

# **ENTELECHY**

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2. a realisation or actuality as opposed to a potentiality.

## ***On leadership and change***

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### ***Inspiring confidence in change: The true measure of leadership***

Organisations everywhere are in the midst of a revolution, as significant in scope and impact as the Industrial Revolution was to 19th century enterprises.

Even the basic relationship between employee and employer and the meaning of work are being challenged. Stable bureaucratic structures are collapsing as global competition affects whole industries; predictable, top-down decision making gives way to ad-hoc, largely autonomous work units whose composition shifts constantly; and lightning-fast information technology redistributes power and control. The notions of life-long employment and job security have largely disappeared, along with loyalty to (and from) one's employer.

In this profoundly altered business environment, many executives are finding that the qualities which enabled people to succeed as **managers** -- and hence be promoted to senior positions -- are precisely the qualities that now doom **leaders** to failure.

### **The central dilemma**

Corporate leaders are under pressure to act as "change agents,

in order to give the organisations they work for the best chance of succeeding in an increasingly turbulent environment. Yet, change leaders are discovering what psychologists have long known -- - but neglected to share with the rest of us - that people change slowly, gradually, and with great difficulty.

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## **How organisations have responded**

To meet these unprecedented pressures many enterprises in recent years, having implicitly recognised the difficulty of changing people, elected to bring about organisational change through what can be described as “slash-and-burn” tactics. Whether they’ve been dubbed restructuring, rightsizing, or any other similar euphemism, these exercises inevitably result in cutbacks, job losses, even the wholesale closure of departments or the cannibalising of internal functions.

At best, the impact of such measures is short-lived. Any attempt to meet the realities of the marketplace by shrinking an enterprise back to more manageable proportions, ignores one critical fact: organisations are made up of people. So, simply creating a smaller, “leaner-and-meaner” organisation is no guarantee of success. The people who remain after the cutbacks are still required to change, and they show themselves as impervious to change as those who were retrenched or down-sized out of existence! The inescapable conclusion is: implementing an organisational change does not side-step the need for individuals to change.

One reason is that, in many cases, employees were originally selected, nurtured and promoted because of particular qualities and aptitudes, which at the time were highly prized by the organisation. These people cannot be expected to “change their spots” simply because their world of work has evolved.

For many years till the 1980s, Australian banks specifically recruited school leavers with a steady, thorough, methodical, “debits-and-credits” outlook -- precisely the type of person who could some day become a reliable, trustworthy (if not particularly creative) branch manager, respected by both employer and community. Following bank deregulation in the mid-1980s, employees previously commended for their attention to detail, aversion to risk or careful bookkeeping skills were suddenly directed to change, and become “entrepreneurial”, “customer focused”, “service oriented”. Is it so surprising that many couldn’t or wouldn’t change?

### **The “banana-peel” approach to changing people**

This is not dissimilar from what often happens in personal relationships. An individual is initially attracted to another because of what that person uniquely is, with a spectrum of characteristics that distinguish him/her from all others.

Yet, no sooner does the pair establish a relationship than at least one member sets out to change the other in major ways. When, not surprisingly, these efforts fail, the unreconstructed partner can justifiably be “disposed of”, tossed aside like an unwanted banana peel. The rationale: ***“Well, I did everything I could to change him/her (for the better, of course!). It just didn’t work out...”***

There are alternatives to such a careless attitude towards others, whether in personal or work relationships.

### **Pathways to successful organisational transformation**

Given that people change gradually and after great effort, a possible solution to change leaders’ conundrum is to focus on what is feasible. This is to transform people, one by one, progressively over time.

Another approach is for leaders to concentrate on creating the

organisational conditions that enable people to produce their best --- without having to become other than what they are. What's required for this approach to succeed is a fundamentally positive view of people at work, and a willingness to relinquish the need to control what they do. It is vital to accept that, given a responsive and rewarding work environment, most people prefer to perform at their best, and derive satisfaction from knowing that they've done their job as well as they possibly can. In turn, leaders must have the strength to trust others' ability to do what is right.

Both approaches have merit, as detailed below.

### **Approach #1: Individual change at a reasonable pace**

Accepting that people change individually and gradually does not mean that it takes forever to bring about change within an organisation. This is because, in any enterprise at any given time, it is likely that some employees will be ready to take to the proposed change like "ducks to water". Others will approach matters cautiously, being less convinced of the benefits that change might bring. Others still will be overtly (or covertly) resistant to change.

Some will argue for immediate, radical upheavals. Others will counsel a careful, stepwise approach to change, while others still will be openly (or surreptitiously) antagonistic to any tinkering with the status-quo.

For all, what is required is a transition period, to give everyone time to change. This is just as necessary for those who resist change (to give them a chance to confront and overcome why they fear the proposed change), as it is for those who unquestioningly embrace change (to give them a chance to become aware of the implications -- negative and positive -- of the proposed change).

A properly designed transition period affords people numerous opportunities to experiment with, and reflect on, the change

processes they are undergoing. In particular, they may grapple with:

- What the proposed changes might mean for him/her.
- The ramifications and implications of the changes.
- What he/she might fear about the changes (fear of the unknown, fear of failure, fear of loss of control, etc.).
- What the changes might mean to colleagues.
- What, ideally, the work unit (and the relationships between individuals in that work unit) might become once the changes have been adopted.
- What actions might be required to ensure that the proposed changes are given the best possible chance to succeed.
- What pitfalls are likely to interfere with the proposed changes, and what might be done to avoid or minimise their impact.

As people begin to understand these issues and resolve them in ways they perceive to be legitimate, they will begin to change. Gradually, their work-related values, their perceptions of themselves and others, their attitudes towards the workplace and the people driving the changes, will shift. The change will be imperceptible at first and then gain momentum as initial distrust, scepticism or thoughtless embrace of the new gives way to a more informed acceptance and even enthusiasm for the new reality.

### **Approach #2: Sharing responsibility for success**

The approach to managing others that has been prevalent for many years in organisations may be termed “**Managing by Defined Responsibility**”. Here is how it works:

First, broad organisational goals and objectives are defined, and then used to determine the objectives of smaller units and functions. This enables the objectives of individuals to be defined,

along with the levels of authority and accountability each will be given to enable him/her to achieve these objectives.

Thus, each person's responsibilities are thoroughly defined. Individual performance can be monitored, and success measured against set objectives.

However; to create and maintain the conditions that foster excellence throughout the organisation, the philosophy and practice of "**Managing by Sharing Responsibility**" must be implemented. This is not another "quick fix", but a comprehensive blueprint for growth and renewal. To be effective, it must be implemented progressively -- and uniquely for any enterprise -- over a few years.

This approach involves relinquishing the need to control subordinates, and instead having the strength to trust their abilities and willingness to do what is right.

Responsibility for outcomes can be shared if organisational values are shared. In other words, if I can trust a colleague to do what I would do in a given situation, (because my colleague and I share a set of job-related values), I no longer need to supervise that person closely. Trust becomes the source of "empowerment" that enables others to perform their jobs to the best of their abilities.

This approach presumes that responsibility for organisational outcomes can be shared only if key goals and values are widely shared. Hence, it is all at once:

- A **strategy** for transforming an organisation in ways that enable it to make the best possible use of employees' talents and energies.
- A **change program** which explicitly enables each person and each team to contribute fully to the continued success of the enterprise.
- A **management approach** for mobilising the power of

shared responsibility and accountability.

- A **set of values and skills** to empower everyone within an organisation to function at their best.

### **Eight levers of change**

To create shared responsibility for success, eight organisational levers of change exist. These must be activated over a period of a few years -- systematically, deliberately and repeatedly – in ways that support and reinforce each other.

These levers, which have been adapted from the McKinsey & Co. “7S” model, are:

- Strategy
- Leadership style
- Structure
- Shared values and beliefs
- Systems
- Staff
- Skills
- Work practices

Future issues of this newsletter will feature each of these change levers in turn. Each issue will be devoted to the specifics of why, how and when to activate that lever to help create the ideal of shared responsibility for success throughout an organisation.

Further issues of the newsletter will examine effective techniques for bringing about individual change and, more broadly, for exerting authentic leadership in a turbulent environment.

Stay tuned!