



JOURNAL OF STRATEGIC LEADERSHIP



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The *Journal of Strategic Leadership (JSL)* provides a forum for leadership practitioners and students of strategic leadership around the world by publishing applied articles on topics that enhance knowledge and understanding of the phenomenon of strategic leadership at all levels within a variety of industries and organizations. The JSL is published in electronic format and provides access to all issues free of charge.

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From the Editor

Gary Oster, DSL
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WELCOME to the third volume of JSL. We are delighted to announce that JSL will now increase from one to two issues each year. Thank you for subscribing to JSL and proving its worth to our many communities. In this issue, you will find articles from students and alumni of our Doctor of Strategic Leadership and MBA programs. I trust that you will find the information valuable and informative.

Originating in the military, the word “strategic” first found its way into the English language in 1825. As the concept developed, deliberate strategic thinking preceded successful strategic planning and execution. Strategy begins in the fruitful minds of men and women who are willing and able to see far beyond short-term efficiencies.

This issue of the *Journal of Strategic Leadership (JSL)* considers important basic questions about strategy as it applies to organizations. Can strategic thinking and planning capabilities be learned, and, if so, is that learning different in a country like China? Harold Henkel and Lorin Staats address these important issues. What role does organizational design play in the successful implementation of strategic plans? Intriguing papers by Kay Bower, David Burkus, Lisa Fournier and Fred Soto delve into that complex question.

In this dynamic global marketplace, developing and effectively implementing an organic strategic plan may truly be a matter of corporate survival. The authors presenting in this edition of the *Journal of Strategic Leadership (JSL)* genuinely advance our understanding about how to do so.



Table of Contents

<i>Can Strategic Thinking Be Taught?</i> Howard Henkel	1
<i>Leading with Hope: Entrepreneurism in the 21st Century</i> Lisa Fournier	7
<i>Virtual Organizations B.E.T. on People to Succeed! Human Factors in Virtual Organizations: Boundary-less Communication, Environment, and Trust</i> Fred Soto	24
<i>IT Strategic Thinking in Large Organizations: Where's the Foresight?</i> Kay Bower	36
<i>The Cultivation of Creativity in the Chinese Culture—Past, Present, and Future</i> Lorin Staats	45
<i>Building the Strong Organization: Exploring the Role of Organizational Design in Strengths-Based Leadership</i> David Burkus	54



Abstracts

Can Strategic Thinking Be Taught?

Harold Henkel

Unlike modern textbooks, the authors of the Bible and the Greek classics understood that the study of strategy is not merely a rational exercise, but a difficult undertaking requiring full intellectual and moral development. History offers abundant examples of leaders who have brought catastrophe on their followers, either through one-dimensional thinking or faults of character. Go, the classic strategic board game of China, Japan, and Korea can teach modern managers and leaders to think strategically. Unlike chess, which is a symbol of decisive battle, Go is about achieving a comparative advantage over an opponent and emphasizes judgment over calculation. Go has played an important part in shaping business strategy in Japanese corporations, with executives learning to view international markets as Go boards. While Go can be an invaluable tool for teaching creativity and strategy, leaders should never forget that, in the end, character trumps intellect, talent, and preparation. Without wisdom and discernment, which are moral qualities, leaders who have undergone even the most rigorous intellectual training may lead their followers to disaster. As the Greeks taught, character is fate.

Leading with Hope: Entrepreneurism in the 21st Century

Lisa R. Fournier

We live in a world of rampant change and uncertainty. On Main Street, people have lost jobs and homes, relying on unemployment. On Wall Street, unchecked capitalism has turned to greed, forcing taxpayers to support bailouts. Globally,

people, starving and cold, need aid. Whether abroad or in the United States, it appears that the rich control the wealth and the poor look for handouts. Some blame the gulf between rich and poor on big business deregulation, working people, government, their boss; the truth is everyone is responsible. In the Bible, Jesus called for egalitarianism in the early Church, a society where people were treated as equals despite one's differences—a community of choice working toward a common purpose. Social entrepreneurship rallies behind a common purpose based on moral principles, crossing international boundaries and cultural divides, creating economic opportunities for rich and poor. The concept engages an attitude on how to do business, marrying morality and profit. This paper purports that a paradigm shift is occurring in wealth-creation and that the application of quantum leadership and the future-perfect organizational model, based on biblical egalitarianism, lead to the emergence of new economies through creative–adaptive business strategies—the foundation of 21st century entrepreneurship.

Virtual Organizations B.E.T. on People to Succeed! Human Factors in Virtual Organizations: Boundary-less Communication, Environment, and Trust

Fred Soto

Twenty-first century business is in the midst of a social and economic revolution, shifting from rigid to permeable structures and processes and creating something new—the boundary-less organization. Handy asserts that large parts of organizations are now made up of ad hoc mini organizations, projects collated for a particular time and purpose, drawing their participants from both inside and outside the parent organization. These entities exist “as activities not as buildings; their only visible sign is an E-mail address!” The term virtual tends to be used in reference to things that are not real but are primarily carried out in an electronic medium. On the other hand, boundaries, environment, and trust are very real human factors that emerge in the virtual environment and need to be addressed to achieve organizational success. The three primary objectives of this paper include: (a) to provide a broad inclusive rather than a rigid definition of virtual organizations by examining various uses and context of the word virtual, (b) to address three essential human factors (e.g., boundary-less communication, environment, and trust) that emerge from the interpretations of other researchers in

conjunction with virtual organizations, and (c) provide leaders of virtual organizations with suggestions for addressing key human factors. These human factors are organized using the acrostics B.E.T. which illustrate B for boundary-less communications, E for environment, and T for trust. Each objective is addressed in this paper and helps to delineate the scope upon which the rest of this paper can be built.

IT Strategic Thinking in Large Organizations: Where's the Foresight?

Kay M. Bower

Many IT leaders focus on creating strategic plans without thoroughly engaging strategic thinking and therefore miss out on the benefits of strategic foresight for their organizations. Strategic foresight can provide to an organization “untapped market spaces where innovators create and capture new demand. Because the space is uncontested, innovators capture the initial period of highly profitable growth.” This article profiles three IT leaders and highlights that none of these leaders have an observable process for or input from activities that build strategic foresight. As a result, these leaders are not able to: (a) identify underlying changes or development that could impact business conditions, (b) recognize gaps or unrealized opportunities, and (c) track key environmental factors that could influence developments in IT or the marketplace in which their business operates. If leaders add processes for building strategic foresight, this could address these areas of lack and help to shift IT from an operational entity that simply manages technology, toward becoming a collaborative partner to executive leadership. This article provides an overview of strategic foresight and guidelines for its implementation in IT organizations.

The Cultivation of Creativity in the Chinese Culture—Past, Present, and Future

Lorin K. Staats

China is in a class of its own, with a population of 1.3 billion and an economy that, even in these difficult times, grew more than 9% in 2009. Roots of its rise to a place of leadership are founded in its mastery of imitative and incremental

innovation. China, many believe, is held back by its inability to move forward in its practice of radical innovation. Numerous factors in its history have kept it from experiencing the openness, opportunity, and cooperation a culture needs to release the creativity that leads to innovation. What are the keys to capturing these seemingly illusive elements that will release China to become the innovative enterprise it needs to become in order to take the global lead in economics and entrepreneurship? Education, enterprise, and environment are key aspects. Outside of addressing millennia-old mindsets, China is destined to be the “also ran” of the global marketplace.

Building the Strong Organization: Exploring the Role of Organizational Design in Strengths-Based Leadership

David Burkus

How can leaders bring about greater gains toward productivity and organizational success? Strength-based leadership, an innovative leadership theory, suggests leaders can achieve this by focusing their efforts on building their own strengths and the strengths of individual followers. Despite research supporting the benefits of a strengths approach, many organizations have yet to employ this method of leadership, possibly because the organizational design inhibits it. This article outlines the history of the strengths movement and the research that supports a strengths approach. It then introduces the strengths-based leadership model conceived of and popularized by Tom Rath, Barry Conchie, and the late Donald Clifton. Next, it explores how elements of organizational design affect the styles of leadership employed within an organization. Finally, this article profiles W. L. Gore & Associates and how its organizational structure positions leaders to develop the strengths of their followers.



Can Strategic Thinking Be Taught?

Harold Henkel

Unlike modern textbooks, the authors of the Bible and the Greek classics understood that the study of strategy is not merely a rational exercise, but a difficult undertaking requiring full intellectual and moral development. History offers abundant examples of leaders who have brought catastrophe on their followers, either through one-dimensional thinking or faults of character. Go, the classic strategic board game of China, Japan, and Korea can teach modern managers and leaders to think strategically. Unlike chess, which is a symbol of decisive battle, Go is about achieving a comparative advantage over an opponent and emphasizes judgment over calculation. Go has played an important part in shaping business strategy in Japanese corporations, with executives learning to view international markets as Go boards. While Go can be an invaluable tool for teaching creativity and strategy, leaders should never forget that, in the end, character trumps intellect, talent, and preparation. Without wisdom and discernment, which are moral qualities, leaders who have undergone even the most rigorous intellectual training may lead their followers to disaster. As the Greeks taught, character is fate.

It follows that it was not a very wonderful action, or contrary to the common practice of mankind, if we did accept an empire that was offered to us, and refused to give it up under the pressure of three of the strongest motives, fear, honor, and interest.

– Thucydides 1.76.2

Devise your strategy, but it will be thwarted; propose your plan, but it will not stand, for God is with us.

– Isaiah 8:10 (NIV)

The Limits of Strategic Thinking

Before considering the benefits of strategic thinking, it is well to recall its limitations, and as with most human undertakings, we can do no better than to turn to the wisdom of the ancient Greeks and Hebrews. The modern study and practice of strategy is almost an entirely rational exercise, but only one of the three motives that Thucydides identified as governing the conduct of states—interest (or *self-interest*)—is the product of rational calculation. The other two

motives—fear and honor—are not the result of any deliberative process, and indeed, often work against self-interest. As for the verse from Isaiah, like a multitude of similar verses in the Bible, it is a reminder to us of the futility of all plans and strategies that go counter to God’s law.

Failure to heed the hard wisdom of Thucydides and Isaiah has led the best planners and formulators of strategy down the road to catastrophe. In 1914, the Germans launched their attack on France with a plan that may have been perfect but for one miscalculation: that weak and tiny Belgium, through whose territory the German army would pass, would react on the basis of self-interest and not fight. The ferocious yet futile resistance that the Belgians offered, made solely to preserve the national honor, caused just enough havoc with the German schedule to prevent the planned envelopment of the French army. According to historian Barbara Tuchman, defects of character were the source of Germany’s delusion that a war against France would be short:

Character is fate, the Greeks believed. A hundred years of German philosophy went into the making of this decision in which the seed of self-destruction lay embedded, waiting for its hour. The voice was Schlieffen’s [the German field marshal and strategist who designed the plan of attack], but the hand was the hand of Fichte who saw the German people chosen by Providence to occupy the supreme place in the history of the universe, of Hegel who saw them leading the world to a glorious destiny of compulsory Kultur, of Nietzsche who told them that Supermen were above ordinary controls, of Treitschke who set the increase of power as the highest moral duty of the state, of the whole German people, who called their temporal ruler the “All-Highest.” What made the Schlieffen plan was not Clausewitz and the Battle of Cannae, but the body of accumulated egoism which suckled the German people and created a nation fed on “the desperate delusion of the will that deems itself absolute.”¹

What makes *The Guns of August* an indispensable work for the study of leadership is the way Tuchman never lets the reader forget that, in the end, the character of a leader will trump intellectual preparation or ability. Unlike Thucydides, who foresaw that “war between the Peloponnesians and the Athenians . . . would be a great war and more worthy of relation than any that had preceded it,”² Germany’s leaders believed war against France could be decisive and short not because of faulty strategic planning, but because of a collective character blinded by envy and ambition.

What Strategic Thinking is Not

In *The Rise and Fall of Strategic Planning*, Henry Mintzberg delivered a devastating attack on the pretensions of formalized “strategic planning.”³ For Mintzberg, the archetypal strategic planner, exemplifying all the naiveté and arrogance of the activity, is Robert McNamara (U.S. Secretary of Defense, 1961-1968), whose inflexible planning, grounded in quantification and the assumption of stability, proved a disaster when confronted with what Clausewitz termed “an animate object that reacts.”⁴ So contemptuous is Mintzberg of much professional planning literature, that one suspects it is McNamara and the debacle in Vietnam that are on his mind when he writes that “a kind of *normative naiveté* has pervaded the literature of planning—confident beliefs in what is best, grounded in an ignorance of what really does work.”⁵ Regarding the reliability of forecasting, Mintzberg quotes political scientist Herman van

Gunsteren to the effect that “pseudo-scientific knowledge is much more dangerous than plain ignorance or common sense.”⁶

While Mintzberg is unsparing about the methods of formalized planning and forecasting (e.g., their emphasis on hard data), it is the blind pretensions of the practitioners that elicit his harshest criticism: “The claims by Steiner and people at the Stanford Research Institute that they were able to ‘duplicate’ or ‘replicate’ the intuitive processes of managers . . . were sheer nonsense.”⁷ Mintzberg’s multifront attack on strategic planning comes down to two over-arching conclusions:

1. “Strategic planning isn’t strategic thinking. One is analysis, and the other is synthesis.”⁸
2. “Because analysis is not synthesis, strategic planning is not strategy formation.”⁹

In the end, concludes the author, “the term ‘strategic planning’ has proved to be an oxymoron.”¹⁰

Synthesis vs. Analysis

Mintzberg’s key insight about strategic thinking is that while planning is an analytical process, “strategic thinking, in contrast, is about *synthesis*. It involves *intuition and creativity* [emphasis added]. . . . Such strategies often cannot be developed on schedule and immaculately conceived. They must be free to appear at any time and at any place in the organization.”¹¹ Creativity is essential for strategic formulation, but planning often acts as an impediment to creativity. Mintzberg’s emphasis on creativity and the threat posed to it by conventional organizational planning is almost an exact echo of Peter Drucker, who argued that “‘planning’ as the term is commonly understood is actually incompatible with an entrepreneurial society and economy” and that “innovation, almost by definition has to be decentralized, *ad hoc*, autonomous, and micro-economic.”¹² The ultimate advantage of synthesis (strategic thinking) over analysis (planning) is that it is synthesis that actually makes innovation possible. “Strategy making needs to function beyond the boxes, to encourage the informal learning that produces new perspectives and new combinations. . . . Planning’s failure to transcend the categories explains why it has discouraged serious organizational change.”¹³

Becoming a Strategic Thinker

When two tigers fight, what is left is one dead tiger and one wounded one.

– Chinese Proverb

Since strategic thinking depends on creativity, the same question arises that is often asked about creativity: Can strategic thinking be taught? If the answer is yes, than how can it be taught effectively to managers? I propose a somewhat unconventional, though not entirely novel, approach for learning to think strategically: Go. Go, the great strategic board game of China, Japan, and Korea, is often compared with chess, but apart from their origins as intellectual symbols of warfare, the two games could hardly be more different.

To give a thumbnail comparison of the two games, while the object of chess is to trap the opponent's king (the etymological origin of the word "checkmate"), the object of Go is to control more territory on the board. Chess is a game of aggression and domination; winning usually requires the destruction of the opposing army. Go is a game of patience and balance. Chess is about calculation; Go is about judgment.¹⁴ Winning consists not in destroying one's opponent, but in achieving a comparative advantage. Above all, chess is principally a game of tactics, while Go is a game of strategy.

Peter Shotwell demonstrates the influence of Go on Japanese business strategy by explaining how executives view the international market as a Go board. For example, Go strategy informs Japanese resource allocation, where companies seek to invest stones in certain areas, but not waste them in areas where their competitors are strong.¹⁵ Another area that Go strategy influences business in Japan is in competitive behavior. In Nissan's competition with Toyota, for example, Shotwell writes:

Nissan was content to take a 30-percent share of the market while conceding a 40-percent share to Toyota. In this way the "game" could continue with both sides surviving because neither side had to assume the cost of "killing" the other. Nissan could then direct its energies to improving its share on the "rest of the board" by selling to the luxury-car, sports, and minivan markets, and by the strategic placement of new models [stones].¹⁶

This example demonstrates how much more applicable Go is to business strategy than chess, which is a metaphor for decisive battle.

Andrew Watson and Sangit Chatterjee advocate Go as a tool for management learning specifically in three areas: (a) formulation of international strategy, (b) entry into foreign markets, and (c) resource allocation.¹⁷ The aspect of Go that the authors find particularly compelling as it relates to business strategy is the way players must balance the competing claims of local tactics with global strategy. In contrast to the 64 squares of a chess board, a Go board has 361 potential points of play. The ability to see how local areas on the Go board relate to the whole is one of the main challenges for Westerners brought up on chess. Watson and Chatterjee conclude their paper by emphasizing that it is through playing that managers can learn from Go, which the authors consider the best game for learning about international management.¹⁸

Conclusion

This short paper has covered a wide range of territory, from Thucydides and the Bible to contemporary strategic theory and an introduction to Go as a suggestion for learning to think strategically. The reason for covering these disparate topics in such a short space is to emphasize that becoming a strategic thinker is a long and challenging process, requiring development of a leader's intellectual and moral faculties.

If Mintzberg is correct and strategic thinking is a creative act, then clearly leaders must learn to think creatively. Intellectual laziness is an omnipresent consequence of the Fall, therefore a

method is needed for training the mind to think hard and avoid easy solutions. Go, as a method for teaching strategic thinking, has several qualities to commend it:

- It is intellectually rigorous, requiring more originality and creativity than chess.
- It has been used for centuries in China, Japan, and Korea to teach judgment and strategic thinking.
- Even a modest acquaintance with the game can impart valuable insights into East Asian philosophy and psychology.

At the same time, as Isaiah and Thucydides teach us, strategic thinking requires more than intellectual prowess. Without wisdom and discernment, which are moral qualities, leaders who have undergone even the most rigorous intellectual training may lead their followers to disaster, as Robert McNamara and others have learned at an incalculable cost.

About the Author

Harold Henkel is an associate librarian at Regent University. He holds a B.A. in Classics from the University of Rochester, an MSLS from the Catholic University of America, and an MBA from Regent University. He is coordinator of the *Library Book Club*, founded out of a conviction that reading and thinking about literature are indispensable for acquiring wisdom and avoiding folly. Inquiries about this article may be directed to the author at: harohen@regent.edu.

Endnotes

¹ Tuchman, B. W. (1994). *The guns of August*. Random House: New York, NY. pp. 21-22. Original work published in 1962.

² Thucydides, Strassler, R. B., & Crawley, R. (1998). *The landmark Thucydides: A comprehensive guide to the Peloponnesian War*. Simon & Schuster: New York, NY. p. 3.

³ Mintzberg, H. (2000). *The rise and fall of strategic planning*. Prentice Hall: New York, NY. Original work published in 1994.

⁴ Mintzberg (2000). p. 120.

⁵ Mintzberg (2000). p. 226.

⁶ Van Gunsteren, H. R. (1976). *The quest for control: A critique of the rational-central-rule approach in public affairs*. Wiley: London, England. p. 235.

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⁸ Mintzberg, H. (1994). The fall and rise of strategic planning. *Harvard Business Review*, 72(1), 107.

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¹⁰ Mintzberg (2000). p. 321.

¹¹ Mintzberg (1994). p. 108.

¹² Drucker, P. F. (1993). *Innovation and entrepreneurship: Practice and principles*. HarperBusiness: New York, NY. p. 255. Original work published in 1985.

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¹⁴ GoshawkHeron. (2007). Video tutorial for the game of Go—Part I, overview.[Video file]. Retrieved from <http://www.youtube.com/watch?v=gECcsSeRcNo>

¹⁵ Shotwell, P. (2003). *Go!: More than a game*. Tuttle: Boston, MA. p. xi.

¹⁶ Shotwell (2003). p. 166.

¹⁷ Watson, A., & Chatterjee, S. (2006). Going international: What we can learn about international strategy, market entry, and resource allocation from the game of Go. *Journal of Teaching in International Business*, 17(4), 5.

¹⁸ Watson & Chatterjee (2006). p. 18.



Leading with Hope: Entrepreneurism in the 21st Century

Lisa R. Fournier

We live in a world of rampant change and uncertainty. On Main Street, people have lost jobs and homes, relying on unemployment. On Wall Street, unchecked capitalism has turned to greed, forcing taxpayers to support bailouts. Globally, people, starving and cold, need aid. Whether abroad or in the United States, it appears that the rich control the wealth and the poor look for handouts. Some blame the gulf between rich and poor on big business deregulation, working people, government, their boss; the truth is everyone is responsible. In the Bible, Jesus called for egalitarianism in the early Church, a society where people were treated as equals despite one's differences—a community of choice working toward a common purpose. Social entrepreneurship rallies behind a common purpose based on moral principles, crossing international boundaries and cultural divides, creating economic opportunities for rich and poor. The concept engages an attitude on how to do business, marrying morality and profit. This paper purports that a paradigm shift is occurring in wealth-creation and that the application of quantum leadership and the future-perfect organizational model, based on Biblical egalitarianism, lead to the emergence of new economies through creative-adaptive business strategies—the foundation of 21st century entrepreneurship.

Entrepreneurial Ecosystem

Fall, a great time of year—colorful leaves, cooler weather, and college football. Have you ever considered football as an ecosystem? You probably have thought about the team or the coaches, the stadium, the weather, or the fans, however, if you remove any one of those components, football, as you know it, would not be the same.

An ecosystem, comprised of a mixture of complex and interdependent relationships, includes living entities, environmental habitats, and area residents—healthy and sustainable when balance and biodiversity is found among its elements.¹ In football, it takes the offense, defense, special teams, coaching staff, and many other components to win or lose the game. A coach prepares his team by watching the other team's previous game tapes, but unpredictable elements can change the best-laid plans: a Florida-based team playing in snow, the leader on the offensive line taken out of the game, the lack of fan momentum, or bad calls. Yet, teams continue to win or lose, seeking balance, despite the elements and the continuous change.

Unpredictable, accelerated change, an applicable motto for 21st century business, encompasses the evolution of business strategies from past generations. Gone are the days of big company loyalty, gone are the days of the free-wheeling dot.com start-ups, gone are the days of innercountry hiring. Instead, businesses face demands of nimble and agile creativity, self-sustaining investment, and global outsourcing. In the United States, where unemployment currently hovers at 10%,² people face continual economic shifts, in addition to social, political, and cultural divisions, learning how to do business in a rapidly changing global marketplace³—a paradigm shift.

William Guillory posits:

The world is increasingly interdependent through globalization, technology is comprehensively escalating, highly skilled, knowledgeable workers are the norm, and customer expectations have transformed to anticipating wants and needs, rather than simply meeting and exceeding them. Amidst these changes, the reality of diversity is beginning to permeate every aspect of organizational operation—from people to systems to culture to customers. The underlying constant in all of these phenomena is accelerated change.⁴

Contemporary organizations throughout the world, learning how to seek balance in a global economy, struggle with the challenges of external elements, such as breaking through societal boundaries. Concurrently, these same organizations strive to adapt to internal modifications, such as incorporating innovation and hierarchical flattening.⁵ Learning how to adapt to these shifts prompts organizations to embrace radical transformation approaches, using organizational theory to gain insights on today's specific business challenges. Author Richard Daft states, "Organizational theory helps us explain what happened in the past, as well as what may happen in the future, so that we can manage organizations more effectively."⁶

As big businesses face their own economic evolution in the 21st century, what about the impact of change on regional or local economies across the globe? How can business strategies help those people struggling in developing economies compete in a global marketplace and create a long-tail approach of prosperity for their region?

In the midst of this business paradigm shift, entrepreneurial companies strive to seek balance in macro and microenvironments, among the changing elements, social barriers, and global challenges. In college football, players come and go, coaches design new plays, and conference rules evolve however, the adaptation success makes or breaks the team within the continuous change cycle.

In the following paper, I review the history of business through the lens of Biblical egalitarianism from the Book of Galatians, examine entrepreneurial foresight within the context of the futureperfect organizational model, and introduce an entrepreneurial ecosystem based on quantum leadership, self-actualization followership, and creative-adaptive business strategies (Figure 1)—catalysts for creating wealth and prosperity in the 21st century.

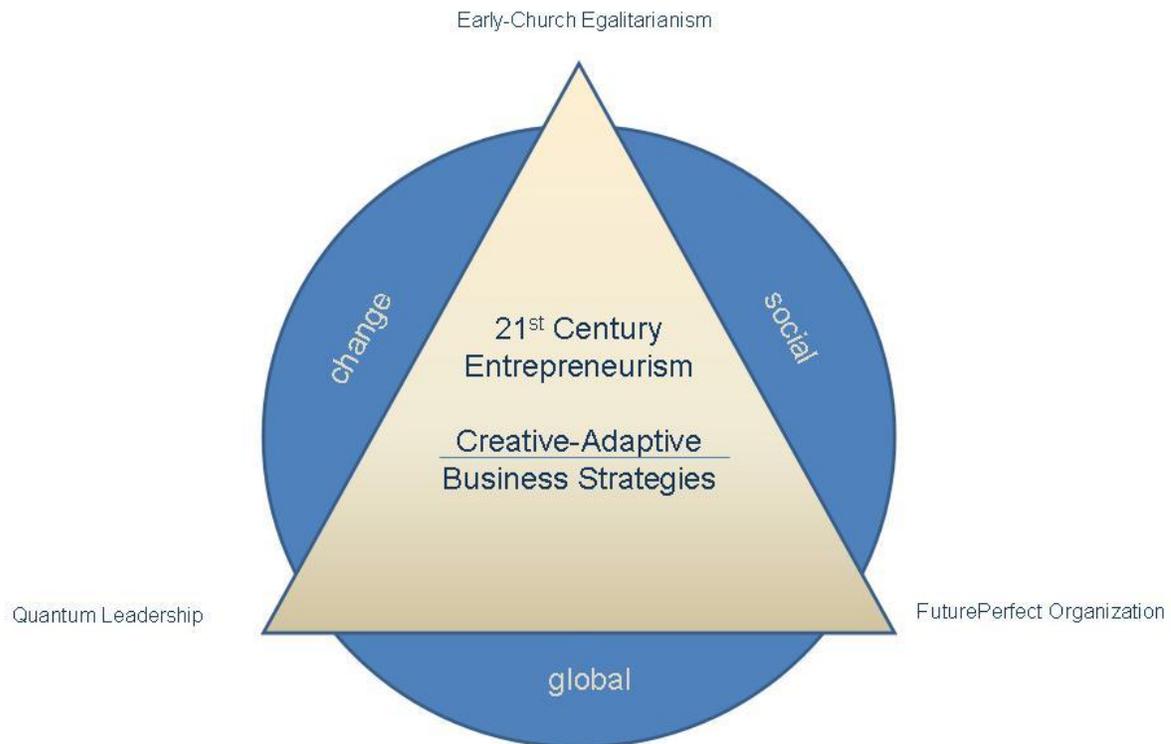


Figure 1. Entrepreneurial ecosystem in an organization's macro and microenvironments.

Egalitarianism in the Early Church

Galatians 3:23-29 (NRSV) reads:

Now before faith came we were held in custody under the law, being kept as prisoners until the coming faith would be revealed. Thus the law had become our guardian until Christ, so that we could be declared righteous by faith. But now that faith has come, we are no longer under a guardian. For in Christ Jesus you are all sons of God through faith. For all of you who were baptized into Christ have clothed yourselves with Christ. There is neither Jew nor Greek, there is neither slave nor free, there is neither male nor female—for all of you are one in Christ Jesus. And if you belong to Christ, then you are Abraham's descendants, heirs according to the promise.

Inner Texture and Intertexture Analysis

Paul, author of Galatians, confronts and dispels *stoicheia* throughout this passage. Author David deSilva defines *stoicheia* as “spiritual forces exercising authority over the human race . . . absolutes, thus enslaving people . . . represent[ing] the power of the basic principles of the world’s way of doing things.”⁷ Basic principles, based on beliefs in national governance, economics, and religious traditions, shape our society’s values and cultural frameworks.⁸ In his letter to the Galatians, Paul’s words influence the Christians’ traditional beliefs from the strict regulations of the law, shifting them into a new paradigm of relationship and love through faith in Jesus Christ. Further, Paul emphasizes throughout Galatians the importance of not being caught in a false sense of righteousness by conforming to traditional absolutes; instead, developing a relationship of freedom with Jesus through the Holy Spirit, manifesting it into humble and serving relationships with others in the community.⁹

Analyzing the selected passage reveals a thesis that all believers who choose to shift into a faith-based relationship with Jesus, a leader reliable and worthy of faith, as opposed to following traditional works-based rewards, are identified as children of God and one in Christ. Those who do believe in conforming to disciplinarian regulations, walk by the law and do not have real faith in Christ. Each believer accepts other believers regardless of differences in gender, culture, society, and tradition as equals in Christ, moving forward as a community of believers toward a promised inheritance.¹⁰

Four topics emerge from the thesis, including:

- a paradigm shift, transitioning from old traditions of conformity to new relationships of freedom;¹¹
- a sense of identity, choosing an identity through the action of baptism, being clothed with Christ;¹²
- a group acceptance, prioritizing relationships, treating people equally, not operating in ethnocentric discrimination;¹³ and
- a common purpose, inheriting the promise, unifying as one in Christ through faith.¹⁴

The definition of egalitarianism states: “(1) a belief in human equality especially with respect to social, political, and economic affairs; and, 2) a social philosophy advocating the removal of inequalities among people.”¹⁵ Based on the Galatians 3:23-29 analysis, this controversial term does not imply government-run socialism, nationwide entitlement programs, or leaderless, submissive activity,¹⁶ but instead, implies economic achievement as “helping the community at large become less dependent on international and foreign aid and more dependent on their own skills and economic prowess.”¹⁷

History of Business

Western society, based on Keynesian economics, supports a capitalistic, free market undergirded by deregulated business and private enterprise, supporting the concept of globalization. With the newly found trading freedom in the capital and securities market in the late 1980s, and the proliferation of technologies in the 1990s, such as mobile phones and the Internet, wealth

increased for some and economic instability ensued for others across the globe. This shift coupled with economic and monetary policy changes, such as a fixed currency exchange, resulted in today's gap between rich and poor. Further, during this period, governmental intervention increased, supporting those earning below a living wage through entitlement programs, redistributing wealth by way of taxes.¹⁸ Today, governments are going broke, economies are losing wealth, and people are going hungry, yet people unrealistically continue to demand the government or the system or wealthy individuals fix the problems.¹⁹

This historical snapshot of the latter-half of the 20th century portrays only a partial representation of Jesus' early church egalitarianism model. Throughout the Bible, Jesus purports freedom and prosperity through leadership, good planning, skills advancement, serving others, work diligence, and responsible stewardship—through accepting others and working toward a common purpose; not through coveting, slothfulness, greed, selfishness, or discrimination. As adversity continues to strike at the global economies, leaders must address the challenging issues, performing a meso-level of analysis among individuals, groups, and the organization,²⁰ adapting in times of chaotic change, paradigm-shifting the way business is done.

In college football, although a team's makeup changes season to season, most players are on one team throughout their college career. Each of those teams belongs to a regional conference. Each player is considered for the team based on his unique skills, whether running, receiving, kicking, blocking, or tackling. The coaches review the skills and the individual's contribution, including whether the player provides an essential element to the chemistry of the team. On recruiting the player, the team evolves, accepting that player, continuing its course toward the common purpose of winning games against other teams. The player, although imperative to the team, is no more or less important than his teammates.

FuturePerfect Organization

The best way to adapt to the future is to create it, then operate in the present as though the future existed today.

—William Guillory²¹

The entrepreneur, pursuing rationality in a chaotic market, seeks profit maximization and a return for stakeholders. Developing regional and local economies requires foresight capabilities, organizational development expertise, strategic intent, and a rapid response instinct for achieving strategic advantage through organizational performance in a competitive global environment. "The uncertainty of the evolving environment means that the entrepreneur, posited as a rational free decision-maker, faces a situation of 'bounded rationality'—because he or she is dealing with an environment (personal and global) that is changing in ways that are presently unknowable."²²

Entrepreneurial Foresight within the Organization

Organizational development, based on organizational theory, elicits an understanding of both structural and contextual dimensions of the organization within the macroenvironment, including “its size, technology, environment, and goals,”²³ and how the organization functions and responds to changes within that environment. Working with strategic intent directs “all the organization’s energies and resources . . . toward a focused, unifying, and compelling overall goal.”²⁴ Entrepreneurial foresight looks ahead toward opportunities and threats, understanding possibilities of unrealized technologies, undeveloped markets, resource shifts, and environmental changes. This concept recognizes “the entrepreneur and the enterprise exist now, but always with a view to the context of the future. The implications of today’s decisions are realized tomorrow . . . and all decision-making becomes more complicated and potentially less rational.”²⁵ Strategic intent, coupled with entrepreneurial foresight, provides a semblance of order within the organization “by acquiring multiple views that describe a range of opportunities,”²⁶ lending itself to a more stable business environment for rational organizational decision-making and exceptional performance.

FuturePerfect Model

The futureperfect organization, a blend between the future outlook of tomorrow and the business opportunities of today, results in a “systematic process of literally ‘pulling’ the organization into that futureperfect state [today] . . . ‘leading from the future.’”²⁷ Although chaos theory suggests “relationships in complex adaptive systems—including organizations are nonlinear and made up of numerous interconnections and divergent choices that create unintended effects and render the whole unpredictable.”²⁸ William Guillory posits a paradigm shift for 21st century business, learning how to navigate that continuous wave of chaos:

- Strategic objectives: Creating, accepting and living the organizational vision, values, and mission.
- Fast response work force: Continuous assessment of the external business environment and the internal operation, flexibly addressing any changes or challenges, producing products and services at the highest level of efficiency and effectiveness in “rapid response” mode to the business environment.
- Knowledge management: Continuous process of collecting data and information, brainstorming their relationships, themes, and patterns to create new knowledge which is the basis for new products and services and the sharing of information—locally and globally.
- Cultural inclusion and alignment: Creating a workplace environment where all employees experience equity of opportunity for success, free of the organization’s issues of diversity; employees feel wanted for their membership, appreciated for their unique contribution, and valued for their perspective in shaping the consciousness of the organization.
- Creative adaptation: Anticipating, embracing, and proactively responding to whatever changes are necessary for exceptional performance using comprehensive, collaborative, self-driven learning.

- Customer integration: Establishing a seamless relationship with customers, such that there is little distinction between the provider and customer to produce an exceptional product or service.
- Cooperation: Supporting self-directed, special teams of multidimensional employees where cross-functional skills are taught for agility, job security, and high-value implementation tactics, and rewards given for making someone else successful.²⁹

The futureperfect organization supports Jesus' egalitarianism model, including creating a paradigm-shift from old ways of hierarchical, strict, rules-based conformity and linear thinking to new ways of relationship-based, integrated, adaptive approaches, embracing a common purpose which brings focus and portrays strategic intent. In both collaborative models, people are valued, diversity accepted with no prejudices or superiority mindsets, allowing for freedom of differences and freedom from fear. This type of cooperation, inclusion, and alignment catalyze innovation and creative-adaptive approaches, allowing for rapid-response and interrelated initiatives in a continuous changing environment. "Even though profitability primarily drives the way things are done, such processes never compromise the organization's ethics and values. Therefore, from a diversity perspective, racial, cultural, gender, or class exclusion are [sic] unacceptable."³⁰

In 2008, Tim Tebow, quarterback for the Florida Gators, made a promise to the Florida fans after a loss against Ole Miss, that "you will never see a team play harder than we will the rest of the season."³¹ In the blogs, fans believed this statement inspired the team and propelled them toward the national championship that year. During the speech, Tim Tebow had his eye on the future and made a present-day, game-by-game promise for the team. Since that speech, even with the loss of some outstanding athletes, the Florida team won 22 consecutive games throughout the 2008 and 2009 seasons until their loss to Alabama in the 2009 SEC Championship Game.³²

Quantum Leadership

Give a man a fish and you feed him for a day; teach him how to fish and you feed him for a lifetime.

—Lao Tzu³³

Leadership, "a process whereby an individual influences a group of individuals to achieve a common goal,"³⁴ manifests itself in a variety of styles throughout an organization. The study of leadership theories and models helps understand leader-follower phenomena and the impact on organizations today and in the future. Quantum leadership, "an interactional field, where leader-followers relationship is the asset,"³⁵ promotes a leadership paradigm, managing organizational chaos and a dynamic environment. A quantum leader manages change and prepares people for that change through fostering engagement, delegating and sharing power, and managing conflicts, ultimately supporting followers' self-actualization.³⁶

Leadership in the Entrepreneurial Ecosystem

Quantum leadership, a leadership concept based on quantum physics, is grounded in four “gifting” principles as outlined by Bolman and Deal:

- Giving others love by extending caring and compassion,
- Giving others power by letting them have authority and influence,
- Giving others authorship by enabling accomplishment and craftsmanship on the part of others, and
- Giving others significance by weaving hearts and souls into a sense of shared destiny, and celebrating successes.³⁷

Quantum thinking draws a leader’s focus and energy from a deeper pool of vision and more lasting values, a source of embedded ethical principles. Quantum thinking expands a leader’s capability beyond serial and associative thinking, allowing him or her to see the whole picture and make decisions in the face of change using moral thinking processes. The quantum leader fosters members’ continuous growth, improvement, self-awareness, and self-leadership by working with the follower at emotional, value, intellectual, and technical levels. The quantum leader embraces diversity making a positive difference in the lives of employees, customer, and society at large. The quantum leader looks for the higher calling in his life, motivated to release the potential in others, creating a solid leader–follower alignment.³⁸

Harris and Brannick state:

Spirit-driven [leaders] are obsessed with creating environments that unleash the limitless creativity, enthusiasm, and energy of people. They often embrace a higher calling, a special cause, or a unique path to personal enrichment, all to better themselves and the world. What can be done to shape the work environment to better enable an employee’s natural gifts, values, and abilities to emerge is a top priority.³⁹

Urban Meyer, the Florida head coach, ranks seventh among active college coaches, with a winning percentage of 83.1.⁴⁰ Coach Meyer demands excellence from his players, but not with a punishment mentality. He considers his players family, promotes mentoring, academic tutoring, allows self-disciplinary action for mistakes, and rewards them with special privileges. His actions line up with his spoken promise “I will not quit on you.”⁴¹

Followership in the Entrepreneurial Ecosystem

Jesus’ egalitarianism model provides participants motivation to reach self-actualization. Self-actualization, the highest level of Maslow’s hierarchy of needs, realizes all basic living and mental needs of a person, increasing high motivational levels and maximizing abilities, growing that person to reach full potential. “Until an individual is freed from concern about a lower level (order) of need, he cannot be effectively or consistently focused on a higher order need . . . once freed from such lower order concerns, however, he can and will begin to explore his higher order growth needs.”⁴² In Galatians, Paul demonstrates that individuals, treated equally, regardless of differences, have the freedom to come together with a group for a common purpose—an

individual paradigm shift from a legalistic mindset to “the new era of Christ and its implications for Christians in living as authentic heirs . . . the difference between sonship and slavery.”⁴³

As paradigms shift, individuals react to change based on the shaping of prior experiences. Chris Argyris posits individuals vary between espoused beliefs and the behaviors employed, developing designs or templates, “unaware of the mismatch . . . do[ing] all this when the issues are embarrassing or threatening, the precise time when effective learning is crucial.”⁴⁴ Quantum leaders, leading their followers through chaotic times, recognize followers adapt and collaborate using available knowledge and cross-functional development, supporting Argyris’ idea that designs can change and followers shifted to new ways of thinking and behaving. “Managers and employees must . . . reflect critically on their own behavior, identify the ways they . . . inadvertently contribute to the organization’s problems and then change how they act.”⁴⁵

Some Florida players have had to shift their traditional view of football into a new paradigm of family-style environment based on encouragement, love, identity, acceptance, and significance. One person is no more important than another; each is a part of the whole, whether leader, player, fan, teacher, or coach. The whole reacts to chaotic events—a quarterback concussion, the offensive-line coach leaving, or preparing for a tough conference playoff. Learning to live on the edge of uncertainty, each unplanned event delivering rapid-response and creative–adaptive approaches.

Twenty-First Century Entrepreneurism

Nature is complex, in constant flux, chaotic, uncertain and ultimately self-organizing.⁴⁶

Authors Bolton and Thompson define an entrepreneur as “a person who habitually creates and innovates to build something of recognized value around perceived opportunities.”⁴⁷ Whether in public or private firms, large corporations or emerging growth startups, entrepreneurs champion innovation, willingly bear risk, and identify change initiatives, seeking to make a significant difference.⁴⁸ Social entrepreneurs also seek to be difference-makers, helping initiate innovation and bring about social change through enterprise solutions. Authors Roper and Cheney posit social entrepreneurship as “an important avenue toward responsible and sustainable business.”⁴⁹ This paper purports that 21st century entrepreneurs, embracing an early-church egalitarianism mindset, can build successful global, collaborative enterprises in a chaotic environment, concurrently seeking a return on investment, social change, and a sustainable economic development model, “giving people a handup rather than merely a handout.”⁵⁰

Table 1 integrates the concepts in this paper: (a) quantum leadership, (b) the futureperfect organization, and (c) egalitarianism. Each component contributes toward 21st century entrepreneurial concepts—the foundation for an entrepreneurial ecosystem.

Table 1: Comparison between Quantum Leadership, Egalitarianism, and Futureperfect Organization, Providing the Foundation for 21st Century Entrepreneurial Concepts

Quantum leadership based on quantum physics	Egalitarianism in the early Church	Futureperfect organization	21st century entrepreneurial concepts
Giving others love	Sense of identity	Cultural inclusion/alignment	Diversity
Quantum physics: Emphasize particle relationships, integration, and free-flowing interaction on its own or in part of a wave—dynamic energy with vibrations of future potential.	Biblical references: 1 John 3:11: love one another. Galatians 5:13: Through love, serve one another (based in freedom).	Build and value relationships (nourish and sustain). Build trust culture based on shared values and an ethic of respect and equal worth.	Cultivate individual potential. Draw insight and inspiration from the qualities of the group being led. Lessen fear. Self-actualization.
Giving others power	Paradigm shift	Creative adaptation Fast-response work force	Emergent self-organization
Quantum physics: Uncertainty and possibility allows for co-creating with environment, defining itself as it goes along, including spontaneous novelty from individual components.	Biblical references: Matthew 9:17: old to new wineskins. Hebrews 7:19: law made nothing perfect; draw near to God. Hebrews 10:22-23: hearts sprinkled clean.	Change is centered in people, not the organization. Recognize infinite number of possible paths into the future, heading toward common purpose.	Work with the flow of the interwoven patterns of dynamic parts, linking them and driving adaptability to change. Innovation. Contribution to team.
Giving others authorship	Group acceptance	Cooperation Knowledge management Customer integration	Global collaboration
Quantum physics: Quantum vacuum—infinite field of energy—the source energy, yielding	Biblical references: 1 Corinthians 1:10: end your divisions, be united in the	Change is continuous and starts anywhere in the organization, leading to change elsewhere.	Create interdependent network with other businesses in region. Encourage free-

Quantum leadership based on quantum physics	Egalitarianism in the early Church	Futureperfect organization	21st century entrepreneurial concepts
perturbations—recognizable patterns of energy and contextualism, relationships to all other parts of the field.	same mind and purpose. Deuteronomy 30:2-3: turn to the Lord, He will turn and gather you from where He scattered you. Colossians 3:11: Christ is all in all.		flow of information and feedback. Serving/giving heart. Community collaboration mindset.
Giving others significance	Common purpose	Strategic objectives/intent	Shared investment
Quantum physics: Individual particles just as important as collective. In complex systems prediction is impossible, indeterminacy and ambiguity exists.	Biblical references: 2 Timothy 1:9: called us with holy calling for His purposes. Galatians 4:18: good to be sought for a good purpose. Genesis 6:17: heirs to the promise, God's purpose unchangeable.	See the big picture and the tides in events. Build networks of relationships and social capital.	Individuals flourish both as individuals and as members of equality in larger innovative creative group. Startup team: co-creative partners sharing risk and building a better whole.

The concepts of 21st century entrepreneurship promotes a common purpose, aligns leader–follower relationships, creates wealth through value, encourages reinvestment, and provides a choice to participate in developing regional and local economies without discrimination and within societal frameworks. The transfer of wealth, whether raw materials, finished goods, or monetary resources, requires an entity structure which supports economic development and fair profit-sharing among organizational members. The entrepreneurial ecosystem (Figure 1) regards such a framework, grounding the future into the present, leading to a paradigm shift in the world of business.

Tischler posits:

The spread of wealth in a society does not immediately change social outlooks and attitudes; social changes seem to lag behind economic prosperity by a generation or two. Trust must evolve over time. . . . In addition, it is not the overall wealth of a society that leads to social change toward higher order levels of concern, but the spread of wealth to a majority of the society's people over time . . . it could be possible that if a society can spread and sustain its higher order mentality long enough, a new, higher-order consciousness could develop which locks the society into this mentality and in return supports the continuation of an economy that sustains the majority of the society's people.⁵¹

The Florida Gators did not win a national championship this year and ended the season with some leadership stumbles, including the surprise announcement of Coach Meyer's leave of absence. Regardless, the Gator ecosystem continues providing individuals the opportunity to walk out of each season "richer" than how they came in.

Creative-Adaptive Business Strategies

Creative adaptation: Anticipating, embracing, and proactively responding to whatever change is necessary for exceptional performance.

– William Guillory⁵²

The following creative–adaptive business strategies support 21st century entrepreneurial concepts, and provide the stepping stones into forming an entrepreneurial ecosystem, marrying morality and profit.

- Diversity: "Synonymous with people and the inherent differences they bring to everything they do. These differences include the ways people are (human diversity), the way people think (cultural diversity), and the ways people naturally do things (systems diversity)."⁵³
- Emergent self-organization: "To survive and grow in an era of continuous change, organizations must identify upcoming opportunities and threats early enough and address them in their strategic planning."⁵⁴
- Global collaboration: "Continuous learning, formal and informal, is needed to stay on the cutting edge in each field of knowledge. Broader and freer access to in-house and external information is needed. Broader and richer kinds of affiliations are needed: collaboration across internal departments and specialty areas, affiliation with external professional and industry groups, teamwork, open, trusting work with suppliers and customers."⁵⁵
- Shared investment: "The quantum administrator accepts a participative universe and views the organization, employees, customers and clients, the community, the market, and the ecology as elements that influence and mutually define each other – interconnected elements that co-create their realities and the futures."⁵⁶

“What’s on your mind, Trey?” George asked from his corner office on Wall Street.

“Well, sir, as you know I just got back from my visit to Iraq, and, they need help,” Trey breathed out in a rush of excitement. “I’m actually thinking about going back and helping this local group of women get their business up and running.”

George regarded Trey for a minute and said, “What kind of business?”

Trey looked up, “They have had a demand for various types of foods popular in the region, and have had success selling on the Internet and collaborating on the product.”

George asked, “In Iraq?”

Trey plowed on, “Actually, Iraq is working to strengthen its economy, GDP is over 7%,⁵⁷ women are in the workforce, and some people are going back to help their families.” Trey paused for a moment, “Would you like to help?”

George asked, “How much are you looking to raise? Do you have a business plan?”

Trey hesitated and said, “Working on it. But, you need to know upfront that this venture will run differently than the last few you invested in. You see, George, this is an important step for this village; they are the ones who need the return. This venture will be set-up as an equal partnership, helping lead them and get their local economy up and running. They do business a lot differently than we do here in the U.S., and we need to be sensitive to their needs.”

In a world where fear continues creeping into our society through poverty, bankruptcy, and class warfare, hope reigns.

About the Author

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Virtual Organizations B.E.T. on People to Succeed! Human Factors in Virtual Organizations: Boundary-less Communication, Environment, and Trust

Fred Soto

Twenty-first century business is in the midst of a social and economic revolution, shifting from rigid to permeable structures and processes and creating something new—the boundary-less organization.¹ Handy asserts that large parts of organizations are now made up of ad hoc mini organizations, projects collated for a particular time and purpose, drawing their participants from both inside and outside the parent organization. These entities exist “as activities not as buildings; their only visible sign is an E-mail address!”² The term *virtual* tends to be used in reference to things that are not real but are primarily carried out in an electronic medium.³ On the other hand, boundaries, environment, and trust are very real human factors that emerge in the virtual environment and need to be addressed to achieve organizational success. The three primary objectives of this paper include: (a) to provide a broad inclusive rather than a rigid definition of virtual organizations by examining various uses and context of the word virtual, (b) to address three essential human factors (e.g., boundary-less communication, environment, and trust) that emerge from the interpretations of other researchers in conjunction with virtual organizations, and (c) provide leaders of virtual organizations with suggestions for addressing key human factors. These human factors are organized using the acrostics B.E.T. which illustrate B for boundary-less communications, E for environment, and T for trust. Each objective is addressed in this paper and helps to delineate the scope upon which the rest of this paper can be built.

Defining Virtual Organizations

Cummings and Worley point out that increasing global competition and rapid technological and environmental changes are forcing organizations to restructure themselves from rigid bureaucracies to leaner, more flexible structures.⁴ Byrne, Brant, and Port define *virtual organizations* as a temporary co-operation of independent companies—suppliers, customers, even erstwhile rivals—linked by information technology to share skills, costs, and access to one another’s markets.⁵ Fulk and DeSanctis describe a virtual organization as an “organization in which workers are not physically but electronically connected.”⁶ These structural changes can be viewed as a deeper paradigm shift described by Ashkenas et al. as the emergence of the boundary-less organization.⁷

These virtual structures are defined, redefined, and described by a variety of names and contexts including shamrock organizations,⁸ modular organizations,⁹ cellular corporations,¹⁰ spider webs,¹¹ and starbursts.¹² Ashkenas et al. add that these new organizations can be described as front/back organizations, cluster organizations, chaotic organizations, ad hoc organizations horizontal organizations, empowered organizations, high-performing work team organizations, process reengineered organizations, and virtual organizations.¹³

Known by many names, the term virtual is usually taken to be something that does not exist in reality. We begin to see how information and communications technologies can exploit the dimensions of time and space to link geographically disbursed organizations. These links enable an organization to efficiently share skills, costs, distribute work, and expand markets. Virtual organizations by name and description tend to redefine organizational boundaries and link separate business units to facilitate task interaction. The importance of relationships is described by Davidow and Malone as “an ever-varying cluster of common activities in the midst of a vast fabric of relationships.”¹⁴ These networks of people and relationships performing different aspects of work set the stage to explore the *human factors* of virtual organizations.

Human Factors B.E.T. on People

Attracting the world’s best knowledge workers requires communications. Creating an environment for personal growth and achievement are crucial to creating and sustaining virtual organizations.¹⁵ Talented individuals are more discerning and they can increasingly dictate where and how they will work.¹⁶ If they want to surf 6 months a year in California, and work the rest, they will. If they like the lifestyle in Southern France or Tuscany and can still offer a good service, that’s the lifestyle they will not give up. Handy says, “Technology on its own is not enough . . . ‘virtuality’ requires trust to make it work.”¹⁷ Three essential human factors emerge from the literature on virtual organizations. These factors include the need for (a) boundary-less communication, (b) environment, and (c) trust. Each factor is discussed separately.

Boundary-less Communication

In describing boundary-less organizations, Ashkenas et al. presents communications as a problem on every employee attitude survey.¹⁸ Surveys report that employees generally feel they are not informed enough or are actually misinformed about organizational goals and initiatives. Virtual teams may also suffer communication barriers because they consist of diverse people with varying backgrounds who are compelled to work together while separated geographically and temporally.¹⁹ The main problem lies with the fact that employees of virtual organizations may tend to interpret communication, whether spoken or written, through their own cultural filters.²⁰

In light of this, virtual organizations can have a lot of information, but this information may not be the right information. Communications must be understood, current, and targeted to the right teams of people. Companies begin dialogues with their customers and from these, new possibilities such as shared information and recalibration of roles and responsibilities emerge.²¹ The dispersed nature of virtual organizations could make it difficult for team members to know where their pieces fit in the overall organizational picture.²² Employees may find it difficult to

take empowered actions on their own or to feel they have a voice in the organizations. Without information employees cannot provide or share critical information that is needed to “get through boundaries to move ideas, information, decisions, talent, rewards, and actions where they are most needed.”²³

Environment Still Matters

A sense of place is as important to most of us as a sense of purpose.²⁴ Email and voicemail have many attractions, including immediacy, but they are not the same as watching the eyes of others. Even office politics and gossip have their attractions, if only as an antidote to the monotony of much of what goes on in the name of work. Knowledge workers must have one seamless environment for managing individual and organizational knowledge and enhancing productivity.²⁵ “The ultimate goal is to provide the highest degree of support possible, regardless of location (home, office, or mobile).”²⁶ This includes the creation of virtual environments for knowledge workers that provide 24/7/365 secure communications and networking. However, virtuality isn’t always as much fun as it is supposed to be.²⁷ A room of one’s own, or at least a desk of one’s own, has been the executive security blanket for a century or more. Few are going to be eager advocates of virtuality when it really means that work is what you do, not where you go.

The above examples support the need to provide stimulating, futuristic working environments enhanced with the latest technology, infrastructure, and knowledge management tools and practices. It stands to reason that virtual workers will be more productive because they will work when they need to, as well as be able to manage their personal affairs, from anywhere in the world. Fast and efficient learning techniques, says Murray and Greene, will help these workers to stay relevant and in demand in a world “where globalization is increasing competition and knowledge float is a thing of the past.”²⁸ They go on to say, “Companies that create such an environment will be able to capture and retain critical knowledge, and attract and retain the next generation of workers. Environment helps virtual organizations to discover new ways to boost knowledge workforce performance by on all levels.”²⁹

Trust is the Heart of the Matter

Trust is the heart of the matter.³⁰ Trust is the one thing that is common to every individual, relationship, team, family, organization, nation, economy, and civilization throughout the world; the one thing which, if removed, will destroy the most powerful government, the most successful business, the most thriving economy, the most influential leadership, the greatest friendship, the strongest character, the deepest love.³¹ If subordinates are to willingly change their attitudes, values, assumptions, and commitments to bring them more closely in line with those of the organization, they must have deep trust in the integrity and credibility of their leader.³² Trust seems obvious and trite, yet most of our organizations tend to be arranged on the assumption that people cannot be trusted or relied on, even in tiny matters.³³

Handy and Covey, as well as the other cited authors, build a powerful business case for trust. We can see that trust can change the quality of every present moment and can alter the future of the virtual organization. Trust is a very tangible, actionable asset that can be created and rebuilt if

necessary—much faster than probably thought possible. At its simplest, the managerial dilemma comes down to the question, “How you manage people whom you do not see?” Handy declares the simple answer is, “By trusting them.”³⁴ Of great concern is that this simple solution could be hiding a larger human productivity problem. “If they don’t trust me,” employees might say to themselves, “Why should I bother to put their needs before mine!” If developed and leveraged, Covey believes that trust has the potential to create unparalleled success and prosperity in every dimension of life. Trust, Covey concludes, may be the least understood, most neglected, and most underestimated possibility of our time.³⁵

Suggestions for Addressing Key Human Factors

This section provides basic suggestions for addressing key human factors. The purpose here is to open dialogue for addressing human factors in virtual organizations, rather than to discuss details of day-to-day execution. Although a number of improvements are listed, they are meant to be descriptive and not prescriptive. Virtual organizations and the people that work in them are unique living organisms that will, based upon Katzy’s premise, be frequently (re)created, and sustained to capture the value of a market opportunity.³⁶ There is no one-size-fits-all solution for addressing human factors.

Improving Boundary-less Communications

Skyrme proposes the following principles for creating and maintaining innovative networked structures.³⁷ Using communications technologies to overcome the constraints of time and distance, it becomes possible to create and sustain communication in virtual organizations.

1. Every individual must have a sense of self-value and must value every other team member for their contribution—these should become explicit and expressed as the team’s “core competencies.” Individuals should learn from each other, from the results of their own actions, and from collective experience.
2. Individuals must be mutually supportive; commitments made should be met—where circumstances prevent this, other team members must be informed as soon as possible.
3. Reciprocity must reign—give as much as you get, in terms of support, transfer of information, and knowledge. Lack of reciprocity leads to unbalanced relationships and ultimately to hierarchy, withdrawal, or team collapse.
4. Individual feelings must be recognized and expressed. Sharing these is a good way to start and end team meetings.
5. Every knowledge worker should belong to at least two separate teams. This helps the organization achieve cross functional co-operation; it helps the individuals gain a broader perspective.
6. An individual can have several roles in the team. These roles can change and be exchanged (for example, during holiday periods, to balance workloads, or to broaden individual experience). Distinguish the role from the person.³⁸

Environment Enhancement

Knowledge workers desire maximum flexibility and the opportunity for continuous personal learning and growth.³⁹ A highly productive workforce means greater satisfaction, less time wasted, and increased output with the same staffing levels. Attracting, retaining, and growing adaptive and innovative leaders and knowledge workers is a top priority in building the enterprise of the future.⁴⁰ Leaders of the enterprise of the future face the challenge of designing and co-creating ideal work environments. Future workspaces must support fast learning, innovation, and growth, both for individuals and for the organization. Holtshouse indicates that a holistic, integrated, systems approach is needed because business process and organizational changes are sometimes implemented without fully understanding the disruption the changes may have on work patterns and social networks that are the informal bedrock of the workplace.⁴¹ An integrated systems thinking approach to the workplace needs to exhibit the following characteristics:

1. Enterprise-wide adoption and cultivation of fast learning techniques.
2. Strategic focus on innovation; innovation is thoroughly embedded in all aspects of the organization.
3. Pervasive and systematic attention to knowledge creation, flow, and retention both within and across enterprise boundaries.
4. Strong emphasis on creating work environments which attract, retain, and grow talent.
5. Creation of an agile and adaptive business ecosystem that supports work anytime, anyplace, and in any way.
6. Workspace designs which take into account: (a) physical space, (b) information space, (c) organizational space, and (d) cognitive space.
7. Focus on competencies, their identification, tracking, development, and application.
8. Compensation systems which are appropriate given the nature of the task, project, mission.⁴²

Skyrme concludes that a combination of technology advances (such as better networking, groupware, and videoconferencing) and social trends (more individual choices, more flexible labor markets) make the growth of virtual teams, either within a single organization, between organizations, or between dispersed individuals, more of a norm.⁴³

As we look to the future, it is wise to consider the working environment and how it will be affected by what Skyrme would call “technology advances, social trends, individual choices, and flexible labor markets.”⁴⁴ These factors will influence the expansion of virtual organization as they become more of the norm than the exception.

Trust Building Relationships

In the previous section, the research established that trust affects the quality of every relationship, every communication, every work project, and every business venture in virtual organizations. The ability to build trust with customers, bosses, coworkers, and subordinates is essential to business success. Covey breaks trust down into five waves: (a) self trust, (b) relationship trust, (c) organizational trust, (d) market trust, and (e) societal trust.⁴⁵ Relationship

trust is all about consistent behavior. Selected dimensions of Covey's relationship trust building are discussed in the following paragraphs.

Building Trust Accounts

The fastest way to build a trust account is to stop making withdrawals. You also have to be aware that withdrawals are bigger than deposits, each trust account is unique, there are two ways of viewing a trust account (your way and their way), and what is a deposit in one person's account may be a withdrawal from another person's account. Selected relationship trust building behaviors include:

Talk straight! Say what is on your mind. Don't hide your agenda. When we talk straight we tell the truth and leave the right impression. Most employees don't think their bosses communicate honestly. This creates a trust tax. This may cause speed to go down and costs to go up. We spend entirely too much time trying to decipher truth from spin.

Straight talk needs to be paired with tact. There is no excuse for being so blunt that you hurt feelings and destroy relationships. Tact is a skill that can be learned and when coupled with straight talk, will build relationship trust.

Demonstrate respect. The principle behind demonstrating respect is the value of the individual. The behavior is acting out the Golden Rule. Almost every culture and religion recognizes the value of the Golden Rule. We should treat people the way we want to be treated. Our actions should show we care. Respect is demonstrated in the "little" things we do daily.

Create transparency. Tell the truth in a way that can be verified. Transparency is based on principles of honesty, openness, integrity, and authenticity. It is based on doing things in the open where all can see. Part of transparency is sharing information. If ever in question, err on the side of disclosure.

Right wrongs. To right a wrong is much more than apologizing. It involves making restitution. With customers it may include that free gift along with the sincere apology. We have all been to a restaurant where we received an apology along with a free dessert or a coupon for something free the next time we eat there. It is the principle of going the extra mile.

Show loyalty. Covey focuses on two ways to show loyalty to your employees. Both help to increase trust and will have a direct impact on the bottom line.

First, give credit to others. As a leader you need to give credit to the individuals responsible for success. A leader should never take credit for the hard work of others. Just as bad is the one who gives credit to someone in their presence, but then down-plays their contribution to others.

Second, speak about others as if they were present. Some people think it builds relationships to talk about others. The opposite is true. Talking about others behind their back will decrease trust with your current audience.⁴⁶

Deliver results. The fastest way to build trust with a client is to deliver results. Results give you instant credibility and trust. Delivering results is based on competence. This behavior grows out of the principles of responsibility, accountability, and performance. The opposite of deliver results is performing poorly or failing to deliver. The counterfeit is delivering activities instead of results. Delivering results converts the cynics, establishes trust in new relationships, and restores trust that has been lost due to lack of competence.

Get better. In today's ever changing environment, one must continue to improve or become obsolete. You cannot learn a skill and ride that one skill for 30 years. You have to constantly be improving. When others see you continually learning and adapting to change they become more confident in your ability to lead into the future. Be careful not to become a lifelong learner that does not produce, or one who sees only one way to improve self and others. Covey suggests two ways to get better. First, seek feedback from those around you. Second, learn from your mistakes.⁴⁷

Confront reality. We cannot close our eyes to the tough realities we face. If we are honest about the difficult issues and are addressing them head-on, people will trust us. We have to avoid the temptation to avoid reality or act as if we are addressing the difficult issues, while we are actually evading them.

Clarify expectations. It is important to focus on a shared vision of success up front. This is a preventative measure. When expectations are not clearly defined up front, trust and speed both go down. A lot of time is wasted due to leaders not clearly defining expectations. Failure to clarify expectations leaves people guessing. When results are delivered they fall short and are not valued.

Practice accountability. Great leaders build trust by first holding themselves accountable, then holding others accountable. Holding yourself accountable includes taking responsibility for bad results. It is often our natural response to blame others for failure. When we fail, we need to look in the mirror. Covey says holding others accountable allows performers to feel good about the job they are doing. It also increases trust by assuring performers that slackers and poor performers will not pull them down.⁴⁸

Listen first. Listening before prescribing builds trust. Trying to give advice before knowing all the facts is a waste of time and simply not fair. You need to be careful not to learn the mechanics of listening and leave the impression you are listening when you really are not. If a person is displaying a high level of emotion, they don't feel understood. Keep listening. Also, a person is not likely to ask for advice until they feel you understand all the pertinent information. Don't give advice too early.

Keep commitments. This is the "Big Kahuna" of all the trust behaviors.⁴⁹ When you make a commitment you build hope. When you keep a commitment you build trust. Be careful when making commitments. Make only the commitments you can keep. There are implicit and explicit commitments, and violating either is a huge withdrawal from the trust account. Be aware of the commitment expectations. Some companies are strict with internal meeting times and others are

more flexible. Also, remember family commitments are just as important, if not more so, than work commitments.

Extend trust. The behaviors above help you become a trusted leader; this final behavior helps you become a *trusting* leader. We should extend trust to those who have earned it. Be willing to extend trust to those who are still earning it. Be wise in extending trust to those who have not exemplified a character.

The literature supports that employees must have deep trust in the integrity and credibility of their leader and this must be earned by leaders. Covey's principles set the path forward towards improving trust in organizations.⁵⁰ Handy warns that it is easy to be seduced by the technological possibilities of the virtual organization, but the managerial and personal implications may cause us to rethink what we mean by an organization.⁵¹

Conclusion

Murray and Greenes state that in the industrial age, even information age, organizational structures are inadequate for achieving high performance in a flat world.⁵² Hierarchies and matrices need to be replaced by fluid, agile, social networks and communities. Ashkenas and friends imagine an organization with external boundaries that separate it from its suppliers and customers, and internal boundaries that provide demarcation to departments. In this organization with no boundaries, the goal is to develop greater communication, flexibility, and responsiveness to change and to facilitate the free exchange of information and ideas.⁵³

Handy (1995) says that for society as a whole the challenge will be to make sure that virtuality brings benefits to all and not just to a favored few.⁵⁴ Organizations and, in particular, business organizations, are the linchpins of society, which gives them responsibilities beyond themselves, responsibilities that virtuality throws into high relief. Moving decision-making authority down the organization requires trust that employees at lower levels will make accurate, well-informed decisions. "Employees are more trustworthy when they have accurate information and are competent to make decisions."⁵⁵ This trust is directly linked to the loosening of boundaries surrounding competence and information. Technology on its own is not enough.⁵⁶ If we are to enjoy the efficiencies and other benefits of the virtual organization, we will have to rediscover how to run organizations based more on trust than on control. Employees must have deep trust in the integrity and credibility of their leaders. All of the above leads to the need for virtual networks to B.E.T. on the human factors of boundary-less communications, environment, and trust to ensure business success.

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IT Strategic Thinking in Large Organizations: Where's the Foresight?

Kay M. Bower

Many IT leaders focus on creating strategic plans without thoroughly engaging strategic thinking and therefore miss out on the benefits of strategic foresight for their organizations. Strategic foresight can provide to an organization “untapped market spaces where innovators create and capture new demand. Because the space is uncontested, innovators capture the initial period of highly profitable growth.”¹ This article profiles three IT leaders and highlights that none of these leaders have an observable process for or input from activities that build strategic foresight. As a result, these leaders are not able to: (a) identify underlying changes or development that could impact business conditions, (b) recognize gaps or unrealized opportunities, and (c) track key environmental factors that could influence developments in IT or the marketplace in which their business operates. If leaders add processes for building strategic foresight, this could address these areas of lack and help to shift IT from an operational entity that simply manages technology, toward becoming a collaborative partner to executive leadership. This article provides an overview of strategic foresight and guidelines for its implementation in IT organizations.

Anticipating the future, setting shared goals, and visioning are all phrases which point to the need organizations have to create a vision, or a shared set of goals. Without these fundamentals, there's no path forward, no purpose, no need to drive—for there is no destination. One cannot plan, formulate, or even develop a vision without thought. Therefore, strategic *thinking* is a necessity for every organization.

Yet, many IT (information technology) leaders are focused on creating strategic plans without thoroughly engaging strategic thinking. It seems as if IT organizations perceive themselves as more commodity service providers, rather than “C” level leaders with a responsibility to contribute to the organization's long-term strategic thinking and strategy development. This self-image leads to what consulting firm president Phil Van Praag called *psuedoplanning*, wherein the strategic focus is internal and the language in the IT strategic plan is vague enough to avoid conflict with whatever decisions are made by executive leadership.

Pseudoplans are the least susceptible to discovery for what they are: a politically self-serving excuse to proceed with whatever hot button the influential decision makers deem worthy of pursuing. By the time such a plan is completed, it's been

homogenized, sanitized, scrutinized, politicized, everything but simonized into an amalgamated bushel of drivel. And yet, just like mom and apple pie, who can quibble with statements such as, "IT will be strategically aligned to the business goals," and "IT will enable consistent solution delivery and increased accessibility to our business partners." All this can be extracted from any "Cliff's Notes" on IT strategic planning.²

With this premise in mind, I recently interviewed three large enterprise IT leaders. These leaders, who are profiled here with fictional names and organizations to ensure the confidentiality of the information they provided, all hold the role of Chief Information Officer (CIO) in for-profit organizations with revenues greater than \$500 million annually.

Insights on Strategic Thinking among IT Executives

The first leader, Chauncey Smythe-Woods, is the CIO of a large, London-based multinational energy company. This organization has been in business for over 50 years and has offices in the U.S., Denmark, and Japan. Mr. Smythe-Woods has been the global CIO since 1986.

Daniel Jackson, the second CIO interviewed, is CIO of a large manufacturing company which recently acquired three competitors within the last 18 months. The resulting merger and acquisitions activities have all but eclipsed any other IT work beyond "keeping the lights" on. Mr. Jackson was named global CIO of the company in 2004.

The final CIO interviewed, Shandra Mathula, has been responsible for IT in a large healthcare services company since 2002. Ms. Mathula's firm has been in business for more than 150 years and has locations in virtually every nation in the world. With more than 338,000 employees, the IT organization's breadth of operations and solutions requires a staff of over 1,000 professionals to manage and execute the work of IT.

Their positions and organizations have many similarities. Interestingly, each of these leaders has a different definition of strategic thinking and a different focus in their approach to thinking about, developing, and communicating strategy.

Chauncey Smythe-Woods describes strategic thinking as "the process of staying continuously engaged with stakeholders to stay current on strategic topics; keeping an on-going open dialog, scanning external trends, exploring technology developments and thereby staying in alignment with the business strategy." From his viewpoint, strategic thinking started with the course charted for the business and the role of IT is to continually pursue that course. While scanning new trends and seeking new methods to enable business success is a part of the role of CIO, Mr. Smythe-Woods notes this is secondary input to that obtained from key stakeholders in the business.

To ensure connectedness with the business and key stakeholders, Mr. Smythe-Woods' organization includes individuals in the role of "business representatives," whose jobs are to know their assigned business segment and build collaborative relationships through which

business and IT can develop and execute IT strategy. The time horizon on the developed strategy is 5 years, with a focus on a refined and tuned "IT roadmap" for the first initial 3 years.

Communication of the IT strategy in Mr. Smythe-Woods' organization is provided through the business representatives. Each business representative provides the strategic plans to their key business stakeholders and then provides updates, reviews, and collects refinements and new ideas for the strategy on a monthly basis. Within the IT organization, strategy is communicated through the distribution of the strategic roadmaps to the organization and semiannual strategy review sessions that contribute to the fine tuning of near-term (0-18 months) strategic plans. For Mr. Smythe-Woods, "strategy is NOT a plan—it is a high-level roadmap for the future; a pragmatic vision of where the IT organization has to go in order to support the business."

For Mr. Jackson, "strategy means flying at 50,000 feet; getting the whole picture, an overview, so that all elements in a process or organization can be seen and how they move together." This viewpoint is reflected in his organization's approach to the data points to be collected to help inform strategic thinking: input from the CEO and Board of Directors, plans from the executives of each division, and review of the current strategies for improvement or refinement.

Mr. Jackson' IT organization uses a 36-month time horizon, but Mr. Jackson views IT as a particularly volatile sector and therefore focuses most of the attention on the upcoming 24 months. Once each year, the leaders within the IT community collect the strategic direction of the organization through executive interview. This input is reviewed and a strategy formulated during a 2-day, off-site gathering of all IT leaders.

Once the strategy is formulated, Mr. Jackson indicates it is the responsibility of the IT leaders to ensure that their key stakeholders in the business and their team members in the IT organization are informed about the strategy. The lack of a focused communication approach is a reflection of Mr. Jackson' belief that strategy is something that should not be widely shared throughout an organization:

There's always a tension between keeping competitive strategy secret yet making the key elements known throughout the organization so that strategy can be fulfilled. Being aware of the activities within the organization and the high-level goals, one can anticipate what strategies are being fulfilled even if the plans are not made public throughout the organization.

This approach is the exact opposite of the communication process and tools in place within Shandra Mathula's IT organization. Ms. Mathula is a strong believer in making connections, listening to people, and then having multiple methods for ensuring strategy and information are constantly flowing through the organization. "It's part of the leaders job to stay connected, continually ask questions, and think about the strategy—always listening and testing the waters," says Ms. Mathula. "Key to our communication and continuous improvement of our strategy are the many methods we have for capturing input, listening, and communicating." During our time together, Ms. Mathula listed a number of approaches in place within her organization to assure communication, including:

- Talk to the customer every day.
- Create roadmaps that define the future and do “world tours” presenting, discussing, and refining the roadmaps.
- Lead quarterly business reviews for the Executive Leadership Team (ELT) and their direct reports in which updates on the business strategy are used to improve and refine the IT roadmaps.
- Provide a website in which the goals, roadmap, and recent accomplishments of the IT organization are published.
- Hold monthly global staff meetings to ensure everyone knows and is executing on the strategy.

All of this communication has, according to Ms. Mathula, resulted in an IT and business community that really holds the strategic roadmaps in their minds. Members of the organization are readily able to outline the roadmaps and understand the importance of achieving the goals defined therein to the on-going success of the organization. However, there is no real focus on external inputs to the strategic thinking. Ms. Mathula states that inputs to the strategic thinking all come from either ELT members or leaders of the divisions within the organization; there's little concern for IT trends or macro-business issues and their impact on the strategy of the IT organization.

For Ms. Mathula, strategic thinking is performed in the IT organization only within the bounds of the already established business goals. As a result, Ms. Mathula's time horizon is very short, with strategic plans extending only until the end of the next calendar year. “We're really only beginning to ask questions like ‘What does the organization look like in two years?’” Ms. Mathula stated. While communication is strong, there is no strategic foresight operating, a fact that Ms. Mathula finds appropriate, “My approach to strategic thinking is to ensure we understand where the company is going longer term and that what we're doing today supports where the company wants to go.”

Comparing Approaches to IT Strategic Thinking

For Mr. Smythe-Woods, the critical aspects of foresight and communication are assured through the scanning of internal and on-going connection to the business provided by the business representative role. When coupled with the close connection to the business and the on-going communication and review of the roadmaps, Mr. Smythe-Woods ensures that IT strategic plans are aligned to those of the businesses they serve.

For Mr. Jackson, strategy is an overview, and the most important aspects are how the near-term components will move together to achieve the strategy. Strategic foresight, while not totally eliminated, is reduced to considering the inputs provided and developing an approach that ensures those inputs are included in the plans of IT. Strategic communication is not systematically planned beyond the annual gathering of IT leadership. In addition, there are no processes or tools in place to push communication of the strategy or even centralize a location wherein the strategic plans can be accessed. This state is reflective of Mr. Jackson's view that strategy is about the business and IT's job is to enable what strategies the business defines.

For Ms. Mathula, strategic thinking is all about listening and communicating. The more connections are made, the more interactions that occur, the better refined and focused the strategy for IT will be. Roadmaps that outline the IT strategy are always improving through these connections and interactions and this assures successful business outcomes.

Yet, organizations that pursue innovation through strategic foresight have the strongest opportunities for tapping into unrealized profit. Strategic foresight can provide to an organization “untapped market spaces where innovators create and capture new demand. Because the space is uncontested, innovators capture the initial period of highly profitable growth.”³

It is interesting to me that these leaders, all of whom have the same role, yet diverse approaches and focus areas, all have in common the same trait that Phil Van Praag railed against—they are thinking about IT strategy only with terms of the business, developing “psuedoplans,” and not performing true strategic thinking.

So what's missing? What's wrong with IT strategies that are inwardly focused? Strategic foresight is what's missing. The “wrong” of being inwardly focused is the realistic possibility that strategic thinking at the executive level completely short-changes the significant investments made in IT at the expense of sustainable competitive advantage—a key element of a successful strategy.

The sad fact is that business leaders who practice any of these scenarios [that omit strategic thinking] are seriously shortchanging their companies. They don't know what they don't know. They aren't aware what's possible to accomplish with optimal IT resources. They don't fathom what the optimal cost for IT should be, even though that cost might be substantially less than what they're paying today. They don't receive enough correct, objective data with which to make a “leap of faith” from strategy to a defined or detailed solution component definition.⁴

Strategic Thinking

Author T. Irene Sanders noted in her book, *Strategic Thinking and the New Science*, that strategic thinking must precede developing and planning strategy.⁵ Her reasoning is simple: exploration of the environment and looking for patterns and connections results in foresight that helps define the future “unknowns” for an organization.

Blending this exploration of the organization's environment with more traditional data-gathering and analysis techniques, such as the Strengths–Weaknesses–Opportunities–Threats (SWOT) analysis, can result in a creative, out-of-the-box kind of thinking that brings about innovative strategies. In the book, *Becoming a Strategic Leader*, authors Hughes and Beatty offered this description of strategic thinking:

Strategic thinking refers to cognitive processes required for the collection, interpretation, generation, and evaluation of information and ideas that shape an organization's sustainable competitive advantage. For organizations to develop sustainable competitive advantage, it's not enough to have great individual

strategic thinkers. It also takes individuals who influence one another's thinking, deepening and enhancing their collective understanding and insight.⁶

All businesses today must deal with the increasing pace and complexity of business within the context of rapid change and great uncertainty. Add in the lack of time and resources, and many organizations are so caught up in dealing with pressing, operational issues that the effort to focus on and develop strategy is often neglected. In fact, while many organizations continue the practice of strategy "day away" types of events, the most frequent result of such events is that "what had so energetically been agreed in the workshops was perhaps not so desirable when they [participants] got 'back home.'"⁷

So, what elements of strategic thinking might be strong focus areas for leaders that desire to improve their strategic thinking, strategy development, and execution? For me, strategic foresight is what is missing for IT leaders.

The Value of Strategic Foresight

Strategic foresight includes emphasis on framing key issues, scanning the environment, and envisioning possible desirable outcomes, according to futurist Andy Hines:

Framing the key issues affecting your organization, scanning the environment to see how trends may play out, and envisioning possible—and desirable—outcomes is all part of the strategic foresight process. Incorporating this framework into your organizational culture can help you move forward with clarity, creativity and confidence.⁸

Strategic foresight is an essential component of building strategies that deliver lasting competitive advantage to organizations. The foresight component of strategies seeks to frame a future for the organization outside of the known present. This is part of the issue with the approaches the three IT leaders have: they are more a statement of strategy for the known present, based on what's already happened, rather than on a vision of an unknown but desired future. This is the paradox of foresight: "the closer the vision gets to a provable 'truth,' the more you are simply describing the present in the future tense."⁹

When organizations practice strategic foresight, they develop the ability to flex into connected markets or even new ones, leaving room for movement toward the future. An example of the convergence of trends that opened up a new business opportunity is found in Thomas Friedman's book, *The World is Flat*:

What happened over the last few years is that there was a massive investment in technology, especially in the bubble era, when hundreds of millions of dollars were invested in putting broadband connectivity around the world, undersea cables, all those things. At the same time, computers became cheaper and dispersed all over the world, and there was an explosion of software—e-mail, search engines like Google, and proprietary software that can chop up any piece of work and send one part to Boston, one part to Bangalore, and one part to

Beijing, making it easy for anyone to do remote development. When all of these things suddenly came together around 2000, they created a platform where intellectual work, intellectual capital, could be delivered from anywhere. It could be disaggregated, delivered, distributed, produced, and put back together again—and this gave a whole new degree of freedom to do work, especially work of an intellectual nature.¹⁰

Clearly, some organizations have been able to leverage the trends and envision desirable futures based on the convergence of key issues. If the IT leaders I interviewed were to initiate a process through which strategic foresight could be developed, what actions should they take? According to Sanders, they should begin with these three steps: (a) indentifying underlying changes or developments, (b) identifying gaps or unrealized opportunities, and (c) identifying the new leverage points and key environmental facts.¹¹

Identify Underlying Changes or Developments

IT leaders should identify underlying changes or developments that have not yet fully surfaced which could impact the conditions in which their organization operates. Missing these changes in the marketplace or connected environments means an organization loses the ability to influence, and in some cases even respond, to those changes. An example of this is Apple's introduction of the "personal" PC at a time when IBM's sole focus was on the "mainframe" or business computing model. IBM's inability to grasp the significance of the emerging development and realize the market opportunity therein contributed to a \$23-billion loss over a 2-year period in 1992-1993.

Identify Gaps or Unrealized Opportunities

IT leaders should identify gaps or unrealized opportunities in the products and services in the current marketplace. For example, by failing to understand the impacts of the global rise in demand for oil and its related pressure on auto-makers to create vehicles with much higher fuel efficiencies, the "big 3" U.S. auto-makers have found themselves on the losing end of the stunningly sharp rise in fuel prices experienced in the U.S. in 2007-2008.

Identify the New Leverage Points and Key Environmental Factors

IT leaders should identify the new leverage points and key environmental factors that are part of underlying changes/developments and can, when identified early, be used to influence the developments and ultimately the marketplace. Motorola's early innovations in meeting two-communications before the attack on Pearl Harbor positioned the organization to provide key strategic advantage to the U.S. military and greatly enhanced the productivity and market of the organization.

Part of foresight is to know and monitor nonlinear dynamical systems, which are systems in which the same things never happen the same way twice; the variables of the system cannot be put back together again once taken apart. Small changes in a single variable will cascade changes to other variables within the system because the variables interact and change in response to each other.¹² When the world of business is viewed with this definition in mind, it can be

demonstrated that a small event in one segment can cause tremendous havoc in another. As can be seen from the examples provided previously, engaging foresight to identify and track the connections and dynamics within the environment is a valuable part of developing strategic thinking.

Summing Up

If you “fail to build your own future, someone is going to build one for you, whether you want it or not. Fail to bind all the disparately emerging futures within your organization to a shared set of goals, and its future will be forfeit, too.”¹³ While each of the IT leaders interviewed believes strategic thinking is a part of their development of strategy, none of these leaders has an observable process or input from activities that build strategic foresight. Each IT organization is working hard to develop an IT strategy, but is starting with a view that what matters are the internal inputs that can be gathered from various executive and leaders within the businesses they serve.

Yet, without strategic foresight, IT strategic thinking and strategy development fill a supporting, rather than a collaborative, role in the strategic planning process. According to the interviewed CIOs, IT strategy is not providing a view of the future that might contribute to sustainable competitive advantage. Instead, IT is assuring today's business gets done, and that's good. It's a valuable part of what an IT organization must accomplish.

But if tomorrow's business takes a radical shift, employs a new paradigm, seeks to capitalize on new technologies, or exploit growing global connectedness, it will only happen as a result of the execution of strategies developed by business leaders without the valuable expert input of IT leaders. Adding processes for building strategic foresight can help to shift IT from an operational entity that simply manages technology to a collaborative partner to executive leadership and combine strategy and technology to deliver measurable business results and long-term value.

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The Cultivation of Creativity in the Chinese Culture—Past, Present, and Future

Lorin K. Staats

China is in a class of its own, with a population of 1.3 billion and an economy that, even in these difficult times, grew more than 9% in 2009. Roots of its rise to a place of leadership are founded in its mastery of imitative and incremental innovation. China, many believe, is held back by its inability to move forward in its practice of radical innovation. Numerous factors in its history have kept it from experiencing the openness, opportunity, and cooperation a culture needs to release the creativity that leads to innovation. What are the keys to capturing these seemingly illusive elements that will release China to become the innovative enterprise it needs to become in order to take the global lead in economics and entrepreneurship? Education, enterprise, and environment are key aspects. Outside of addressing millennia-old mindsets, China is destined to be the “also ran” of the global marketplace.

One author says, “Today’s Chinese culture is comprised of a bewildering array of traditions and innovations, complementary components and competing interests, major trends and significant sub-themes, official positions and popular deviations, all of which are in constant interaction, creating multiple shifting patterns that defy coherent description.”¹ These “multiple shifting patterns” reflect the ebb and flow of foundational beliefs and on-going battles to propel, *Zhongguo*—“the middle kingdom”—to the center of global commerce and corporations. China’s culture, past and present, has been compared to a kaleidoscope. There are aspects that have made it, depending on your perspective, a creative “hot pot” or “hopeless hole.” This has often been a result of the cultural climate and controlling power at any particular time in its history. The purpose of this article is to consider cultural philosophies and practices that have helped or hindered the development of creativity in China. It will be as China masters and moves beyond the long standing barriers that it will be able to take the lead in global enterprise.

Creativity: Its Meaning and Means

Creativity is “the ability to create inventions, produce works of art, or solve problems using an original, novel, or unconventional approach.”² It is the process of “producing through imaginative skills.”³ A person or organization uses their God-given imagination to come up with

new ideas or images that have never been seen or experienced. This can lead to innovation within cultures and companies.

There are certain perspectives and practices that can encourage the development of creativity. Whether in families or factories, “researchers have found environment to be more important than heredity in influencing creativity, and a child’s creativity can be either strongly encouraged or discouraged by early experiences at home and in school.”⁴ The cultivation of creativity starts early in a person’s life, and is a result, to a large extent, of the environment in which they grew up, their families, and schools. Beyond a person’s immediate surroundings is the greater world of their culture, of which one author writes:

Although people may vary in their native capacity for creativity, it is in the individual’s interaction with the macrocosm where creative expression can be found. Thus, a focus on enhancement of domain- and creativity-related skills is insufficient to enhance overall creativity if the cultural setting does not also accommodate creative growth and expression.⁵

Research has shown that openness,⁶ opportunity,⁷ and cooperation⁸ are key components in an environment that breeds creativity. Where have these components been made manifest in the past and present history of China?

China and Creativity

China has a long history of creative endeavors as evidenced by innovative pursuits and products. “China is not only a land rich in culture, history, art and beauty, it is a land rich with innovative inventions without which world history would have been drastically altered.”⁹

The four great inventions of ancient China—the compass, gunpowder, papermaking, and printing—are celebrated in Chinese culture for their historical significance and as signs of ancient China’s advanced science and technology. They represent just a small portion of the abundance of China’s innovative and inventive history. One author says, “As China grows into a modern day superpower, it is important to remember that China as a civilization has existed for more than six millennia and contributed countless inventions that shaped China’s evolution and amazingly continue to shape the modern world.”¹⁰ What was the climate that gave birth to and cultivated this creativity? Some have argued rather than as a result of an environment that encouraged and empowered the free flow of creative ideas, that “the glorious inventions of China’s past can be traced to fulfilling the needs of the bureaucratic establishments of the emperor at the time.”¹¹ Their suggestion is that these creative ideas grew out of the dictates and desires of the authoritarian rulers throughout China’s history. If this is the case, what are the foundational principles and practices that have kept China from moving out of the creativity doldrums? To get a clear view, it is important to go back to China’s roots.

Creativity and Confucianism

A fuller understanding of the historical roots of what has affected China's creative inventiveness is possible through a consideration of its philosophical and practical foundations. One of these is Confucianism which has been at the core of Chinese beliefs and lifestyle for millennia.

Confucianism was founded in the philosophical ideas of Kong Fuzi (551-479 BC), later called Confucius by the Jesuit monks. He was an intellectual and philosopher whose wit and wisdom were recorded by his disciples and since then have been implemented by various Chinese emperors and empires. In order to understand the past and present cultural characteristics of China, one must look at its underpinnings in Confucianism. These characteristics are founded in Confucianism's four major virtues: class system, obedience, doctrine of the mean, and *renqing*. The doctrine of the mean is the belief that all things should be pursued in moderation. The virtue of *renqing* refers to the need for moral virtue, including kindness, righteousness, and respect for the feelings of others. Chen and Chung summarize the principles of Confucianism as having four areas of emphasis: education, family system, hierarchical relationships, and benevolence.¹² Kyung Hee finds that as each of these principles is emphasized in a culture, they hinder the attitudes and practices needed to release creativity.¹³ This happens as a result of how each of these areas of emphasis is developed:

1. Emphasis on education—it promotes rote memory, competition, a clear division between work and play, and a diminishing of play.
2. Family system—it requires strict gender role expectations, strict gender roles, rigid family relationships, and a strong emphasis on obedience and filial loyalty and piety.
3. Hierarchical relationships—it requires a lack of equality in relationships, rigid social structures, expectations of gender roles, and authoritarian teacher–student relationships.
4. Benevolence—it requires suppressing of emotions, the silence ethic, and an extreme value of humility, conformity, and stigmatized eccentricity.

The tenets of Confucianism have had a strong counter-productive influence on the development of creativity in China. In the conclusion of his article, Kyung Hee says:

Although a person needs cognitive ability to be creative, if the culture either does not value or discourages creative growth and expression, then the person's creativity cannot flourish. In order to encourage creativity, we should remove cultural blocks that inhibit creativity.¹⁴

The cultural foundation of Confucianism has brought perspectives and their accompanying attitudes and practices into Chinese educational institutions and families that have deeply affected the development of creativity. The impact of Confucianism makes it clear that culture matters when it comes to the development and dissemination of creativity. These cultural limitations have hindered the openness, opportunity, and cooperation that is necessary to continue to release creativity in China.

Creativity and Collectivism

A further aspect of Chinese culture that has affected its creativity is collectivism. Collectivism is an important cultural dimension of China. It stems from Confucianism's emphasis on loyalty and creates, according to Hofstede, "a society in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty."¹⁵

The GLOBE study found that one characteristic of collectivistic cultures is a preference for uncertainty avoidance that "involves the extent to which ambiguous situations are threatening to individuals, to which rules and order are preferred, and to which uncertainty is tolerated in a society."¹⁶ High uncertainty avoidance makes it less likely that people will be willing to take the risks necessary to exercise creativity and initiate innovation. Research done by Shane¹⁷ "corroborate the argument that societies more tolerant of uncertainty, measured by Hofstede's UAI (uncertainty avoidance inventory), report higher rates of innovation than societies less tolerant of uncertainty."¹⁸

China's high uncertainty avoidance adds another cultural dimension that makes it unlikely its members will take the risks needed for the discovering and developing new creative ideas. This practice also fits the Chinese practice of *saving face*, not causing undue embarrassment to yourself or others. Being creative necessitates the willingness to fail and therefore *lose face*. It is also seen in the mindset that is reflected in the Asian saying, "The nail that sticks up gets hammered down." Often the creative practice requires one to "stick up." Collectivism and its characteristic of uncertainty avoidance is another aspect of Chinese culture that hinders the development of creativity.

Creativity and Communism

An additional historic force that has influenced the development of creativity within China has been communism. On February 12th, 1912, Emperor P'u Yi stepped down from the Dragon throne of the Manchu's, ending the millennia-long dynasty rule of China. China passed from dynastic rule to a constitutional republic under the leadership of Sun Yatsen. A significant time of upheaval and uncertainty followed the passing of the last emperor. Finally on October 1st, 1949, China was officially established as the People's Republic of China and communism became its official political system.

The communist philosophy and its out-workings soon affected every detail of the Chinese culture. There were programs established that invited openness and new ideas, such as the Hundred Flowers Campaign, the slogan of which was, "Letting a hundred flowers blossom and a hundred schools of thought contend is the policy for promoting progress in the arts and the sciences and a flourishing socialist culture in our land." These programs were limited in scope and duration. More common were its efforts to control and consolidate its rule. Accordingly, various programs were instituted by its leader Mao Zedong. Among these programs, two in particular, the Great Leap Forward and the Cultural Revolution, stifled rather than stimulated the advancement of China. As a result of the Great Leap Forward, millions starved to death as people were called on to abandon agricultural pursuits to concentrate on industrial production.

The consequent backlash of unrest was confronted in 1966 by a new movement, the Cultural Revolution. Its focus was on the abolishment of the Four Olds: Old Customs, Old Culture, Old Habits, and Old Ideas. The accomplishing of this task led to a process of purging, which was done through retribution towards and re-education of those who represented the Four Olds—the educated and elite. Educational institutions were shut down and teachers and administrators sent to re-education camps. These actions put an end to any institutions or individuals who might have contributed to the development of creativity and innovation within the Chinese culture. The land of China lay in ruins as a result of the persecution, purges, and plight brought on by the early policies and programs of the new Chinese communist government. The controlling and conforming ways of the communist government put any hope of creative activity and action out of reach.

Creativity and Capitalism

Even though he was twice purged during the Cultural Revolution, Deng Xiaoping was able to look beyond the failed attempts of Mao's rule. He was able to see the spark that was needed to start down the long road to helping communist controlled China become a global innovative force—capitalism. Deng finally emerged as the paramount leader of China in 1978. The following year, 1979, with his proclamation, "To be rich is glorious," he opened the doors for capitalism to become the country's key driving force for creativity and innovation. He had realized something needed to be done to reverse the economic decline brought on by the stifling monetary policies under Mao.

Deng launched his economic reform program. Initially, it was limited to agricultural reforms but it gradually spread to industry and commerce. The program's policies were in sharp contrast to those practiced under Mao. This contrast was reflected in favorite expressions of each leader. Deng said, "It doesn't matter if the cat is black or white; what matters is how well it catches mice," whereas Mao said, "Better Red than expert." Mao's point was that, in practice, totally unqualified party ideologues were put in positions of leadership of projects that really needed technical expertise.¹⁹ Deng's position won out and with this shift came a new openness to the West, and Western investment became one of the causes of China's rapid economic growth. Other stimuli to this growth included the end of the commune system and the possibility of private business ownership.

There were new possibilities on the horizon for China, the door for creativity and innovation had been cracked open. The long history of philosophies and practices that hindered China from exploring its creativity was brought into a new light. That light was reflected in the pledge, made by China's President Hu Jintao in January 2006, that by 2020, China would be an "an innovation-oriented country." Innovation was made a priority, but how would it become a reality?

Capturing Creativity in China

The forces that have brought resistance to the cultivation of creativity in China over the millennia have been powerful and pervasive. Their remnants can be very clearly seen in institutions and industries, as well as at the fundamental levels of family and friendship. In the dawning of capitalism, there are fissures that are forming in the façade that has foiled the release and development of creativity in the Chinese world. What are the keys to capturing this seeming illusive element that will release China to become the innovative enterprise it needs to become in order to take the global lead in economics and entrepreneurship? Education, enterprise, and environment are key aspects.

The educational foundations of China need to be shaken and shifted if it is to become a society that generates creativity. The current educational philosophy is a millennia-old product of Confucianism. This system still requires rote memory and absolute submission to ruling authorities, teachers, and administrators. China needs to breakout of this traditional approach to education if it is to progress beyond incremental and imitative innovation to radical innovation. “In order to continue to be profitable and growth oriented . . . China’s educational system must move toward critical thinking educational practices.”²⁰ There are some difficulties and risks in doing so. “Even though there may be many problems associated with that stance for the Chinese Communist Government and teachers in general; this is necessary to continue on towards more profitable though higher risk innovations that underlie the economic growth of richer, knowledge based economies.”²¹ The consequence of staying the current course is to remain stranded as a second rate world power. “It will not be able to further continue its economic progress; and become a major player in the knowledge economy rather than basing its economic power in labor intensive sectors.”²² Educational evolution is essential for the development of a robust innovative future in China. One research article concluded, “While we argue that creative and critical learning are necessary skills for innovation, the process must be designed and developed for the unique Chinese environment.”²³ There are hopeful signs that this “sea change” has begun.²⁴ China must make the evolution of its education system a priority in order to become an innovation leader.

Another key to making China the innovative powerhouse it has the potential to become is enterprise. Chinese enterprise is showing encouraging signs of efforts that have favored and will continue to favor innovative growth. These signs include increasing research and development, improved technology, and growing global connections. There remain areas where Chinese enterprise needs to change, including “developing human resources for innovation; building innovative culture; strengthening intellectual property rights protection; building new incentive systems appropriate for innovation.”²⁵ These major endeavors require new approaches to strategies and structures. These are often long-term investments because “innovation is different from imitation, the former being time-consuming and requiring forward thinking.”²⁶ This is a mindset that has yet to become part of the mentality of Chinese enterprise. These are transitions that will not be easy for Chinese corporations and culture.

One other key to tapping China’s creative potential is environment. China needs to develop a cultural environment that celebrates and cultivates creativity. It needs to break loose of the philosophies and practices that perpetuate the same way of thinking and doing things. This may

become the most difficult but most dynamic force for unleashing the creative potential of China. One author in describing the cultural environment of China today says it is:

A strange hybrid. In many ways it resembles the United States. It has a continent-size domestic market that sets businesspeople worldwide salivating, a population of ambitious, risk-taking entrepreneurs who can use the country's massive domestic market to build world-class products and businesses, and, by virtue of its size and stature, can force others to deal with on terms it dictates. But, unlike the United States and almost all other nations that have become successful global commercial powers, China has an authoritarian and often paranoid political system that crushes dissent, controls information, and interjects itself into every facet of business.²⁷

These later characteristics are hardly the prescription the West would propose for the development of creativity. Yet they are a reminder of the difficult balance necessary to propel China into the lead in the future. This strange hybrid will have to determine if, when, and how it will adapt and adjust so it might move ahead in the global creative and innovative enterprise. Will it follow the path developed by the Western world or will it lead in new directions as it has with its China-ized brand of capitalism?

China is a thriving economic powerhouse with nuclear weapons and its own space program, destined to become one of the most powerful nations the world has ever seen. But the country is still struggling with the dilemma it faced in the last days of the imperial rule when foreign traders began forcing their way into China: how to adopt and adapt to the ways of the West and global commerce while maintaining the Chinese "essence."²⁸

In education, enterprise, and environment China needs to make strides forward to aggressively pursue and practice openness, opportunity, and cooperation if it is to become a global creative leader.

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Building the Strong Organization: Exploring the Role of Organizational Design in Strengths-Based Leadership

David Burkus

How can leaders bring about greater gains toward productivity and organizational success? Strength-based leadership, an innovative leadership theory, suggests leaders can achieve this by focusing their efforts on building their own strengths and the strengths of individual followers. Despite research supporting the benefits of a strengths approach, many organizations have yet to employ this method of leadership, possibly because the organizational design inhibits it. This article outlines the history of the strengths movement and the research that supports a strengths approach. It then introduces the strengths-based leadership model conceived of and popularized by Tom Rath, Barry Conchie, and the late Donald Clifton. Next, it explores how elements of organizational design affect the styles of leadership employed within an organization. Finally, this article profiles W. L. Gore & Associates and how its organizational structure positions leaders to develop the strengths of their followers.

William Whyte popularized the *organization man* as an individual who sought to serve the large organization by ignoring his own aspirations and identity.¹ In return, the organization would promise lifetime employment and determine his place in society, pushing him higher up the organizational hierarchy the longer he stayed loyal. Within a decade, the logic of the organization man began to be satirized in what would become known as the Peter Principle, which said that in a hierarchy, employees like the organization man would eventually rise to the level of their incompetence.² Although initially perceived as satire, recent developments in exploring individual strengths have begun to provide support for the Peter Principle. Strengths-based leadership, also referred to as strengths-based development or strengths-based organizational management, asserts that individuals are most productive when operating within their strengths.³ When individuals accept promotions that draw them away from their strengths, they become less engaged, eventually awakening one day to find themselves unfulfilled, bored, drained, and frustrated.⁴ Research exhibits that employees who are engaged in their work experience are more productive and contribute more to organizational success.⁵ Despite the research supporting strengths-based leadership, many organizations are still not properly leveraging the strengths of their leaders and followers. The design of the organization may hinder leaders from developing certain leadership styles. One

organization, W. L. Gore & Associates, provides a case study of the organizational design hospitable to the development of strengths-based leadership.

A Brief History of Strengths

It is difficult to pinpoint the exact origins of the “strengths movement” within the organizational and leadership community. Some point to 1967, when Peter Drucker wrote, “The effective executives build on strengths—their own strengths, the strengths of their superiors, colleagues and subordinates.”⁶ Others cite Donald Clifton as the godfather of the strengths movement when, 30 years ago, he began a research project with the Gallup organization that would produce several published works promoting a strengths revolution.⁷ Buckingham and Coffman began this revolution with their book, *First, Break All the Rules*, which, among other things, described how and why great managers break a hallowed rule of conventional wisdom: that with enough training, anyone can achieve anything they set their minds to.⁸ Instead, they asserted, the best managers cease coercing people into overcoming their weaknesses and instead find ways to minimize the impact of these weaknesses by maximizing employees’ strengths.

Buckingham and Clifton, in *Now, Discover Your Strengths*, further explored this premise by providing an explanation for why individuals could not become proficient in their weaknesses.⁹ The authors did this by attacking two commonly held beliefs as myths: (a) that anyone can be competent in anything they work hard enough at, and (b) the greatest room for individual growth was in areas of weaknesses. At the time, most of the training programs created by or for organizations had the goal of making people better at something they were weak in, essentially trying to get people to become something they were not. The justification behind many of these training programs is the belief that people change as they grow older, thereby making it possible to control what they change into. Buckingham and Clifton challenged this justification, arguing that the biological underpinnings of strengths and weaknesses lay the thick synaptic connections of the brain.¹⁰ Humans grow new synaptic connections faster in areas that already have thick concentrations of connections. This allows them to learn the most, generate the most ideas, and have the best insight into areas where they already have generous connections. Personality research supports this theory. A study of 1,000 New Zealand children found that personality traits observed in a child at age 3 were remarkably similar to those found in his or her personality at age 26.¹¹ Gallup conducted a similar experiment using a strengths assessment and found a similarly strong correlation.¹² This implied that the theory keeping so many training programs afloat was taking on water. After exposing these two myths, Buckingham and Clifton replaced them with the two assertions: (a) individual talents are enduring and unique, and (b) the greatest room for individual growth was in the areas of strengths.¹³ In doing so, the authors provided a thought provoking instructional on how to determine an individual’s strengths and develop them for leadership and organizational success.

A few years later, Buckingham wrote that great managers discover what was unique about each subordinate and capitalize on it.¹⁴ Additionally, Buckingham targeted individual workers, writing that, in order to have sustained success, individuals should

discover what they don't like doing and find a way to eliminate it from their job or minimize it, in affect focusing individuals on their interests and strengths. The minds behind the strengths movement would make this discovery process easier by creating and popularizing the Clifton StrengthsFinder¹⁵ and outlining a six-week program for individuals wanting to discover and perform within their strengths.¹⁶ The most recent and logical step in the strengths dialogue occurred when Tom Rath and Barry Conchie formalized in writing a theory of leadership that began to grow out of the body of research highlighting the importance of strengths.¹⁷ They called this theory strengths-based leadership.

Strengths-Based Leadership

At the core of the strengths movement is the underlying belief that people have several times more potential for growth building on their strengths rather than fixing their weaknesses.¹⁸ A strength is defined as the ability to exhibit near-perfect performance consistently in a given activity.¹⁹ The aim of strengths-based leadership is to develop the efficiency, productivity, and success of an organization by focusing on and continuously developing the strengths of people within the organization.²⁰ Strengths-based organizations don't ignore weaknesses, but rather, focus on building talents and minimizing the negative effects of weaknesses.²¹ Strengths-based leaders are always investing in their strengths and the strengths of individuals on their team.



Figure 1. Strengths-based leadership.²²

Rath and Conchie put forth three tenants of strengths-based leadership, as summarized in Figure 1:

1. *Effective leaders invest in their followers' strengths.* Where mediocre managers seek to get followers to take responsibility for their weaknesses and devote themselves to plugging these gaps, great leaders seek to manage around these weaknesses and invest their time and energy understanding and building on followers' strengths.
2. *Effective leaders build well-rounded teams out of followers who are not.* Leadership requires strengths in four areas: executing, influencing, relationship building, and strategic thinking. While the best leaders do not demonstrate all of these skills, they build their teams so that all four areas are represented.
3. *Effective leaders understand the needs of followers.* People follow leaders for a variety of reasons, some more common than others. Leaders build levels of trust, hope, and optimism by understanding the unique attributes of followers.²³

Individuals' strengths can be discovered by monitoring spontaneous actions, yearnings, or areas of rapid learning.²⁴ In addition, leaders can assess the strengths of themselves and their followers using assessments such as the Clifton StrengthsFinder (now often called StrengthsFinder 2.0). StrengthsFinder assists individuals in the discovery of strengths by measuring the predictability of patterns of behavior from the results of a forced-choice inventory. The results of the assessment reveal dominant themes of talent. These themes are areas predicted to hold the greatest potential for building on the strengths of leaders and followers. As these themes are used to develop strengths, it's important to note that leaders and followers shouldn't strive for a goal of 100% strengths-utilization.²⁵ The leaders of the strengths approach recognize the impending need to work on organizational minutiae and apportion 25% of workers' time as the appropriate allotment of nonstrengths activities.

The strengths approach has developed alongside the equally innovative field of positive psychology.²⁶ This relationship is understandable since the intent of strengths-based leadership is to increase organizational success by helping individuals perform optimally and positive psychology has been labeled as "the scientific study of optimal human functioning."²⁷ Strengths-based leadership appears antecedent to numerous constructs from positive psychology, including subjective well-being,²⁸ optimism,²⁹ and creativity.³⁰ Positive psychology highlights the need to develop major psychological theories around virtues and character strengths, rather than focusing on deficits.³¹ Strengths-based leadership supplements the aim of positive psychology by providing a mechanism for identifying positive personal and interpersonal talents in an organizational setting in order to increase individuals' positive subjective experience.³²

Additionally, the strengths approach shares similarities to the developing concept of appreciative inquiry.³³ The objectives of appreciative inquiry are to bring out the best in people, organizations, and the world around them and to do so by developing a culture

that appreciates strengths. In order to capture these strengths, appreciative inquiry outlines a method of *discovering* the processes that work well, *dreaming* of what processes could work well in the future, *designing* and prioritizing those processes, and achieving *destiny* by implementing the proposed design.³⁴ This process bears a striking resemblance to the strengths discovery process suggested by the strengths-based leadership proponents. However, appreciative inquiry is typically utilized as a systems approach, whereas strengths-based leadership is most often labeled as an individual approach.³⁵

Research supports the utilization of strengths-based leadership for optimizing an organization. When an organization's leadership does not focus on individual strengths, that employee has only a 9% chance of being engaged. However, when an organization's leadership focuses on individual strengths, employees have a 73% chance of being engaged.³⁶ Additionally, strengths-based leadership has been identified as a core element of "positive leadership" and correlated with increases in follower optimism, engagement, and project performance.³⁷ The term *engagement* refers to the broad and deep connection that individuals feel with their organization.³⁸ Employee engagement has been significantly correlated to business outcomes including profitability, turnover, safety, and customer satisfaction.³⁹ Among religious congregations, research reveals that members of faith-based communities who have the opportunity to operate in their strengths regularly are more engaged than those who don't.⁴⁰ Engaged members volunteer more, give more money, are more likely to recruit others, and have higher life satisfaction scores than those who are not engaged.

St. Lucie Medical Center in Florida provides a case study on the impact of strengths-based leadership initiatives.⁴¹ This 150-bed hospital faced shockingly low employee engagement scores and a turnover rate of 53%. The hospital decided to study the talents of its people, beginning with top leadership and eventually rolling out talent inventories to every employee. The results of these inventories were used to build teams that properly leveraged individual employees' talents. Within 2 years, the hospital saw its attrition rate drop significantly, with equally significant rises in employee engagement scores. Perhaps more impressively, St. Lucie saw a drastic increase in the satisfaction rates of both patients and physicians, putting St. Lucie on the road to becoming one of the area's most well-respected hospitals.

Yet, despite nearly a decade of research and published works stressing the importance of strengths, fewer than two out of ten Americans believe that they work in a role that utilizes their strengths most of the time.⁴² In addition, over half of all American employees believe that they will experience bigger gains by fixing their weaknesses rather than building upon their strengths.⁴³ One of the possible reasons for this might be the relationship between organizational design and leadership, specifically the affect this relationship has on how leaders within the organization develop their leadership style.

The Role of Design

Selznick claims, “The theory of leadership is embedded within the organization,” an assertion of the affect of organizational design on leadership.⁴⁴ Organizational design refers to a structured, guided process for integrating an organization’s resources, including people, technology, and information.⁴⁵ This design process helps to increase the probability of success within the organization and individual members by attempting to align the form and functions of the organization as closely as possible to the intended mission and purpose of the organization. Leadership has been theorized to be dependant upon the dynamics of the organization.⁴⁶ Overall, organizational design consists of specifying three elements: strategy, structure, and systems. Each of these elements of organizational design exhibit an influence on the leadership style demonstrated within the organization.

Strategy is concerned with how the organization will interact with its competitive environment in order to fulfill the mission of the organization.⁴⁷ Strategy is the current set of plans, objectives, and decisions that have been made in order to achieve the organizations goals and to further its mission.⁴⁸ In defining its strategy, an organization must consider whom it seeks to serve, how it will serve, what makes it unique from competitors, and how it can gain a competitive advantage. The choice of strategy affects many characteristics of the organization, including leadership style. Research highlights the importance of properly aligning leadership style with organizational strategy in order to ensure organizational success.⁴⁹

Structure represents the form of the organization, its people, divisions, departments, and functions. These structures provide labels to describe how the organization works together and to compare it with other organizations. Structure is often represented as an organizational chart.⁵⁰ When determining structure, organizations must consider who does what, who has the ability to make decisions, and who should answer to whom.⁵¹ Relationships exist between organizational structure and the top-down leadership style that develops.⁵² Bureaucratic structures tend to develop transactional leaders, while organic structures tend to develop transformational leaders.⁵³

Systems are the sets of interacting elements that receive inputs from the environment and transform them into output discharged into that environment. Systems are the less tangible aspects of organizational design but they play a vital role in how individuals within the organization determine appropriate behavior and performance.⁵⁴ Often as an organization grows larger, more formal systems are put into place that are intended to manage information and detect deviations from establish standards.⁵⁵ These formalized, mechanistic organizations create an environment that tends to favor transactional leadership styles.⁵⁶

These three elements of organizational design each exert an effect on how leaders determine the style of leadership they will utilize, demonstrating that organizations must consciously build the desired leadership style into their organizational design. This implies that, in order to see strengths-based leadership develop among the leaders of an

organization, it must be built into the design of the organization. One company, W. L. Gore & Associates, provides an exemplary model for organizational design that allows strengths-based leadership to thrive.

A “Strong” Design

W. L. Gore & Associates is a manufacturing company that was founded in 1958.⁵⁷ Besides being known for their innovative Gore-Tex[®] fabric, Gore is also known for its innovative organizational design, which has led to their being one of only three companies to appear on the “100 Best Companies to Work For in America” rankings every year since the list’s inception in 1984.⁵⁸ Additionally, Gore has been named the “Most Innovative Company in America” by *Fast Company* magazine.⁵⁹ Gore’s revolutionary structure is the brainchild of Wilbert “Bill” Gore, who left a 17-year career with DuPont to experiment with the potential of polytetrafluoroethylene (PTFE).⁶⁰ Having worked on small, innovative research and development teams, Bill Gore wondered why an entire company couldn’t be organized with the same freewheeling, autonomous energy. Much of Bill Gore’s management philosophy was influenced by McGregor’s theory Y construct, which argued that humans were self-motivating and sought to find meaning in their work.⁶¹ Gore leverages individuals’ desire to find meaning in their work using an organizational design that is unique in its strategy, structure, and systems.⁶²

Porter describes the essence of strategy as “choosing to perform activities differently than rivals do.”⁶³ Using this description, Gore’s strategy would be choosing not to spend a lot of energy formalizing their strategy or core business.⁶⁴ This method serves to further the company’s mission statement: to make money and have fun.⁶⁵ Leaders at Gore encourage innovation and give associates “dabble time” to create new product breakthroughs. Associates are free to make commitments to projects that they believe they will enjoy and can positively contribute to. Most of Gore’s products initially started as the focus of an associate’s “dabble time.” This strategy—pursue fun projects—has resulted in a portfolio of over 1,000 products while also allowing individuals to commit themselves to projects they feel will best utilize their strengths.

With the exception of four major business divisions, the company is void of the usual structural elements.⁶⁶ Instead of a hierarchy, Gore utilizes what it calls a *lattice*, a flat structure where every person is connected to every other person in the plant.⁶⁷ All individuals enter the company equally with the title “associate.” There are no bosses at Gore. Instead, the perplexing questions of “What do I work on?” and “What’s my next career move?” are worked out between an associate and a sponsor.⁶⁸ Sponsors are veterans that help decode the jargon and guide associates through the lattice. In their first few months, associates circulate through a variety of teams and, along with the sponsor, decide what team would provide the best fit. They then make a commitment to a particular project and team. In lieu of bosses, associates become responsible to the team they commit to. This loose structure allows associates to experiment, under the supervision of their sponsor, until they find a project their strengths can contribute to and a team that needs their strengths in order to become more well-rounded.

Additionally, Gore doesn't directly hire or promote leaders. Instead, leaders are determined by followership.⁶⁹ If associates choose to follow another associate, then that associate becomes a leader. Gore labels this process *natural leadership*, with leaders gaining credibility from unique knowledge, a history of success, or involving others in significant decisions. Gore seeks to hire people who they hope will become leaders and waits to see if those people develop good ideas and persuade others to adopt those ideas.⁷⁰ As such, it is the people who regularly contribute great ideas that are likely to find themselves at the top of the leadership role regardless of whether or not they carry much decision-making power. Indeed, over half of the company's associates describe themselves as leaders. However, becoming a leader is not a requirement for a fulfilling or engaging career. Because of the format for developing into a leader, only those who feel that leadership lies within their strengths aspire to and are rewarded with leadership. Likewise, those who believe that becoming a leader is not within their individual strengths are not stigmatized.

The lattice structure of Gore also affects the organization's systems. Every person and department directly interacts with every other person and department.⁷¹ Founder Bill Gore believed that every organization has an underground lattice structure despite the formal structure and systems, which people use to get information and further projects. This underground lattice is also where informal cross-functional teams form to develop new products and initiatives. Gore's unique structure simply makes this underground lattice the formal one, bringing all of these benefits to the foreground. The lattice structure, with open and informal systems, also allows the strengths of one individual, team, department, or division to seek out and utilize the strengths of any other entity. W. L. Gore & Associates has not directly instituted any formal strengths-based leadership initiatives. However, the uniqueness of its strategy, structure, and systems created an organization where strengths-based leadership appears to have developed and thrived.

Conclusion

Strengths-based leadership is the culmination of an innovative movement asserting the importance of strengths with over 30 years of research. However, despite the available research demonstrating the benefits of strengths-based initiatives on individual and organizational success, most organizations are not engaging their employees using a strengths-based leadership model and most individuals don't realize the growth potential of building upon their strengths. Research exhibits a relationship between the design of an organization and the leadership styles that organizational leaders develop. One company, W. L. Gore & Associates, utilizes a unique lattice structure that allows associates to make commitments to projects they feel will engage them and utilize their strengths. While not formally instituting a strengths-based leadership initiative, Gore's unique structure appears to have positioned itself to develop and benefit from strengths-based leadership. Furthermore, Gore's organizational design avoids the doomsday prediction of the Peter Principle by avoiding hierarchies and seeking to help each associate make commitments to tasks that leverage their strengths and allow them to succeed. Organizational leaders can learn from the design of W. L. Gore & Associates

and the model of strengths-based leadership to help ensure that every employee eventually rises to the level of their competence.

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