

Engagement Leadership

March 2010

Drew Jones, Justin Papps, Michael Funk

**“Building a culture of integrity in
your organization begins at the top.”**

Tom Donaldson, The Wharton School

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2010 will be a year of resets. Companies are learning to do more with less - less capital, less credit, fewer people, fewer customers, etc. The current jobless recovery casts a long shadow over efforts at regaining competitive momentum and vitality. Yet, beneath this surface lie *leadership innovation* opportunities waiting to be seized.

Why the optimism? We see the 2008-2010 Recession as an inflection point marking the end of an era. The dominant management infrastructure (from banking and finance to corporate strategy to human resource management) that led us into the recession is out of step with the business world *today*. As the global economy restarts its engine, we are witnessing an epochal *shift* in business values, priorities, and commitments.

THE SHIFT

The 'shift' is a convergence of technological and social changes that are making old things redundant and new things possible at a staggering pace.

Key among these trends are:

- ◇ The generational transition from a Baby Boomer-dominated economy to a Gen Y-dominated economy with Gen X sandwiched in between
- ◇ Ubiquitous wifi, cloud computing, virtual officing, remote working, and anytime/anywhere work
- ◇ Millions of square feet of redundant (and costly) real estate in the form of poorly designed, outmoded and/or underutilized office space
- ◇ Chronic unemployment coupled with a just-in-time labor market that favors entrepreneurs
- ◇ Radically open communication through social media platforms
- ◇ Rising expectations for corporate transparency and trust-based management
- ◇ Increasing demands for work/life balance
- ◇ A recognition, at least outside the boardroom, that we need to 'do things differently' if we are to avoid a double-dip recession
- ◇ Increasing importance (among employees and customers) of being part of meaningful communities.

Companies that want to thrive from 2010 forward need to acknowledge these trends and learn to manage them.

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BIG QUESTIONS TO ASK

For corporate management, the challenges posed by this convergence are very real.

How do you sustain communication, motivation, and engagement in remote working teams?

How do you create and sustain a workforce defined by work *style* rather than location?

How do you identify and develop top performers (future leaders) across the generations?

How can leadership communication adapt to remain effective in a dispersed, 2.0 business environment?

How do you leverage the vast array of communication tools, including social media, to communicate corporate vision and strategy?

How are resources distributed across the different communities?

How do you extend higher levels of trust without sacrificing discipline and execution?

How do you maintain a poised, respectful, & impactful identity in the eye of the shift?

How do senior leaders gain the respect and 'buy in' of wired, always-on Millennials?

How do you enlist support from the various communities that make up your company?

How do you bridge the different generational values in ways that get the best out of each generation?

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NEXT STOP...COMMUNITY

The next leadership fulcrum will be the ability to understand and lead community. Companies are made up of numerous communities, both inside and outside the company. Some are professional communities of practice, made up of people who work in the same disciplines, use the same tools, or share a common philosophy about how work is done most effectively. Others are user communities, customers and potential customers who are passionate about certain products and brands. Active *engagement* across all communities is an increasingly important leadership competency.

Why community? It is a well-established fact that humans are a social species that need membership in groups. Our identity as individuals is connected to the groups we are members of. That is, being a part of a community is central to what it means to be human.

New technologies and ubiquitous connectivity are constantly making new forms of community possible. Through various social media, like-minded people are naturally forming communities of their own choosing, within and across companies, and *this is a good thing*. Membership in these communities helps customers and employees integrate personal and career interests in new ways. The leadership challenge is to acknowledge and support communities to better drive corporate strategy.

“There are two ways of being creative. One can sing and dance. Or one can create an environment in which singers and dancers flourish.”

Warren Bennis

“Groups work best when they can organize themselves around things that really matter to them and the wider community...Groups fail in organizations because they are *in* organizations. They reflect the surrounding cultures- rigid, formal, and highly political in many cases.”

Nigel Nicholson, London Business School

LEADING YOUR COMMUNITY

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Engagement Leadership is grounded less in reflection and introspection and more in action and participation. It starts with spearheading the company effort at identifying the communities that make up the company. Explicitly mapping the communities gives them contour and voice. Building your community map shows a more granular and realistic picture of your company than does a conventional diagnostic tool that produces a single cultural “type.”

By creating a larger picture of a diverse organization made up of multiple communities, a leader’s job is significantly broadened. Rather than charging a single army into a known battle, leadership within a community framework empathizes and trusts the values and inertia of its communities, enabling them to make important decisions in a context of uncertainty.

Leadership engaged in the community provides two immediate advantages.

1. **Community as Brand:** It is now generally understood that, through the effects of 24/7 social media communication, companies no longer *own* their brands. Rather, brands are conversations that take place between various communities. While in the past brand messaging was corporate-controlled, today the communities themselves become a voice of the brand, which is cheaper, more authentic, and more sustainable.
2. **Communities Self-select Experts and Leaders:** Amongst today’s knowledge workers, peer ranking and evaluation are the norm. Peers identify their own top performers. This process of self-selection better identifies candidates for promotion and development than do conventional performance evaluation measurements.

Engagement through social media, such as CEO blogs, is one channel for connecting with community. These are often one-off activities. The engagement leadership approach, on the other hand, is a structured and systematic framework for interacting with and managing the various conversations and networks that make up the company.

“The next leadership fulcrum will be the ability to understand and lead community.”

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CORE COMPETENCIES

Six core competencies sit at the center of the Engagement Leadership framework. They focus equally on internal engagement within the company and external engagement with customers and other outside partners. The goal of Engagement Leadership is to achieve a balanced, holistic connection with all relevant communities.

NEGOTIATION. Mediate the values-chasm that separates Boomers from Millennials (Gen Y). Embracing the entrepreneurship of the younger generation injects energy into the organization and creates *buy-in* for the company's mission and brand.

PARTICIPATION. Spend time with different communities of practice and user groups. Learning about their tools and values builds mutual trust and respect, and strengthens your technical credibility.

LEARNING. Spend time with your customers, learning about what they value and need. Companies such as Proctor & Gamble have been sending senior leaders into the field with customers for years, and the results are clear.

TEACHING. Teach younger hires - who might think they know it all - the fundamentals of the business, combining what they already do well with the basics of the business that they need to know.

DESIGNING. Take seriously the physical design and organization of your workspaces and your workplace policies. Communities thrive in open environments where people can work in ad-hoc groups according to their own schedules and rhythms.

COLLABORATION. Connect with peers and other experts outside of the company to learn about new ideas and new business opportunities. Rosabeth Moss Kanter refers to this as *Thinking Outside of the Building*, which extends 'thinking outside of the box' to people and opportunities beyond the company itself. This keeps you open to possibilities not available inside the business.

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BANK AS CAFÉ?

Few examples of a community-based approach to reinvigorating a brand are as convincing as the case of Umpqua Bank in Portland, Oregon. For much of its history, Umpqua was a modestly successful commercial bank focused on the logging industry. After initially considering selling off the company in 1994, the board hired management consultant Ray Davis as interim CEO. Over several years, Davis envisioned a completely new identity for the bank.

Introduced in March 2003, the first Umpqua “store” is located in the trendy, revitalized Pearl District in downtown Portland. With laptops, free wifi, music, and a coffee bar, the branch looks more like a café than a bank. A gathering place for the young, creative, urban residents in the local community, the bank hosts bands, poetry readings, and book signings. It supports local bands by releasing their music under the bank’s ‘music label.’

The results? Since the rebranding process began, Umpqua has grown exponentially. Within a week of opening, it took in \$1 million in new deposits...one month \$19 million...and nine months \$50 million. Since the early success of its ‘store’ concept, Umpqua has rolled out the concept to 162 stores throughout the Pacific Northwest. Today the bank has \$5.8 billion in total deposits and regularly makes *Fortune’s* list of 100 Best Companies to work for. For Umpqua, community *is* big business.

Of course, not every company is interested in reinventing itself in the way Umpqua has. The takeaway is Davis’ leadership innovation in repositioning the bank as a community brand. For us at SHIFT, Davis epitomizes the *engaged leader*. It is no surprise that Umpqua has simultaneously posted phenomenal growth *and* created a passionate workplace culture.

**“The greatest
future
breakthroughs will
come from leaders
who encourage
thinking outside a
whole building full
of boxes.”**

**Rosabeth
Moss Kanter**
Harvard Business School



<http://shiftaustin.com>
lead@shiftaustin.com
(512) 506-1329

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