



Leadership, Teams, and Communities of Practice

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Leadership

Numerous horror stories have been reported in the literature describing the fate of organizations that are either *over-managed* or *over-led*. In each story, certain factors seem to pervade.

The fates of many *over-managed* organizations are usually a result of “bleeding to a slow death of a thousand cuts.”

In less dramatic terms, over time these *over-managed* organizations slowly experience *either*:

some form of *disproportionate* overhead cost growth, as successive layers of management are added to *drive* the organizations’ resources in the “politically correct” direction, determined by a Senior Management Team that becomes increasingly oblivious of their own loss of client focus and fundamental business basics, as they struggle (with the GROWING Stresses of their PREVIOUS Success) to reinvent the wrong resources in accordance with their mistaken view of the future, *or*

or a similar overhead cost growth, due to an even more basic challenge - to deal with the rising cynicisms and passive aggression of the organization’s resources, reacting to Senior Management’s overbearing management style as it pervades through the rest of the management of the organization to *drive* these resources to close the gaps in performance (“the whippings will continue until morale improves” becomes a favorite restroom expression).

Alternatively, the fates of these *over-led* organizations occur usually more rapidly and dramatically. In these organizations, the Senior Management (“Leadership”) Team builds a strong appeal over time with the organization’s resources, due to their charismatic style and “fortunate” early successes. This style and these successes inspire an even greater sense of loyalty, building essentially a “Midas Touch” philosophy and “laid-back” approach to business – *the tendency to inspect what is expected is pushed aside in the spirit of “organizational fraternity.”* *Day-to-day operations become naively routine (Stresses of Success are low), until unexpectedly, a major risk event occurs, and the organization runs off the cliff called bankruptcy.*

While, admittedly, these examples are overly simplistic, and in many ways, hyperboles, they do demonstrate some of the key **cultural** aspects of each extreme, as well as some the basic root causes and corresponding proximate causes for failure. In reality, many organizations may have “pockets” within them that may exhibit to different degrees of each of these extreme cases. As such they provide some insight into possible early symptoms to be on the outlook for.

While, in these two descriptions, the causes of business failure are dramatically different – in fact, at opposite ends of the spectrum of possibilities – the results are the same. **It goes without saying that in either of these extreme cases, after the fact, these organizations are no longer Sustainable, and their Enterprise Values have evaporated.**

The above examples may seem simplistic in an academic sense, but then next question becomes – “If this happened in your organization, what could you do about it?”, or possibly even more importantly, **“How do you keep this from happening in your organization, to begin with?”**

The answer to this question is not so simplistic, especially when having to deal with the NORMAL stresses of the day at the same time – in other words, now what do you do!

The practical answer lies in **starting early to build a sustainable organization – one that minimizes the potential for the “seeds” of either of the extremes to ever take root.**

John Kotter, PhD, a professor in Harvard University’s business school who has studied the science of leadership, has said that “today’s reality is that thousands of companies today are *over*-managed and *under*-led, not because managers lack charisma, but because far too few executives have a clear understanding of what leadership is and what it can accomplish. Without such a vision, even the most capable people have great difficulty trying to lead effectively and to create the culture which will help others to lead.”

Further, in the 21st century, the sustainable organization will exhibit a balance of leadership and management skills and the capability of dealing with an increasingly competitive and fast-moving economic environment. *The sustainable organization will have all its resources aligned with each other, and empowered to create Enterprise Value, (EV), for the organization and its stakeholders. These intangible resources will be motivated to optimize their performance – in response to the organization’s culture of balance of “enlightened” leadership and “effective” management.*

How does an organization **build** a culture of balanced leadership and management?

To answer this question, **the organization must first answer the question – “What do we want the resources to do?”**

Teams

At any time in most organizations, multiple teams are in existence and busy on some assignment – ideally, related to some aspect of that organization’s Mission, Vision, and Core Values. Also, ideally, those teams, through their efforts, are creating value for their “clients” and other stakeholders.

For each Team, certain basic questions can be asked:

1. Do they understand the purpose of their activities and the expected outcomes?
2. Do they know who their “clients” and stakeholders are?
3. Do they understand why these outcomes are important to their “client” and to their stakeholders – how “value” is defined?
4. Do they understand any other key performance expectations, that their “client” and their stakeholders have, for how their activities are to be accomplished, e.g., budget/costs, schedule, safety, etc. – again, how “value” is defined? (What performance and outcomes they are accountable for...)
5. AND MOST IMPORTANTLY – *DO THEY CARE?*

One simple definition of “*effective management*” is - the ability to get things done “right.”

Similarly, a simple definition of “*effective leadership*” is - the ability to get the “right” things done.

For Teams in organizations with “*effective management*”, the first four questions above can probably be answered – “Yes”, although the answer to the fifth question is uncertain.

For Teams in organizations with “*effective leadership*”, the answer to the fifth question will probably be - “Yes”, although the answers to the first four questions are uncertain.

In a “*sustainable*” organization, which is successfully growing its long-term Enterprise Value, the answers to all five questions are a resounding – “**YES**”.

Thus, one key differentiator of “sustainable” organizations, in comparison to other organizations, is that the Teams in these organizations are being effectively managed and led, simultaneously - and it happens naturally, because of their culture.

In other words, *Teams in “sustainable” organizations* are more likely to do the “right” thing, “right”, and do it the first time. Obviously, in doing so, these organizations realize certain direct benefits from their Teams’ activities, including – lower costs for *not needing* “extra” supervision by additional management effort, lower costs for *avoiding* possible client problems due to dissatisfaction, and consequential lower costs of future sales and for increased efficiencies and productivities, etc. – **all of which results in growth in Enterprise Value.**

Teams in sustainable organizations understand their "Hedgehog Concept" - where the RELATIONSHIPS between – what they are doing, how well it is being done, and how much they care that what they are doing is done well - ARE IN BALANCE!

Unfortunately, in too many of today's organizations, these relationships are **out of balance!**

Communities of Practice

Teams come in all shapes and sizes; they exist for any number of purposes, and for durations that can last for a day or less, to durations that last for many years. *The structure and formality of a team can vary* from only a few people, operating face-to-face in one location and without written procedures, *with a very limited, routine goal and short time frame*, e.g. a construction crew assigned to frame out a house, to many thousands of people, dispersed in multiple locations around the world, *with a very complex, innovative, multi-year goal*, e.g. the NASA Apollo organization formed to put a man on the moon.

Obviously, the **proper complexity** of the structure and formality of the team depends on certain factors related to the "Mission" and "Core Values" of the team, e.g., the client's expected outcomes related to the product or service, as well as other factors related to performance expectations and risk, e.g. the degree of innovation required to perform the assignment and the team's level of experience. **Neither** the construction crew nor the NASA Apollo organization has the right complexity for the other's assignment. **However, if composed of individuals from a sustainable organization, both will understand their OWN "Hedgehog Concept" and be highly motivated to succeed.**

A Community of Practice (CoP) consists of a group of people who share a concern, a set of problems, or a passion for a topic, and who deepen their knowledge and expertise in the area by interacting on a regular basis.

In their "purest" sense, CoPs function based a distributed leadership and management philosophy, and with a minimal command and control structure – they exist naturally as a result of the "passion" of the individuals involved and the benefits that these individuals naturally receive as a result of "membership" – in a sense, their purpose for existence is the pursuit of their "Hedgehog Concept" on a voluntary basis.

In a "practical" sense, *a key to the success of a CoP is to produce tangible business benefits* for its participants and their organizations, and hence derive the support of the management of the participants. Typical *short term benefits* may include: enhanced short term profitability, an arena for problem solving, improved quality of decisions, more proactive perspectives on problems, reduced time and costs, and improved risk taking. Typical *long term benefits* may include: enhanced sustainable profitability and enterprise value, ability to develop and execute a strategic plan, capacity to develop strategic options, retention of talent, optimization of key tangible assets' performance,

increased knowledge development and capacity, sharing best practices and performance benchmarking, knowledge based alliances, improved innovation capabilities, etc.

CoPs may go by many names or acronyms, e.g. “The CEOs’ Roundtable” (for networking *between* corporations and seeking best (Business and entrepreneurial) practices to bring back to their individual organizations), “GeoCon” (a group of Geoscientists, *within* an organization – at one or more locations - seeking updates in the innovation of their technical expertise), and the “Project Management Institute” (for PMs from multiple organizations, desiring to network and to nurture their professional expertise).

In addition to these traditional examples of CoPs, which in many ways are “fraternal” groups, many other examples exist of “quasi-CoPs” that are more “management directed”, in terms of their intended purpose and benefits (their “Hedgehog Concept”), and yet many of the features and other benefits of the traditional CoPs are still manifest – such as shared Best Practices, Lessons-learned, and informal networking. Examples of these quasi-CoPs include – “Senior Management Teams” (the CEO and his/her direct reports), “Market-sector Business Teams” (for example, the “Federal/DOD Business Team”), “Client Business Teams” (for example, the “HP Business Team”), “New Business Initiative Teams” (for example, the “Facility/Infrastructure Redevelopment Initiative Team”), and “ ‘Organizational Development’ CoPs” (for example, Kotter’s “Guiding Coalition for Leading Change” in an organization).

One last point should be made regarding the benefits of CoPs – generally, these “groups” exist for a focused purpose and to produce an intended benefit for both their members and the organizations in which the members administratively reside; if properly conceived and administered, this purpose and focus could be considered their “Hedgehog Concept.” **CoPs are entities of convenience in an organization - they exist only as long as needed and as long as they are producing value.** Once their purpose is accomplished and the value realized, they can either be redirected to a *new* purpose and benefit, or simply disbanded with little impact of the parent organization(s). **In either case, within a typical organization, and especially within a sustainable organization, if properly conceived and administered, their cost/benefit ratios are very low and they are a very efficient and effective “CHANGE TECHNIQUE” for introducing innovation and FOR OPTIMIZING THE PERFORMANCE OF THE ORGANIZATION’S INTANGIBLE ASSETS.**