

Wired to Inspire

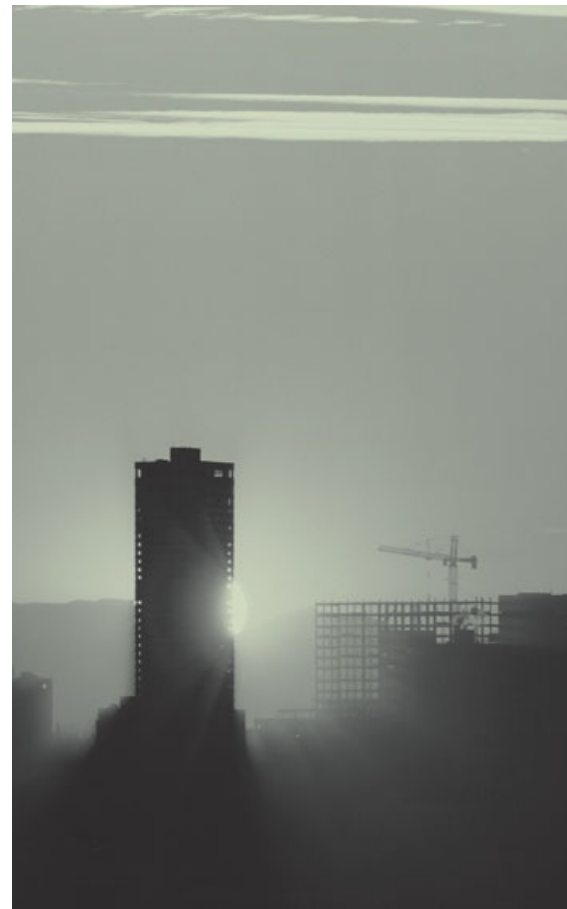
Leading Organizations Through Adversity

Times of adversity often give rise to unpredictability, fear, anxiety, and loss of confidence. Such circumstances call for inspirational leadership, which gives employees the motivation, commitment, and productivity to take advantage of the opportunities lying on the other side of what seems to be a dark curtain of misfortune.

A software developer with an established product and a history of profitability has to deal with the bursting of the dot-com bubble and the collapse of the telecommunications market. A national textile industry trade association, contending with bankruptcies, consolidations, and plant closings among its members because of foreign competition, faces a downsizing. A global insurance company, buffeted by the changes wrought by the September 11, 2001, attacks on the United States, burgeoning worldwide terrorism, and runaway costs from class-action and asbestos lawsuit awards, must reassess its stands on risk management, underwriting discipline, and investments to maintain its status as a company that can meet its financial commitments. Skyrocketing fuel prices are having a profound effect on an interstate truck-

ing company's bottom line. A national auto repair chain, presented with evidence that economic and demographic changes in the marketplace as well as the increased reliability of late-model vehicles are responsible for the slowdown in its business, must bank its future on something other than hoping everything will return to the way it was. A farming conglomerate, its grain production reduced by floods, hail, and wind and its deficiency payments from the U.S. Department of Agriculture about to be reduced, needs to figure out a way to tighten its cash-flow requirements and return to profitability. The economic development board of a small country in Asia that has finite natural resources and a limited domestic market must find a way to create jobs and raise the standard of living for the nation's citizens.

by **Meena S. Wilson and Susan S. Rice**

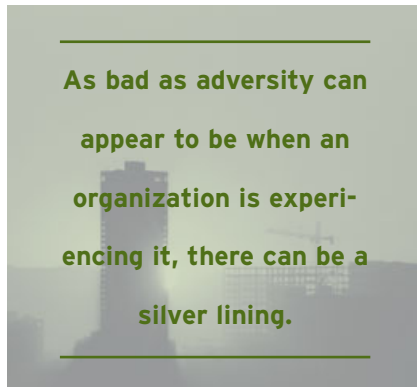


It seems that today's organizations, across every industry and even among the ranks of nonprofits and governmental agencies, are operating in an environment that can be characterized in one word: *adversity*. Between the extremes of *stability* (which can cause leaders to become complacent) and *crisis* (which requires leaders to demonstrate heroism and sacrifice) lies *adversity*, which, as we shall see, calls for a new and different type of leadership.

Simply put, adversity is an unfortunate circumstance or event (or set of circumstances or events) that causes hardship, distress, turbulence, and uncertainty. Examples of circumstances or events that create adverse conditions are declining stock prices, a need to downsize, negative publicity, intense competition, stalled negotiations, and an inability to innovate. Adverse conditions can affect an organization in ways such as these:

- The future of the organization—and of the people in the organization—becomes increasingly unpredictable.

- Fears arise about the organization's ability to continue delivering quality products or services, maintain demand for those products or services, retain its stature and reputation in its industry and in the community, and keep up professional standards of work. Ultimately, the organization's very existence comes into doubt, and the security of employees is highly questionable. Stress levels rise.



- As doubts and anxiety erode confidence, the organization faces the possibility of falling into a downward spiral. Attention to complex tasks deteriorates, which negatively affects productivity, which in turn raises further doubts about the organization's future.

tangibles—instituting more efficient processes, developing a strategic plan, tightening spending, diversifying the customer base, and so on—is in many ways the easy part. The trickier part is mastering the intangibles involved in practicing a model of leadership that is often qualitatively different from and runs counter to the theories of leadership prevalent in modern organizations and in society as a whole. This model is *inspirational leadership*—displaying the skills that enable leaders to motivate, grow, and build confidence in the people they lead so the organization can regularly achieve high standards of performance, even in tough times.

As people in organizations experience higher than usual levels of stress, new demands are made on their leaders. And as the work of these leaders changes, certain leadership capabilities and characteristics take on increasingly important roles:

Strategic orientation and vision. In times of adversity, it is no longer business as usual. Such times require leaders with impressive mental, social, physical, and spiritual intelligence—leaders who can see beyond the horizon and who are willing to take calculated risks. These kinds of leaders are naturally compelling as individuals. They are skilled at communicating their strategy and vision, instilling passion and confidence in those they lead, creating an environment in which people feel good about themselves and their work, acting as agents of positive change, and igniting creativity and innovation.

Perspectives and behaviors. As people in organizations look for cues on how to deal with misfortune and distress, they turn to their leaders' words and actions for inspiration and for an example they can follow. Most of the time, people are oblivious to the effects their words and actions have on others. In times of adversity, however, leaders must be aware that even their smallest gestures and com-

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OPPORTUNITY KNOCKS

As bad as adversity can appear to be when an organization is experiencing it, there can be a silver lining. "Difficulties mastered are opportunities won," Winston Churchill said. In other words, organizations can emerge from adversity stronger than they were before, revitalized, and more resilient, mature, focused, and disciplined. New ventures and new approaches to leadership can result in a workforce that is more motivated, committed, and productive. The organization can wind up in a position to thrive rather than merely survive.

But steering an organization skillfully through adverse conditions doesn't just happen. Handling the

ments will be scrutinized, so they must choose them well.

Sense-making communications. People operating under adverse conditions want to believe that they can negotiate their way forward and get past the unfortunate events or circumstances in a sensible way. They want to know the goals the organization will pursue and why those goals have been chosen. They also want to know what adjustments will need to be made to achieve those goals under the changed circumstances. For leaders, constructing collective intelligence through collaborative learning that helps the organization prevail over the adverse conditions becomes critical.

Competence-building communications. Employees must receive the support they need to continue performing routine tasks competently and logically and to maintain momentum through the adverse conditions. People experiencing stress need to engage with one another to bolster their sense of capability. Leaders can support their followers by taking an interest in developing them, helping them reach their full potential, and making them feel important and valued. The best way for leaders to instill competence among their subordinates is to assume responsibility for doing so.

According to social scientists, inspirational leadership surfaces naturally in response to times of uncertainty and complexity, such as these:

- During certain phases of organizational life—including the start-up stage, periods of rapid growth, and crisis situations
- During work activities that require constant adaptation, spanning boundaries, and coordinated group-based efforts
- During periods of social turbulence resulting from political or religious conflict or crisis

The unstable environment that typifies these situations is also rich in emerging or unexploited opportunities, even though the path ahead cannot be seen; there are few cues about how to proceed, and those that exist are vague; there is no formal structure for moving forward; and conventional actions are unlikely to work. Under such conditions, special effort and commitment are needed to make progress.

SECOND WIND

One of the original definitions of the word *inspire* was “to breathe life

into.” Inspirational leadership can breathe the capacity for responding to adversity into the heart and soul of an organization, and this capacity becomes part of the organization’s culture. If people are involved in building and accomplishing the inspirational leader’s vision for the organization, if their work is connected to that vision and to their own motivations and values, the value of the resulting commitment to the overall success of the organization cannot be overstated. If the organization’s culture is one that inspires rather than oppresses, it can only have the effect of creating a more productive organization and profitable bottom line.

But what does inspirational leadership look like in the real world? One example is found in the results of research that CCL conducted (see the sidebar below) with a governmental agency in Singapore, where CCL opened an Asian campus in February 2004.

In 1961, the Singapore Economic Development Board (EDB) was tasked with creating jobs, raising the standard of living, and carrying out other economic development efforts on behalf of this small city-state in Southeast Asia. At that time Singapore was buffeted by adverse

A History of Inspiration

Beginning in 2000 and ending in 2002, CCL conducted a study focusing on the organizational leadership of the Singapore Economic Development Board, which is tasked with creating jobs, raising the standard of living, and other economic development efforts in this small city-state in Southeast Asia.


A proven methodology was used to take diagnostic snapshots of the leadership development needs of the organization. A representative sample of the organization’s current, former, and emerging leaders was

interviewed and asked to complete assessment instruments. The fifty interviewees included fifteen former leaders, seventeen current leaders (with eight to thirty-three years of experience), and eighteen emerging leaders (with one to nine years of experience). The interviews, which averaged ninety minutes in length, were done in the fall of 2000 and the spring of 2001. Seventy-four percent of the research subjects also completed the SYMLOG (System for the Multiple-Level Observation of Groups) assessment

instrument, which measures current and optimal individual and organizational values and current and most-effective interpersonal behaviors.

Findings were further validated using focus-group sessions at four other governmental agencies that faced adverse and turbulent conditions similar to those experienced by the EDB. The findings were also cross-compared with results from two separate, external studies to assess the Economic Value Added realized by the EDB’s customers and clients.

and turbulent conditions, including extremely limited natural resources and a small market. (The secession of Singapore from Malaysia in 1965 resulted in the loss of a vast area from which to draw raw materials and of a large domestic market to absorb finished goods.) When Singapore gained independence from the United Kingdom, also in 1965, the country's labor force was largely unskilled and undereducated; the annual per capita income was US\$435. The EDB was asked to stimulate the growth of



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Singapore's economy, with the objective of positioning Singapore as an international business center.

Persuading companies to locate in Singapore was a daunting challenge, however. The agency's officers repeatedly encountered skepticism about the business sense of placing subsidiaries in Singapore. But by scanning the international marketplace for client companies, persistently engaging those companies in conversations about Singapore's global business strategy, and painting a picture of an alluring future, the EDB contributed to Singapore's remarkably rapid transformation from a Third World entrepôt to a highly developed First World country.

The conditions under which the agency operates continue to pose obstacles and threats. China and India have become low-cost manufacturing

centers. The double-digit economic growth that Singapore has experienced for much of its existence is no longer possible because the country's economy is now on a par with those of the world's most developed nations. Fundamental cultural changes are needed if Singapore's economy is to become more knowledge and innovation based.

As is the case with many organizations operating in a global marketplace, the EDB also faces numerous operational challenges: a highly competitive business environment; increased work volume, speed, and complexity; unstable client relationships and ambiguous partnering relationships; issues related to talent recruitment, development, and retention; and the complexity of integrating internally across hierarchical levels and functions.

To fulfill its mission, the EDB since its inception has needed employees who can thrive in a climate of adversity. Generations of leaders have modeled for employees the attitudes and behaviors needed to cope with adversity. Over a period spanning four decades, the agency has successfully managed to overcome the threats to economic development faced by Singapore. The EDB's leaders have inspired the agency's employees to the extent that the employees in turn have been receptive to watching and learning from the leaders' examples. The leaders have taught—and the employees have learned—how the organization can collectively respond to adversity.

The resulting resonance between leaders and followers has helped to build the organizational capacity to deal with continual but varied adverse conditions. Inspirational leadership has become part of the organization's cultural code.

EAST AND WEST

CCL's research found that the distinctive aspects of inspirational lead-

ership at the EDB could be explained in terms of both North American leadership concepts and Asian traditions.

From a North American perspective, inspirational leadership blends the *charismatic*, *transformational*, and *value-based* styles of leading.

- Charismatic leaders bring unique gifts to their organization. They are visionary and have a highly developed sense of strategic timing. They are unconventional and willing to take calculated risks.
- Transformational leaders develop special relationships with their followers. They challenge the status quo and pay attention to their followers' desires to find meaning in work and for personal development.
- Value-based leaders make the daily work of their followers more meaningful. They help their organizations develop an appealing vision of what lies in the future and generate confidence that the vision can be achieved.

When these leadership styles are combined into inspirational leadership, it creates an unusually strong commitment to organization- and society-based outcomes and to innovation. In response, employees become bold, tenacious, passionate, and highly results oriented.

One example of how this model of inspirational leadership has manifested itself at the EDB is found in the agency's recent efforts to win over a global electronic manufacturing conglomerate that did not intend to locate its new plant in Singapore. Undeterred, EDB employees worked tirelessly to develop strategies to attract the attention of the conglomerate's senior executives. Many attempts were made to position Singapore and its amenities as the best choice. The deal was finally clinched when the conglomerate's executives saw the willingness of the EDB employees to arrange site visits

despite the fact it was a major national holiday.

How do inspirational leaders elicit such commitment and performance even in times of adversity? The comments of the EDB leaders who participated in the CCL research are telling. “You must mobilize [employees] with something that captures their imagination, inspires them, gives them something to work with that is worthy of achieving,” said one. Said another, “The work [employees] are doing must have greater meaning in the national sense rather than just personal gain and development.”

Several of the EDB’s founding executives were highly regarded for their vision and other leadership gifts. One was considered an excellent strategist, while another was a superb salesman and negotiator, and yet another demonstrated sound entrepreneurial instincts combined with dedication to building trust-based international networks.

The ability of inspirational leadership to animate followers into believing they can negotiate and collaborate their way past adversity is apparent in another example of an EDB success story. In 1997, when Singapore slipped into a recession along with the rest of the region, the EDB quickly set up several task forces. Each task force was divided into subgroups, and each subgroup held twenty to thirty meetings with CEOs and chairpersons of private and public sector organizations. The findings were compiled into a competitiveness report that outlined what Singapore would have to do to reengineer its economy. This resulted in the current thrust toward a knowledge-based economy, which has been highly successful.

ROLE MODELS

From an Asian perspective, inspirational leadership is marked by paternalism and human-heartedness. Paternalistic, human-hearted leaders are kind to and respect their follow-

ers. They believe that the welfare of the group and society depends on their exercising a beneficial, moral influence. This is achieved by being role models and teachers who show restraint and benevolence.

Paternalism and human-heartedness are more common in cultures that have a group orientation, particularly those in which age and other forms of hierarchical status are respected. Another manifestation of paternalism and human-heartedness consists of the formal and informal teaching-learning relationships that naturally form between senior and junior employees. An apprenticeship system based on synergistic relationships is developed, as veterans with experience are willing to teach and newcomers with initiative are interested in learning and succeeding.

A prime example of how this dynamic plays out at the EDB is Chan Chin Bock, a former EDB chairman who was the first officer of the agency to be posted to the United States to get U.S. companies to invest in Singapore. In a recent article in Singapore’s *Straits Times*, Chan related how his greatest satisfaction comes from watching the many EDB officers he has nurtured go on to succeed. Chan, who eventually set up EDB offices in thirteen cities worldwide—including those in Chicago, London, Frankfurt, and Zurich—still participates in training programs for EDB recruits. At age seventy and wheelchair-bound after suffering a stroke in 2001, Chan continues “to watch over his seventy-five protégés’ careers and lives with a fond and beady eye,” according to the *Straits Times*. CCL learned from its research that this high level of involvement with the professional and personal development of employees has been typical of the EDB’s senior leaders throughout the agency’s existence.

Another aspect of the Asian perspective on inspirational leadership is reaffirmation of the moral basis of people’s obligations to one another

during times of adversity. Although setbacks need to be acknowledged, at the same time extra effort must be invoked and mobilized. At a recent meeting between an executive of the EDB and representatives of another Singaporean governmental agency, for instance, the EDB executive discerned that the leaders of the other agency were interested in developing their organization’s capacity for promoting investment in Singapore. Sharing the EDB’s expertise in this



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area with the other agency was an important step in building a mutually beneficial relationship between the two organizations.

GAINING AN EDGE

When inspirational leadership is practiced effectively, a clanlike culture develops in the organization. The leadership’s vision and values are internalized. Followers learn which goals to value and how to achieve these goals by following logical administrative processes. They willingly demonstrate their own capacity for leading with inspiration and develop deep and productive relationships with colleagues at all levels. The organization is able to capitalize on the opportunities that are inherent in adversity and in so doing acquires considerable influence and impact—and the competitive edge that is so important in today’s business environment. ✍