

is a capability an organization performs extremely well in comparison to competitors.

is an employee-focused form of leadership that empowers followers to make decisions and have control over their jobs.

is leadership that transcends self-interest to serve the needs of others, by helping them grow professionally and emotionally.

## KEY TERMS

charisma 375

core competence 390

mission statement 389

personalized charismatic leaders 380

servant leadership 391

socialized charismatic leaders 380

stewardship 391

strategic leadership 386

strategic management 386

strategic vision 388

strategy 389

transactional leadership 383

transformational leadership 382

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## CASE 10

### Old Dominion Insurance Company

P. J. Dixon is the new branch manager of an insurance agency called Old Dominion Insurance, located in the small town of Wise, Virginia. Old Dominion Insurance (ODI) is a rapidly growing regional insurance company with headquarters in Abingdon, one of the larger towns in southwestern Virginia. In the past ten years, ODI has pursued an aggressive regional growth strategy by opening branch offices in several towns throughout southwestern Virginia. The branch office in Wise, 50 miles from Abingdon, was the second branch of ODI and opened six years ago. It was experiencing both low morale and low productivity when P. J. Dixon (known to all as P. J.) took over as the new branch manager. Not only is P. J. a woman, she is a black woman in a town that is predominantly white, and all except two of her new staff members are white. She has been with the ODI since its creation 10 years ago and has earned many promotions through the years. Her latest promotion was to branch manager at Wise.

P. J.'s problems with her new appointment had less to do with her race and more to do with the policies of ODI. Over the years, ODI of Wise has served as an informal training center for

young managers. New hires needing experience as agents or assistant branch managers are assigned there for training. When they attain a certain level of competence, they are promoted out of the branch office. This practice is demoralizing to the other branch employees, who feel exploited and see no personal gain in training incoming coworkers who go on to higher positions of responsibility and authority. After talking with her manager and other people at the corporate office in Abingdon, P. J. has concluded that it would be impossible to change this policy. She also discovered that her predecessor had resigned over his inability to get the company to change this policy. The Wise branch is one of those considered to be essential for managerial development at ODI. Although the challenge posed by ODI of Wise was enormous, it was not insurmountable. Accordingly, P. J. went to work.

During her first few months on the job, P. J. got to know her employees quite well. She found that many of them were very competent and could do much more than they were currently doing. However, they had never seen themselves as "going anywhere" in the organization. P. J. searched for a unique vision for the branch office

**CASE 10***continued*

that would integrate the needs of her employees with the objectives of the management development program, and in the process better serve the agency's customers. She formulated the following mission statement: "To be the branch that best develops managerial talent while still offering quality customer service."

Having established a mission for her branch, P. J. took a series of strategic actions designed to implement her mission for ODI, Wise. First, P. J. declared that development opportunities for growth would be open to all, and she initiated a career development program for her employees. P.J. met with each employee to find out his or her career aspirations. For those who wanted career advancement, she negotiated with the training department at headquarters for spaces in its programs. She persuaded old friends at the personnel department, where she had worked as the manager, to inform her regularly about job openings that might be of interest to her employees, including the people who were not in the management development program. Next, she built rewards into the appraisal system for employees who helped others learn, so that even those who did not aspire to advance would get some benefit from training others. To provide adequate backup in service functions, she instituted cross-training. Not only did this training provide a backup of assistance when one department was experiencing high demand for its services, it also contributed to a better understanding of the policies and procedures in other departments. To increase the skills and confidence of her assistant managers, P.J. gave them more managerial responsibilities. She frequently had an assistant manager run staff meetings, represent the branch office at corporate meetings, or carry out some of her other managerial responsibilities.

P. J. has been described as an amicable, friendly, outgoing individual. According to one of her staff members, P.J. engenders strong loyalty from her followers. She knows how to motivate and inspire people to believe in themselves. Some have attributed her polite, unassuming personality to her strict religious upbringing. P. J. does not like projecting herself as the leader. She is well cross-trained and regularly steps in to perform other tasks

when the need arises. She leads through respect rather than fear. One of P. J.'s creative strategies to get her group to bond has been the Friday evening gatherings at her house. All ODI, Wise employees are invited for an informal social gathering of snacks, drinks, and free exchange of ideas. These gatherings have helped the bank's employees work together in mutual support of each other.

The changes made by P. J. resulted in major gains. By repeatedly stressing the values and objectives in her words and actions, she gave the branch office a distinctive character. Employees felt increased pride, and morale improved. Some of the old-timers acquired new aspirations and, after developing their skills, advanced into higher positions in other branches. Even those who remain at the branch office feel good about the advancement of others, because now they see their roles as crucial for individual and organizational success rather than as a thankless task. The new spirit carries over to the treatment of customers, and together with the increased competence provided by cross-training, has resulted in faster and better service to customers.

1. Based on the facts of the case, do you think P.J. Dixon is a transactional leader, transformational leader, or both?
2. What leadership qualities did Dixon use to change ODI, Wise and motivate employees?
3. Do you think Dixon qualifies as a charismatic leader?
4. Describe Dixon's vision for her branch office.

### Case Exercise and Role Play

*Preparation:* Assume you are part of the leadership of an organization or organizational unit that is in need of redirection in a changing market environment. Your task is to formulate a new vision and mission statement for your organization.

*Role-Play:* The instructor forms students into small groups to develop an inspiring vision of no more than 15 words and a mission statement of no