

# DEVELOPING MANAGEMENT SKILLS

SEVENTH EDITION

**David A. Whetten**  
BRIGHAM YOUNG UNIVERSITY

**Kim S. Cameron**  
UNIVERSITY OF MICHIGAN



Upper Saddle River, NJ 07458

**Library of Congress Cataloging-in-Publication Data**

Whetten, David A. (David Allred)  
Developing management skills / David A. Whetten, Kim S. Cameron. —7th ed.  
p. cm.  
Includes bibliographical references and index.  
ISBN-13: 978-0-13-174742-5  
1. Management—Study and teaching. 2. Management—Problems, exercises, etc.  
I. Cameron, Kim S. II. Title.  
HD30.4.W46 2007  
658.40071'173—dc22

2006025223

**Senior Acquisitions Editor:** David Parker  
**VP/Editorial Director:** Jeff Shelstad  
**Product Development Manager:**  
Ashley Santora  
**Marketing Manager:** Anne Howard  
**Marketing Assistant:** Susan Osterlitz  
**Associate Director, Production Editorial:**  
Judy Leale  
**Managing Editor:** Renata Butera  
**Production Editor:** Marcela Boos  
**Permissions Coordinator:** Charles Morris  
**Associate Director, Manufacturing:**  
Vinnie Scelta  
**Manufacturing Buyer:** Michelle Klein

**Manager, Creative Services:**  
Christy Mahon  
**Composition Liaison:** Suzanne Duda  
**Interior Design:** Suzanne Duda and  
Michael J. Fruhbeis  
**Cover Design:** Suzanne Duda  
**Cover Illustration:** Jim Frazier  
**Composition:** TextTech  
**Full-Service Project Management:**  
Stratford Publishing Services  
**Printer/Binder:** Von Hoffmann Press  
**Cover Printer:** Phoenix Color Corp.  
**Typeface:** 10/12 Weidemann-Book

Credits and acknowledgments borrowed from other sources and reproduced, with permission, in this textbook appear on the appropriate page within the text.

**Copyright © 2007, 2005, 2002, 1998 by Pearson Education, Inc., Upper Saddle River, New Jersey, 07458.**

Pearson Prentice Hall. All rights reserved. Printed in the United States of America. This publication is protected by Copyright and permission should be obtained from the publisher prior to any prohibited reproduction, storage in a retrieval system, or transmission in any form or by any means, electronic, mechanical, photocopying, recording, or likewise. For information regarding permission(s), write to: Rights and Permissions Department.

**Pearson Prentice Hall™** is a trademark of Pearson Education, Inc.

**Pearson®** is a registered trademark of Pearson plc

**Prentice Hall®** is a registered trademark of Pearson Education, Inc.

Pearson Education LTD.  
Pearson Education Singapore, Pte. Ltd.  
Pearson Education Canada, Ltd.  
Pearson Education–Japan

Pearson Education Australia PTY, Limited.  
Pearson Education North Asia, Ltd.  
Pearson Educación de Mexico, S.A. de C.V.  
Pearson Education Malaysia, Pte. Ltd.



10 9 8 7 6 5 4 3 2 1  
ISBN: 0-13-174742-8

## SKILL **ASSESSMENT**



- Leading Positive Change
- Reflected Best-Self Feedback Exercise
- Machiavellianism Scale—MACH IV

## SKILL **LEARNING**



- Leading Positive Change
- Ubiquitous and Escalating Change
- The Need for Frameworks
- Tendencies Toward Stability
- A Framework for Leading Positive Change
- Summary
- Behavioral Guidelines

## SKILL **ANALYSIS**



- Corporate Vision Statements
- Lee Iacocca's Transformation of Chrysler—1979–1984

## SKILL **PRACTICE**



- Reflected Best-Self Portrait
- Positive Organizational Diagnosis Exercise
- A Positive Change Agenda

## SKILL **APPLICATION**



- Suggested Assignments
- Application Plan and Evaluation

## **SCORING KEYS AND COMPARISON DATA**



# 10

## Leading Positive Change

### **SKILL DEVELOPMENT OBJECTIVES**

- LEARN HOW TO CREATE POSITIVE DEVIANCE IN ORGANIZATIONS
- DEVELOP THE CAPABILITY TO LEAD POSITIVE CHANGE
- ACQUIRE THE ABILITY TO MOBILIZE THE CAPABILITIES OF OTHERS IN ACHIEVING POSITIVE CHANGE



## **DIAGNOSTIC SURVEYS FOR LEADING POSITIVE CHANGE**

### **LEADING POSITIVE CHANGE**

**Step 1:** Before you read the material in this chapter, please respond to the following statements by writing a number from the rating scale below in the left-hand column (Pre-assessment). Your answers should reflect your attitudes and behavior as they are now, not as you would like them to be. Be honest. This instrument is designed to help you discover your level of competency in problem solving and creativity so you can tailor your learning to your specific needs. When you have completed the survey, use the scoring key at the end of the chapter to identify the skill areas discussed in this chapter that are most important for you to master.

**Step 2:** After you have completed the reading and the exercises in this chapter and, ideally, as many as you can of the Skill Application assignments at the end of this chapter, cover up your first set of answers. Then respond to the same statements again, this time in the right-hand column (Post-assessment). When you have completed the survey, use the scoring key at the end of the chapter to measure your progress. If your score remains low in specific skill areas, use the behavioral guidelines at the end of the Skill Learning section to guide further practice.

#### **Rating Scale**

- 1** Strongly disagree
- 2** Disagree
- 3** Slightly disagree
- 4** Slightly agree
- 5** Agree
- 6** Strongly agree

#### **Assessment**

Pre-            Post-

*When I am in a leadership position required to lead change:*

- |       |       |   |
|-------|-------|---|
| _____ | _____ | 1. I create positive energy in others when I interact with them.                    |
| _____ | _____ | 2. I know how to unlock the positive energy in other people.                        |
| _____ | _____ | 3. I express compassion toward people who are facing pain or difficulty.            |
| _____ | _____ | 4. I help promote compassionate responses in others when it is appropriate.         |
| _____ | _____ | 5. I emphasize a higher purpose or meaning associated with the change I am leading. |
| _____ | _____ | 6. I forgive others for the harm they may have produced or the mistakes they made.  |
| _____ | _____ | 7. I maintain high standards of performance, even though I am quick to forgive.     |
| _____ | _____ | 8. The language I use encourages virtuous actions by people.                        |
| _____ | _____ | 9. I express gratitude frequently and conspicuously, even for small acts.           |
| _____ | _____ | 10. I keep track of things that go right, nor just things that go wrong.            |

- \_\_\_\_\_ 11. I frequently give other people positive feedback.
- \_\_\_\_\_ 12. I emphasize building on strengths, not just overcoming weaknesses.
- \_\_\_\_\_ 13. I use a lot more positive comments than negative comments.
- \_\_\_\_\_ 14. I compare my own (or my group's) performance against the highest standards.
- \_\_\_\_\_ 15. When I communicate a vision, I capture people's hearts as well as their heads.
- \_\_\_\_\_ 16. I work to close abundance gaps—the difference between good performance and great performance.
- \_\_\_\_\_ 17. I exemplify absolute integrity.
- \_\_\_\_\_ 18. I know how to get people to commit to my vision of positive change.
- \_\_\_\_\_ 19. I take advantage of a small-wins strategy in all my change initiatives.
- \_\_\_\_\_ 20. I have developed a teachable point of view for subjects I care about.

### **REFLECTED BEST-SELF FEEDBACK™ EXERCISE\***

All of us can recall our own extraordinary moments, those moments when we felt that our best self was brought to light, affirmed by others, and put into practice. These memories are seared into our minds as moments in which we have felt alive, true to our deepest selves, and pursuing our full potential as human beings. Over time, we collect these experiences into a portrait of who we are when we are at our personal best. To help compose a best-self portrait, it is important to draw on the perceptions of significant others who have unique and valuable insights into our strengths and enduring talents. The Reflected Best-Self Feedback Exercise creates an opportunity for us to receive feedback regarding who we are when we are at our best. A detailed explanation of this exercise, including the research that supports its effectiveness in helping people become better leaders, can be found at: [www.bus.umich.edu/positive](http://www.bus.umich.edu/positive). Look under POS teaching and learning tools.

In this exercise, you will gather information about yourself from other people who know you well. In the Skill Practice section of the chapter, you will be asked to develop a best self-portrait based on this feedback. The first step is to gather the information. Here is how you go about it.

Identify 20 people who know you well. These may be colleagues (former or current), friends (old or recent), family members, neighbors, class members, or anyone who has had extended contact with you. Think about who will give you an honest opinion. The more diverse the group, the better. Also, realize that due to time constraints, everyone may not be able to respond. You need at least 10 responses to complete this part of the assignment, so ask enough people to ensure at least 10 responses, but try for 20.

Compose the feedback request (see the example request below), and send it to the 20 people you select. While this request may seem awkward or difficult for you, people have found this assessment to be a profound learning activity, and other people are quite willing to participate in this exercise. You will find that this actually strengthens your relationships in many instances.

Source: *Roberts et al., 2005.*

### **A SAMPLE E-MAIL REQUEST FOR FEEDBACK**

I am taking a course that requires me to construct a profile of my unique strengths. I have been asked to contact twenty people who know me well. I would like to invite you to

\* This assessment is not available online.

help me with this exercise. I am to request that each person provide me with three stories of when I was at my best.

This will require that you think about your interactions with me and identify times when you saw me at my very best. Please provide examples so I can understand the situation and the characteristics you are describing. I have attached some examples of what these stories could look like. Please use these only as a guide.

### **Feedback Examples:**

**1. One of your greatest strengths is:** *The ability to get people to work together and give all they have to a task.*

**For example, I think of the time that:** *We were doing the Alpha project. We were getting behind and the stress was building. We started to close down and get very focused on just meeting our deadline. You noticed that we were not doing our best work and stopped the group to rethink our approach. You asked whether we wanted to just satisfy the requirements or whether we wanted to really do good and important work. You reminded us of what we were capable of doing and how each of us could contribute to a better outcome. No one else in that room would have thought to do that. As a result, we did meet the deadline and created a result we all feel proud of.*

**2. One of your greatest strengths is:** *Being happy all the time.*

**For example, I think of the time that:** *We had just lost the league championship game, and we were all really down in the dumps. All of us knew we could have played better, and we were really in a funk. You were the one who pumped us up and made us feel better—not in a superficial or silly way, but by expressing genuine pleasure at having a chance to play and being together as friends. I really admire you for being able to see the good in a situation and being such a positive person.*

**3. One of your greatest strengths is:** *The capacity to persist in the face of adversity.*

**For example, I think of the time that:** *We were past our deadline on a major report. Frank quit and we were left short-handed. Instead of getting discouraged, you became more focused than I have ever seen anyone get. I think you went 48 hours without sleep. I was amazed that you could produce such a quality product under those conditions.*

**Your feedback to me:** Please provide me with three examples of the strengths you observed by completing the following statements.

**1. One of your greatest strengths is:**

**For example, I think of the time that:**

**2. One of your greatest strengths is:**

**For example, I think of the time that:**

**3. One of your greatest strengths is:**

**For example, I think of the time that:**

Please e-mail your responses to me by [insert a date]. Thank you very much for your cooperation. I will be sure to share with you what I learn.

When you have obtained this feedback, you will be guided in developing a best-self portrait in the Skill Practice section of this chapter.

Source: *Adapted from Quinn, Dutton, & Spreitzer, 2003.*

## **MACHIAVELLIANISM SCALE—MACH IV**

Listed below are a number of statements. Each represents a commonly held opinion, but there are no right or wrong answers. Indicate the extent to which you agree or

disagree with each item using this scale. Comparison data is provided at the end of the chapter.

- +3 Agree strongly
- +2 Agree somewhat
- +1 Agree slightly
- 1 Disagree slightly
- 2 Disagree somewhat
- 3 Disagree strongly

If you find that the numbers to be used in answering do not adequately indicate your own opinion, use the one which is closest to the way you feel.

1. Never tell anyone the real reason you did something unless it is useful to do so.	+3 +2 +1 -1 -2 -3
2. The best way to handle people is to tell them what they want to hear.	+3 +2 +1 -1 -2 -3
3. One should take action only when sure it is morally right.	+3 +2 +1 -1 -2 -3
4. Most people are basically good and kind.	+3 +2 +1 -1 -2 -3
5. It is safest to assume that all people have a vicious streak and it will come out when they are given a chance.	+3 +2 +1 -1 -2 -3
6. Honesty is the best policy in all cases.	+3 +2 +1 -1 -2 -3
7. There is no excuse for lying to someone else.	+3 +2 +1 -1 -2 -3
8. Generally speaking, people won't work hard unless they're forced to do so.	+3 +2 +1 -1 -2 -3
9. All in all, it is better to be humble and honest than to be important and dishonest.	+3 +2 +1 -1 -2 -3
10. When you ask someone to do something for you, it is best to give the real reasons for wanting it rather than giving reasons which carry more weight.	+3 +2 +1 -1 -2 -3
11. Most people who get ahead in the world lead clean, moral lives.	+3 +2 +1 -1 -2 -3
12. Anyone who completely trusts anyone else is asking for trouble.	+3 +2 +1 -1 -2 -3
13. The biggest difference between most criminals and other people is that the criminals are stupid enough to get caught.	+3 +2 +1 -1 -2 -3
14. Most people are brave.	+3 +2 +1 -1 -2 -3
15. It is wise to flatter important people.	+3 +2 +1 -1 -2 -3
16. It is possible to be good in all respects.	+3 +2 +1 -1 -2 -3
17. Barnum was wrong when he said that there's a sucker born every minute.	+3 +2 +1 -1 -2 -3
18. It is hard to get ahead without cutting corners here and there.	+3 +2 +1 -1 -2 -3
19. People suffering from incurable diseases should have the choice of being put painlessly to death.	+3 +2 +1 -1 -2 -3
20. Most people forget more easily the death of their father than the loss of their property.	+3 +2 +1 -1 -2 -3

Source: *Christie & Lehman, 1970.*

## Leading Positive Change

The word **leadership** is often used as a catch-all term to describe almost any desirable behavior by a manager. “Good leadership” is frequently the explanation given for the success of almost any positive organizational performance—from stock price increases to upward national economic trends to happy employees. Magazine covers trumpet the remarkable achievements of leaders, and the person at the top is almost always credited as being the cause of the success or failure. Coaches are fired when players don’t perform, CEOs lose their jobs when customers choose a competitor, and presidents are voted out of office when the economy goes south. Contrarily, leaders are often given hero status when their organizations succeed (e.g., Gandhi, Welch, Buffett). The leader as scapegoat, and hero, is an image that is alive and well in modern society. Rationally speaking, however, most of us recognize that there is much more to organizational success than the leader’s behavior, but we also recognize that leadership is one of the most important influences in helping organizations perform well (Cameron & Lavine, 2006; Pfeffer, 1998).

Some writers have differentiated between the concepts of leadership and management (Kotter, 1999; Tichy, 1993, 1997). *Leadership* has often been described as what individuals do under conditions of change. When organizations are dynamic and undergoing transformation, people exhibit leadership. *Management*, on the other hand, has traditionally been associated with the status quo. Maintaining stability is the job of the manager. Leaders have been said to focus on setting direction, initiating change, and creating something new. Managers have been said to focus on maintaining steadiness, controlling variation, and refining current performance. Leadership has been equated with dynamism, vibrancy, and charisma; management with predictability, equilibrium, and control. Hence, leadership is often defined as “doing the right things,” whereas management is often defined as “doing things right.”

Recent research is clear, however, that such distinctions between leadership and management, which may have been appropriate in previous decades, are no longer useful (Cameron & Lavine, 2006; Cameron & Quinn, 1999; Quinn, 2000, 2004). Managers cannot

be successful without being good leaders, and leaders cannot be successful without being good managers. No longer do organizations and individuals have the luxury of holding on to the status quo; worrying about doing things right without also doing the right things; keeping the system stable without also leading change and improvement; maintaining current performance without also creating something new; concentrating on equilibrium and control without also concentrating on vibrancy and charisma. Effective management and leadership are largely inseparable. The skills required to do one are also required for the other. No organization in a postindustrial, hyperturbulent, twenty-first century environment will survive without individuals capable of providing both management and leadership. Leading change and managing stability, establishing vision and accomplishing objectives, breaking the rules and monitoring conformance, although paradoxical, all are required to be successful. Individuals who are effective managers are also effective leaders much of the time. The skills required to be effective as a leader and as a manager are essentially identical.

On the other hand, Quinn (2004) has reminded us that no person is a leader all of the time. Leadership is a *temporary* condition in which certain skills and competencies are displayed. When they are demonstrated, leadership is present. When they are not demonstrated, leadership is absent. In other words, regardless of a person’s title or formal position, people may act as leaders or not, depending on the behaviors they display. Most of the time people are not displaying leadership behaviors. People choose to enter a state of leadership when they choose to adopt a certain mindset and implement certain key skills.

*Understanding that leadership is a temporary, dynamic state brings us to a radical redefinition of how we think about, enact, and develop leadership. We come to discover that most of the time, most people, including CEOs, presidents, and prime ministers, are not leaders. We discover that anyone can be a leader. Most of the time, none of us are leaders. (Quinn, 2004: xx)*

In this chapter, we focus on the most common activity that demonstrates leadership—leading change.

It is while engaging in this task that the temporary state of leadership is most likely to be revealed. That is, despite the heroic image of leaders, every person can develop the skills needed to lead change. No one was born as either a leader or absent the abilities that would enable him or her to be a leader. Everyone can, and most everyone does, become a leader at some point. On the other hand, effectively leading change involves a complex and difficult-to-master set of skills, so assistance is required in order to do it successfully. That is because of the difficulties associated with change.

## Ubiquitous and Escalating Change

It is not news that we live in a dynamic, turbulent, and even chaotic world. Almost no one would try to predict with any degree of certainty what the world will be like in ten years. Things change too fast. We know that the technology currently exists, for example, to put the equivalent of a full-size computer in a wristwatch, or inject the equivalent of a laptop computer into the bloodstream. New computers are beginning to be etched on molecules instead of silicon wafers. The half-life of any technology you can name—from complex computers to nuclear devices to software—is less than six months. Anything can be reproduced in less than a half a year.

The mapping of the human genome is probably the greatest source for change, for not only can we now change a banana into an agent to inoculate people against malaria, but new organ development and physiological regulation promise to dramatically alter population life styles. As of this writing, more than 100 whole animals have been patented. Patents have exploded from an overwhelming 4,000 applications in 1991 to 22,000 in 1995, but one year later they mushroomed to 500,000 per year, with exponential growth expected to continue. Whereas it took ten years to produce a generic alternative to a normal pharmaceutical drug in 1965, the time was cut in half by 1980, cut in half again by 1990, and by the year 2000, generic alternatives could be produced for almost any pharmaceutical compound in about a week. In 1980 it took a year to assemble 12,000 DNA base pairs; by 1999 it took less than a minute, and by the end of 2000, 1,000 base pairs could be assembled in less than one second. Currently, computers are being configured that can sequence every major disease in a single day. Who can predict the changes that will result? Hence, not only is change ubiquitous and constant, but almost everyone predicts that it will escalate exponentially (see Enrique, 2000).

## The Need for Frameworks

**Frameworks** or theories help provide stability and order in the midst of constant change. To illustrate the importance of frameworks, consider a simple experiment conducted by Nobel laureate Herbert A. Simon. Experimental subjects were shown a chess board as it appeared midgame. Some of these individuals were experienced chess players, some were novices. They were allowed to observe the chess board for ten seconds, and then the board was wiped clean. The subjects were asked to replace the pieces on the board exactly as they had appeared before the board was cleared. This experiment was actually conducted on a computer, so wiping the chess board clean was simple, and multiple trials could be generated for each person. Each trial showed a different configuration of a chess game midway through.

The question being investigated was: Which group was best at replacing the chess pieces, the novices or the experienced players? After looking at the board for ten seconds, which individuals would be most accurate in placing each piece in its previous location? An argument could be made for either group. On the one hand, the minds of novices would not be cluttered by preconceptions. They would look at the board with a fresh view. It is similar to the answer to the question: When is the best time to teach a person a new language, age 3 or age 30? The fact that 3-year-olds can learn a new language more quickly than 30-year-olds suggests that novices might also be better at this task because of their lack of preconceptions. On the other hand, the contrary argument is that experience ought to count for something, and the familiarity of experienced players with the chess board should allow them to be more successful.

The results of the experiment were dramatic. Novices accurately replaced the pieces less than five percent of the time. Experienced players were accurate more than 80 percent of the time. When experienced chess players looked at the board they saw familiar patterns, or what might be called frameworks. They said things like this: “This looks like the Leningrad defense, except this bishop is out of place and these two pawns are arranged differently.” Experienced players identified the patterns quickly, and then they paid attention to the few exceptions on the board. Novices, on the other hand, needed to pay attention to every single piece as if it were an exception, since no pattern (or framework) was available to guide their decisions.

Frameworks serve the same function for managers. They clarify complex or ambiguous situations. Individuals who are familiar with frameworks can manage complex situations effectively because they can respond to fewer exceptions. Individuals without frameworks are left to react to every piece of information as a unique event or an exception. The best managers possess the most, and the most useful, frameworks. When they encounter a new situation, they do not become overwhelmed or stressed because they have frameworks that can help simplify and clarify the unfamiliar.

## Tendencies Toward Stability

Organizations are designed like frameworks that allow exceptions to be managed effectively. They are intended to create stability, steadiness, and predictable conditions. They try to constrain as much change as possible. That is, organizations help specify what is expected of employees, who reports to whom, what the goals are, what procedures are to be employed, what rules apply, how the work gets done, and so on. These elements are all intended to reduce the ambiguity of changing conditions and to create predictability for employees so that the uncertainties of environmental change do not overwhelm them. Managers are obliged to try to ensure that steady, stable conditions are fostered.

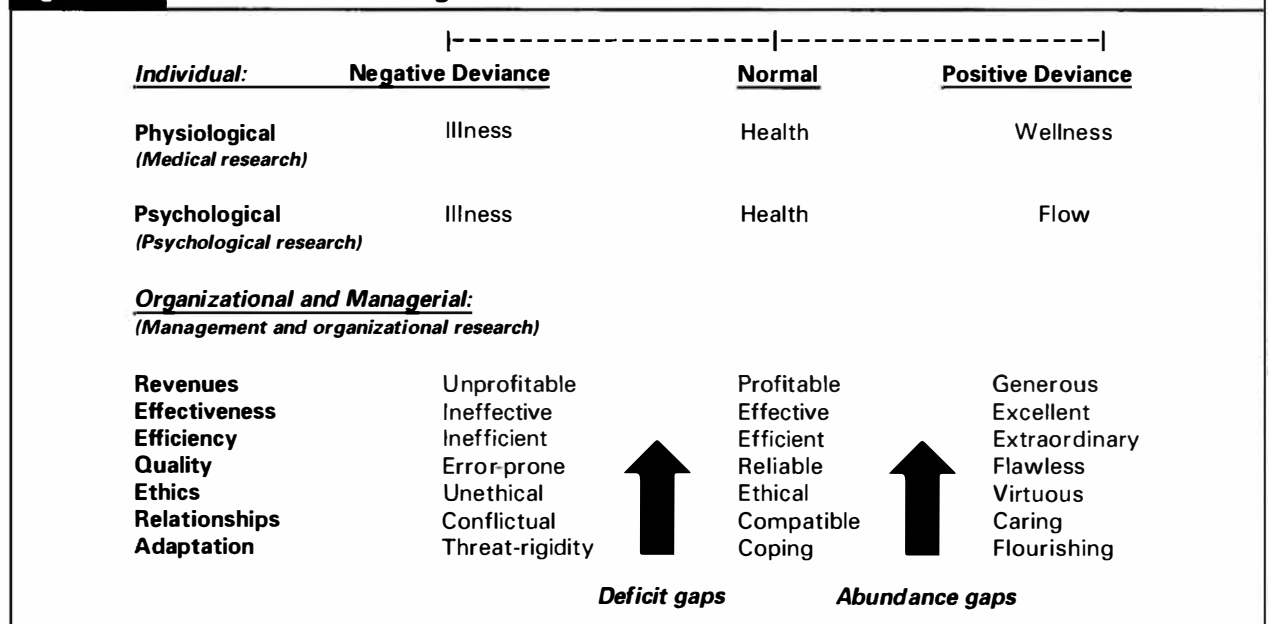
Leading change, therefore, is contradictory to the common requirements of ensuring predictability and

constancy. It disrupts the permanence of the system and creates more uncertainty. The skill of leading change, therefore, runs contrary to what organizations are fundamentally designed to do. Even more important, leading *positive* change is different from simply leading ordinary change in an organization. Change will always be widespread and constant, but leading positive change in organizations is unusual and difficult, and it requires special know-how and a special skill set.

To illustrate the difference between leading commonplace change and positive change, consider the continuum in Figure 10.1 (Cameron, 2003a). It shows a line depicting normal, healthy performance in the middle, with unhealthy, negative performance on the left and unusually positive performance on the right. Most organizations and most managers strive to maintain performance in the middle of the continuum. People and organizations strive to be healthy, effective, efficient, reliable, compatible, and ethical. It is in the middle of the continuum where things are most comfortable.

We usually refer to the left end of the continuum as **negative deviance**. To call someone a “deviant” usually means that he or she needs correction or treatment. Most managers strive to get deviant people to behave within a normal range. If they don’t, if they continue to behave badly, they get transferred, punished, or fired. With few exceptions (e.g., athletes and heroic figures) the same pressure toward normal behavior exists on the right side of the continuum as

**Figure 10.1 A Continuum of Negative and Positive Deviance**



Source: Cameron, 2003b.

well as the left. Pressure is always brought to bear to get people to behave in predictable, normal ways.

Think, for example, of people you have encountered who are positively deviant at work—flawless performers, flourishing in everything they do, and constantly extraordinary. They're too perfect. They make people feel uncomfortable. They make others feel guilty. They are rate-busters. We accuse them of showing up other people. There is a lot of pressure to get them back in line or within a normal range of performance. Most of the time we insist that others stay in the middle range. Being on either the right side or the left side of the continuum is usually interpreted as against the rules.

Not surprisingly, we know a lot more about the left side of the continuum than the right side. Consider the top line of Figure 10.1, for example, and think of your own physical health. If you're ill, you usually get treatment from a medical professional who provides medication or therapy until you return to normal health. When you're healthy you stop seeing the doctor and the doctor stops treating you. About 90 percent of all medical research has focused on how to get people from the left side of the continuum—illness—to the middle of the continuum—health. Yet, everyone knows that a condition exists on the right side of the continuum which is better than just being healthy. It is exemplified by people who can run a marathon, do 400 pushups, or compete at Olympic fitness levels. They are positively deviant on the health continuum. Much less serious attention in medical science has been paid to how people can reach this state of **positive deviance**. Leading positive change (from the middle point to the right side) is more uncertain than leading change from the left side to the middle point.

Similarly, the second line of the figure refers to psychological health. On the left is illness—depression, anxiety, burnout, paranoia, and so forth—and the middle depicts normal psychological functioning—being emotionally healthy or reasonably happy. Seligman (2002) reported that more than 99 percent of psychological research in the last 50 years has focused on the left and middle points on the continuum—that is, how to treat people who are ill in order to get them to a state of normality or health. Again, however, a positively deviant psychological condition is also possible. It is sometimes characterized by a state of **“flow”** (Csikszentmihalyi, 1990)—where people's minds are totally engaged in a challenging task so that they lose track of time, physical appetites, and outside influences—or they experience especially positive emotions (Fredrickson, 2003) such as joy, excitement, or

love. Most people have experienced at some time being “in the zone,” during which more of their brain capacity is used than at normal times. Such conditions represent positively deviant psychological states. A new movement in psychology studies positively deviant psychological states, and we will summarize some of those findings below. Most managers and most organizations, however, are in business to create normal behavior, not to foster deviant behavior. This is illustrated by the lower lines in Figure 10.1, which refer to organizations and managers.

The figure lists conditions ranging from unprofitable, ineffective, inefficient, and error-prone performance on the left side, to profitable, effective, efficient, and reliable performance in the middle. For the most part, leaders and managers are charged with the responsibility to ensure that their organizations are operating in the middle range. They are consumed with the problems and challenges that threaten their organizations from the left side of the continuum (e.g., unethical behavior, dissatisfied employees or customers, financial losses, and so on.) Most leaders and managers are content if they can get their organizations to that middle state—profitable, effective, reliable. In fact, almost all organizational and managerial research has focused on how to ensure that organizations can perform in the normal range. We don't have very good language to describe the right side of the organizational continuum. Instead of just being profitable, positively deviant organizations might strive to be generous, using their resources to do good. Instead of just being effective, efficient, reliable, they might strive to be benevolent, flourishing, and flawless.

The right side of the continuum is referred to as an **abundance approach** to performance. The left side of the continuum is referred to as a **deficit approach** to performance (Cameron & Lavine, 2006). Much more attention has been paid to solving problems, surmounting obstacles, battling competitors, eliminating errors, making a profit, and closing deficit gaps compared to identifying the flourishing and life-giving aspects of organizations, or closing abundance gaps. Our colleague Jim Walsh (1999) found, for example, that words such as “win,” “beat,” and “competition” have dominated the business press over the past two decades, whereas words such as “virtue,” “caring,” and “compassion” have seldom appeared at all. Less is known, therefore, about the right side of the continuum in Figure 10.1 and the concepts that characterize it. Most research on leadership, management, and organizations, therefore, has remained fixed on the left and center points of the continuum. Yet, it is on the right

end that the skill of leading positive change becomes relevant. It is on that side of the continuum that our discussion will focus in this chapter.

Focusing on the right side of the continuum—or on abundance gaps—unlocks something called the heliotropic effect. This is a natural tendency in every living system to be inclined toward positive energy—toward light—and away from negative energy or from the dark. The reason is that light is life-giving and energy creating. Abundance creates positive energy. Deficits often do not. All living systems are inclined toward that which gives life, so abundance approaches to change enable the heliotropic effect to occur.

For example, with individuals, the heliotropic effect may be manifest physiologically as the *placebo effect*. A variety of studies have shown that if a person holds positive beliefs that a medication will be effective, it will, in fact, produce the desired effect about 60 percent of the time. Psychologically, the heliotropic effect is manifest as the *Pygmalion effect*. That is, not only does a person's biological system respond to his or her own positive expectations, but the expectations of others also can produce a heliotropic effect. A large amount of evidence suggests that when someone holds positive expectations for you—especially if that person is important to you—your behavior is altered positively.

The heliotropic effect is also manifest emotionally. Many studies have documented the fact that people with positive emotional states and optimistic outlooks experience fewer illness and accidents and, in fact, actually enjoy a longer and higher quality of life. Depressed, anxious, or angry people get sick more often than happy, joyful, upbeat people, even when exposed to the same number of cold viruses, and they tend more often to be in the wrong place at the wrong time and experience accidents.

The heliotropic effect can manifest itself in visualization. When people visualize themselves as succeeding—they see themselves hitting the ball, clearing the bar, making the shot, getting the right answer, or recovering from illness—they tend to succeed significantly more than otherwise. This heliotropic effect is explained in more detail in Cameron and Lavine (2006).

## A Framework for Leading Positive Change

**Leading positive change** is a management skill that focuses on unlocking positive human potential. Positive change enables individuals to experience appreciation, collaboration, vitality, and meaningfulness in their

work. It focuses on creating abundance and human well-being. It fosters positive deviance. It acknowledges that positive change engages the heart as well as the mind.

**A Case Example** An example of this kind of change occurred in a New England hospital that faced a crisis of leadership when the popular vice president of operations was forced to resign (Cameron & Caza, 2002). Most employees viewed him as the most innovative and effective administrator in the hospital and as the chief exemplar of positive energy and change. Upon his resignation, the organization was thrown into turmoil. Conflict, backbiting, criticism, and adversarial feelings permeated the system. Eventually, a group of employees appealed to the board of directors to replace the current president and CEO with this ousted vice president. Little confidence was expressed in the current leadership, and the hospital's performance was deteriorating. Their lobbying efforts were eventually successful in that the president and CEO resigned under pressure, and the popular vice president was hired back as president and CEO.

Within six months of his return, however, the decimated financial circumstances at the hospital led to an announced downsizing aimed at reducing the workforce by 10 percent. The hospital faced millions of dollars in losses. This newly hired CEO had to eliminate the jobs of some of the very same people who supported his return. The most likely results of this action were an escalation in the negative effects of downsizing: loss of loyalty and morale, perceptions of injustice and duplicity, blaming and accusations. Based on research on the effects of downsizing, a continuation of the tumultuous, antagonistic climate was almost guaranteed (Cameron, Whetten, & Kim, 1987).

Instead, the opposite results occurred. Upon his return, the new CEO made a concerted effort to lead positive change in the organization, not merely manage the required change. He institutionalized forgiveness, optimism, trust, and integrity. Throughout the organization, stories of compassionate acts of kindness and virtue were almost daily fare. One typical example involved a nurse who was diagnosed with terminal cancer. Respondents reported that when word spread of the man's illness, doctors and staff members from every area in the hospital donated vacation days and personal leave time so that he would continue to collect a salary even though he could not work. Ironically, the pool of days expired just before he died, so he was never terminated, and he received a salary right up to his last day.

Employees also reported that the personal and organizational damage done by the announced downsizing—friends losing jobs, budgets being cut—had been formally forgiven. Employees released grudges and moved on toward an optimistic future. One indication was the language used throughout the organization, which commonly included words such as love, hope, compassion, forgiveness, and humility, especially in reference to the leadership that announced the downsizing actions.

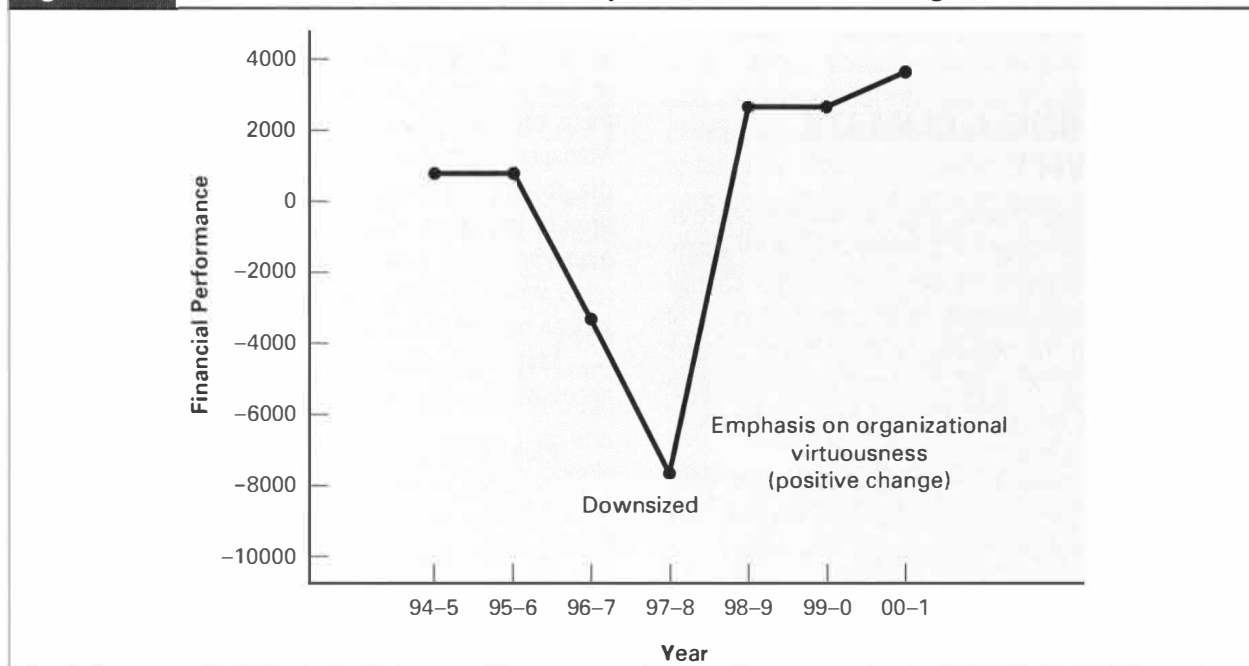
*We are in a very competitive health care market, so we have differentiated ourselves through our compassionate and caring culture. . . . I know it sounds trite, but we really do love our patients. . . . People love working here, and their family members love us too. . . . Even when we downsized, [our leader] maintained the highest levels of integrity. He told the truth, and he shared everything. He got the support of everyone by his genuineness and personal concern. . . . It wasn't hard to forgive. (Representative responses from a focus group interview of employees, 2002)*

Even the redesigned physical architecture of the hospital reflected its positive approach to change, being designed to foster a more humane climate for patients

and to communicate the virtuousness of the organization. For example, the maternity ward installed double beds (which didn't previously exist) so husbands could sleep with their wives rather than sitting in a chair all night; numerous communal rooms were created for family and friend gatherings; hallways and floors were all carpeted; volunteer pets were brought in to comfort and cheer up patients; original paintings on walls displayed optimistic and inspiring themes; nurses stations were all within eyesight of patients' beds; Jacuzzis were installed in the maternity ward; special meals were prepared to fit patients' dietary preferences; and so on. Employees indicate that the leadership of positive change—not merely the management of change—was the key to their recovery and thriving. Special language, activities, and processes were important parts of employees' explanations for the organization's renewal. Figure 10.2 illustrates the financial turnaround associated with the hospital's concentrated focus on virtuousness.

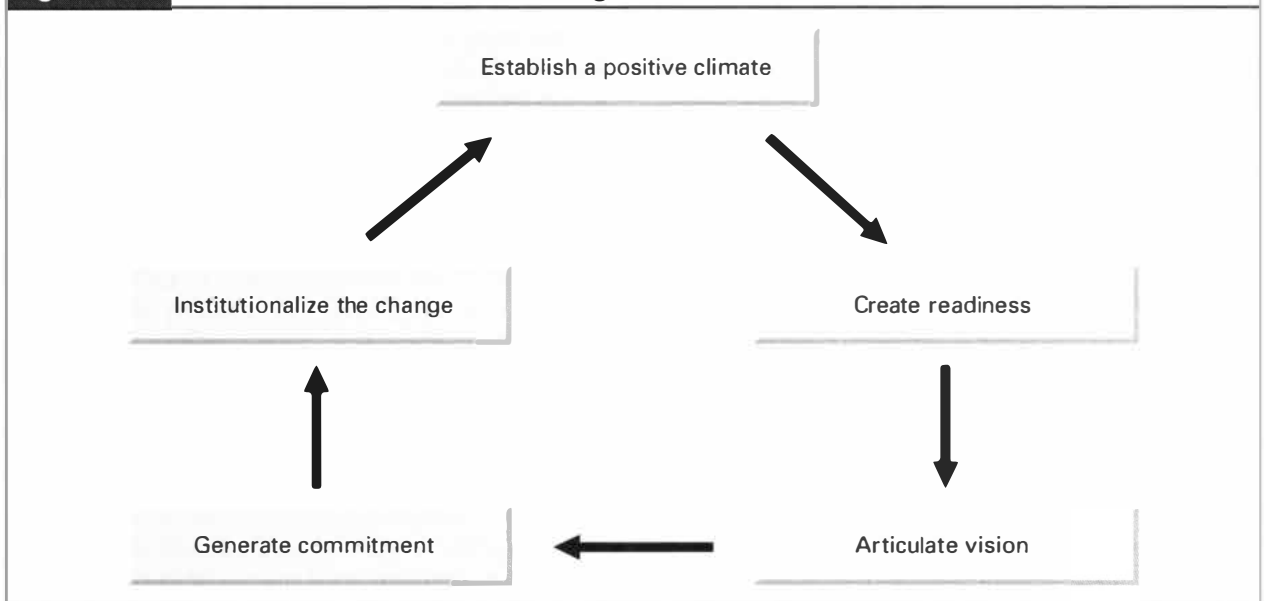
**A Framework of Positive Change** This chapter reviews the five key management skills and activities required to effectively lead positive change. They include: (1) establishing a climate of positivity, (2) creating readiness for change, (3) articulating a vision of abundance, (4) generating commitment to the vision, and (5) institutionalizing the positive

**Figure 10.2** Financial Performance of a Hospital After Positive Change (Revenues in 000s)



Source: Cameron, Bright, & Caza, 2003.

**Figure 10.3** A Framework of Positive Change



change (Cameron & Ulrich, 1986). Figure 10.3 summarizes these steps, and we discuss them below. Leaders of positive change are not all CEOs, of course, nor are they in titled or powerful positions. On the contrary, the most important leadership demonstrated in organizations usually occurs in departments, divisions, and teams and by individuals who take it upon themselves to enter a temporary state of leadership (Meyerson, 2001; Quinn, 2004). These principles apply as much to the first-time manager, in other words, as to the experienced executive.

## ESTABLISHING A CLIMATE OF POSITIVITY

The first and most crucial step in leading positive change is to set the stage for positive change by establishing a climate of positivity. Because constant change is typical of all organizations, most managers most of the time focus on the negative or problematic aspects of change. A leader who will focus on positive change is both rare and valuable. Not everyone masters it, although everyone can.

Baumeister, Bratslavsky, Finkenauer, and Vohs (2001) pointed out that negative occurrences, bad events, and disapproving feedback are more influential and longer lasting in people than positive, encouraging, and upbeat occurrences. For example, if someone breaks into your home and steals \$1,000, it will affect you more, and will be more long-lasting in its effects,

than if someone sends you a \$1,000 gift. If three people compliment you on your appearance and one person is critical, the one criticism will carry more weight than the three compliments. In other words, according to Baumeister's review of the literature, "bad is stronger than good." People tend to pay more attention to negative than positive phenomena, and for good reason. Ignoring a negative threat could cost you your life. Not attending to negative events could prove dangerous. Ignoring a positive, pleasant experience, on the other hand, would only result in regret. Consequently, managers and organizations—constantly confronted by problems, threats, and obstacles—have a tendency to focus on the negative much more than the positive. Managers must consciously choose to pay attention to the positive, uplifting, and flourishing side of the continuum in Figure 10.1, otherwise negative tendencies overwhelm the positive. Leading positive change, in other words, is going against the grain. It is not necessarily a natural thing to do. It requires skill and practice.

Mahatma Gandhi's statement illustrates the necessity of positivity, even though it is difficult:

*Keep your thoughts positive, because your thoughts become your words. Keep your words positive, because your words become your behavior. Keep your behavior positive, because your behavior becomes your habits. Keep your habits positive because your habits become your values. Keep your values positive, because your values become your destiny. (Gold, 2002)*

In order to establish a climate of positivity in an organization, managers must help establish at least three necessary conditions: (1) positive energy networks, (2) a climate of compassion, forgiveness, and gratitude, and (3) attention to strengths and the best self.

### **Create Positive Energy Networks**

Have you ever been around a person who just makes you feel good? You leave every interaction happier, more energized, and uplifted? In contrast, do you know people who are constantly critical, negative, and discouraging? They seem to deplete your own reserve of positive energy? Recent research has discovered that people can be identified as “positive energizers” or “negative energizers” in their relationships with others (Baker, Cross, & Wooten, 2003). **Positive energizers** are those who strengthen and create vitality and liveliness in others. **Negative energizers** are people who deplete the good feelings and enthusiasm in other people and make them feel diminished, devalued, or drained. Research shows that positive energizers are higher performers, enable others to perform better, and help their own organizations succeed more than negative energizers (Baker et al., 2003). People who drain energy from others tend to be critical, express negative views, fail to engage others, and are more self-centered than positive energizers. Being a positive energizer is associated with being sensitive in interpersonal relationships, trustworthy, supportive to others in comments, actively (not passively) engaged in social interactions, flexible and tolerant in thinking, and unselfish. They are not necessarily charismatic, giddy, or just Pollyannaish. Rather, positive energy creators are optimistic and giving, and others feel better by being around them.

Here is why that is so important in leading positive change. Research by Wayne Baker (2001) has investigated the kinds of networks that exist in organizations. Most research investigates two kinds of networks—information networks and influence networks. If you are at the center of an information network, that means more information and communication flow through you than anyone else. You have access to a greater amount of information than others. Predictably, people at the center of an information network have higher performance and are more successful in their careers than people on the periphery. The same can be said for people at the center of influence networks. Influential people are not always people with the most prestigious titles, but they tend to be people who can

influence others to get things done (see Chapter 5 on power and influence). Recent research has discovered, however, that **positive energy networks** are far more powerful in predicting success than information or influence networks. In fact, being a positive energizer in an organization is four times more predictive of success than being at the center of an information network or even being the person with an important title or senior position. Displaying positive energy, in other words, tends to be a very powerful predictor of personal as well as organizational success.

Effective managers identify positive energizers and then make certain that networks of people are formed who associate with these energizers. Positive energizers are placed in positions where others can interact with them and be influenced by them. The research findings are clear that people who interact with positive energizers perform better, as well as do the positive energizers themselves, so make sure you and others rub shoulders with them often. In addition to forming positive energy networks, effective managers will also foster positive energy in other people by: (1) exemplifying or role modeling positive energy themselves, (2) recognizing and rewarding people who exemplify positive energy, and (3) providing opportunities for individuals to form friendships at work (which usually are positive energy creators).

### **Ensure a Climate of Compassion, Forgiveness, and Gratitude**

A second aspect of a climate of positivity is the appropriate display of compassion, forgiveness, and gratitude in organizations. These terms may sound a bit saccharine and soft—even out of place in a serious discussion of developing management skills for the competitive world of business. Yet, recent research has found them to be very important predictors of organizational success. Companies that scored higher on these attributes performed significantly better than others (Cameron, 2003b). That is, when managers fostered compassionate behavior among employees, forgiveness for missteps and mistakes, and gratitude resulting from positive occurrences, their firms excelled in profitability, productivity, quality, innovation, and customer retention. Managers that reinforced these virtues were more successful in producing bottom-line results.

Paying attention to these concepts simply acknowledges that employees at work have human concerns—they feel pain, experience difficulty, and encounter injustice in their work and personal lives. Think of people you know, for example, who are currently

managing a severe family illness, experiencing a failed relationship, coping with hostile and unpleasant coworkers or associates, or facing overload and burnout. Many organizations don't allow personal problems to get in the way of getting the job done. Human concerns take a back seat to work-related concerns. Regardless of what is happening personally, responsibilities and performance expectations remain the same. To lead positive change, however, managers must build a climate in which human concerns are acknowledged and where healing and restoration can occur. Because change always creates pain, discomfort, and disruption, leaders of positive change are sensitive to the human concerns that can sabotage many change efforts. Without a reserve of good will and positive feelings, almost all change fails. Therefore, unlocking people's inherent tendency to feel compassion, to forgive mistakes, and to express gratitude helps build the human capital and reserve needed to successfully lead positive change. How might that occur?

**Compassion** Kanov and colleagues (2003) found that **compassion** is built in organizations when managers foster three things: **collective noticing**, **collective feeling**, and **collective responding**. When people are suffering or experiencing difficulty, the first step is to notice or simply become aware of what is occurring. An iron-clad rule exists at Cisco Systems, for example, where CEO John Chambers must be notified within 48 hours of the death or serious illness of any Cisco employee or family member. People are on the lookout for colleagues who need help.

The second step is to enable the expression of collective emotion. Planned events where people can share feelings (for example, grief, support, or love) help build a climate of compassion. For example, a memorial service for a recently deceased executive at which the CEO shed tears was a powerful signal to organization members that responding compassionately to human suffering was important to the organization (Frost, 2003).

The third step is collective responding, meaning that the manager ensures that an appropriate response is made when healing or restoration is needed. In the aftermath of the 11 September 2001 tragedy, many examples of compassion—and noncompassion—were witnessed in organizations around the country. While some leaders modeled caring and compassion in the responses they fostered, others stifled the healing process (see Dutton, Frost, Worline, Lilius, & Kanov, 2002).

**Forgiveness** Most managers assume that **forgiveness** has no place in the work setting. Because of high

quality standards, the need to eliminate mistakes, and a requirement to “do it right the first time,” managers assume that they cannot afford to let errors go unpunished. Forgiving mistakes will just encourage people to be careless and unthinking, they conclude. However, forgiveness and high standards are not incompatible. That is because forgiveness is not the same as pardoning, condoning, excusing, forgetting, denying, minimizing, or trusting (Enright & Coyle, 1998). To forgive does not mean relieving the offender of a penalty (i.e., pardoning), or saying that the offense is OK, not serious, or forgotten (i.e., condoned, excused, denied, minimized). The memory of the offense need not be erased for forgiveness to occur. Instead, forgiveness in an organization involves the capacity to abandon justified resentment, bitterness, and blame, and, instead, to adopt positive, forward-looking approaches in response to harm or damage (Cameron & Caza, 2002).

For example, because minor offenses and disagreements occur in almost all human interactions, especially in close relationships, most people are practiced forgivers. Without forgiveness, relationships could not endure and organizations would disintegrate into squabbles, conflicts, and hostilities. One explanation for the successful formation of the European Economic Union is forgiveness, for example (Glynn, 1994). Collectively speaking, the French, Dutch, and British forgave the Germans for the atrocities of World War II, as did other damaged nations. Likewise, the reciprocal forgiveness demonstrated by the United States and Japan after World War II helps explain the flourishing economic and social interchange that developed in subsequent decades. On the other hand, the lack of peace in certain war-torn areas of the world can be at least partly explained by the refusal of organizations and nations to forgive one another for past trespasses (Helmick & Petersen, 2001).

The importance of forgiveness in organizations, and societies, is illustrated by Nobel laureate Desmond Tutu in his description of postapartheid South Africa:

*Ultimately, you discover that without forgiveness, there is no future. We recognize that the past cannot be remade through punishment. . . . There is no point in exacting vengeance now, knowing that it will be the cause for future vengeance by the offspring of those we punish. Vengeance leads only to revenge. Vengeance destroys those it claims and those who become intoxicated with it . . . therefore, forgiveness is an absolute necessity for continued human existence. (Tutu, 1998, p. xiii; 1999, p. 155)*

Forgiveness is enhanced in organizations when managers:

1. Acknowledge the trauma, harm, and injustice that their organization members have experienced, but they define the occurrence of hurtful events as an opportunity to move forward toward a new goal.
2. Associate the outcomes of the organization (e.g., its products and services) with a higher purpose that provides personal meaning for organization members. This higher purpose replaces a focus on self (e.g., retribution, self-pity) with a focus on a higher objective.
3. Maintain high standards and communicate the fact that forgiveness is not synonymous with tolerance for error or lowered expectations. Use forgiveness to facilitate excellence by refusing to focus on the negative and, instead, focus on achieving excellence.
4. Provide support by communicating that human development and human welfare are as important in the organization's priorities as the financial bottom line. This kind of support helps employees catch sight of a way to move past the injury.
5. Pay attention to language, so that terms such as forgiveness, compassion, humility, courage, and love are acceptable; this language provides a humanistic foundation upon which most forgiveness occurs.

An analysis of the several organizations' successful turnaround after the trauma of downsizing reveals these five steps being demonstrated in institutionalizing forgiveness.

**Gratitude** Observing acts of compassion and forgiveness—not to mention being the recipient of them—creates a sense of gratitude in people. **Gratitude** is crucial in organizations because it leads to reciprocal behavior, equity, and justice (e.g., returning a favor, doing good in return for receiving good, being fair). Simmel referred to gratitude as “the moral memory of mankind . . . if every grateful action . . . were suddenly eliminated, society (at least as we know it) would break apart” (1950, p. 388).

Feelings of gratitude have been found to have dramatic effects on individual and organizational performance. For example, Emmons (2003) induced feelings of gratitude in students by assigning them to keep journals as part of a semester-long assignment. Some of the students were required to keep “gratitude journals” on a

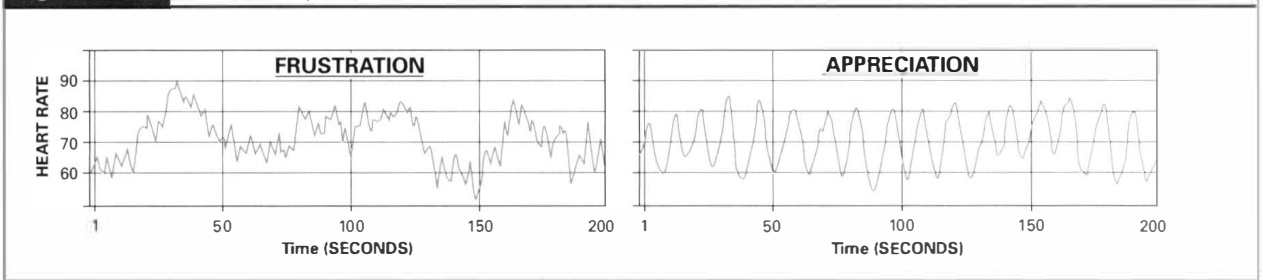
daily or weekly basis. That is, they wrote down events or incidents that happened during the day (or week) for which they were grateful. Other students were assigned to write down events or incidents that were frustrating, and still other students were assigned to write down events or incidents that were merely neutral. Students keeping gratitude journals, compared to frustrated students and neutral students, experienced fewer physical symptoms such as headaches, colds, and so on; felt better about their lives as a whole; were more optimistic about the coming week; had higher states of alertness, attentiveness, determination, and energy; reported fewer hassles in their lives; engaged in more helping behavior toward other people; experienced better sleep quality; and had a sense of being more connected to others. In addition, they were absent and tardy less often and had higher grade point averages. Feelings of gratitude had significant impact on student classroom performance as well as people's personal lives.

McCraty and Childre (2004) helped explain one reason why the positive effect of gratitude occurs in people's lives. They studied heart rhythms of people when they experienced frustrating or stressful work conditions, and compared those heart rhythms to changes that occurred when people were induced into a gratitude condition. Figure 10.4 shows the differences. For the first 100 seconds, the erratic and disordered heartbeat pattern shows a condition of frustration and stress, whereas for the next 100 seconds the heartbeat pattern shows a condition of appreciation and gratitude. It is easy to see why performance and health are enhanced by gratitude.

Emmons also found that expressions of gratitude by one person tend to motivate others to express gratitude, so a self-perpetuating, virtuous cycle occurs when gratitude is expressed. Gratitude elicits positive behaviors on the part of other people (e.g., they are more likely to loan money, provide compassionate support, as well as behave reciprocally). For example, a hand-written “thank you” on a restaurant bill by the server elicits about 11 percent higher tips, and visits by case workers and social workers are 80 percent higher if they are thanked for coming (McCullough, Emmons, & Tsang, 2002). People respond positively to expressions of gratitude. Thus, not only does gratitude help people *feel* good but *do* good as well.

Managers engender gratitude in an organization simply by expressing gratitude frequently and conspicuously themselves, even for small acts and small successes, and by keeping track of things that go right (not just things that go wrong) and expressing gratitude for them. Elaborate programs are not needed, just frequent thank yous.

**Figure 10.4** Heart Rhythms in Frustration and in Gratitude Conditions



These are actual heart rhythm patterns resulting from in an induced state of frustration followed by an induced gratitude condition.

Source: McCraty & Childre, 2004.

### **Pay Attention to Strengths and the Best Self**

Identifying people's strengths (or what they do right) and then building on them creates more benefit than identifying weaknesses (or what people do wrong) and trying to correct them. For example, managers who spend more time with their strongest performers (rather than their weakest performers) achieved double the productivity. In organizations where workers have a chance to "do what they do best every day," productivity is one-and-a-half times greater than in normal organizations. People who are given feedback on their strengths are significantly more likely to feel highly engaged and to be more productive than people who are given feedback on their weaknesses. Students who are given feedback on their talents have fewer days of absenteeism, are tardy less often, and have higher GPAs than students who get no feedback on their talents. The strongest readers make more improvement in a speed-reading class designed to improve reading than the poor readers (Clifton & Harter, 2003).

Another illustration of this principle that building on positive strengths is more effective than concentrating on overcoming weaknesses is a classic study of (American) bowling (Kirschenbaum, 1984). To explain the study, let's assume that we decided to take a group of people to a bowling alley. The objective is to help these folks improve their bowling scores. We ask them all to bowl three games, and as they bowl, we videotape each person. Then, we ask that the entire group practice bowling for the next six months in order to improve their scores. However, to assist them, we will show them videotape of the three games we filmed. For half the group, we show them only video footage of when they rolled strikes, or knocked all the pins down. For the other half of the

group, we show them only video footage of when they did not roll strikes, or they did not knock all the pins down. Half the people are trying to capitalize on what they did right. Half the group is trying to correct mistakes. After six months of practice, we bring all the people back together and ask them to bowl three more games. We would discover that there is a statistically significant difference between the two groups. One group would bowl significantly better than the other. Which would you predict would do the best?

The research indicates that those who watched their past successes—they saw footage of their strikes—improved significantly more than those who watched footage of mistakes. That's because when we start out almost any activity, we mostly make mistakes. Yet, we tend to learn how to do it right over time. We tend to make more and more strikes, hit the ball down the center of the fairway, swish the free throw, or improve our public speaking ability, even though we make a lot of mistakes in the beginning. In other words, focusing on the positive will bring superior results to focusing on the negative. The trouble is, most people, most of the time, are inclined to pay attention to what's wrong, the problems, the negative feedback, or the failures they experience. The research, however, demonstrates the potency of the positive.

An even more dramatic finding resulted from a study of top management teams engaged in strategic planning for their organizations. Losada and Heaphy (2003) studied 60 teams of senior executives who met to set objectives, refine budgets, and identify plans for the upcoming year. The research focused on investigating why some teams, and their organizations, performed better than others. The teams used in the research were executives and top managers in well-recognized corporations.

The teams were categorized into three groups based on six measures of performance, such as firm profitability, productivity, managerial capability, and so on. The three groups were: those that performed well, those that performed about average, and those that performed poorly. To explain differences among the groups, the communication patterns of the teams was carefully monitored and analyzed. The single most important factor in predicting success—which was four times more powerful in predicting success than any other factor—was the ratio of positive comments to negative comments. Positive comments are those that express appreciation, support, helpfulness, or compliments. Negative comments express criticism, disapproval, or blame. The results of the research were dramatic. In high-performing teams, the ratio of positive to negative comments was 5:1. Five times more positive comments were made than negative comments. In medium-performing teams, the ratio was 1:1. In low-performing teams, the ratio was 0.36:1. In other words, in low-performing teams, there were three negative comments for every positive comment.

What these results show is that high-performing teams have an abundance of positive comments compared to negative comments. Effective teams are far more complimentary and supportive than ineffective teams. It's not that correction and criticism are entirely absent—it's not Pollyanna or rose-colored glasses all the time—but the positive outweighs the negative by a ratio of 5 to 1. Teams that performed moderately well had about an equal number of positive and negative comments, and teams that performed poorly had more negative than positive comments. The same ratio, by the way, has been found in successful marriages. Marriages that are strong also have a ratio of 5 to 1 positive interactions. Marriages that end in divorce have more negative than positive comments (Gottman, 1994).

Obviously, the management skill demonstrated by effective leaders of positive change is to bias their communication toward positive, supportive comments rather than negative and corrective comments. Remember, however, that the ratio is not 100:1 or 5:0. That is, critical, confrontive, and corrective comments need to be present and cannot be ignored. It's just that effective managers are, by and large, more focused on positive than negative communication.

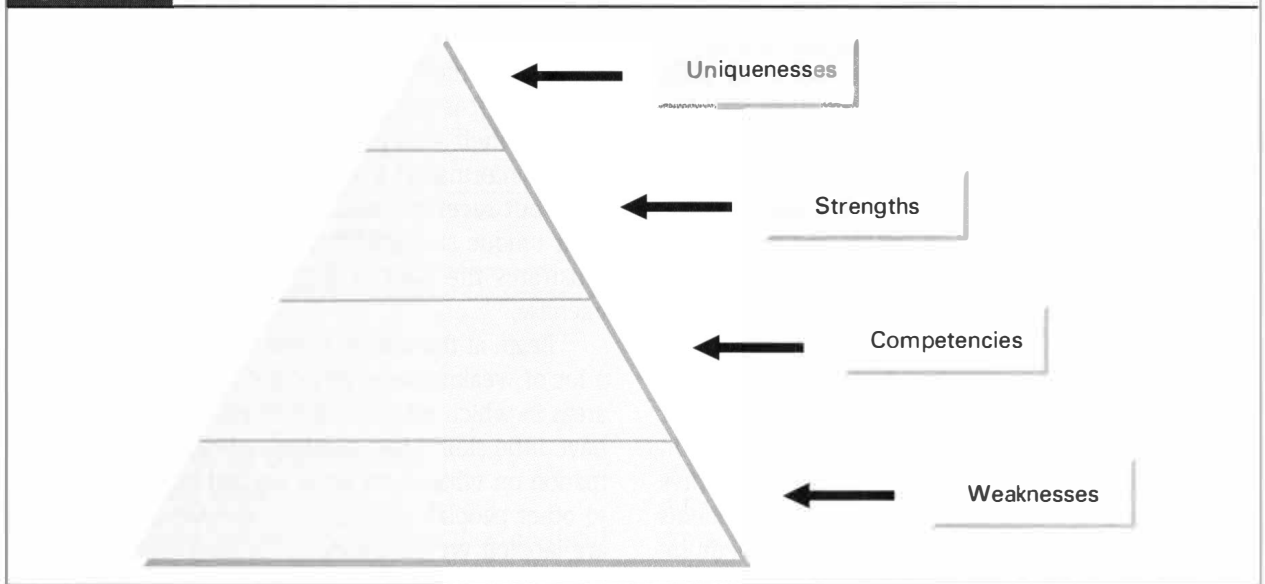
**Reflected Best-Self Feedback** One technique that managers can use to enhance positivity and focus on strengths is called “**reflected best-self feedback**”

(Quinn, Dutton, & Spreitzer, 2003) It is a technique developed and used extensively at the University of Michigan Business School and recently adopted at the Harvard Business School, MIT, and several major corporations. It is designed to provide people with feedback on their strengths and unique capabilities. This kind of information is not frequently given to people, if ever, but receiving it allows individuals to build on their unique strengths in a positive way. Figure 10.5 illustrates the kind of feedback resulting from this exercise.

Begin at the bottom of the figure. Most of us have a lot of weaknesses—areas that are underdeveloped, areas in which we are uninformed, areas in which we have little skill. Most feedback systems provide information on what those areas are and how we compare to other people's capabilities in the same areas. Those are labeled **weaknesses** in Figure 10.5. We also all have areas in which we perform competently. We do fine—not stellar, but good enough. Those are areas of **competence**. A third category is areas of well-developed skill. We're outstanding performers in some areas. We have special capabilities or talents, and we do better than most people. These are areas of **strength**. Finally, we all have areas that are unique to us. If we don't contribute what we have, or if we don't share our capacities and gifts, no one else has the ability to do so. Our talent or skill is special. We refer to this area as **uniquenesses**. Research indicates that capitalizing on our strengths and uniquenesses produces more success than trying to work on and overcome weaknesses—even though weaknesses may be more numerous and more obvious (Clifton & Harter, 2003).

You engaged in the reflected best-self feedback process as part of the Skill Pre-assessment section of this chapter. In this technique each person is asked to identify 20 other individuals who are acquaintances. These can be friends, coworkers, neighbors, or family members. Each of these acquaintances is asked to write three stories responding to this question: “When you have seen me at my best, or when you have seen me make a real contribution, what strengths did I display?” In other words, the 20 people write three stories about when the person was his or her best self. Those 60 stories identify the key strengths and unique talents of the individual—information that is both rare and extremely valuable. This information is analyzed by the person receiving the stories and summarized into a few key themes. Those themes represent the best-self strengths and uniquenesses of the person. The feedback comes in the form of incidents and stories, not numbers or trend lines, so it is

**Figure 10.5** Personal Weaknesses, Competencies, Strengths, and Uniquenesses



connected directly to behaviors that the person has displayed in the past and which can be repeated and enhanced in the future. It captures emotions and feelings as well as intentional actions. These are the strengths and uniquenesses that can be built upon and enhanced. This kind of feedback does not even mention weaknesses or shortcomings. It does not motivate people to overcome areas of deficiency. Rather, it emphasizes the positive and helps people develop strategies to capitalize on it.

Of course, completely ignoring weaknesses and inadequacies is not healthy either. Focusing exclusively on the positive and disregarding critical weaknesses is not apt to be healthy in the long run. It's just that most individuals, and most organizations, concentrate almost exclusively on the negative and are likely to ignore, or at least short-change, the positive. The reflective best-self feedback technique is a way to counterbalance that tendency.

**Summary** Not everyone, and maybe even very few people, live or work in a positive organizational climate in which people flourish and experience positive energy. The role of the leader of positive change, therefore, is to facilitate and engender these characteristics. Table 10.1 summarizes some specific behaviors that can be implemented.

Being a source of positive energy and building positive energy networks leads to higher levels of personal success and organizational success. Similarly, the expression of compassion, forgiveness, and gratitude in organizations is also associated with superior performance,

personally and organizationally. And, focusing on strengths and talents—celebrating successes, complimenting what is going right, recognizing what folks do well—produces superior performance as well. Therefore, as the first step in leading positive change, establishing a positive climate is a crucial prerequisite. Without it, resistance and negativity are almost certain to present major obstacles. The tendency of most people is to focus on the problems, challenges, and negative issues associated with change. With a positive climate, however, positive change is much more likely to be successful. Figure 10.6 shows the relationship among these three aspects of positive climate.

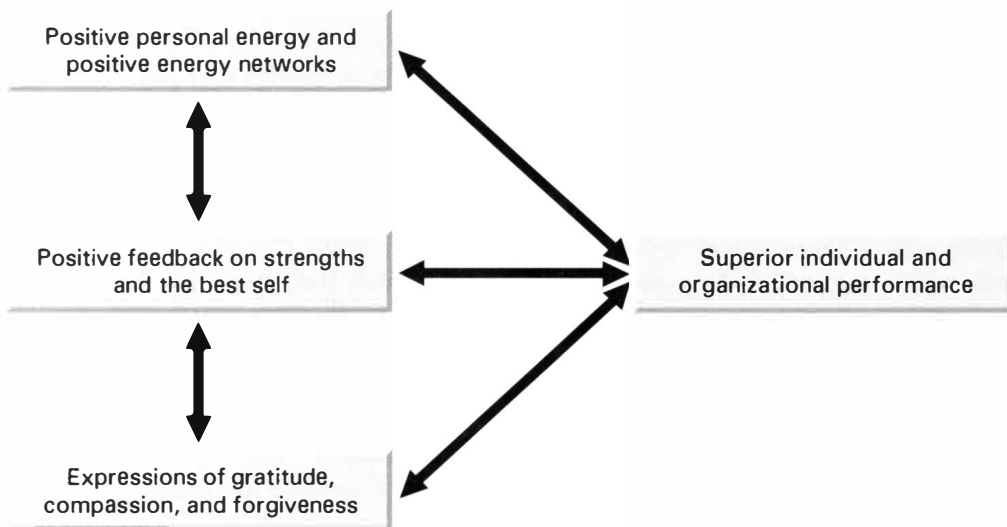
Receiving feedback on strengths and successes produces feelings of gratitude and compassion which, in turn, leads to being positively energized. Each factor, in turn, affects performance directly, as well as in combination with the other factors.

## CREATING READINESS FOR CHANGE

In addition to establishing a climate of positivity, individuals must feel a need for the change and to understand its importance and urgency. A positive climate is a crucial foundation, but leading positive change requires engaging individuals in the actual process of change. The second step in leading positive change, therefore, is to create readiness among those to be involved in the change. Many techniques are available, but three are mentioned here.

**Table 10.1** Establishing a Climate of Positivity

1. Create positive energy networks.
  - Place positive energizers in places where others can interact with them and be influenced by them.
  - Model positive energy yourself.
  - Recognize and reward positive energizers.
  - Provide opportunities for people to form close friendships at work.
2. Ensure a climate of compassion, forgiveness, and gratitude.
  - Enable collective noticing of human concerns.
  - Enable the expression of collective emotion.
  - Enable the collective responding to difficulty, pain, or distress.
  - Publicly and personally acknowledge trauma and harm.
  - Identify higher purpose outcomes that people can point toward.
  - Maintain high standards and look toward the future after mistakes.
  - Provide personal support to people who have been harmed.
  - Pay attention to language so that virtuous words are acceptable.
  - Express gratitude frequently and conspicuously, even for small acts.
  - Keep track of things that go right (not just that go wrong).
3. Identify and give people feedback on their strengths and unique competencies.
  - Implement a reflected best-self feedback process.
  - Spend the most time with the strongest performers.
  - Work to capitalize on strengths rather than focusing on overcoming weaknesses.
  - Use five positive comments for every negative comment in your interactions with others.

**Figure 10.6** Relationships Among Factors in a Climate of Positivity

## **Benchmark Best Practice, and Compare Current Performance to the Highest Standards**

One way to create readiness for change is to compare current levels of performance to the highest standards you can find. Identifying who else performs at spectacular levels helps set a standard toward which people can aspire. It identifies a target of opportunity. This is referred to as **benchmarking**, and it involves finding best practice, studying it in detail, and then planning to exceed that performance. “Shooting ahead of the duck” is the principle. Identifying best practice doesn’t mean copying it. It means learning from it and exceeding it. Planned performance goes beyond the best practice, otherwise benchmarking is merely mimicking. Several different kinds of best practice standards are available for comparison.

- ❑ **Comparative standards**, or comparing current performance to similar individuals or organizations (e.g., “Here is how we are doing relative to our best competitors.”)
- ❑ **Goal standards**, or comparing current performance to the publicly stated goals (e.g., “Here is how we are doing compared to the goals we have established.”)
- ❑ **Improvement standards**, or comparing current performance with improvements made in the past (e.g., “Here is how we are doing compared to our improvement trends of the past year.”)
- ❑ **Ideal standards**, or comparing current performance with an idea or perfect standard (e.g., “Here is how we are doing relative to a zero defect standard.”)
- ❑ **Stakeholder expectations**, or comparing current performance with the expectations of customers, employees, or other stakeholders (e.g., “Here is how we are doing in meeting customer demands.”)

Which standard of comparison is most appropriate depends, of course, on what opportunities exist, which standard has the most legitimacy with organization members, and which standard is perceived to be reachable. The purpose of these comparisons is to highlight the opportunities available by finding a higher level of performance and showing the possibility of achieving it.

Identifying benchmark standards also helps ensure that new information, new ideas, and new perspectives

will be imported, and that standards not considered possible before may become realistic. Studying others who may be doing the same job better than you may be accomplished by sponsoring visitors, holding learning events (symposia and colloquia) or conferences, creating study teams, and scheduling visits to other sites. The objective is to unfreeze people from reliance on past practice by learning that there may be a better way.

## **Institute Symbolic Events**

Leaders of positive change must signal the end of the old way of doing things and the beginning of a new way of doing things by means of symbols. This means that an event is used to signify a positive change or a new future. The symbolic event should be tangible and clearly identified with the positive change.

For example, during the 1980s Chrysler was experiencing very dark days. The company was bankrupt, and no one knew for sure if it would survive. Lee Iacocca was hired to be the new CEO. Tens of thousands of cars sat idle in the “sales bank” (Chrysler’s term for cars parked in vacant lots) waiting to be sold. In his first closed-door speech to senior executives, Iacocca announced that the sales bank would be abolished. All cars in the sales bank would be sold at “distressed prices.” “But,” he said, “I want to keep one. You know what people do when they pay off the mortgage; they burn it on the front lawn. I want to burn that last car on the front lawn of headquarters, so the whole world knows it’s over!” (Cameron, 1985). A symbolic event was held, in fact, in which the last car in the sales bank was burned, symbolizing a new future under Iacocca.

In that same speech, Iacocca asked all top managers to take out a piece of paper and write down all they had achieved in Chrysler during the past 12 months. After they had done so, they were instructed to tear up that paper and throw it away. They were to take out another piece of paper and write down all the things they were going to achieve in the next 12 months for the company. That was the document Iacocca instructed them to hang on their wall and explain to their coworkers. Symbolically, Iacocca was communicating the message: “You may have succeeded in the past, but the future is where we will now put our emphasis.” The symbolic imagery communicated that message far more powerfully than merely stating it in a speech. The point is, symbolic images capture hearts as well as heads, and that resource is required for positive change to occur.

## Create a New Language

Another way to create readiness for change is to help organization members begin to use different language to describe old realities. When new language is used, perspectives change. For example, a key goal for the theme park division at Disney Corporation is to provide the best service in the world. The trouble is, most of Disney's theme park employees in the summer months are college students working at temporary jobs and not particularly invested in being a park sweeper or concession stand cashier. Disney addresses this challenge by making sure that all new employees at Disney are taught that they have been hired by central casting, not the personnel department. They are cast members, not employees. They wear costumes, not uniforms. They serve guests and audience members, not tourists. They work in attractions, not rides or arcades. They have roles in the show and play characters (even as groundskeepers), not merely work a job. During working hours, they are onstage and must go offstage to relax, eat, or socialize.

The intent of this alternative language is to change the way these employees think about their work, to place them in a mindset that they wouldn't have considered otherwise. At Disney, summer employees are in show business—on stage, playing a role, performing for an audience. Changing language helps unfreeze old interpretations and helps create new ones. Another example is CNN. When the network was first formed, employees were fined \$100 if they ever spoke the word “foreign.” The reason: at a worldwide news organization, no one is foreign. Thinking globally requires that language change, and foreign became a forbidden word. Leading positive change requires that optimistic words replace pessimistic words, and language that blocks progress is shunned. Intel, for example, forbids phrases such as “It can't be done”; “It won't work”; “It's just like an idea we already tried”; “It will never get approved.” These phrases are all “creativity killers,” and they inhibit positive change, innovation, and improvement.

Bennis and Nanus (1984) observed that the most successful leaders in education, government, business, the arts, and the military are those who have developed a special language. Most notable is the absence in their vocabularies of the word *failure*. These individuals simply haven't allowed themselves, or others around them, to accept the possibility of failure. Alternative descriptors are used, such as temporary slowdown, false start, miscue, error, blooper, stumble, foul-up, obstacle, disappointment, or nonsuccess. These leaders

use an alternative language in order to interpret reality for their organizations, to foster a willingness to try again, and to foster an inclination toward positive change. This language communicates the fact that failure is not an option. Success is just around the corner.

## Summary

Creating readiness is a step designed to mobilize individuals in the organization to actively engage in the positive change process. It involves more than merely unfreezing people. Making people uncomfortable is a frequent prescription for getting people ready for change, and it often works. Making people uncomfortable, however, usually involves creating fear, crisis, or negative conditions. There is no doubt, of course, that change also creates its own discomfort. Interpersonal relationships, power and status, and routine ways of behaving are disrupted by change, so change is usually interpreted as anything but a positive condition. Leading positive change, on the other hand, focuses on ways to create readiness in ways that unlock positive motivations rather than resistance, and provides optimistic alternatives rather than fear. Benchmarking best practice, positive symbols, and new language are three practical ways to do it, as summarized in Table 10.2.

Establishing a climate of positivity and creating readiness for change does little good, of course, if there is not a clear idea of where the positive change is heading. That is why the third step in the framework refers to articulating a clear, motivating vision of abundance.

## ARTICULATING A VISION OF ABUNDANCE

Positive change seldom occurs without a leader articulating a **vision of abundance** (see Figure 10.1). By abundance we mean a vision of a positive future, a flourishing condition, and a legacy about which people care passionately. This kind of vision helps unleash human wellsprings of potential since it addresses a basic human desire—to do something that makes a difference, something that outlasts one's own life, and something that has enduring impact. Visions of abundance are different from visions of goal achievement or effectiveness—such as earning a certain percent profit, becoming number one in the marketplace, or receiving personal recognition. Rather, these are visions that speak to the heart as well as the head.

For example, the vision of Richard Bogomolny, the CEO of Finast Supermarkets in Cleveland, Ohio, was to

**Table 10.2** Creating Readiness in Others to Pursue Positive Change

1. Benchmark best practice, and compare current performance to the highest standards.
  - Use comparable others as standards.
  - Use stated goals as standards.
  - Use past improvement as a standard.
  - Use an ideal as a standard.
  - Use others' expectations as a standard.
2. Institute symbolic events to signal the positive change.
  - Interpret events or activities as indicators of the beginning of a new era.
  - Manage people's interpretations and mental images of incidents so that they reinforce the intended change.
  - Pay as much attention to the meaning of change as the substance of the change.
3. Create a new language that illustrates the positive change.
  - Use words associated with the change that capture people's imagination.
  - Use passionate and inspiring language.
  - Use words that communicate and reinforce a new direction.

improve the quality of life for residents of blighted areas of Cleveland who would otherwise never have access to a reasonably priced grocery store with competitive prices. He invested in new, state-of-the-art supermarkets in poor urban neighborhoods, stocking shelves with ethnic foods that were not popular in suburban stores, and providing an environment of safety and cleanliness along with offering prices competitive with suburban shopping centers. Finast stores have now become the social gathering places for entire neighborhoods, have provided training and employment for the chronically unemployed, and, at the same time, have become a highly profitable investment for the company (Bollier, 1996). Without the leader's clear statement of a vision of abundance, the overwhelming tendencies toward addressing obstacles, problem solving, and negative feedback drive out positive change.

Most organizations have some kind of mission statement or have established goals, but a **vision statement** is something different. Visions include the universalistic values and principles that will guide behavior. They provide a sense of direction. They help identify what the future holds. They provide glimpses of possibilities, not just probabilities. They evoke deeper meaning than mission statements or goals. They provide optimism and hope.

For example, goals that call for a 20 percent increase in ROI, an improvement in product quality,

timelier responses to customers, or lower costs all are valuable and important to organizations. Yet, they are not visions. They are examples of targets that the organization wants to achieve. Visions, on the other hand, are focused on helping individuals' *think* differently about themselves and about their future. They possess several important characteristics that are central to the positive change process.

### ***Include Left-Brain and Right-Brain Features***

Many years ago, neurosurgeons discovered that the brain consists of two hemispheres that can actually work independently when surgically separated. The left hemisphere controls the right side of the body, but it also controls rational cognitive activities such as sequential thinking, logic, deduction, numeric thought, and so on. Activities such as reading, solving math problems, and rational analysis are dominated by *left-brain thinking*.

The right hemisphere, on the other hand, controls the left side of the body as well as nonrational cognitive activities such as intuition, creativity, fantasy, emotions, pictorial images, and imagination. Composing music, storytelling, and artistic creation are most likely tied to *right-brained thinking*.

Of course, neither hemisphere operates autonomously from the other, and both kinds of mental activity

are required in complex tasks. But that is precisely the point. Vision statements of leaders must contain rational targets, goals, and action plans (left-brain components), as well as metaphors, colorful language, and imagination (right-brain components). Unfortunately, most managers and most organizations emphasize the left-brain side in their mission statement or strategic planning documents (they focus, for example, on increased market share, becoming number one in the industry, or raising quality standards). Fewer paint pictures of the future, use exciting language, and speak to the imaginations of members. In the Skill Analysis section of this chapter, several corporate vision statements are provided for you to analyze. Note the differences among them in the relative emphasis on right-brain versus left-brain thinking.

Articulating the *left-brained* side of the vision is facilitated by answering the following questions:

- ┆ What are our most important strengths as an organization? Where do we have a strategic advantage?
- ┆ What major problems and obstacles do we face? What stands in the way of significant improvement?
- ┆ What are the primary resources that we need? What information is required?
- ┆ Who are our key customers? What must be done to respond to their expectations?
- ┆ What measurable outcomes will we accomplish? What are the criteria to be monitored?

Articulating the *right-brained* side of the vision is aided by answering the following questions:

- ┆ What is the best we can achieve? What represents peak performance?
- ┆ What stories or events can we tell that characterize what we stand for?
- ┆ What metaphors or analogies can we use that will identify what the future of our organization will look like?
- ┆ What symbols are appropriate for helping capture people's imaginations?
- ┆ What colorful and inspirational language can exemplify what we believe in?

The most motivating vision statements—for example, Churchill's "Never Give In" speech, Kennedy's "Ask Not What Your Country Can Do for You" speech, Mandela's "A Dream for Which I Am Prepared to

Die" speech, Martin Luther King's "I Have a Dream" speech—all contain both left-brained and right-brained elements. Leaders of positive change pay attention to both in articulating their vision statements.

### **Make Vision Statements Interesting**

Murray Davis (1971) published a now-classic article on what causes some kinds of information to be judged interesting or uninteresting. The truth or veracity of the information has little to do with that judgment, according to Davis. Rather, what's interesting depends on the extent to which the information contradicts weakly held assumptions and challenges the status quo. If new information is consistent with what is already known, people tend to dismiss it as common sense. If new information is obviously contradictory to strongly held assumptions, or if it blatantly challenges the core values of the organization's members, it is labeled ridiculous, silly, or blasphemous. Information that helps create new ways to view the future, that challenges the current state of things (but not core values), is viewed as interesting. New insights are created and people are drawn to the information because it makes them think, or it uncovers a new way to think.

Inspiring vision statements are interesting. They contain challenges and prods that confront and alter the ways people think about the past and the future. They are not outlandish or cavalier in their message, just provocative. For example, Ralph Peterson, CEO of CH2M Hill (a large environmental and engineering firm) indicated that "corporate immortality" was the ultimate objective of the company, meaning that the firm was in business to create outcomes that would last well beyond the lifetime of any individual. Jeffrey Schwartz, CEO of Timberland, the shoe and clothing company, espoused a vision related to doing good in order to do well—organizational virtuousness is equally important to organizational profitability. Tom Gloucer, CEO of Reuters, espoused the vision that Reuters would become the fastest company in the world. Ross Perot, while serving on the board of directors at General Motors, articulated his vision of the new GM if he were at the helm. "From this point forward, GM'ers will fight in the marketplace, not with each other. Starting today, GM'ers will work together using brains, wits, creative abilities, and initiative as substitutes for money. Starting today, as GM goes through a transformation, all sacrifices will start at the top" (1988).

These examples are not intended to illustrate the best vision statements, of course, nor even vision

statements that energize you personally. But, in each case, they carried a strong and motivating message for those in the organizations mentioned. They helped paint a mental picture. One of the chief reasons is that these vision statements are interesting. They identify a message that people care about but which challenges the normal perception of things. The statements confront the status quo and provide a new way to think about what people do in the organization every day. The fact that they are interesting is what captures attention and positive energy.

### ***Include Passion and Principles***

Effective visions are grounded in core values that organization members believe in, and about which they feel passionate. Such vision statements increase people's desire to affiliate with the organization if they care deeply about the company's core principles. The principles espoused in the vision, therefore, must be personal. A vision focused on "increasing productivity" is less energizing and inspiring than a vision based on "changing people's lives." "Achieving profitability" is less magnetic than "making people happy." Furthermore, such principles are best phrased using superlatives. Notice the difference in how you feel about the following comparisons: "phenomenal performance" versus "successful." Or, "passionately engaged" versus "committed." Or, "explosive growth" versus "good progress." Or, "awesome products" versus "useful items." Visions based on the former phrases engender more enthusiasm and passion than those based on the latter phrases.

Consider as an example of such language the vision statement of John Sculley, former CEO of Apple Computer Company:

*We are all part of a journey to create an extraordinary corporation. The things we intend to do in the years ahead have never been done before. . . . One person, one computer is still our dream. . . . We have a passion for changing the world. We want to make personal computers a way of life in work, education, and the home. Apple people are paradigm shifters. . . . We want to be the catalyst for discovering new ways for people to do things. . . . Apple's way starts with a passion to create awesome products with a lot of distinctive value built in. . . . We have chosen directions for Apple that will lead us to wonderful ideas we haven't as yet dreamed. (Sculley, 1987)*

Two specific hints for articulating inspiring, passionate, principle-centered visions include:

1. Ensure that the vision statement reinforces *core values* about which you feel strongly. Instead of focusing on end results such as profit growth, expanded market share, customer satisfaction measures, or goal accomplishment, for example, the vision statement should relate to something fundamental about which people can feel passionate. This is likely to be associated with human flourishing, interpersonal relationships, or an ultimate good—that is, things that make life worth living. These are things that outlast a single person's lifetime, or that create a ripple effect so that the impact extends far beyond the immediate situation. Outcomes such as assistance to mankind, helping to make life or work more rewarding, increasing the freedom of individuals, or improving the quality of life all are more attractive and motivational than instrumental outcomes. People can become passionate about these kinds of aspirations.
2. The vision statement must be straightforward and simple. A common error of leaders is to be too complicated, too lengthy, or too multifaceted in their vision statement. Most great leaders acknowledge that they have only three or four major objectives in mind. Their visions help people focus. Ronald Reagan, Michael Eisner (Disney), Jack Welch (GE), Bill Gates (Microsoft), Jim Hackett (Steelcase) all are well-known examples of leaders who publicly espoused a simple and straightforward vision—usually with only three or four key parts. Contrast that with the former CEO and chairman of Whirlpool Corporation who wrote a 15-page document outlining his vision for the company. Employees complained that they couldn't understand exactly what he wanted or where the company was going. It was difficult to sign up for 15 pages! One senior manager dismissed the document by stating, "He simply has too much vision!" It was only when the vision statement was condensed to four key points that it became credible in the organization.

### ***Attach the Vision to a Symbol***

Effective vision statements are associated with a symbol. This is more than a symbolic event that helps create readiness for change. Rather, people must associate the vision with something tangible they see or hear. Not

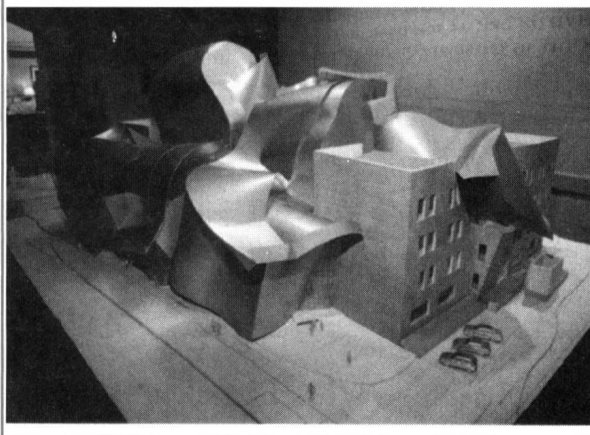
only does the vision identify expectations and direction for individuals in their day-to-day activities, but they should be reminded of it regularly by the presence of a symbol. That symbol may be a logo, a phrase from a speech, a flag, a physical structure, or any number of things that can serve as a reminder of where the vision is taking the organization.

The turnaround at Ford Motor Company after William Clay Ford took over was symbolized by the resurrection of the blue Ford oval on the headquarters building. Chrysler returned to the classic Chrysler logo instead of the five-pointed star. Malden Mills reconstructed a plant that had been devastated by fire on the same property to symbolize human commitment and corporate compassion. The replacement structures for the World Trade Center towers are targeted specifically to symbolize a positive and uplifting future after the devastating tragedy. Logos such as the golden arches, Nike Swoosh, or Mickey Mouse are carefully publicized, even protected, because of the symbolic messages that they communicate about the companies they represent.

One of us served as a dean in a Midwest business school for a time, and a key responsibility was to articulate a motivating and energizing vision in order to set new direction for the school. The vision being articulated focused on enhancing the school's reputation, engendering a spirit of entrepreneurship and innovation, and building a sense of pride in scholarly excellence. Speeches were made about these aspirations—we have all heard these kinds of talks—but speeches given by the dean seldom if ever have lasting impact. A symbol was needed to make the vision real and to serve as a constant reminder. That symbol was the construction of a new building, designed by the world's most famous architect. The new building symbolized a best-in-class, one-of-a-kind structure, and it signified that the school would be an innovative, entrepreneurial, out-of-the-box kind of place. Pride in being unique in the world was an important symbolic message. To get a sense of how a building could serve as a symbol of such things, look at the final building model in Figure 10.7.

You can see that this design can communicate strong messages to both internal and external constituencies. It was interpreted as representing the twenty-first century rather than the eighteenth or nineteenth century (which are more typical of most ivy-covered college campuses in America). It was used to represent innovation and the entrepreneurial spirit. It communicates humaneness, comfort, and interaction. It symbolizes movement, fluidity, and dynamism. It epitomizes best-in-class. The building was designed to foster lots of interaction, representing the fact that

**Figure 10.7** An Example: A Symbol of Positive Organizational Change



learning is mainly a social activity. It touches the whole person—emotions and spirit as well as intellect. It stimulates extraordinary thinking (Cameron, 2003b). Speeches about a vision, in other words, were not nearly as powerful as a visible symbol that could be experienced every day by the people who saw it.

Table 10.3 summarizes some specific behaviors you can use in articulating a high-impact vision of abundance.

## GENERATING COMMITMENT TO THE VISION

Once this vision of abundance has been articulated, it is necessary for leaders to help organization members commit to that vision, to sign up, to adopt the vision as their own, and to work toward its accomplishment. The whole intent of a vision is to mobilize the energy and human potential of individuals who are to implement and be affected by it. Among the ways to generate commitment to a vision are four discussed below. Others are discussed in depth in the chapters on motivation, empowerment, and teamwork.

### **Apply Principles of Recreation**

An interesting truism was identified by Chuck Coonradt (1985): “*People will pay for the privilege of working harder than they will work when they are paid.*” Think about that for a minute. “People will pay for the privilege of working harder than they will work when they are paid.” In other words, under certain circumstances, individuals are more committed to doing work that actually costs them money than they are to doing work for which they receive remuneration.

**Table 10.3** Articulating a Vision of Abundance

1. Focus on creating positive deviance rather than correcting negative deviance.
  - Focus on possibilities more than probabilities.
  - Focus on extraordinary, spectacular achievement rather than just winning or being seen as successful.
2. Include left-brain images by asking questions such as:
  - What are our most important strengths as an organization?
  - Where do we have a strategic advantage?
  - What major problems and obstacles do we face?
  - What stands in the way of significant improvement?
  - What are the primary resources that we need?
  - What information is required?
  - Who are our key customers?
  - What must be done to respond to customers' expectations?
  - What measurable outcomes will we accomplish?
  - What are the criteria to be monitored?
3. Include right-brain images by asking questions such as:
  - What is the best we can achieve?
  - What represents peak performance?
  - What stories or events can we tell that characterize what we stand for?
  - What metaphors or analogies can we use that will identify what the future of our organization will look like?
  - What symbols are appropriate for helping capture people's imaginations?
  - What colorful and inspirational language can exemplify what we believe in?
4. Make the vision interesting by challenging weakly held assumptions.
5. Ensure credibility of the vision through demonstrating:
  - Integrity in adhering to a consistent set of principles.
  - Knowledge regarding the implications of the vision.
  - Enthusiasm and personal passion for the vision.
  - Association with core personal values.
  - A straightforward and simple message.
  - Exciting and energizing language.
6. Attach the vision to a symbol to constantly remind people of the vision.
  - Create visual images such as logos, flags, or signs.
  - Make certain that the visual symbol is closely associated with the vision so it remains a constant reminder.

Sometimes people will pay to work when they will not work when they are paid. How can that be? In what circumstances might that be the case?

Consider the following hypothetical example. Suppose you live in Utah in the winter and, as you

arrive at work, you find that the furnace is out of order. As the temperature falls to 65 degrees Fahrenheit you put on a coat. At 60 degrees you complain that it is too cold to work. At 55 degrees you leave, confident that no one could expect you to

perform in such adverse conditions. Then you put on your \$300 ski outfit, grab your \$750 skis and boots, race off to the slopes in order to pay \$75 for a lift ticket, \$25 for gas, and \$30 for a junk-food lunch. You will spend all day long in 10-degree weather working much harder skiing than you would have worked at the firm where you could have been paid. If this sounds unusual, consider the skyrocketing absenteeism rates in companies and schools when the first big snow falls in ski areas, when the surf is up in cities close to the beach, or the first day of hunting or fishing season. People regularly choose to pay to work harder than they would consider working when they are paid.

Well, you say, that's because it's fun. It's recreation. And you're right. But there is no reason why the work performed in a regular job cannot be characterized by the same principles that characterize recreation. In other words, what causes people to *want* to engage in recreational work can also be what causes them to be equally committed to their occupational work. At least five characteristics are typical of **recreational work** (Coonradt, 1985).

1. Goals are clearly defined
2. Scorekeeping is objective, self-administered, peer-audited, and compared to past performance
3. Feedback is frequent
4. Personal choice is present; rules are consistent and don't change until the season is over
5. A competitive environment is present

Consider the game of (American) football. Each year the University of Michigan averages about 106,000 fans per game, every one of whom knows exactly what the goal is—to score more points than the opponent. There is no need for a periodic performance appraisal system, because the score changes only when a team crosses the goal line or kicks a field goal. There is no guessing about how to get ahead. Feedback is not only frequent, it is continuous. If the clock goes down, they stop the game. No one would consider playing if the time and the score were not kept continuously. Within the rules of the game, every participant and fan has personal choice. Players can go full speed or not; fans can cheer or not; the team can run the ball or pass. No one forces people to perform a role that they don't want to perform. Coordination and control occur because everyone knows the rules, and the rules don't change. Off-side is off-side, a first down is a first down, and a touchdown is a touchdown. When a receiver is wide open and makes an easy catch in the end zone, no one could imagine an NCAA committee deliberating about

how many points the score is worth. No one would say, "Easy catch; wide open; worth only 4.5 points." No one would stand for that, and 106,000 people would go crazy. The rules simply don't change in recreation. Plus, the environment is one of competition—both against an opponent and against personal past performance. The stimulation of competing against something is fun. Playing against someone who is markedly less skilled—beating them 100 to 0, is not as much fun.

Despite the inherent motivation and commitment associated with these principles, many leaders behave inconsistently with them. Their vision is not stated clearly and precisely. There is no objective, self-administered evaluation system. The scorekeeping system is controlled hierarchically, by managers one step above, instead of being peer-audited and continuous, as in recreation. Criteria of evaluation are vague and inconsistently administered. Organization feedback often comes only when quarterly earnings statements are tabulated, and then it is often focused on what went wrong. Personal freedom is too often constrained, as evidenced by the elaborate bureaucratic structures that typify most large organizations. It is not unusual to have the criteria of success change in the middle of the game, especially if a new manager takes over. And, most employees never see how what they do makes any difference at all in obtaining the ultimate goal, or winning against a competitor.

The point is, one way for leaders to generate commitment to the vision is to identify clear, consistent goals associated with the vision; identify the criteria that will indicate progress toward reaching the vision which each organization member can monitor; provide mechanisms for frequent feedback to organization members; give individuals personal choice and the maximum discretion possible; maintain a consistency and stability of the rules of the game and expectations; and identify a competitive standard against which performance can be evaluated. Like commitment to recreation, commitment to visions, if based on similar principles, will also become strong and long-lasting.

### **Ensure Public Commitments**

Another well-documented way to enhance commitment to a vision is to have people state their commitments aloud, in public. Individuals are motivated to behave consistently with their public declarations (Salancik, 1977). The internal need for congruence ensures that public statements will be followed by consistent actions. After making public pronouncements, individuals are more committed and more consistent in their behavior to that which they have espoused (Baker, 2001; Cialdini, 2000).

For example, during World War II, good cuts of meat were in short supply in the United States. Lewin (1951) found that a significant difference existed between the commitment level of shoppers who promised out loud to buy more plentiful but less desirable cuts of meat (e.g., liver, kidneys, brains) compared to those who made the same promise in private. In another study, students were divided in a college class into two groups. All students set goals for how much they would read and what kinds of scores they would get on exams. Only half the students were allowed to state these goals publicly to the rest of the class. By midsemester, the students who stated their goals publicly averaged 86 percent improvement. The nonpublic goal-setting students averaged 14 percent improvement.

When the Tennessee Valley Authority (TVA) was attempting to build a dam in the late 1940s, it found that local farmers vehemently resisted the efforts because of the land that would be flooded. To overcome this resistance and elicit farmers' commitment to the project, the TVA made local farmers members of the board that would supervise the construction efforts. These local farmers began to make public statements on behalf of the TVA project and, over time, became strongly committed to it (Selznick, 1949).

This point is, leaders of positive change look for opportunities to have others make public statements in favor of the vision, or to restate the vision themselves. Assigning individuals to represent the vision to outside groups or to other employees, or forming discussion groups so that others can help refine or clarify the vision, are examples of how opportunities for public statements can be fostered in order to enhance commitment.

### ***Institute a Small-Wins Strategy***

People become committed to change when they see progress being made or success being achieved. We are all more committed to winners than to losers. Fans attend more games when the team has a good record than when it has a poor record. The number of people claiming to have voted for a winning candidate always exceeds by a large margin the actual number of votes received. In other words, when we see success, or progress being made, we are more committed to respond positively, to continue that path, and to offer our support.

Leaders of positive change create this kind of support by identifying small wins—a strategy that was discussed in Chapter 2 on managing stress, as well as being mentioned in discussions of problem solving and empowerment. This small-wins strategy is applicable

in a variety of skill-building activities, so we repeat part of the discussion here. The key message is that surfacing and publicizing small wins creates commitment and builds momentum for desired change (Weick, 1981). For example, we have observed leaders, when beginning a major change initiative, starting with small changes such as a new coat of paint, abolishing reserved parking spaces, adding a display case for awards, flying a flag, holding regular social events, instituting a suggestion system, and so on. Each of these small changes (and hundreds more) is designed to create commitment to the visualized change.

A small-wins strategy, in other words, is designed to create a sense of momentum by creating minor, quick changes. As a refresher, the basic rule of thumb for small wins is: *Find something that is easy to change. Change it. Publicize it, or recognize it publicly. Then, find a second thing that's easy to change, and repeat the process.*

Small wins create commitment because: (1) they reduce the importance of any one change (“It is no big deal to make this change.”); (2) they reduce demands on any group or individual (“There isn’t a lot to do.”); (3) they improve the confidence of participants (“At least I can do that.”); (4) they help avoid resistance or retaliation (“Even if they disagree, it’s only a small loss.”); (5) they attract allies and create a bandwagon effect (“I want to be associated with this success.”); (6) they create the image of progress (“Things seem to be moving forward.”); (7) if they don’t work they only create a small flop (“No major harm is done and no long-lasting effects occur.”); (8) they provide initiatives in multiple arenas (“Resistance cannot be coordinated or organized in a single area.”) (Weick, 1993).

### ***Communicate the Vision***

Effective leaders of positive change communicate the vision, then they communicate it again, then again, and then again. If leaders stop communicating the vision, or if they change themes as they address organization members, the members tend to think that the vision isn’t important anymore. Unless leaders continually and consistently articulate and rearticulate the vision, it loses its power and commitment erodes. Being accused of repetition is much less serious than being accused of neglect. Persistent and continuous delivery of the vision message is required, but surprisingly, it is a frequent shortcoming of leaders. They give a speech or hand out a sheet on which the vision is written; then they think their job is complete. In reality, it has only

begun. No one ever heard Nelson Mandela speak in South Africa, for example, without having him rearticulate his vision of human dignity and equal treatment for all persons.

Communicating the vision must also occur using a variety of methods. This means referring to the vision in public statements, newsletters, celebrations and ceremonies, speeches, memos, and everyday interactions. Leaders model the vision in their personal behavior. There should be no questions, by observing and listening to leaders, what the vision is. From example, Jan Carlzon, the former president of Scandinavian Airlines (SAS), took control of the airline when it was losing \$20 million a year. In the first year he increased revenues by \$80 million and led his company to being voted “the best airline in the world” by *Fortune* magazine. Here is what he said about communicating his vision.

*Good leaders spend more time communicating than anything else. From my first day at SAS I've made communicating, particularly with our*

*employees, a top priority. In fact, during the first year I spent exactly half my working hours out in the field talking to SAS people. The word going around was that any time three employees gathered, Jan Carlzon would probably show up and begin talking with them.*

*When we began reorganizing SAS, our critics scoffed at our efforts as mere promotional gimmicks. They claimed we had become too marketing oriented, but in fact we hadn't increased our marketing budget one cent. Rather, we were spending our money more effectively on messages that were easily understood. (Carlzon, 1987, p. 88, 92)*

Creating commitment is enhanced, in other words, by applying principles of recreational work, providing opportunities for public statements of commitment, instituting small wins, and communicating the vision frequently, consistently, and broadly. In essence, as summarized in Table 10.4, leaders will

**Table 10.4** Generating Commitment to the Vision

1. Apply principles of recreation to the work associated with the vision:
  - Clearly define goals.
  - Ensure that scorekeeping is objective, self-administered, peer-audited, and compared to past performance.
  - Ensure frequent (or continuous) feedback.
  - Provide opportunity for personal choice.
  - Ensure that rules are consistent and don't change.
  - Provide a competitive environment.
2. Provide opportunities for people to publicly commit to the vision.
  - Hold events where people can verbalize their commitment.
  - Ask people to teach others about, or recruit others to sign up for, the vision.
3. Institute a strategy of small wins.
  - Find something easy to change.
  - Change it.
  - Publicize it.
  - Repeat the process multiple times.
4. Communicate the vision frequently.
  - Never give a public speech or presentation without mentioning the vision.
  - Make certain that all your written messages contain references to the vision.
  - Avoid changing messages.

achieve commitment to that which they *say*, that which they *do*, and that which they *reward*, but without consistency and frequency, not necessarily to that which they *want*.

## INSTITUTIONALIZING THE POSITIVE CHANGE

The final challenge for leaders of positive change is to make the change a part of ongoing organizational life. General officers in the United States Army refer to this step as “**creating irreversible momentum**”; that is, ensuring that the positive change gains such momentum that it cannot be thwarted (U.S. Army, 2003). The challenge is to separate the vision from the visionary, to get others to own and become champions of the change, to create processes that reinforce the positive change without having to continually rely on the leader. The objective is to ensure that even if the leader leaves, the positive change will continue because of the sustainable impetus put in place. If Bill Gates was incarcerated for unfair business competition, Jan Carlzon got in an airplane crash, Lee Iacocca was run over by a car, or Jack Welch was electrocuted by a faulty refrigerator wire, Microsoft, SAS, Chrysler, and General Electric would not have missed a step. The positive changes championed by these leaders would still have been pursued because they had become embedded in their organizations’ cultures. They were institutionalized and had gained irreversible momentum.

Institutionalizing change doesn’t happen quickly, of course, and the four previous steps in positive change—establishing a climate of positivity, creating readiness, articulating a vision, and generating commitment—all must be successfully accomplished first. However, institutionalization is the necessary final step if the organization is to successfully achieve positive change. How do leaders institutionalize their positive changes? Three hints are provided.

### **Turn Students into Teachers**

Most of the time we assume that it is the leader’s responsibility to articulate the vision of abundance, and everyone else listens to it and accepts it. Teachers teach what students need to know and students learn it for the exam. The chief gives direction and the rest of us follow.

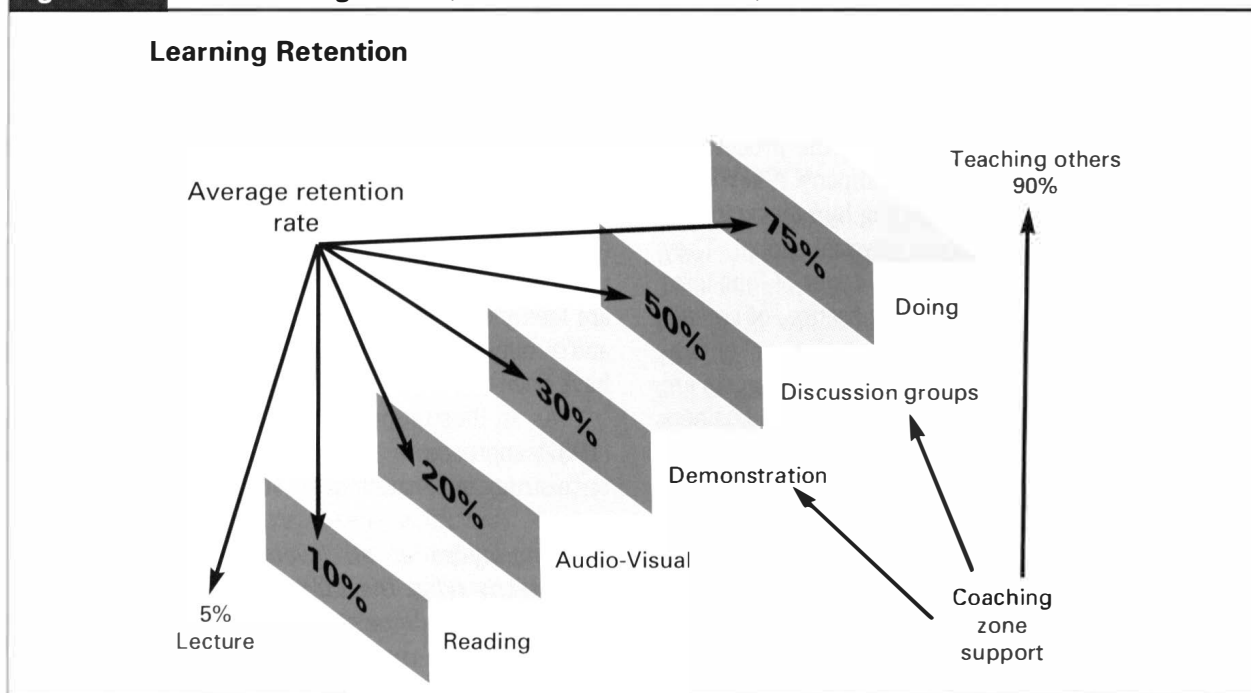
The most effective leaders, however, provide an opportunity for everyone in the organization to articulate the vision, or to teach others about the desired

positive change. This process requires that every person develop “a teachable point of view” (Tichy, 1997). Developing one’s own teachable point of view means that individuals come to believe in something, and they can clearly explain what it is and why. In other words, people get to the point where they can articulate the vision in their own words. They are given opportunities to teach others what they understand the positive change to be. They are required to develop their own perspective on the positive change in a way that it can be explained and illustrated to someone else. They are transformed from students or listeners into teachers or visionaries.

Researchers at the National Training Laboratories in Bethel, Maine, developed a “learning stair” (see Figure 10.8). Their studies found that people remember 5 percent of what they hear in a lecture, 10 percent of what they read, 20 percent of what they view in a video, 30 percent of what they observe being demonstrated, 50 percent of what they discuss in a group, 75 percent of what they apply, and 90 percent of what they teach to others. That is, by teaching someone else about the vision or the intended positive change, individuals remember it, become committed to it, and make it a part of their own personal agenda.

One manifestation of this principle was at Xerox under Rex Kern, a remarkable leader who turned that company around in the late 1980s and early 1990s. Kern’s focus was on rapidly institutionalizing a positive change process by turning students into teachers. He spent time sharing his vision of positive change with his top leadership team. Then these leaders were required to apply what they heard; that is, to implement personal action agendas and make personal changes. Then, most importantly, they were required to teach the positive change vision to someone else. Who would they teach? They taught the next level of leaders in the firm. They were also required to assess or monitor the positive change. This was in order to identify measurable indicators, milestones, and hard data to ensure that the positive change was really taking place. It was a way to guard against lip service with no real substance. What did they assess? It was the action agendas and managerial experiments implemented by the leaders they taught. The process continued down through all the organizational levels. Each person, in other words, was exposed to the vision four times: when they learned it from their leader; when they applied it; when they taught it; and when they assessed it. Within a year, Xerox achieved stunning results. It is widely acknowledged that this

**Figure 10.8 The Learning Stairs (from the NTL Institute)**



Source: *The Learning Stairs*; NTL Institute; Bethel, ME.

process was key in turning Xerox around as a company and in labeling Rex Kern as one of the great corporate leaders of the twentieth century.

This is similar to the process used by certain divisions within Hewlett-Packard. These divisions require engineers to spend time recruiting on college campuses. Having engineers actually recruit students—from disciplines in business, mathematics, physical sciences, arts and humanities, as well as engineering—is risky because engineers are not trained recruiters. However, the strategy pays off because HP engineers are required to articulate the vision, publicly praise Hewlett-Packard, and teach interested job candidates about the company. Former HP “students” are required to become the “teachers.” These engineers may not convince many rookie recruits, but by articulating the HP Way, they internalize it themselves. As a result, Hewlett-Packard has the lowest turnover rate in the industry among engineers, one of its stated core competencies.

### **Build Human Capital**

For positive change to have staying power, for it to last beyond the lifetime of the leader, people throughout the organization must have developed the capability to lead the vision themselves, to institute positive

change, and to carry on under their own initiative. In other words, well-developed human capital is always the chief predictor of growth in financial capital. The skill set of the people is the bedrock upon which organizational success is built. No company can make money over time without well-developed human capital—meaning capable and skilled employees. Institutionalizing positive change occurs as individuals throughout the organization develop the capacity to lead positive change themselves. This can happen in many ways, of course, but a good example of the core principle is illustrated by a large Asian company in which we conducted research.

This particular company requires that each time a senior manager is promoted, he or she is required to take a three-month leave of absence. The person must actually leave work for three full months. For one of the months the manager is required to intensively study religion or ethics, and then document it, usually with a written report. For another month the individual is required to study history or a major historical figure, and then document it. The third month must be spent studying business, broadly defined. So, at the end of three months, three documents have been prepared. If, after the three months, the business has run smoothly with no major hitches, then the promotion occurs. That



is, the promotion occurs at the end of the three-month leave, not before. Why would a large company implement such a strange promotion system at substantial risk and expense? Why not just send the manager to a week-long executive education program at a university?

The reason is that this is part of the process for institutionalizing the vision of the company. A key value in the company relates to developing human capital, in addition to financial capital and physical capital. They know that human capital is the key driver of long-term success. The three-month leave of absence, of course, provides a chance for self-development, personal enrichment, and broadened perspective. Senior managers are required to study religion or ethics because all business decisions are based on some set of values or standards. The firm wants to make certain that these people have spent time intelligently thinking through their own value system. To avoid the trap of becoming short-term in orientation, studying history helps broaden viewpoints and helps assure that the mistakes of the past aren't repeated. Studying business principles helps expand the knowledge base and competence of the managers. Most importantly, however, the leave of absence is really a test. The key value in this company is that human capital must be developed if success is to be achieved, so the leave of absence serves as a test of whether the manager has really developed his or her employees. If the organization performs less well when subordinates are in charge, then the manager is not prepared to be promoted. All managers have the responsibility to help develop others to be as competent as they are in leading positive change, and managers are held accountable for that development.

The point is, a key to ensuring that positive change continues is to have capable people in place. Providing organization members with developmental opportunities—that is, chances to increase their own skill set—is an investment in the long-term future of the organization and in the continuing success of positive change.

### **Metrics, Measurement, Milestones**

A third aspect of institutionalization is the establishment of **metrics** (or specific indicators of success), **measures** (or methods for assessing levels of success), and **milestones** (or benchmarks to determine when detectable progress will have occurred). These three factors help ensure accountability for change, make it clear whether or not progress is being made, and provide visible indicators that the change is successful. The adage “You get what you measure” is

an illustration of this principle. Change becomes institutionalized when it becomes a part of what people are held accountable to achieve. When it is clear what the measures are, people tend to respond to those measures. If I am measured on my test scores in a class but not on the extra reading I do, I will likely spend more effort and time studying for the exams than reading extra materials. It is only when I am measured on different criteria that I shift my focus. Consequently, institutionalizing positive change means that clear metrics are identified, a measurement system is put into place, and a milestone is identified for when the change must have been accomplished.

As an illustration of these points is Jan Carlzon's (1987) approach to institutionalizing his vision in the once-struggling Scandinavian Airlines.

*Employees at all levels must understand exactly what the target is and how best to achieve it. Once the frontline personnel . . . have taken on the responsibility of making specific decisions, these employees must have an accurate feedback system for determining whether the decisions they are making are, in fact, the ones that will accomplish the company's overall goals. . . . The necessity of measuring results is particularly crucial for those employees who affect customer service but don't have face-to-face contact with these customers. Ticket agents get immediate feedback on their job performance hundreds of times a day from the customers they serve. However, other workers such as baggage handlers have no such advantages. In fact, loading and unloading cargo is probably the most thankless job we have at SAS. . . . The baggage handlers never come into contact with the passenger, and so they never get positive or negative feedback from them. Lacking this, they need clear targets and other means of measuring how well they are meeting their goals. (pp. 108–109)*

The keys to establishing effective metrics, measures, and milestones for positive change are:

1. Identify two or three metrics or indicators that specify the result that is to be achieved. (A common mistake is to measure too many things. The key is to focus on a few core items.) These should not be metrics associated with effort or methods, but they should focus on results or

outcomes. Specifically, they should address the outcomes desired from the vision of abundance. At SAS Airlines, one metric includes the elapsed time between the plane pulling up to the gate and the first bag being delivered on the carousel.

2. Determine a measurement system. Data should be collected at certain time intervals in particular ways. This may be reports, surveys, or face-to-face meetings. At SAS, daily logs are kept of baggage handler performance. These measures do not focus on hours worked or how many bags are handled. They focus on the key outcomes desired, namely, speed and accuracy of delivery.
3. Milestones are specified, meaning that at a certain point in time, a measurable amount of progress will have been achieved. For example, by the end of the month baggage handler timeliness will have improved one percent. By the end of the year, it will have improved 15 percent. Milestones simply create a time frame for keeping track of real progress.

Institutionalizing a vision of abundance and positive change, in sum, depends on making it a part of daily life and the habitual behavior displayed by individuals throughout the organization. No positive change can survive if it depends solely on the leader. Therefore, helping people develop a teachable point of view about the positive change and providing opportunities for them to teach, building human capital through developing others' leadership skills, and instituting met-

rics, measurements, and milestones to ensure accountability all are actions that can help ensure successful institutionalization of positive change. Specific behaviors associated with these strategies are summarized in Table 10.5.

### Summary

Most approaches to change focus on overcoming challenges, addressing obstacles, and solving problems. This chapter identifies an alternative approach to change in which the goal is to create abundance and extraordinarily positive change. It provides techniques and hints designed to help you achieve the best of the human condition or the highest potential of teams and organizations.

Leading positive change—that is, aiming for abundance-focused or positive targets rather than deficit-based or problem-centered targets—unlocks something called the *heliotropic effect*. To explain the heliotropic effect, let us pose this question: What happens over time when you put a plant in a window? The answer, of course, is that the plant begins to lean toward the light. That is, a natural inclination exists in every living system toward positive energy—toward light—and away from negative energy or from the dark. The reason is that light is life-giving and energy creating and all living systems are inclined toward that which gives life.

When you are able to foster positive change in organizations, you unleash the heliotropic effect and achieve outcomes that would be impossible otherwise.

**Table 10.5 Institutionalizing the Vision and Creating Irreversible Momentum**

1. Turn students into teachers.
  - Provide opportunities for people to develop a teachable point of view.
  - Make certain that others are required to articulate the vision themselves.
2. Build human capital.
  - Ensure training and development opportunities for others so they can be leaders of positive change.
  - Encourage the formation of networks and friendships that provide support.
3. Identify metrics, measures, and milestones.
  - Identify when measurable progress will be achieved.
  - Identify what the specific criteria will be for evaluating success.
  - Determine how successful achievement of the vision will be ascertained.
  - Maintain accountability for the success of the positive change.

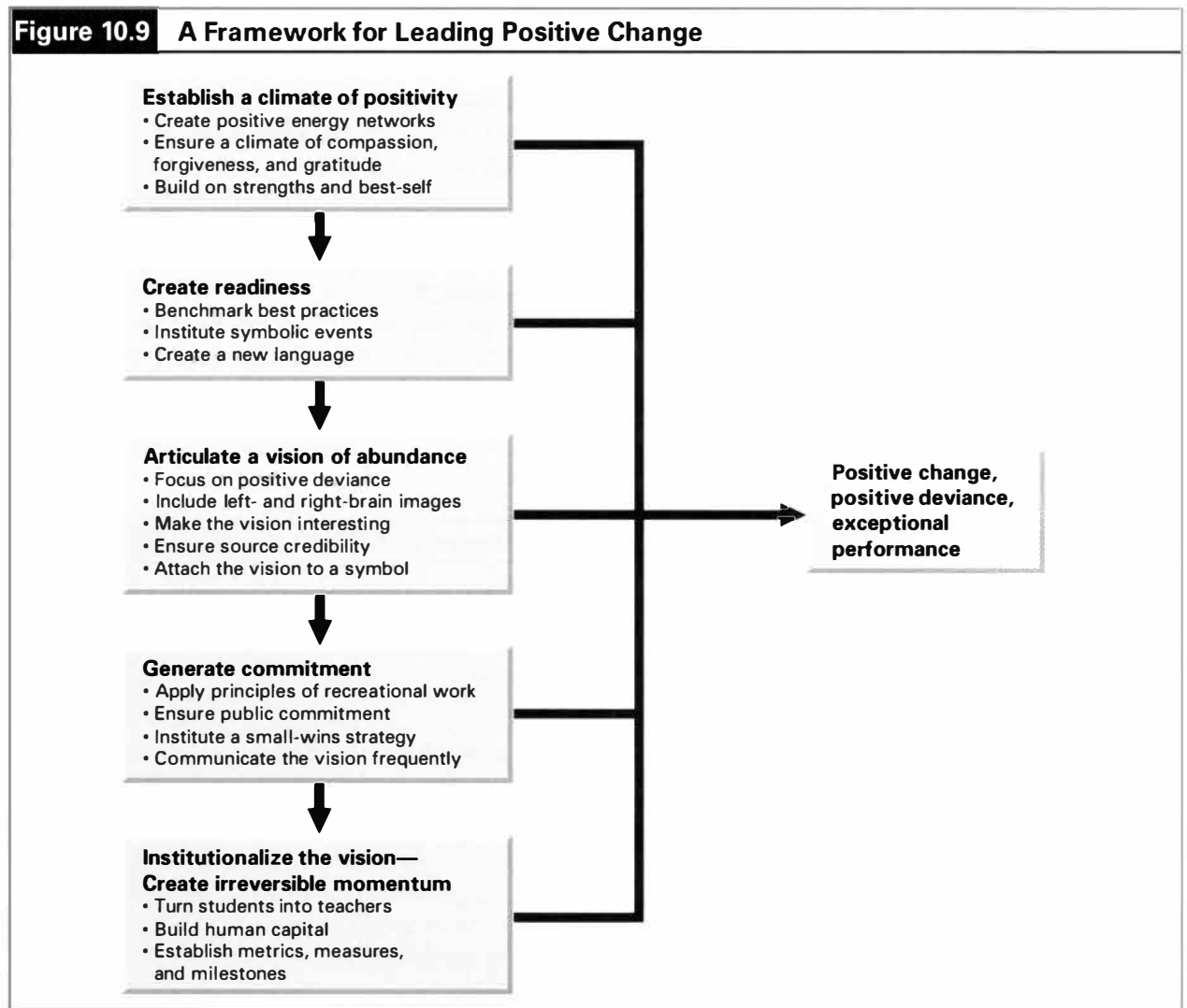
Fostering virtuousness, positive energy, strengths, aspirational targets, and inspiring language, for example, are among the ways to unlock the heliotropic effect. This effect has been demonstrated in a variety of ways within organizations and individuals—physiologically, psychologically, emotionally, visually, and socially (see Cooperrider, 1990; Cameron, 2003b; Bright, Cameron, & Caza, 2006). It is also documented in a study by Cameron and Lavine (2006).

In this chapter we provided a simple and easily remembered framework for accomplishing positive change and unleashing the power of the heliotropic effect. Five sets of skills and activities were explained: (1) establishing a climate of positivity, (2) creating readiness for change, (3) articulating a vision of abundance, (4) generating commitment to the vision, and

(5) institutionalizing the positive change. Specific behavioral guidelines for implementing this approach to change are provided next.

### **Behavioral Guidelines**

Figure 10.9 summarizes the skill set involved in leading positive change. Because change is so pervasive in organizations, every leader must manage change much of the time. However, positive change cuts across the grain and goes against the tendencies of most leaders. Negative, problem-focused concerns consume most leaders and managers. Leading positive change requires a different skill set. The following are the behavioral guidelines for achieving positive change:



1. Establish a climate of positivity by creating positive energy networks; ensuring a climate of compassion, forgiveness, and gratitude; and identifying and giving feedback to people on their strengths and unique competencies.
2. Create readiness in others to pursue positive change by benchmarking best practice, and comparing current performance to the highest standards; instituting symbolic events to signal positive change; and creating a new language that illustrates the positive change.
3. Articulate a vision of abundance by focusing on creating positive deviance rather than correcting negative deviance; including right-brain as well as left-brain images; making the vision interesting by challenging weakly held assumptions; and ensuring credibility of the vision and the visionary.
4. Generate commitment to the vision by applying principles of recreational work associated with the vision; providing opportunities for people to publicly commit to the vision; instituting a strategy of small wins; and communicating the vision frequently.
5. Institutionalize the vision, or create irreversible momentum by turning students into teachers, helping people develop teachable points of view, and articulating the vision themselves; building human capital among others; and identifying metrics, measures, and milestones for success.



## CASES INVOLVING LEADING POSITIVE CHANGE

### Corporate Vision Statements

Here are examples of four vision statements by well-known leaders of companies in the United States—Apple, General Motors, Johnson & Johnson, and Microsoft. Each of these leaders was, at the time, considered to be among the most successful change leaders in the world. Analyze their statements in light of the principles discussed in the Skill Learning section of this chapter. How effective are each of these vision statements? What would be your prediction about the success of these firms based on the statements of their leaders?

---

#### Apple's Identity and Goals

John Sculley, Former Chairman, President, and CEO

##### **Towards shared values . . .**

We are all part of the journey to create an extraordinary corporation. The things we intend to do in the years ahead have never been done before by any other company on such a large scale. Many of us believe that Apple is poised to take off and the purpose of this document is to give everyone at Apple as clear a vision as we can as to where we are going. We expect the world ahead to be filled with changes but we need the stability of a clear corporate identity and a set of directional goals to give us a framework against which to judge how well we are doing. Our identity and directional goals also provide the foundation for establishing a shared set of values which we hope Apple people will also feel very good about.

##### **Apple's Identity:**

Apple's identity can be described using three important ideas. The first relates to what Apple does, the second to why it seeks to do that, and the third to how it goes about accomplishing it. First, with regards to "what":

##### **I. We create great personal computer products.**

One person, one computer is still our dream. Apple is an applied technology company. The purpose is to bring high-technology to individuals by making the power and control readily accessible to the individual. Apple creates products that people really want to use and enhances their knowledge and ability. These can be thought of as tools which empower people and whose elegance is brought about through simplicity.

With regards to "why" Apple wants to do this:

##### **II. We have a passion for changing the world.**

Apple wants to make personal computers a way of life in work, education, and the home. Apple wants to be a catalyst for change by improving the way people think, work, organize, communicate, and learn. There is a commitment to action and to changing the way things are done in the world.

The third aspect of Apple's identity is the "how":

### **III. We build an exciting environment.**

At Apple, there is an opportunity to do and to be your best and to make a difference. In addition to being a fun, exciting, and rewarding environment, it's one where there's an openness and a shared vision. Learning and growth are the norm, not the exception. However, it's discipline that sets us free, and we recognize both individual and team contributions.

Apple people are paradigm shifters . . .

We offer the world alternative viewpoints on critical issues of productivity and learning. The traditional perspective on productivity focuses on institutions. It systemizes work flow using large scale data processing technology. Productivity is expected to increase by giving institutions the means to do complex work faster. Apple's alternative viewpoint on productivity focuses on people. We are a company that wants to be a catalyst in the process of discovering new ways for people to do things. We believe that increased productivity will result as people invent better ways to work with the enabling tools of better personal computer systems.

The traditional viewpoint on education focuses on institutions as the primary place of learning. Education is seen as a structured rule-bound process. The goal has been to prepare students for a life in the industrial economy. Apple's viewpoint on education is different. We see learning as a growing lifetime experience. Learning should be an interesting interactive process unbounded by rules and open to experimentation. We are interested in enabling people to turn information into knowledge and to prepare them for the information economy.

#### **Apple Directional Goals:**

We have established seven key directional goals which will be important in strengthening Apple's identity in the years ahead.

#### **1. Independence**

We believe we can best achieve our identity if we have the freedom of being an independent company. We are therefore not interested in acquisitions or mergers on only their financial merits. Innovation will be required across every area of our company and we must have the uncompromised commitment to take risks and try new things. This is hard to do if we were to become part of a different culture with a different identity and set of values.

#### **2. High Market Capitalization**

Market capitalization is the total value of a company as determined by the marketplace. It summarizes investor's assessment as to profitability, technology, growth, assets, management, and competitive position. In today's era of takeovers, a high market capitalization is one of the few ways we have of protecting our independence.

#### **3. Superior Customer Value**

We want to set an expectation for customer satisfaction that is vastly different and better than any of our competitors. Apple's way starts with a passion to create awesome products with a lot of distinctive value built in. Then we must learn to do new kinds of things in the future which will keep users satisfied after they have bought our products (e.g. ease of use, reliability, installation and service, etc.).

#### **4. Exceptional Growth**

We want Apple to consistently grow faster than the rest of the industry. To accomplish this we must make real strides in improving the functionality of our personal computer

systems. We see ourselves in the role of creating phenomenal enabling tools which will stimulate people to learn new and better ways of doing things. We believe that meaningful differences, not better sameness, will be what drives our long-term growth.

### **5. 21<sup>st</sup> Century Model Company**

In the second wave of management, large size was considered a strategic advantage. We believe that in the future, diversity and flexibility will be more important than corporate size in determining the winning companies.

We have a passion to make quality a building block in every area of our company.

We believe that outstanding individuals if given the charter, resources, and right environment can personally make a difference in the success of our enterprise.

In the process of pursuing Apple's identity and directional goals we believe we will pioneer many exciting new ways of doing things which may be adopted by the best companies in the twenty-first century. We are excited by the prospect of learning and experimenting with new ideas.

### **6. Dynamic Global Company**

We have a passion to change the world, not just the USA. The parameters of the world's economy have shifted and we expect Apple to be leading the way as a powerful innovator for the future.

### **7. Grow Extraordinary People**

Apple has always believed in attracting the most talented people to the company, and then providing them with an extraordinary environment in which to grow. Consequently, it's incumbent on us to provide comprehensive management training to the present employees who will run the company in the years ahead.

#### **Let the journey be the guide . . .**

We have chosen directions for Apple that will lead us to wonderful ideas we haven't as yet dreamed. Yet, how successful we are in making progress towards our directional goals will be the evidence of how well we are doing towards living up to the vision of our corporate identity. In other words, our directional goals are consistent with our identity yet do not set limits on our creativity.

Our overall corporate strategy is to use innovation to create growth by enabling people to create new ways of doing things. Innovation will be the basis of the meaningful differences which we believe should be sustainable over the long term.

SOURCE: Courtesy of Apple.

---

## **Vision for General Motors**

**Ross Perot**

(market share: 45%)

- Starting today, GM will become the finest car company in the world.
- Every GMer must understand that there are too many car plants in the world.
- From this point forward, GMers will fight in the marketplace, not with each other.
- Starting today, the power struggle between the financial staff and car builders will not be tolerated.
- Starting today, GM's relationship with the UAW will be a team relationship, not an adversarial one.

- Starting today, GM will listen to its customers, listen to its dealers who sell the cars to customers, listen to the men and women who build its cars in the factories, and listen to the engineers who design its cars.
- Starting today, any commitment made to GM people and customers will be kept.
- The first priority will be to fix every single substandard item on the existing cars being sold today.
- Starting today, GMers are going to work together, using brains, wits, creative abilities, and initiative as substitutes for money.
- GM will eliminate all waste, starting at the top and working through every level of the company.
- A new slate of outside directors will be prepared, who must have substantial stock in GM, for approval by stockholders.
- GM leaders will resign from any activity that takes them away from their responsibilities at the company.
- Starting today, words like management, labor, bonus-eligible, salaried, and hourly will no longer be used.
- As of today, people who manage in an authoritarian way will be fired.
- All bonuses and financial incentives will be determined by a single set of rules.
- From this point forward, the primary financial incentive offered will be GM stock.
- Starting today, as GM goes through a transition, all sacrifices will start at the top.
- Starting today, the word management will be replaced by the word leadership at GM.
- The leaders of GM, starting today, will accept full responsibility for the design and engineering of all GM cars.
- Starting today, most committees will be scrapped.
- No longer can a person rise to the top at GM by not doing anything wrong. The future belongs to people who are willing to step out front, take risks, and accept responsibility for their mistakes.
- Starting today, all copies of Sloan's book *My Years at General Motors* will be thrown away.

---

## Johnson & Johnson

### Our Credo

James Burke, CEO

We believe our first responsibility is to the doctors, nurses and patients,  
to mothers and all others who use our products and services.

In meeting their needs everything we do must be of high quality.

We must constantly strive to reduce our costs in order to maintain reasonable prices.

Customers' orders must be serviced promptly and accurately.

Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees,  
the men and women who work with us throughout the world.

Everyone must be considered as an individual.

We must respect their dignity and recognize their merit.

They must have a sense of security in their jobs.

Compensation must be fair and adequate, and working  
conditions clean, orderly and safe.

We must be mindful of ways to help our employees fulfill their family responsibilities.  
Employees must feel free to make suggestions and complaints.  
There must be equal opportunity for employment, development and advancement for those qualified.  
We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well.  
We must be good citizens—support good works and charities and bear our fair share of taxes.  
We must encourage civic improvements and better health and education.  
We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders.  
Business must make a sound profit.  
We must experiment with new ideas.  
Research must be carried on, innovative programs developed and mistakes paid for.  
New equipment must be purchased, new facilities provided and new products launched.  
Reserves must be created to provide for adverse times.  
When we operate according to these principles, the stockholders should realize a fair return.

**Johnson & Johnson**

SOURCE: Courtesy of Johnson & Johnson.

---

### **Microsoft**

Bill Gates  
2004 Excerpts

Microsoft was built on innovation, and our future depends on it. We are in an extraordinary position to deliver even greater value to customers through a broad set of technologies, designed to complement each other and many third-party products and services. This is what we mean by *integrated innovation*, which is key to our business strategy.

To drive innovation, Microsoft has a long-term commitment to research and development. Our investment to date has brought about many of the successful products we offer today, and has built an increasingly valuable store of intellectual property. In fiscal 2004, we applied for more than 2,000 patents on some of our recent innovations. During the coming year, we plan to file for another 3,000 patents, which will make us one of the largest patent filers in the world. Our innovations are available for broad use in others' products through our patent licensing programs.

A key focus of our innovation is security. Beyond the advances in Windows XP SP2, we are developing advanced technologies that will help isolate computers from Internet attacks and make them more resilient when they are attacked. We are making it easier for customers to keep their systems updated with our latest, most secure software.

In addition, we are collaborating with other industry leaders to develop more effective community responses to security threats, and working closely with governments

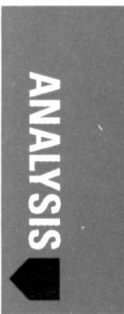
around the world to bring cybercriminals to justice. Through this broad, multipronged approach, our goal is to help bring significant improvements in security, and help preserve the benefits of technology for everyone.

Our innovation is also focused on exciting market opportunities across our businesses, which we believe hold great potential for growth over the next several years.

As we innovate in technology, we are equally focused on crisp execution. In particular, we are working to deliver an unparalleled customer and partner experience. Across the company, we have created new listening, feedback, and response systems to help us get closer to customers and respond quickly and appropriately. Using automated error-reporting technologies, we have fixed a large majority of the computer crashes and hangs reported by customers, and our strengthened field response system has favorably resolved most nontechnical issues reported by customers.

Microsoft competes vigorously, and we always will. At the same time, we are committed to maintaining positive relationships within our industry, including with competitors, and to forging strong relationships with governments. We are also committed to helping make technology safer and easier to use. We work to help protect the safety of children online, for example, through our partnership with the International Centre for Missing and Exploited Children. We are deeply engaged in industry efforts to protect peoples' privacy online, counter the problem of identify theft, and curb the spam epidemic.

SOURCE: Reprinted with permission from Microsoft Corporation.



### Discussion Questions

First answer the following questions by yourself, and then form a team of colleagues and share your answers. Reach consensus regarding a rank ordering.

**Step 1:** Rank order these four firms based on these famous leaders' statements about their companies (1 = the best, and 4 = the worst).

	<i>Apple</i>	<i>GM</i>	<i>J&amp;J</i>	<i>Microsoft</i>
1. Which of the vision statements do you think represents the most effective positive leadership?	_____	_____	_____	_____
2. Based on these statements, what is your prediction about future success in each firm in the next 10 years, from most to least successful? Ignore the health of the industry itself—e.g., computers, autos, software, pharmaceuticals—and predict how each firm will do in its own industry based on these statements.	_____	_____	_____	_____
3. Which statement has the clearest and most inspiring vision for the future?	_____	_____	_____	_____
4. Which statement do you believe has been institutionalized the most thoroughly, and the least thoroughly?	_____	_____	_____	_____

**Step 2:** Based on what you now know about leading positive change, what advice would you give each of these leaders if you were to make suggestions about how to could more effectively create readiness for change, articulate a vision of abundance, generate and so on?

## Lee Iacocca's Transformation of Chrysler—1979–1984

*This is a transcription of speeches by Chairman Lee Iacocca to Chrysler's top management team from the time he became CEO and chairman in 1979 until the dramatic transformation had been completed in 1984. The previously confidential videotapes were compiled and edited by Professor Kim S. Cameron at the University of Michigan and are used to exemplify the leadership of change. These speeches were intended by Mr. Iacocca only for an internal and confidential audience, not for the press, stockholders, or the general public. Duplication without permission of the University of Michigan Business School is strictly forbidden.*

*The transcript begins with the new president of Ford, Paul Bergmoser, explaining the state of the company and of the economy in 1979. He then introduced Mr. Iacocca to the top management team for the first time. The entire transcript from that point on is from Mr. Iacocca.*

**1979**

### **Paul Bergmoser, President:**

*I don't have to tell you that we are meeting at a very critical time in the Corporation's history. You don't need a recitation of the problems that are facing us. At the same time that the volumes and penetrations are down, we are up against the most costly product program in Chrysler history. There is no margin for error as we plan for next year 1980. Our first slide today gives you a perspective of the current situation. It shows how we are doing thus far in 1979. I said thus far—the year isn't over yet. In our presentation to the government, we predicted we would lose a billion seventy-one million. That is about where we will come out if we move the sales bank, move the imports, get our manufacturing efficiencies, and meet all the commitments between now and December 31. In some areas we are coming in on target, others we are off. For example, our market share was less than we expected largely because the market went haywire. Consumers begin to lose confidence when our problems hit the headlines. We are looking at a sluggish economy, double-digit inflation, high interest rates that put a lot of pressure on both dealers and retail customers. Much has been written and much has been unspoken about the Chrysler crisis and its causes. A considerable amount of the rhetoric has dealt with past management as being one of the primary causes of that situation. Let me tell you how I stand on the matter at the moment. All of you fellows have survived personnel reductions and corporate reorganizations. You are, in the eyes of the outsider, now the new management. That goes for me, I am new, but every one of you is just as new in terms of the New Chrysler Corporation. We will be judged by what we do in 1980 and '81. We have stated to the government and to the world at large that those will be the years when Chrysler will recover from its current record loss position. We will not live to see 1981 if we don't do the job in 1980. So, in my view, it no longer serves any purpose to look back and reference your problems to the past management. Let Mr. Iacocca and let me handle the past. You will be a success or you will be a failure on the basis of what you do in 1980.*

*It is going to be a real tough year, a very tough year, perhaps, the toughest in the history of your corporate life! If you don't feel like being on my team in this fight, you had better come and see me very soon now, because I am counting on each and every one of you to do the job better than it has ever been done before. If the objectives are too tough, too hard, and too disciplined, come and see me now, because I need the help of every one of you. I am confident that we can carry it through. Now, fellows, in time, I think people are going to look back on this management team with respect and admiration for the job they have done. This is the New Chrysler Corporation. And I want to introduce the man who is providing the leadership and direction for all of us to carry out our day-to-day tasks, Chairman Lee Iacocca. Lee!*

### **Lee Iacocca, CEO and Chairman:**

*As I said in my opening statement to Congress, this has not been a vintage year for me, for Chrysler, for the auto industry, or for the whole damn country. And, I guess that some of you must feel the same way. As Paul said, we lost a lot of money. Over a billion dollars is a lot of money. Our market penetration at the moment is down to what you might call deplorable levels. Some of our customers, or maybe I should say, some of our former customers, aren't really that confident that we are going to make it. Still, there are some good things to say about 1979. I believe it has been a year in which we did more than just survive. We reduced our fixed cost. We did proceed to put in place a product plan that will help us return to profitability. We took steps to improve our profit margins. In short, we invested a lot of time and money in our future.*

*First, I would like to give you an assessment of what is happening with our request for the loan guarantees\* in Washington, and then second I want to expand on the concept of the "New Chrysler Corporation" mentioned by Paul in his presentation. There has been a lot of talk about our chances for getting legislation out of the Congress in time to help the Chrysler Corporation. Well, I want to tell you first hand that things, as of this afternoon at least, do look good. The energy picture is muddled and threatening as ever. I just saw in the paper this afternoon that Saudi Arabia is going to go for six dollars a barrel increase. That means the rest will go for seven or eight, and that's got to be bad news. The continuing crisis in Iran; production cut backs by other OPEC nations, Libya, Iraq and these way out guys; and the lack of a sound, reasonable national energy policy right here; all of those put together are really what you would call bad news, not good news. But, what we have to do is survive, and more than survive, become profitable as soon as we can. And as Paul said, it won't be real easy. In fact, the first six months of 1980 will be pure hell, in my opinion, and I might as well tell it to you that way. There will be demanding challenges facing all of you, and me, in the months ahead. So this brings me to my second point today that I want to cover briefly.*

*When I say these are challenges facing us, I want you to know that the "us" is you and me. And, it is the new Chrysler Corporation. From the day that President Carter signs into law the Chrysler Loan Guarantee Program, a new era begins at Chrysler. And don't make any mistake about it, there will be a great deal to accomplish from that day forward. Much will be asked of you, and much will be expected of you. To begin with, we will have to re-launch Chrysler. We have to rebuild confidence, first amongst ourselves, then the rest of the Chrysler family, and most important with our customers. And this will not be easy. But, the early signals clearly show that it can be done. In spite of a dismal market this year, we have achieved some significant and positive results. We did take a hundred and thirty thousand orders for vehicles in November. We did move twenty thousand out of our sales bank.\*\* And, I have to mention sales bank one more time, because it may be the last time you will hear me say it. That thing is in its death throes. I got to thinking on the way over here that we have plans to move those last ten thousand at distressed prices, and forget that we ever built them. And, I thought, I want him to keep one. And I want to do what they do when you finally pay off the mortgage, you burn it on the front lawn. I want to burn that last damn one on the front lawn of headquarters, so, the whole world knows it is over!*

*For the next ninety days each of you in this room has to play salesman. And, to do that, all you have to do is get in one of our cars, and expose it, and demonstrate it to somebody.*

---

\*Chrysler had appealed to the federal government to guarantee its bank loans, because the amount to be borrowed was more than the value of the company at the time.

\*\*The sales bank refers to the excess inventory of unsold cars.

*Those are our four new cars, and that market still is pretty good, even though it is down a little. And, those four cars—if you have driven them lately—are not just commercial, they are fine cars that everybody in this room should be proud of. They are good looking cars. They've got good features, and they don't rattle and leak as much as their predecessors the year before. At the new Chrysler Corporation we will build them better, and we will back them better. If we don't, nothing else is going to matter anyway, and we will have no one to blame but ourselves. What will be required to do these kind of things, to keep them as promises and not let them become just sales gimmicks, is hard work and dedication and, most of all, the realization that the new Chrysler Corporation is a team. A team that openly discusses its problems and freely exchanges ideas on how to improve our efforts and willingly accepts responsibility for performance. What will be required to rebuild confidence in this company is an active participation in its survival effort.*

*Over the next months the new Chrysler Corporation will be engaged in efforts to raise a lot of capital. But, with the products we have, with the improvements we have made, with the plans for the future, being as exciting as I believe they are—that money is going to be available to us. Count on it. In fact, what is happening with this corporation right now is unprecedented in the history of our industry and maybe the whole country. Just think of it. The UAW is willing now to reopen its contract settlement in order to participate in the effort of the new Chrysler Corporation and to make it profitable. Mayor Coleman Young has indicated that Detroit is willing to offer a hundred and fifty million dollars in Chrysler support. We expect a minimum of three hundred million dollars from Canada. I say three hundred million, but it could be as much as a \$1.2 billion for Canadian operations so that we can go first class in a couple of programs we have planned. Other states with Chrysler plants and operations have expressed a willingness to help and their commitment comes up to about a hundred million dollars. We are confident that the Japanese banks will restore our letter of credit agreement under which we can continue to import vehicles from Mitsubishi. We are also offering right now, or will be very shortly I should say, a preferred stock offering to Chrysler suppliers and dealers. If we are as good as we think we are, we will sell four hundred million dollars of equity stock to our family, suppliers and dealers. If we are not good salesman, we sell two hundred. So the number is two hundred to four hundred million dollars. By mid-January we will discuss the role of the suppliers and the dealers in this offer. Our dealers' lobbying efforts in Washington in our behalf were nothing short of sensational, and I think that they will be a big part of turning this Congress around.*

*Before you go home for the holidays, I would like to ask you to do this. In just a few short minutes, I want you to ask yourselves, honestly, what have you done to help this company, your company, during the last twelve months. Put it down. Don't fight with it. Just put it down. Then throw it away. If you want to read it to your wife or your kids, fine but then throw it away. Then, after you have done that the more important part is get another piece of paper, a clean sheet of paper. Put down the things that you plan to do for your company, and for yourself, in the next twelve months, the year 1980. We will get the vote of confidence we need from the government. That is, I think, assured. It will then be up to all of us in the new Chrysler family to share that confidence, first amongst ourselves right in this room, then to spread it through all the family members, and eventually to the biggest family of them all, our customers out there. What I am saying to you is that we have all of the essentials in place. The basics are here. And more important, we have got the people, the team, to do it. Let me make it clear that this new Chrysler is not a mixed bag of hanger-ons mixed in with a little new talent from some other corporations. It is not that at all. It is a new, unified team that starts a new decade. Remember, on New Year's Eve January 1<sup>st</sup>, we start a new ten-year look.*

*One final thought to all of you. Somebody wrote a hit song called, "We Are Family," and Willie Stargell picked it up as a model to inspire his team to win the World Series*

*Championship. Well, the reason that I mentioned it to you is that we, the new Chrysler Corporation, are Family. Else, how is it possible to raise a billion and a half dollars from our own constituents? We do have a lot to do, and it is going to be tough. But because we are family, we can do it. So, that is all we have to say to you today except, have a nice Christmas all of you, and let's start the New Year with a Bang!*

## **1980**

*While the economy was coming down around our ears, we put together a financing package to raise better than two billion dollars in non-guaranteed funds. We put together an operating plan that showed we can continue as a growing concern without any government help after 1983. Secretary Miller and Mr. Volcker said, it was by a long shot, the most complicated package in the entire history of American business. It involved the governments of five nations, local governments, more than four hundred lenders, and all the constituents of a very big industrial company—suppliers, dealers, employees, and the shareholders. We put the package together in record time. Within two weeks of the deadline that we set for ourselves, the Treasury Department, the Loan Guarantee Board, and some hardnosed consultants have scrutinized—and believe me they have scrutinized—all of our plans, every aspect of our business. And the hardheads, and the hard noses, came out and said they liked what they saw. No matter what you read in the press, that is what they ended up saying. They said that our operating plan code was realistic and feasible. They said that we demonstrated that we can continue as a growing concern, and that, simply stated, is why they gave us a guarantee. The guarantees give us a fighting chance we need to complete our rebuilding program.*

*In the meanwhile, we need to keep on doing right all of the other things that are so essential to our future. We talked about what that involved last December here, and I would like to take just a minute to look at the report card and see how we fared since we last met as a group. First, we talked about people. That is the strength of any business organization. We have kept almost, not all, but almost all of our top-flight people. We have been able to move some into key spots like Jack Withrow in engineering. We have attracted some very impressive new people at the organization to supplement our present staff. Don Dellerosa came on board as Vice President of Design. I worked with him for a long time. He is the best designer of small cars in the world. Dick Dow came on board as Executive VP of Diversified Operations. Dick has been in charge of production at VW-America, and before that he was at GM, where he was the youngest plant manager in their history. Dave Platt came on as Vice President of Procurement and Supply. He is experienced. He will make sure all of our suppliers meet their quality targets. I could go on and on, but the management, I am trying to say, is strong.*

*We have the plans and programs to meet our objectives, so I hope that everybody in this room knows and understands them. We have a great management team. I think it's the best in the business. We have the sales program. We are improving quality. Ford and GM will have to catch us from now on. We have the innovations to set us apart from the competition. We have the products that deliver the value that customers want today. So, in spite all of the difficulties created for us, and all the obstacles put in our way, our plans are finally starting to come together. We see some real daylight.*

*The Loan Guarantee Board looked at a lot of factors when they considered our application—cost projections, industry volume, the debt load, the product plans. But when I talked to them privately, the most important consideration of all was whether this Chrysler Team had the guts, and the capacity, and the ability to see this program through to the end and to bring Chrysler back to profitability. The guy who asked me that most is a guy I admire a lot—Paul Volcker, of the Federal Reserve. He asked, “Are you really sure you have got the right people to stick it out?” They looked hard at us, at you really. They looked at what you have accomplished so far, and what's left to do. They must have seen*

*winner in some of you because they decided to put the country's money on you. Which is a big gamble. They put a billion and a half on the line.*

## **1982**

*Good evening. We announced our 1981 results this morning. For the total year we lost four hundred and seventy-six million. That is a little less than the analysts said that we would lose. They said that we would lose, for sure, five hundred million. One year ago—if you just stop to think about what was in the news four months ago—all of the smart money on Wall Street was betting that Volcker's scandalous interest rates, the advent of GM's new competition the 'J' car, and the total collapse of the car and truck market would certainly wipe out Chrysler in 1981. This was their year to die. The smart money was wrong again, because we not only survived this worse depression in the history of the automobile industry, but I think that you will agree we have come through as a stronger and more competitive company.*

*We continued our program to cut costs and become even more productive in the year '81. We performed major surgery to bring our cost under control. We looked at all of our operations, plant-by-plant and job-by-job, and over the last two years we have consolidated these operations. We have now closed a full twenty plants. We have cut our fixed cost by well over a half billion dollars in the last four months. And we have reduced our salaried employees by half, from about forty thousand to twenty-one thousand. Our break even is now half of what it was two years ago. We twenty thousand are doing the work of those forty thousand, but we are selling more cars and building more cars. What the hell were we doing wrong? Since the first of this year—we have taken several important actions to build an extra cash cushion to ride out the recession and protect our future programs. Last Friday we reached an agreement to sell Chrysler Defense, that is the tank business, to General Dynamics for three hundred and forty-eight point five million dollars. I have to say to you; gentlemen and ladies, that decision was a tough call. Chrysler Defense is a strong subsidiary with some great people, a lot of whom worked for this company for a lot of years. We have forty years of history tied up in the tank business. We were part of the Arsenal of Democracy in World War Two. I can tell you, our guys did design and build the best damn battle tank in the entire world. They had some very exciting and profitable new products on the drawing board, and we had some of the best talent in this organization running that place. Nobody wanted to give all of that up. But, in today's economic climate, we had to balance our attachment to that company against the need to build a substantial cash cushion with which to ride out this very serious economic depression that we are in. Our charter is to concentrate on cars and trucks. That is why we got the Loan Guarantees, and that is why we are here. Our job is to build the best cars and trucks, and take on the Japanese, even if just to be patriotic, but that's our job.*

*Here is our problem put as simply as I know how to put it. Today, it costs us exactly seventy-nine hundred dollars to build the average Chrysler car, and we sell them on an average for seventy-five hundred. We make our money today on Chrysler Financial, on Mexico, and on parts sales. We had better start to learn how to make money on cars and trucks, because that, again, is our business. We have to live within our budgets in '82, as tight as they are with no cost overruns, and that's nobody!*

*Now let me end with this note. We have all come through a hellish couple of years. I know we all feel that way, I do. But together, we have established Chrysler as a leader in the rebuilding of the American auto industry, and maybe of the entire American Industry. Together, we have set an example of what determined Americans can accomplish in the face of great adversity. We are on the edge of success. We are not quite there, but we are on the real sharp edge of success. If the management, the Union, all of our employees, and the dealers and the suppliers—all continue to work together towards our common goals, we can put the finishing touches on maybe the greatest chapter in the history of American business.*

**1983**

*We really are poised, no matter what the economy throws at us, no matter what the Japanese or Ford or General Motors throw at us, not only to stay in business but to prosper and do very, very, well. I also said to you late in July in a meeting with President Carter, that we now own our company again. I announced that we were paying off the loans, and that means that we are all alone now, and we can make our own decisions and we can make our own mistakes.*

*We have got to get this quality thing behind us. We have come a long, long, way. Warranty is down thirty eight percent the last couple of years, and our quality is up, but the track is fast, as you know. Ford is doing better on things gone wrong, and G.M and we are a little worse than they are and Japan is still out-doing us all. So, we can have five and fifties, and we can have good power trains, and we can have five year warranties, and think about ten year warranties, but we have got to get rid of some of this crap we are doing. We've got some problems, but they are not big problems, I don't think.*

*I like to think that the officers, the first team, let's call it, the varsity, is good enough that each of us in the top senior management has ten charges out there. I can look around the room, and I feel that ten of you are my protégés. I watch to see what you are doing. I look at your future, and I get to know you well, and I take care of you, because you take of the company and me. At our level, this level, everybody is on the team. Everybody has gotten the message. Nobody believes there is an old way of doing it. Well, you have got your work cut out for you, and here is your assignment. It is a very general one, but it is the only thing that will make this company click. Out of the three hundred odd of you in here, each of you must accept as your charges ten subordinates. Ten times three hundred is three thousand, and that's the group we are looking at. The next three thousand has got to get the word. That is the only way we are going to continue to build on the progress that we have made, and we have made some fantastic progress. I hope that you are feeling that you are a big part of it, because you are. Every one of you, look to yourself, and look within yourself. When you manage, a good manager is a multiplier and a motivator. That is all he is. He can multiply himself, every day, wherever he is. People look up to him, and people work, because they know what their objective is, and they go out and hustle, and they do it because the boss is leading them and motivating them. Now, if you would just do that, we have got a big year ahead of us. While we are counting the two billion dollars back home, you will be really putting the seed corn in where it counts. Multiply yourselves times ten and nothing will stop us.*

*When the press asked me, what is the greatest thing you got out of the last five years, I say: "Hot a hell of a lot. It got tiring." But I did take one thing. It is the realization that six hundred thousand people, pulled in the same directions. Pulled the oars in the same way. Everybody felt they were getting the fair shake, the old equality of sacrifice. It is amazing how we can move a mountain. So, if you see anybody pulling apart, or they don't want to be on a team, you have got to straighten them out. I will end on this note. I will assure you that just as we are paying you for having reduced warranty costs, less engineering changes, and better market share, the new barometer will be how you are doing with your little nest of ten people. Some of you, I know, have twenty or thirty, but start with ten. I can settle for that right now if everybody in the room signed up for it.*

**1984**

*I would think that in the next five years, we start a new era. We have got to talk innovation in product, and we have got to talk innovation in service, and in manufacturing processes. I think that is going to be key to how well this corporation does. I think that we are on the threshold of doing great things together. I think that anytime any company, for whatever the reason, reports the one and a half plus billion dollars in six months, you should all be damned proud. As one of the reporters already said, "That is their peak."*

*Two analysts followed it up yesterday, and said “Chrysler will never make over eight hundred million dollars again in a three month period.” They make it sound like I was a fluke. Well, we are going to show them that it is no fluke. True, it has been driven by volume, driven by rich mixes, but it has been driven by productivity improvements, and quality improvements, and having the right products for the market—rich convertibles and T-115s [minivans] that are a smash.*

*But the two areas that are not market driven but are management driven are the two you are not doing hot on. That is quality and market share. Market share, if you include T-115s, is doing pretty damn well. But we are not going to get to twelve percent. And quality is a disappointment. GM has caught up with us. The Japanese are way beyond us. And Ford is losing us in their dust right now. I take nothing from you or this managing team, but you have got to look at the whole car now. Why is it, on the two toughies, competing head to head every day in the market, even with voluntary restraints on the part of the Japanese, against GM and Ford, we can't seem to meet our quality objectives, and in market share we are flunking out. Now, when I say it that way, we have come a long way from three years ago. Were shipping crap, frankly. And now you can be proud of what you are shipping. I am glad to hear it, I hope we don't do it every day, but I am glad to hear from time to time we shut a line down to get the message across that quality is not only the first priority but it could well be in the next twelve to twenty-four months our only priority.*

*We are going to have to join up with new technology, and we are going to have to cut out a position for ourselves at Chrysler in electronics, certainly new materials and composites of all kinds. That is on our strategy list. I asked one of our top people why can't I just order on a requisition tomorrow, a sports car, and I would like to do it in twenty-four months. You say, I can't do that. I say why? You say, we don't know how. But, what the hell, it is a car, and they're selling like hotcakes. We don't know how? Well, you have got to ask yourself, why not? You can't just claim that it's money. We've got plenty of money if we want to do something like that. While they are all reacting on our T-115, we have got to react back to them in some of these markets. Those aren't little niche markets. That may be the market of the future for young people.*

### **Discussion Questions**

1. In 1979, with the company in such bad shape and the economy so dismal, how did Iacocca create a climate of positivity? What symbols are used? What small wins were identified? What is interesting about his language?
2. In 1980, how did Iacocca ensure credibility? Who is the enemy? What is interesting about his language?
3. In 1982, how did Iacocca maintain positivity? What is the vision for the company? What symbolic events are used? How is commitment developed?
4. In 1983, how is the vision institutionalized? How does Iacocca personally exemplify the principles he espouses?
5. In 1984, given the dramatic turnaround of the company, why doesn't Iacocca celebrate? What is his motivation? Why does he mix confrontation and challenge in his positive message?



## EXERCISES IN LEADING POSITIVE CHANGE

### Reflected Best-Self Portrait

In the Skill Assessment section of this chapter you were asked to identify 20 people who could provide feedback to you regarding when you were at your very best. Now that you have obtained that feedback on your strengths, you will want to analyze that data to create a best-self portrait. Read all of your feedback and take notes on the key insights. Look for commonalities across the individuals who provided you with feedback. Create themes where you find commonalities, and link the examples to them. You may find it useful to use a table such as the following.

COMMONALITY/THEME	EXAMPLES GIVEN	MY INTERPRETATION
1. Creative	1. Innovative builder of new projects at work. 2. Found new solutions for old problems. 3. Guided the team in transforming itself.	My ideas tend to be interesting and creative. I tend to bring a new ideas to people with whom I work. I am innovative in my approach to problem solving.
2.	1. 2. 3.	
3.	1. 2. 3.	



**Step 1:** Now, create a portrait of your best self that captures the wisdom in your data. Identify when you are at your very best and what attributes and capabilities you display at your best. Write at least one paragraph describing yourself in third person using your best-self feedback as the data. The person you are reading about in this feedback is like this at his or her best. . . . Here are some reflective questions that you may want to consider as you craft your self portrait.

- ┌ What have you learned about your own key strengths and uniquenesses?
- ┌ What was surprising to you about your feedback?
- ┌ What circumstances bring out your best?
- ┌ How do you intend to follow up or capitalize on this feedback?
- ┌ What career or life implications does this feedback hold?
- ┌ What has changed, or could change, as a result of obtaining this feedback?

Write up your conclusions and your commitments as a result of reading through the feedback. Writing will have a clarifying and focusing effect, and you are not likely to get this

kind of data very often in your life. Don't miss the opportunity to craft something meaningful for yourself.

**Step 2:** Read your best-self portrait with a team of colleagues. Get verbal feedback from them about what you have written. That is, your colleagues will help you clarify and become specific about your best-self attributes.

SOURCE: [www.bus.umich.edu/positive](http://www.bus.umich.edu/positive)

## Positive Organizational Diagnosis Exercise

**Step 1:** Select an organization that you can diagnose. If you are not currently working in one, volunteering in one, or leading one, select your own school or university. Your objective is to identify the strengths, peak experiences, and examples of positive deviance in the organization (rather than the problems and challenges). These kinds of data are seldom gathered in organizations, and people are not often asked to provide this kind of data. However, in every organization, something works well. When cued to do so, people can always identify things that are spectacular about their organization. Furthermore, the questions we ask and the language we use helps determine our vision of the future. People are more comfortable moving into the unknown future when they carry parts of the past forward. That is, when they have experienced success in the past, they are more willing to pursue a vision of the future, knowing that they have achieved extraordinary success some time in the past. They are confident that they can do it again.

Here are some examples of questions you should ask in diagnosing the positive aspects of an organization, a group, or even your own family.

- ┆ *Best-in-Class:* Put yourself in clients' or customers' shoes. What would they say makes this organization the best there is?
- ┆ *Careers:* What do you love about this organization that makes you want to come to work each day?
- ┆ *Leadership:* Who are the leaders in your organization you admire the most, and why? What do they do?
- ┆ *Communication:* When did you have an extremely satisfying and productive interchange with someone you care deeply about?
- ┆ *Teamwork:* When have you experienced delight at extraordinary cooperation and teamwork that emerged in this organization?
- ┆ *Culture:* What is especially fun, energizing, revitalizing about your culture? What turns you on?
- ┆ *Aspiration:* What are your highest aspirations for this organization? What do you really hope for?
- ┆ *Work:* What is the best you have ever seen accomplished in the work here? What was achieved that exceeded everyone's expectations?

When you ask these kinds of questions, you will detect more enthusiasm being displayed by the person responding, and you will note an unleashing of positive energy. This is in contrast to more typical questions used in organizational diagnosis:

- ┆ What are your major problems and challenges?
- ┆ Where are your deficits?
- ┆ What is troublesome to people in this organization?
- ┆ What needs fixing?
- ┆ In what areas are you missing your targets?

- └ Who is doing better than you are, and why?

Craft your own interview format for conducting a positive diagnosis of an organization, a group, or a family. Use the positive questions above as a guide. Interview a representative sample of people in that organization (or all the members of your family).

**Step 2:** Now, write up the equivalent of a best-self portrait for the organization. Address these questions regarding the organization.

- └ What are the strengths and unique qualities of this organization?
- └ In what ways can it capitalize on its competencies?
- └ What is the vision that drives the organization?
- └ What recommendations do you have for positive change?

## A Positive Change Agenda

Write out a detailed plan for leading positive change in an organization in which you are participating. You need not be the formal leader of that organization, since most real change is initiated from places within the organization rather than the leader's office. Most great leaders simply capitalize on the ideas and agendas of their people.

In crafting your plan, address the following questions with very specific and actionable ideas. Do not simply say something like: "I'll treat people better." That is not specific enough and does not identify an action. Instead, say, "I will compliment someone every day." That's more doable and measurable.

1. In what ways will you work to create a positive climate? What will you actually do?
2. In what specific ways will you create readiness in others to pursue positive change?
3. What is your specific vision of abundance? How will you communicate it so that it is accepted and energizing to people?
4. How will you generate commitment to that vision among others? Identify specific actions.
5. What will you do to institutionalize and create irreversible momentum for your positive change?

Now, identify the specific things you will need to do personally to exemplify and model your positive change? How will you enhance your own credibility?



## **ACTIVITIES FOR LEADING POSITIVE CHANGE**

### **Suggested Assignments**

1. Find someone you know well who is working in an organization. Teach him or her the principles of leading positive change. Use the concepts, principles, techniques, and exercises provided in this chapter. Describe what you taught and record the results in your journal.
2. Give genuine positive feedback on a regular and consistent basis to one or more of your colleagues. Do it at least daily. Observe the extent to which your relationship changes over the next month.
3. Do a systematic analysis of the things that occur in your life for which you are grateful. What is going right, and what makes life worth living? Consider your job, family, school, and social life. Keep a “gratitude journal” for at least a semester (a three-month period). Make an entry in it at least once a week. Note what else changes in your life compared to before you began the journal.
4. Identify at least one person in your circle of acquaintances who is positively energizing to you. When you are around this person, you simply feel better. Make certain that you interact with that person on a frequent and consistent basis.
5. Identify an example of best practice. That is, find someone or some organization that is unique in being the best there is at something. Try to identify what it is that accounts for that extraordinary performance. What factors could be generalized to others or to other settings?
6. Establish an abundance agenda that you aspire to accomplish this year. Make it compatible with the top priorities in your life. Specify the behavioral action steps, the reporting and accounting mechanisms, and the criteria of success that you will implement. Share this plan with others you know so that you have an incentive to pursue it even after you finish this class.

7. Identify a symbol that can serve as a constant reminder of your own—or your organization's—vision of abundance. Select something that is positively energizing and that can remind you every time you see it that you are pursuing a meaningful, uplifting vision.
  
8. Establish a close mentoring relationship with someone with whom you work or go to school. Your mentor may be a professor, a senior manager, or someone who has been around longer than you have. That relationship should build your self-esteem and be energizing to you. Make certain, however, that the relationship is reciprocal, not one-way.

## Application Plan and Evaluation

The intent of this exercise is to help you apply this cluster of skills in a real-life, out-of-class setting. Now that you have become familiar with the behavioral guidelines that form the basis of effective skill performance, you will improve most by trying out those guidelines in an everyday context. Unlike a classroom activity, in which feedback is immediate and others can assist you with their evaluations, this skill application activity is one you must accomplish and evaluate on your own. There are two parts to this activity. Part 1 helps prepare you to apply the skill. Part 2 helps you evaluate and improve on your experience. Be sure to write down answers to each item. Don't short-circuit the process by skipping steps.

### Part 1. Planning

1. Write down the two or three aspects of this skill that are most important to you. These may be areas of weakness, areas of strength, or areas that are most salient to a situation you face right now. Identify the specific aspects of this skill that you want to apply.
  
2. Now identify the setting or the situation in which you will apply this skill. Establish a plan for performance by actually writing down a description of the situation. Who else will be involved? When will you do it? Where will it be done?  
Circumstances:  
Who else?  
When?  
Where?
  
3. Identify the specific behaviors in which you will engage to apply this skill. Operationalize your skill performance.

4. What are the indicators of successful performance? How will you know you have been effective? What will indicate you have performed competently?

### **Part 2. Evaluation**

5. After you have completed your implementation, record the results. What happened? How successful were you? What was the effect on others?
6. How can you improve? What modifications can you make next time? What will you do differently in a similar situation in the future?
7. Looking back on your whole skill practice and application experience, what have you learned? What has been surprising? In what ways might this experience help you in the long term?



## Leading Positive Change

### Scoring Key

SKILL AREA	ITEMS	ASSESSMENT	
		PRE-	POST-
Leading the team	1–8	_____	_____
Being an effective team member	9–12	_____	_____
Diagnosing and facilitating team development	13–20	_____	_____
	<b>Total Score</b>	_____	_____

### Comparison Data (N = 1,500 Students)

Compare your scores to three standards:

1. The maximum possible score = 100
2. The scores of other students in the class.
3. Norm data from more than 1,500 business school students.

#### Pre-Test

98.33 = mean

106 or above = top quartile

99–105 = third quartile

92–98 = second quartile

91 or below = bottom quartile

#### Post-Test

= 105.24

= 114 or above

= 107–113

= 99–106

= 98 or below

## Reflected Best-Self Feedback™ Exercise

This exercise does not have a solution or comparison data. Answers will vary among students.

## Machiavellianism Scale—MACH IV

### Scoring Key

This scale measures individuals' general orientation toward dealing with other people, especially the extent to which they tend to manipulate others in interpersonal situations. High scores on this scale are the opposite of the qualities needed for effective leadership of positive change. That is, authenticity, genuineness, optimism, gratitude, humility, and



emotional sensitivity are all characteristics of effective leaders of positive change, but this scale measures the extent to which people are cynical, distrustful, and manipulative.

The lowest possible score is  $-60$ , and the highest possible score is  $+60$ . A score of 00 is a neutral point.

The three subscales in this instrument are:

Duplicity:	Items 2, 3, 6, 7, 9, 10, 15
Negativism:	Items 1, 5, 8, 12, 13, 18, 20
Distrust:	Items 4, 11, 14, 16

**Average Overall Published Score: 10.6**

### **Comparison Data (N = 1,500 Students)**

---

Mean score:	$-17.18$
Top quartile:	$-8$ or above
Third quartile:	$-18$ – $-9$
Second quartile:	$-27$ – $-19$
Bottom quartile:	$-28$ or below

## **SKILL ANALYSIS Iacocca's Transformation of Chrysler—1979–1984**

In a 2000 survey published in *USA Today*, Lee Iacocca was rated as the greatest salesperson of our time. The other five, listed in order, were: Bill Gates, Bill Clinton, Ronald Reagan, Michael Dell, and Ted Turner. In other words, Iacocca was viewed the quintessential example of positive influence.

Some facts that may be helpful as you analyze the case are:

1979: The name of the company was changed to symbolically signal a new era. The “sales bank” was simply excess inventory, and Chrysler really did burn the last car on the front lawn of headquarters. This was the first time in U.S. history when loan guarantees had been requested, and at the time of the speech, no support had been received whatsoever from the federal government or from Congress. It was only through the persuasive influence of Iacocca that the loan guarantees were granted.

1980: Iacocca's salary was \$1 per year. The “why” was to build credibility. Consider how much of the time Iacocca spends on the right-brain aspects of his speeches versus the left-brain side. Normally laying people off and hiring new employees would antagonize current workers. Why did Iacocca's announcement have the opposite effect?

1982: Iacocca makes a loss of \$476 million sound like a big win. How? Why did he sell the tank business? What did he do with the money? Did he pay off the creditors? He delivers a strong message: “I'll put my money where my mouth is.” Why does he refer to patriotism?

1983: Iacocca is incredibly close to the customer, as evidenced by his knowledge of the hood-release problem. Can CEOs really do that? This speech has a great deal to do with institutionalizing the vision. How does he do that?

1984: Up to that point in history, no company had ever earned more than \$1.6 billion in six months. This was an incredible achievement. Why, then, doesn't Iacocca celebrate? He is creating readiness for change all over again, and he treats change as a cyclical affair, not a one-time, linear achievement. His wife died in 1984; he was asked to run for

president, then Congress; he chaired the Statue of Liberty celebration; so Chrysler faltered for the rest of the decade. But near the end of the 1990s, Iacocca again took the reins and pulled off another dramatic transformation of a sinking company. A decade after he left, the company merged with Daimler, a German company that makes Mercedes-Benz automobiles.

