

Lean, Learning and Living Organizations need new Leadership

A vision on the future of leadership

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Introduction

It is only after World War 2 that Peter Drucker, the late giant of management theories, introduced this word “management”. Earlier on there were owners and bosses that worked as family company leaders. They had a circle of trusted people around them that helped to organize the workforce that did the job. Since the fifties of the last century we have seen the worldwide growth of the organized community that is run by managers. They represent the owners that are now also quite anonymous persons. We have seen an explosion of new management theories and models during the last fifty years that have accompanied us in this extreme management and organization growth. We all know the famous names of Taylor and Fayol as pioneering thinkers on organization efficiency ideas. Many other thinkers that reflected on organization practices followed them. My favourites are Peter Drucker and Henry Mintzberg.

One of the most interesting concepts on organization management/leadership and organization development is the concept that Bernard Lievegoed introduced around 1964. He described three phases of development of organization. The first phase he called *the pioneering phase*. It is the traditional start of organizations as we have seen it happening over many centuries. There is a person that has an idea that should respond to observed needs of people. This idea is made to work by forming a first small community of related people with different talents and qualities that help to make the thing work. Technical skills, financial skills, personnel skills etcetera that were needed are mobilized on an informal basis. The organization expands when it survives the first years. Then there is in time a crisis in the existence of the organization that is becoming visible and that crisis expresses itself in that the pioneering way leads after continuous growth now to chaos, loss of energy, loss of money. This crisis is responded by a more scientific approach to organizing. New ideas are picked up and introduced and it is the introduction of managers in the organization that starts to make the thing more structured and systematic. This goes together with a further specialization and standardisation. This enables the organization to further grow. Then there are new systems introduced that make the organization more effective and efficient and helps the management to be in control. Lievegoed called this phase *the differentiation phase*.

We can see this development happening all around the world all the time. Still pioneers start organizations that survive the first years of existence and start to grow. Then they have to be organized in a structured way. The whole of the society today in most countries in the world has become by that an organized society. All kind of organizations with all kind of specialties are today alive and perform. Most organizations have a short lifespan; some however can exist for hundreds of years. This short lifecycle of

organizations is due to the fact that the organized community, that is managed by systems, in the end also runs into a crisis. This is the crisis of disconnection of people to their organization. In my observation this is happening now also worldwide. Lievegoed did prognoses this and he offered the third phase of organizations as a perspective for further development. This he called *the integration phase*. This means that people come again in the centre of the attention. This starts with the attention for the clients, the workers, the owners, and the suppliers as a horizontally co-operating community of people. Then there is the attention for the work processes more then for the structure. How are things happening and why are they happening like this?

The manifestation of this search for creating the integrated company organization is the most clearly shown in the coming into existence of three organization development movements worldwide. These are the lean-, learning- and living organization movement. In this article I will describe these three movements and then will add one more “L” to the three and that is the “L” of Leadership.

The basic idea here is that the positive developmental working of the three “L’s” (the lean – learning – living organization) as ways to open up ourselves to a new way of organizing that will respond to the actual crisis of the growing non commitment of people at work to their organization, is depending on a new way of looking at leadership. There is up till today no real new vision on leadership that is introduced to make the three “L’s” work in an innovative way. They are mostly handled in the traditional management way that we see in the differentiated organization that is, they are there to strengthen efficiency en effectiveness to create better and mostly better financial results for the privileged elite that runs the companies.

In this article we introduce a vision on leadership that could make the other three L’s” work in a new and innovative way as they have been meant to do by the creators of those ideas and the connected movements that came out of this.

Short Introduction to the idea of a lean-, learning-, and living organization.

These three movements of new organization development ideas as we can call them manifest the slow almost invisible transformation of organizations from a vertical hierarchical functional construct into an organization as a horizontal networking co-creating process.

The lean organization idea was developed out of a growing interest by its originators Womack(USA) and Jones(GB) to explore in more depth the idea Bernard Lievegoed explored in creating the image of the process organization. Lievegoed introduced the idea of the Cloverleaf organization with its horizontal and vertical dimension. The horizontal dimension is the process of producing answers to clients needs. The vertical dimension is the steering of information and resources to make that happen. On the crossing point of the horizontal and vertical dimension operates the leadership that gives direction to the organization community. Womack and Jones described the Toyota case in which in a way these ideas were practiced. All attention is on the client need, the process flow, the avoidance of waste, and the

integration of suppliers in the process. The people at work are not only doing their work process but they are also part of the process of permanent improvement. This leads to astonishing results. Later Womack and Jones described these ideas in more detail in the book *Lean Thinking*. Unfortunately these ideas were mainly picked up by traditional managers and used in the old way that is: with the help of experts and lean techniques the work processes are made more efficient without real involvement of the people at work. This has a short effect on the business but not a long lasting improvement of the performance of all people involved. To make that happen it needs a different way of thinking on leading and leadership by the company management and that seems to be the threshold for the realisation of these brilliant ideas.

The idea of *the learning organization* arose out of the work of Peter Senge. He was fascinated by the abilities that people show and the process through which people could reach mastership in their profession. His 'fifth discipline book' went all around the world. It formed the basis for much more attention to 'education permanente' and the permanent processes of knowledge-creation. It became clear that it is the people that make the difference and that it is the development of people that is the best investment for a continuous good performance of the organized community and of all people involved. The knowledge creation process was seen as a dialogical process in which people share their experiences and insights, they help each other in finding new ideas and new ways of working. It is this knowledge creation that secures the continuation of the organization because it makes sure that the organization stays connected to the time spirit and is able to integrate new insights in its practices. Unfortunately the traditional management turned this idea into the idea of training people in the classroom and send them to seminars where they are being instructed in the new things and then they will perform this in the practice. This is not at all working like this however. There is little transfer from classroom learning into the practice when there is not created a special reflective learning process in the practice for this to happen. There is no time and space for this because we are all permanently too busy to take time for this and give it the needed attention.

Aria de Geus introduced the idea of the *living organization* worldwide. He discovered as Shell planner that it was not really right to predict what might happen in the future by analysing all kind of trends and do scientific research but that it was much better to dialogue with all kind of people in and outside the organization to discover what they were seeing and thinking about the coming future. It is the community of people that together carry the reliable wisdom for this organization to explore what its next steps could be. De Geus discovered that long living organizations were the ones that were able to change its community in the right way, find the right next steps for product development and were able to integrate new generations especially in the carrying and leading community of an organization.

Unfortunately the traditional management thought that it might make sense to make special programs for culture development, make mission statements and tell them to the people, celebrate all the heroes that perform the best. However over time more and more persons, managers and workers are getting stressed and frustrated by the growing pressures they experience on the goal reaching, the growing procedures and systems to improve efficiency and the extreme control that is stimulated by top management to reach an ever growing successful profitability.

In my view these three very important impulses to find new ways of organizing life have not really brought us further when they are not accompanied by the development of new ideas and practices on the leadership of organizations.

Old and new leadership

It is our vision that new developments of organizations like the lean-, learning-, and living organization development are not really coming about when there is not at the same time a fourth development and that is the development of a new way of leadership. This is a core issue in organization development today. There is over the last 70 years a transformation of organizations on almost all levels of existence but there is one dimension that is continued in the same way up till now and that is our ideas and practices around leadership. Of course there have been many new management concepts of different kind but they were all never the less based on two lasting assumptions and that is hierarchy and functionality. In the end it was all directed to making things work and being successful in this. In my doctor theses "Bewogen Organisaties" that I published in 1998, I show this one sided view on leadership. I could not find one model or theory on management that was directed to creating failure and to non-hierarchical approaches to respond to that although in the end failure might be more the practice of management then the lasting success. Nevertheless in the practice of operating of organizations in these past seventy years something essential have been changed mainly because of the strong development of technology systems. Step by step production processes, administrative processes, information processes and management processes have been influenced by the development of new technological systems with which we operate these processes. The consequence has been that today all workers perform their job strongly on their own with the help of technology and systems and in doing that they are embedded in a wide network of contacts and relations with other professionals in which they co-operate rather independently. It is hardly ever the case today that people work for years in a fixed team with the same people doing the same job like it was for most people 50 to 70 years ago.

Another development that I have observed is that on the different levels of management the people co-operate with colleagues on the same level much more then with colleagues on different hierarchical levels. CEO's do it with CEO'S, directors with directors, team leaders with team leaders and professionals with professionals. There is less opportunity that the different levels of management and workers work together in a horizontal way. What makes it even more complicated and difficult is that the different levels have strong demands on the other levels but they are not really in touch with each other. I came to the conclusion that there is hardly good communication between management levels and also with workers because the vertical way of operating is not allowing this. The people at work act as functionaries and they see the other persons as means to their own goals. Especially the top people consider the other people as human resources that can be directed in certain directions. With the help of many systems this directing is taking place.

We have researched why this is becoming more complex and difficult during the past decades. The main reason we found was that the people involved lack the sense of what has to be done. The "Why-question" is hardly asked and when asked the responsible

people say this will be handled in a later stage. However if people do not understand the sense of what they are doing, they are moving in all kind of directions that fit the best to their own reality. There is then a disconnection and the processes get stuck.

These phenomena show us that there is great need for a different kind of leadership.

Over the years for this reason we have explored and developed a new leadership

practice in organizations where we have been consulting as horizontal leaders

ourselves. We also have supported this research with a knowledge group of researchers

and practitioners in the context of our work as a professor on leadership in universities

in the north of the Netherlands.

We have called this new leadership practice “Horizontal Leadership”. This “Horizontal Leadership” is connected to a “Horizontal way of organizing”.

Horizontal Leadership

We have discovered that there is a fundamental difference between management and leadership. Management is a function and leadership is a community process.

We have today all kind of managers that do a specialized job. Management is the

function of organizing things. The manager works with resources of different kind to

reach goals. They organize the conditions for other people to perform and act a given

task. This management function is difficult because it is often not connected to concrete

clients and suppliers and to the concrete work processes. It requires a great virtual

quality sense. Managers are in meetings where they try to understand what is going on

and try to find the right decisions to take.

Leadership is however a process in the community that makes the things work. One can

say that all persons that act in organizations are part of the leadership process. A

professional could not do his job in a good way when he or she would not act out of

leadership. A team leader acts leadership towards his team in connection to other team

leaders and the higher echelons. A department head acts leadership towards his own

department in connection to other departments. The director, the CEO, they all have a

specific quality of leadership to act out. Only when people in organizations meet each

other and dialogue out of a leadership attitude, they are able to understand each other

and co-operate.

It is therefor very important that we are going to see that leadership is not only

something of management but that it also something of the professionals.

Leadership then is especially connected with creating sense together. It is especially

connected to processes of change and innovation. It is the core of that what makes the

community work, work and learn together and move together in a common direction.

This means that the traditional top down way of leadership based on power is going to

be less effective in todays organized economies and that we need a different way of

leadership that helps us to deal with the complexities of todays organizations.

Leadership then we can connect to three qualities of organizing by managers and

professionals together and that is:

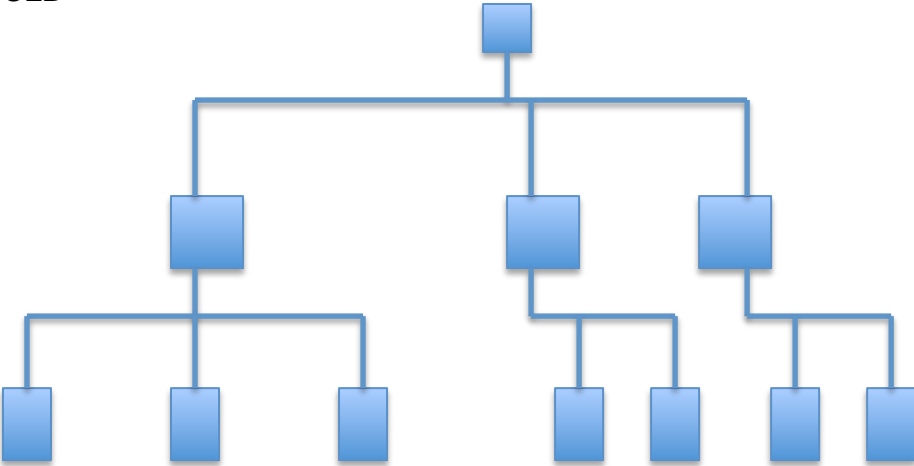
- Creating good processes that work and serve the client
- Dialoguing and co-operating together as a two way sense-making activity between people
- Connecting the biography of people with the biography of the organization.

To make that happen we need in organizations reflective spaces and moments in time

where we together reflect on the sense of what we are doing, the issues that we should

tackle, what could be stopped as not working, finding direction in goals and strategies we can do together. To make that happen the top has to move to the middle, to the heart of what is happening. The middle management has to co-operate together to deal with the issues and help the professionals to change and develop the practice of work especially connected to client needs and requirements. Instead of the structural image of organisations we start to see the organization as a set of circles that are interlinked.

OLD



NEW



Leadership dialogue

Instead of a top down directive way of leadership we are now challenged to learn a horizontal way of leadership dialogue. The first condition for this to happen is that we learn to speak and listen to each other as leadership persons and not as function holders. Although we have different roles and responsibilities, in the leadership dialogue we meet as individual persons. Leadership in its basic quality is fully depending on the person and the way the person acts leadership. In our research on leadership during the last ten years, dialoguing with hundreds of leaders, it is striking that all base their leadership on the gained skills and insights that were acquired out of personal experience. Leadership theories can help to understand better but they cannot help to act as a leader. Our leadership is based on our own personal capital and it works in dialogue with the leadership capital that another person has gained in his/her own life. What is very stimulating for this development of leadership is that we start to see each other as leaders and start to dialogue as leaders together. This is a frequency of interaction in which we can understand each other. This can bring us together, where almost everything in life is dividing us.

Leadership community

Organizations are communities of people that share a common challenge and task. It is there for serving its clients and other stakeholders to create a sense-ful life and to support other organizations in doing so as well. It is for all of us possible to become part of leadership communities in organizations. We can do this when we start to open up the horizontal space of meeting between us and start to deal together with the real issues that are bothering us. We can become initiative takers that make steps to deal with the issues ourselves. We can learn together in how to do this. We can improve our work processes and help each other in co-operating in a creative and sense ful way. Through becoming part of the leadership community we enable ourselves to become part of the lean-, learning- and living processes that help us to live a sense ful life together.

To be able to do this we have to change in our society our steering convictions on leadership as well as some of the leadership practices of organizations as they work today.

Five fundamental changes

To be able to create new leadership and a more horizontally organized society, I see five fundamental social principles and associated practices that we would have to change radically; that we should have to let go as framework defining leadership dimensions of socio-economic life in our society.

The first thing we have to let go is the automatic connection of being a manager and being a leader of people. We expect managers to be leaders of people. However they have to much work to do in organizing the resources then that they are inspiring partners for professionals. There is this vertical hierarchical power connection that does not allow them to become personal. In a functional way they have to co-operate with sub-ordinates and bosses. This makes f.i. the whole of performance appraisal between manager and professional a senseless thing. It creates unhealthy dependencies and blocks creative co-operation. It certainly does not stimulate the leadership of all. We can

see being a manager as performing a function, the same as all professionals do. When it comes to leadership we can start the horizontal leadership dialogue between all members to help each other to do the right things in the right way. Top leaders and selected process owners are the ones to originate and guide these leadership dialogues.

The second thing we have to release is the automatic connection of the level of education with that of the job level and of the reward level. We still see it as normal that when you have a better education in school, you can aim at getting a higher position in the organization and that is connected to a higher salary. This reflects the vertical dimension of organizing. We can see top managers with a very high salary, a bonus, and all kind of privileges, being cared for by secretaries and staff members that perform just a standard repertoire and in that can then blame all other kind of people when things go wrong. I see on the other hand professionals with complex jobs and high responsibilities that only earn a mediocre salary although they perform in creating the real results that count. It is an urgent need to re-evaluate the difficulties that different positions and functions in the organization have and to create new connections between jobs, skills and rewards.

The third thing we must abandon is the hierarchical-functional top-down and bottom-up process when it comes to designing and realizing meaningful change. It has been shown in different ways that change processes fail most of the time. This is because they are done in the same way as we do our operational processes. However changing is a different process than operational work. Where operational work is output oriented, change is more input oriented. It is about taking in new perspectives, new ideas, and new skills. Also change is primarily connected to the inner world of people, their thinking, feeling and acting. Change takes place in the inner world and then show itself in the outer world. In the operations it is the other way around. We create a new outer world with our activities and that has an effect in time on the inner world of people.

The fourth thing we have to release is the automatism of employer–employee differentiation, which includes collectives on both sides. In many countries there is a strong growth of independent workers that act as one-man companies. They do work on a contract basis, they have more than one client. They have to do all the processes themselves, from marketing and selling till tax formats and travel arrangements. Also in organizations the employees do not want to commit themselves fully anymore to the company they work for. They want to protect boundaries of commitment and take primarily care of their own interest. Managers are today also employees and they are like the professionals easy to sack when there is not a good performance. There is no real owner anymore visible. Representatives of owners and workers deal with each other in negotiations but they do this as employees of their own organizations. It will be better in the future to see ourselves as individual entrepreneurs that work together with other entrepreneurs. We all work for clients and make contracts. In society there is then a general framework of support needed for people that are not able to participate in this development because of their handicaps. We care especially for people that make a step towards a new status in society, from being a student to being an entrepreneur, from being a working individual to a pensioner, from doing one profession and changing towards another profession.

The fifth thing we need to let go is the amoral behaviour of top leaders, managers and professionals when it comes to serving client and supplier. In the new times people are on all levels confronted with the moral implications of their work. We have gained a sense for what is acceptable and support sustainable realities and what is misusing resources that destroys the earth but also peoples inner worlds. A moral consciousness is what we all need today. It is now up to the individuals to become aware of their own standpoints concerning a moral performance in the organized context. The ethical question is on the table and we cannot avoid it anymore. We could help each other to address this moral question and respond to human values that support earth and human development in a healthy way.

Finally

If we could move together to a more horizontally organized and leaded society, in which people perform and live in an organized context, we could find new ways of dealing with the critical issues together. All of us could have the opportunity to show leadership and contribute. It would take away a lot of the pressure on the shoulders of people at work because we can stop doing a lot of senseless activities. We could connect stronger to the essential elements of the working life that is the serving of the client, the co-operation with each other, taking initiatives, reflect on the sense together. That would lead to a more fulfilled life for many of us. It would lead to freeing energies that we could direct to those that are not able to contribute but that play an important part of being a community together that cares for each other.

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