remember, Amazon had some tough early years when success was not assured. Transformational leaders are not industrial magicians who set the business world on fire from day one. Instead, they are leaders who have developed themselves and their skills so they can innovate, disrupt and inspire—and ultimately win among the winners.

Clear Intentions

The key to being a transformational leader begins with a single question: What is the remarkable future my leadership is in service of? The answer should define one's leadership intent.

When Nicholas Akins became CEO of American Electric Power (AEP) in 2010, he set out to redefine the meaning of energy. For more than a century, AEP had been operating successfully from the same coal-based business model. But U.S. coal capacity was on the decline and the discussion around climate change was growing louder. Securing the future of the company meant breaking from the status quo.

"Our organization had run its course," Mr. Atkins told *Forbes*. "We couldn't continue the way we had done business the previous 110 years, let alone the previous 10 years."

So Mr. Akins began his tenure with a new intent for the future: The company would shift away from coal power to natural gas and

renewable sources like wind and solar. Realizing that future, AEP has "reduced its coal business from 80 percent of its energy supply to 47 percent," *Forbes* reports. Natural gas accounts for nearly 30 percent, while wind and solar comprise 13 percent.

Transformational leaders like Mr. Akins do not simply seek out easy wins for short-term gains. Instead, they conceive and take a stand for new possibilities. They invent and commit to futures unfettered by old conventions to achieve unprecedented results. For years, management gurus have spoken about starting with "a blank sheet of paper," but they never say how to get one. By unhooking from myths masquerading as truths (these sound like "the way it is or must be"), leaders enable organizations to explore what is inspiring, exciting and challenging—and what will make the biggest difference. They enable transformation.

Commitment to a Cause

Once defined, a leader's intent has to navigate all forms of challenges, interruptions and even obstacles. For example, when U.S. President Donald Trump announced his intention to withdraw the United States from the Paris climate agreement and pledged to revive the coal industry, Mr. Akins' intent did not change.

History is filled with examples of transformational corporate leaders who held fast



to their vision. Boeing CEO Bill Allen pushed the airline giant to expand beyond warplanes. Former Kimberly-Clark CEO Darwin Smith turned a company focused on paper into a sprawling consumer products giant.

How did they make sure that intent became reality? They clearly defined their intent and stood strong, when the quarterly results were not there, and the naysayers raised their voices. Their stand remained the same. It was bigger than the circumstance. This commitment held fast over time creates an authenticity and purpose that moves people into alignment and action.

The 20th century philosopher Martin Heidegger said the height of inauthenticity was to consider one's life in parts, as if one was a different person at work than at home, different in the boardroom than in the break-room. If a leader's vision is authentic and consistent—the same in the boardroom as when walking the factory floor—he or she can build solid trust with people.

It is a skill that is all the more vital in times of transformation. Change can be threatening for people. Employees will often comment that the new direction is not clear or that the executive team must know more than they are saying. There is much work to be done here. According to Edelman's 2018 Global Trust Barometer, less than half of those surveyed said they view CEOs as very credible. A transformational leader defies those numbers. Their employees know who they are following and why they are following.

Inspiring the Troops

But generating a following does not translate into action or execution. Transformational leaders achieve disruption not only from their ability to articulate a new future

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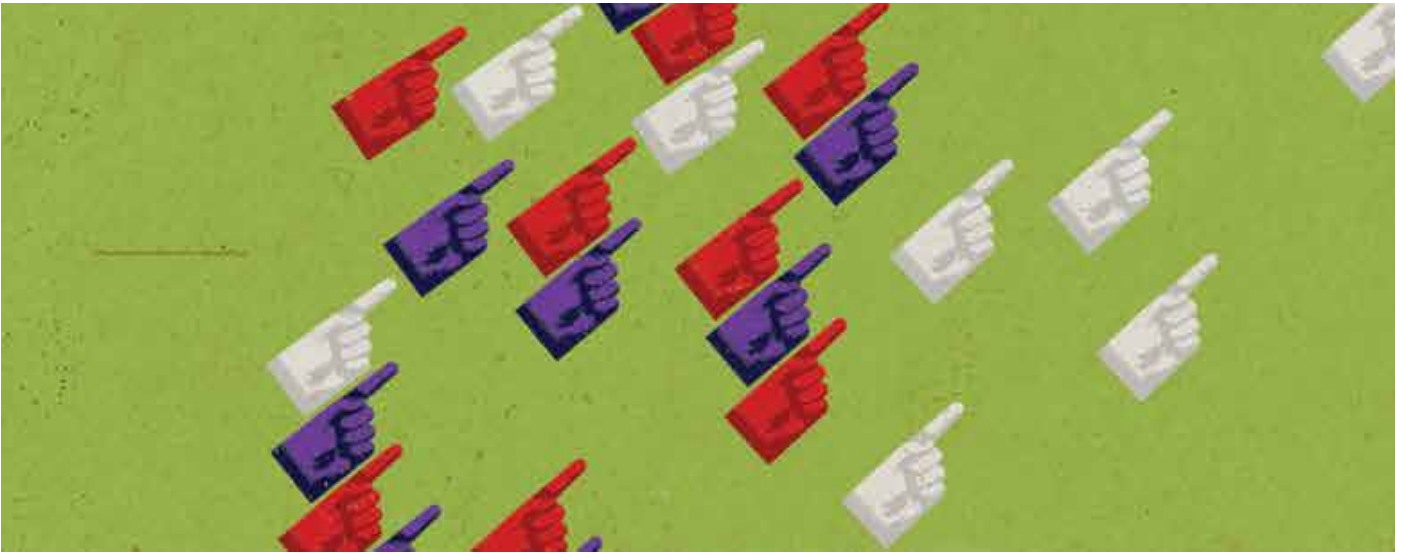
but from inspiring others to commit themselves to that vision. It is in the actions taken by the people who are the enterprise—and only actions taken, not commitment or intent—that give a transformation initiative a life and build momentum.

Shortsighted leaders often fail to take the opinions of others into consideration. Instead, they focus their attention on strategy and execution rather than with what their people are feeling when they are asked to embrace and help drive a transformation. But resistance, in this case, is not futile. Instead it can and will derail even the best strategy.

It is an issue Prudential is currently trying to navigate. The Singapore arm of the U.K.-based insurer is currently undergoing a major digital transformation. But according to *The Straits Times*, the process has hit a roadblock in the form of employee opposition. The newspaper reports that 350 unhappy leaders at the company sent a formal petition in June to the company's Asia headquarters, as well as its London office, to protest the selling of popular products and savings plans online. Prudential's Singapore CEO Wilf Blackburn says the organization is open to the feedback, adding that employees are encouraged to speak up.

If opposition runs deep in the organization, however, simply letting employees say their piece will not be enough. Instead, Mr. Blackburn and the rest of the executive team must inspire them to join the transformation bandwagon—and ultimately become active participants and leaders.

Commitment is not something that can be assumed, demanded or forced. It happens by deeply engaging people in a way that reveals a meaningful reason for them to work to create the future the leader has envisioned.



People are not going to act on a pipe dream. Transformational leaders know how to vividly sketch the journey—the who, what, when, where and how.

At the same time, these leaders are open to hearing their teams out—listening to learn and remaining curious about why people may not want this change. Executives often make assumptions as to why people resist change. The best ones do not resent resistance, but rather listen with an open mind.

When Intent Becomes Action

Fulfilling new possibilities demands leaders hold themselves and their troops to account. Take former Ford CEO Alan Mulally. When he took over the automaker in 2006, Ford was in abysmal shape. Its stock price had fallen precipitously, and 2006 would go down as the worst year in its history with a \$12.7 billion loss.

Mr. Mulally concluded one of the problems was that transparency was hard to come by within the organization, according to *American Icon: Alan Mulally and the Fight to Save Ford Motor Company* by journalist Bryce Hoffman. “Even when he tried to focus on the data, he found that different sources offered different numbers for different audiences,” he says. To win approval for their programs, for example, executives offered exaggerated sales estimates for proposed products to the finance team, according to the book.

To hold his top leadership to account, Mr. Mulally implemented a new mandatory corporate-level weekly meeting called business plan review (BPR). Attendees would be required to personally prepare and deliver data-driven reports on their progress toward the company’s turnaround. It would not be a forum for discussion or debate. To keep the

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meeting focused on the big picture, issues requiring more review or consideration would be elevated to “special attention review” and dealt with immediately after the BPR.

It was a level of unprecedented accountability and transparency, Mr. Hoffman writes in his book. Executives accustomed to running their divisions as they saw fit found the meetings as a threat to the personal authority. And even though Mr. Mulally tried to reassure them that BPR meetings were a safe space to discuss business reality—both good and bad—they held back, scared of retribution. It took weeks of questioning and encouragement for the team to finally offer honest assessments of what was going wrong. But when it finally happened, Mr. Hoffman says, Mr. Mulally would call it the defining moment in Ford’s turnaround.

Integrity Above All

The ability to inspire others to commit to a vision stems from credibility, from a magnetic reputation. The best leaders are known as people who deliver on their promises. They keep commitments alive until fulfilled. They focus attention on consistency and workability of systems, processes, practices and procedures, ensuring they are in sync with the vision and values of the organization as well as with their intent.

In short, they have integrity. An engineer’s view of integrity, integrity is seen as “free from flaws,” “the state of being whole and undivided.” To understand this particular meaning, consider the hull of a ship. If it has no holes or bulges, its hull is said to have integrity. It operates as designed to fulfill its intended function.

Similarly, it is a leader’s integrity that enables an organization to achieve its vision—their ability to do what they say they are going

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to do, by when they say they are going to do it, and to communicate quickly when they have not. This rests on building the systems, the processes and the structures that are aligned with the intent for the organization.

Look at Mark Benioff. For years the Salesforce CEO has advocated for the corporate world to lead the charge on a number of social change issues, including diversity and LGBTQ rights. He has helped define the role of the activist CEO. When Mr. Benioff discovered his organization had extensive gender pay gaps—after having discounted the notion that such a disparity could exist at Salesforce—he faced up to reality. “It was everywhere,” Mr. Benioff told the TV news show *60 Minutes*. “It was through the whole company, every department, every division, every geography.”

Mr. Benioff increased pay for women earning less for the same work as men. The move cost Salesforce \$3 million. And one year later, when a follow-up audit revealed the pay gap still existed (due in part to the acquisition of dozens of smaller firms with their own pay practices), the company spent another \$3 million.

Mr. Benioff’s reckoning was by no means a private affair. He spoke openly about the misstep, both internally to his employees and externally to the press and even fellow CEOs. “I’ve had CEOs call me and say, ‘This is not true. This is not real,’” Mr. Benioff told *60 Minutes*. “And I’ll say to them, ‘This is true. Look at the numbers.’”

Mr. Benioff and transformational leaders know that redefining and disrupting the marketplace is not enough. They also motivate, move and enable others to fulfill their vision—and have the authenticity to acknowledge when they are not meeting the mark.

What Real Leaders Are Made Of

That integrity does not occur by happenstance. The capacity to stand strong for a vision or set of principles by delivering on promises made—what Insigniam calls the Demeanor of Leadership—involves moving beyond the self-limiting constructs of classical leadership. These include things like title and position, and the fact that leaders have followers.

Critical to the Demeanor of Leadership is living a life where leaders are both present and true to their values, as defined by their leadership intent. Who are you being, and whom do you need to be? And staying true to that despite the intense demands on their time and attention, the need to make quick decisions, that have tradeoffs, and move into action swiftly. True transformational leaders are not ultimately concerned with productivity or leaning on the levers of power that accompany anyone at the top of the organizational chart. What they are after, all that they are truly after, is conceiving of a remarkable future, holding onto their intent, mobilizing their workforce, building the structures that the intent calls for and seeing it made real. Everything else is just a distraction. **IQ**