

Making a Leadership Change

How Organizations and Leaders Can Handle
Leadership Transitions Successfully

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Preparing the Organization for Future Transitions

The organization of this book has imposed a chronological structure on the story of leadership transitions. First, an organization or an individual decides to make a leadership change. Then the appointing authorities think strategically about the organization and the characteristics of the desired leader. An active search is undertaken to find candidates, who are then carefully screened and checked out prior to the final selection. The new leader begins, building the necessary working alliances with existing staff and assembling a team of new and old. The new leadership team sets directions, reorganizes, and manages the change agendas.

Yet in reality these processes are going on simultaneously at various levels in most organizations all the time. At a major teaching hospital, a vice-president for health affairs, who has been in office a year while simultaneously retaining his former role as dean of the medical school, is feeling his way toward the right structure for a new organization of the medical center. After a year, a search begins to fill the dean's role. The hospital has a new CEO after fourteen months of acting leadership, following on a failed new leader from the outside, who served only two years. The director of nursing position has acting leadership while an executive recruiting firm searches for a full-time director. The acting nursing director serves on the search committee for a new chief operating officer; the acting occupant in that role is one of the finalists. A new chief financial officer for the clinical practices, one of the major elements in the medical center, is just starting. At the

trustees' level, new leadership of the board subcommittee that oversees the medical center is asking new questions.

It is only from the perspective of one role at one level of an organization that one can hold to a simple story line of a leadership transition. When we turn to the team, we see a pattern of constant change. In any complex organization, little time passes without a change in leader, a change in an important subordinate, a change in an important peer, or a change in a key external relationship. Each of these changes involves not only the dyadic relationship of the new person to others but new triangles and coalitions. We still speak about and collect statistics on the tenure in a role, but increasingly we are beginning to see the importance of thinking about the length of time that key relationships survive. As we saw in Chapter One, almost a third of the key relationships at the top of federal agencies do not survive more than a year (Hecl, 1977). Considering the time it takes to develop the necessary understanding between just two individuals in a complex organization, one is left with a trivially short time for the relationship to deliver value for the organization. The rate of recomposition of key relationships can threaten institutional memory. Organizations may suffer from the kind of problem that John Paul Vann, a retired lieutenant colonel, insightfully diagnosed as critical in Vietnam, that "the United States has not been [there] for ten years, but for one year ten times" (Gabriel and Savage, 1978, p. 87).

We may be approaching the era of what Toffler (1971) calls "adhocracy." Our organizations are no longer the enduring institutions of old but assemblages of parts. The assemblage of a French designer, an American marketing organization, and a Korean manufacturer who join to produce a line of shirts may, within a year, shift some or all of its parts. Like movie producers who assemble and disassemble the elements of a film, leaders and followers have to develop their skills at recruiting, joining, direction setting, organizing, and managing change among short-lived teams of people.

We need to match hopes of finding leaders who can articulate a genuine vision, infuse the organization with a sense of purpose, moderate conflicts, and defend the integrity of the enterprises with the realities of the instabilities of key relationships. We risk

replicating in the wider society what Gabriel and Savage (1978) think has happened to the military, with its emphasis on “up and out” and rapid rotation of leaders through units. They cite a study that finds a pattern of the “ambitious, transitory commander—marginally skilled in the complexities of his duties—engulfed in producing transitory results, fearful of personal failure, too busy to talk with or listen to his subordinates, and determined to submit acceptably optimistic reports which reflect faultless completion of a variety of tasks at the expense of the sweat and frustration of his subordinates” (p. 94). The scenario of rapidly rising and rotating leaders, loosely linked to their organizations, is particularly galling to middle managers, who have seen their ranks significantly trimmed and their own rates of advancement slowed considerably.

The argument of this book is that if we wish leaders to deliver on the hopes we project onto them, we need to manage much more intelligently the entire cycle of leadership transitions; for each of the aspects of the transition discussed here, we need to learn more systematically how to improve the handling of that phase. We need to acknowledge that the environment of what Peter Vaill calls “permanent whitewater” requires us to think and act differently in both taking and exercising leadership. If we are to capitalize on leadership transitions as opportunities and prevent the risks they pose, we face new imperatives at many stages in the process.

New Imperatives

1. Leaders must foster a significant increase in the general capacity for “managing change and ambiguity” (McCaskey, 1982) in organizations, reducing the dependency on paternalistic leaders who make unrealistic guarantees of no surprises. In the recent wave of writings about our need for leadership, we see two strains: one nostalgic and regressive that yearns for the “good old days” when people felt protected and cared for by their leaders, the other calling our attention to the need for each of us to shoulder more of the burdens of leadership at all levels of an organization from the shop floor to the board room. John Gardner tells the lovely story of a little girl in kindergarten who tells her teacher she is drawing a picture of God. The teacher replies, “But Mary, no one knows what

God looks like.” Little Mary replies confidently, “Well, they will when I get through” (Gardner, 1965). Tunstall (1985) tells of a middle manager who in the early stages of the breakup of AT&T developed a book of planning assumptions that were simply best guesses and ranges of possible outcomes that others could use in beginning to plan on a wide variety of fronts. Leaders from the top must authorize and encourage people at all levels to step forward and absorb relevant uncertainties, thereby creating the necessary conditions for others to take initiative in their areas.

2. Leaders need to stay ruthlessly focused on the mission of the organization and the critical success factors for the organization. As uncertainty increases, the more the leader and others need some guiding north star to orient themselves as the terrain around them seems ever more confusing. When vacancies arise or are created, they can then be examined in relationship to the mission of the organization and used as opportunities to reinforce the desired values and orientation and to import necessary new skills that will add value to the organization’s capacity to meet its goals.

3. Leaders need to be more reflective about how committed they are to an organization and when is the right time to let go. If they have had a clear strategic focus, they may have a better sense of when a natural stage of the organization has come to a close. If they experience themselves as not sure about what the next chapter holds for the organization, then it may be time to think about moving on. Boards play a critical role in this process. Few boards take seriously their assessment of the chief executive against the stated mission of the organization. Even more difficult is to think afresh about the mission and end up with a conclusion that the current chief executive is performing adequately against the current plan, but that he or she is poorly equipped to take the organization to the next stage of its development. Yet no one is well served by colluding in sustaining a leader who is not adequate to the task. There has been too little writing or thinking about leaving and letting go. When is the right time? What accomplishments feel stable, and which seem likely to be swept away by a new leader?

Few leaders have people that can help them think about the right time to leave. People inside the organization might misunderstand. Leaders need to find outside confidants with whom they can

talk candidly about the right time to leave. Even the microtiming of when to leave within the rhythms of the organization is important to think about. I respect individuals who stay to the end of an outgoing elected leader's term of office. Many jump during the final year, leaving a very difficult situation: the elected leader must make either interim appointments or attempt to attract someone into government for a very short tenure. Part of the reason people leave early is they cannot tolerate the thoughtful working through of the ending of an administration. Because we have too few rituals that surround leavings and endings in organizations, there are many who simply jump ship into the personal excitement of a new situation, leaving others to cope with the important work of a competent, thoughtful transition.

In this world learning to manage these transitions is a core skill for all the stakeholders. One needs to understand what a transition means, not only from one's own perspective but also from the viewpoint of others. Increasingly often, a leader in the midlife of an initiative will face negotiating with a new boss who is flush with the excitement of a beginning. An outgoing leader will need to work with an incoming leader in ways that do not put the organization at risk during the transition, causing critical omissions such as those that led to the *Challenger* tragedy and the Bay of Pigs fiasco.

4. The vitality of boards must be maintained. Boards are particularly vulnerable in light of the increased rate of change. Often a new board member is just becoming comfortable when the leader changes. Alternatively, the slow socialization of new board members may prevent the freshness of their point of view from being brought to bear promptly on the critical issues facing the organization. Here is a particularly important area for inventing processes that speed up the building of the necessary working relationships to get work done.

5. We need to develop the skills of all the parties to a transition to build the necessary working alliances. As Reich (1987) has argued, we need to reconnect leaders and followers and think more about teams than about the individual entrepreneurial hero. Effective teams are resilient. They are capable of absorbing new members, both being revitalized by the new perspectives that

outsiders bring as well as socializing them to the relevant history and norms of the group. Teams are adaptive when the roles are sufficiently flexible that people can cover for the missing skills of a departed member during a transition and can renegotiate tasks and responsibilities to capitalize on the particular competencies of a replacement.

Leaders must get much better at managing departures of key people. They will then be more able to make the personal transition, and remaining team members will feel that if they should end up leaving, they will be handled fairly.

6. Leaders who wish to be effective in managing transitions strategically will need to develop executive recruiting skills. Those who have become skillful at defining the key challenges, translating those into specifications for candidates, searching, screening, and selecting are finding that these skills serve them admirably in their leadership assignments. One executive, who served as an internal recruiter early in his career, keeps a book of names of people who strike him as talented and dips into it whenever he finds himself needing particular competencies. In a sense, leaders must be constantly in the talent-recruiting business, scanning, collecting, and filing away for some unanticipated occasion when that skill may be needed. Organizations will also have to have more internal people taking executive recruiting roles or working with outside recruiting as a deliberate part of building their future ability to be leaders.

Alternatively, organizations will develop retainer relationships with executive search firms so that they will not lose time in doing a thorough screening of search firms when a vacancy arises. The working alliance between an executive and the recruiter will be in place and a particular search can commence immediately. Organizations will develop standard processes for filling key vacancies that guide who to involve and how, and outline the generic steps. At the close of each recruiting episode, the experience will be systematically reviewed to ensure that the next occasion profits from the lessons.

The choices of which roles a leader focuses on quickly and fills promptly send clear messages about directions. Nothing will undermine an initiative more than a prolonged period of indecision

and indirection about how to proceed to fill a key vacancy in that area. An explicit choice not to fill it but to place its functions under another executive, a quick filling of the job with a thoughtfully chosen executive, or a tightly managed executive search each sends a signal that the uncertainties and risks associated with absent leadership are being addressed. People can tolerate ambiguity when they are kept informed about the reasons why decisions cannot yet be reached and when they feel that someone is worrying on their behalf. When they see a vacuum, they rightly become unproductively anxious.

7. Leaders must search actively both within and without. Far too often leaders do not see the broader executive potential of insiders because they have overcategorized an individual in a current assignment. Search processes are an opportunity to see many staff with fresh lenses.

8. All managers will need to work on their joining skills as they take permanent or temporary roles as the head of work groups. Larry Meachum, the former director of corrections in Oklahoma, conducts workshops for subordinates who have recently taken new assignments (Friedman, 1986). He has invented a "learning journey," which each employee takes as part of the transition ritual, building up a picture of the role from outside in by interviewing all the key others who relate to the role and beginning to create the necessary working relationships with them before stepping into the role. Groups of six to eight people who are experiencing transitions at the same time come together to explore common patterns in their experiences. As they reflect on how they and others manage the transitions, they build up their repertoire of skills so that they will be even more effective in subsequent transitions.

9. Leaders must model directness and encourage the relevant parties to talk directly to one another. During leadership transitions, different camps easily emerge: people associated with the old leader, the new dominant coalition, insiders involved in the search process, outsiders not involved, headquarters versus field, and so on. Increased communications within each group and reduced communications among groups both create and sustain these splits in an organization. Leaders must find ways to work against the natural tendencies for people to vent within safe homogeneous groups, and

instead to tap the energy that the talk represents when it can be harnessed constructively to the difficult challenges that the organization faces.

10. Because of the rate of change and the net increase in ambiguity, leaders must redundantly communicate new directions. A new direction is not truly believed until people see the shift embodied in a critical personnel decision—to remove someone or to replace him or her with someone with a significantly different background. Similarly, a reorganization may be viewed as a paper shuffle until followed up with hard decisions about who is included and excluded at executive staff meetings. Physical changes can powerfully underscore new organizational initiatives.

11. Leaders need to acknowledge that one of their central tasks, from the first moment of arrival, is to prepare the organization for future transitions at multiple levels. Leaders are not indispensable and cannot collude with their organizations in making themselves so. From the moment of their arrival, they need to be thinking of their tenure in the context of the organization's history and its future. They need to address the issues of succession, perhaps less by focusing on a particular individual but more by attending to the development of many important team members whose different skills and strengths offer the organization some hedge against future changes that may make one skill more relevant to an emerging future than another.

Leaders must find ways to authorize talented subordinates to represent the organization, thereby getting exposure to critical outside stakeholders as well as having to transcend their particular narrow role and think across the entire organization. Even small occasions can help this process along. Many executives who believe that those under them have been too sheltered from political process will bring along subordinates to critical budget hearings, have them make a presentation to a legislative subcommittee, or have them present departmental legislation relevant to their area so that they get experience in critical forums that are necessary to their development.

12. Leaders need to see themselves as stewards of the role they occupy. They need to think and act on behalf of future occupants, knowing that painful choices they must make, which may result in

personal attacks, may well produce results that some future leader will get credit for. Leaders must be seeking to increase the authority and competence in the organization to match the ambiguities they face. Just as we talk of a weakened or strengthened presidency at the national level, each leader takes a role that has been shaped by predecessors and will be empowered or enfeebled by his or her choices.

The Consequences of Failure

In the end, if our institutions are to survive, there will need to be much more attention to the damage that can result from failed transitions, both to people and to organizations. Martin Davis of Gulf + Western has remarked, "You can't be emotionally bound to any particular asset" (Prokesch, 1987, p. 8). I believe that such an attitude is a maladaptive response to the pain that lies beneath the making and breaking of relationships as one leads any complex organization. Leaders must be attuned to the emotional connections of people to one another and to their work and become more skilled at working through the issues that arise as people come and go.

Just as we have developed a new awareness of the stages of death and dying, just as birth has become more of a process than an event, just as we have developed support groups for helping people cope with difficult personal transitions such as divorce, so too within the organizational world we must invent new ways of helping teams come together and disband that acknowledge the instability of any particular grouping. In well-designed retreats leaders and followers may learn more about one another than they would in months of routine interactions. Third-party assistance can help renegotiate difficult relationships that have been stalemated for years. The rate of change is too great and the costs of not adapting are too high to leave these issues to chance, hoping that time will take care of the difficulties.

We must search for transforming leadership that "ultimately becomes moral in that it raises the level of human conduct and ethical aspiration of both leader and led, and thus it has a transforming effect on both" (Burns, 1978, p. 20). Levinson and Rosenthal (1984, pp. 288-289) write at the end of their study of six

major business leaders, “These leaders loved their companies. How else can one understand the narcissistic grandiosity that compelled each to devote his ordinary working life to making his company the best in the world? And, even more significantly, in the service of that grandiosity, when it came time to retire, the ability of each to let go? . . . Only the true leader, like the parent who enables his child to leave home when he grows up, can leave his company in the hands of others, having assured himself that his job is done. Not to let go is to manipulate and exploit in one’s own self-interest. To be able to endure the pain of letting go takes deep and abiding affection.”

Transitions are critical moments in the lives of organizations and individuals that stir such deep waters that often we can endure them only by failing to confront the opportunities and dangers that they contain.