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MISSION-DRIVEN LEADERSHIP: HOW TO DEVELOP LEADERSHIP THROUGHOUT THE ORGANIZATION

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Abstract

Throughout history there have been managers who stand out as examples of leadership. Many of them have been intensely studied and are admired and held up as examples to be emulated. Very often they are exceptional individuals. As leaders they have certain deeply rooted personal principles and values that enable them to obtain what so many companies nowadays dream of obtaining: employee commitment to a content-rich, credible and urgent mission.

As a rule, they are exceptional cases, exceptional individuals, exceptional achievements. But what about the rest of us – managers, supervisors, team leaders – who have not been blessed with exceptional qualities? Is it possible to promote leadership in ordinary organizations? Is leadership really reserved for a select few? In the years we have been developing and implementing management by missions (MBM)¹ we have found that ordinary people at all levels of the organization can become leaders if the context is right. To build such a context, companies need to abandon the personalist conception of leadership that has predominated for decades.

Keywords: Leadership, culture change, values, mission

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¹ Management by missions is a management system that incorporates the mission into the day-to-day management of a company. See Cardona, P. and C. Rey. *Management by Missions: How to Make the Mission a Part of Management*. IESE, OP-03/11. March, 2003. Cardona, P. and C. Rey. *Management by Missions*. Palgrave Macmillan, April 2008.

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Types of Leadership

The meaning of “leadership” has changed substantially over the course of the 20th and early 21st centuries. Leadership is no longer associated exclusively with top-level management but is a critical skill at all levels of the organization. In many companies, leadership ability is part of the required competency profile for senior and mid-level staff and in some cases even for lower levels. Unsurprisingly, in a survey of 148 large firms carried out by IESE faculty to see what skills are most highly valued, leadership came second².

And yet, reality falls far short of the ideal. While many firms declare leadership to be a value shared by all employees, in practice it remains concentrated in the upper echelons. This is because, out of cultural inertia, these firms continue to practice leadership only at the top. This is evidenced by a recent survey of more than 6,000 senior and middle managers of 106 large Spanish and Portuguese firms, who identified leadership as one of the least developed skills in their organizations³.

To explain how a company can rise above these limitations and develop leadership more effectively, we must distinguish between three types of leadership, based on the way leaders influence their followers or subordinates⁴: *transactional leadership*, *transformational leadership* and *transcendent leadership*.

Transactional leadership

Transactional leaders engage their followers in a relationship of economic influence. They rely on rewards and punishments to motivate their subordinates. In fact, their influence is proportional to their power to give or withhold incentives. They therefore set clear rules and clearly defined objectives. They tend to adopt a “command-and-control” style of management,

² The most highly valued competency was “customer orientation”. The full results can be seen in García-Lombardía, P., P. Cardona and M^a Nuria Chinchilla, *Las competencias directivas más valoradas*. IESE OP-01/4, Nov. 2001.

³ Cardona, P. and C. Rey. *La cultura empresarial: estudio empírico en empresas españolas y portuguesas*. IESE, 2007.

⁴ Cardona, P., “Transcendental Leadership”, *The Leadership & Organization Development Journal*, 21, 4, pp. 201-206, 2000.

with the accent on control and heavy use of formal power. They focus on the short term and use processes and resources efficiently.

In other words, transactional leaders are good managers who target continuous improvement through increased standardization, ordering and repetition of tried and tested processes. Good transactional leaders are usually good negotiators, authoritarian and even aggressive; and they generally get the most out of the relationship of economic influence they have created. However, this “most” is less than ideal from the standpoint of other higher value-added relationships, since it does not elicit a level of performance beyond what is contractually required.

Transformational leadership

Transformational leaders engage their followers in a relationship of professional influence. In a professional relationship subordinates are interested not only in salary and benefits, but also in the job as such: the challenge it offers, what they expect to learn from it, its overall appeal. The influence of transformational leaders goes deeper than that of transactional leaders, since they are able to influence their subordinates not only through rewards and punishments, but also by offering attractive jobs in which subordinates can learn and to which they can commit. Transformational leaders are generally non-conformist, visionary and charismatic. They constantly reappraise how things are done in the company and how they can best foster their followers’ aspirations and ideals. They are excellent communicators: they carry people along with them, are persuasive and have great faith in themselves and their vision. And they have the determination and energy to implement the changes they have decided upon.

A transformational leader is not necessarily the opposite of a transactional leader, but an enriched transactional leader. “Transformational leadership is an expansion of transactional leadership”⁵. This is the type of leadership advocated by authors such as W.G. Bennis⁶: “(Leaders) know what they want, why they want it and how to communicate what they want to others, so as to win their cooperation and support”. In transformational leadership there is a clear distinction between the one who leads and those who follow: there is only one leader, the rest are followers. In other words, the transformational leader retains leadership at the top: the leader is the custodian of the organization’s vision and the generator of change within it. While this type of leadership may be effective in certain situations, particularly in times of crisis, it can impede the development of new leaders within the organization and the recruitment, development and retention of leadership talent. This is because high-potential employees who do not rise to the top relatively quickly often have no alternative but to look for opportunities to develop their leadership skills in other fields or other organizations.

Furthermore, transformational leadership may cause severe problems if the leader’s personal vision becomes an end in itself or, worse still, an exercise in self-aggrandizement. Business literature is full of examples of leaders who drew people along with them to achieve their own personal glory. This is known as narcissistic leadership⁷. The danger of narcissistic leaders is that they tend to be manipulative if, by being so, they can get followers to do what they want.

⁵ Bass, B.M. and B.J: Avolio. *Improving Organizational Effectiveness Through Transformational Leadership*. Sage, Thousand Oaks, CA, 1994, p. 3.

⁶ Bennis, W.G. *On Becoming a Leader*. Addison-Wesley, Reading, MA, 1989.

⁷ Maccoby, M. Narcissistic Leaders: The Incredible Pros, the Inevitable Cons, *Harvard Business Review*, Jan. 2000.

Aware of this dark side to transformational leadership, Bass has drawn a distinction between authentic transformational leadership and pseudo-transformational leadership⁸. Authentic transformational leaders, he suggests, have ethical principles as well as charisma, whereas pseudo-transformational leaders give in to their narcissistic tendencies. However, this distinction is somewhat forced and basically indicates that a further category is needed in order to distinguish some transformational leaders from others.

Transcendental leadership

Transcendental leaders engage their followers in a relationship of personal influence. In a personal relationship, employees are motivated to do their jobs well not just for the sake of financial reward or the intrinsic appeal of the job, but also in order to *satisfy real needs* of individuals, groups or society in general. Transcendent leadership does not exclude non-conformists, visionaries or people with particular charisma. On the contrary, their non-conformism, vision or charisma may make them better leaders, provided these qualities are used in the service of others. Thus, transcendental leaders exert an even deeper influence than transformational leaders, since they offer their followers not only rewards and punishments and professional development opportunities, but also the means to satisfy their inner need to do something worthwhile.

Transcendental leaders are highly committed to certain individuals or groups, such as customers, subordinates, colleagues in other areas, or even certain social causes or projects. What makes them transcendental leaders, however, is not merely the fact that they are committed to certain groups but that they try to instill a similar commitment in their subordinates. Furthermore, in promoting this spirit of service, transcendental leaders do not retain leadership at the top of the organization but take active steps to propagate it down the hierarchy. *They are leaders who develop new leaders*. They have a special capacity for recruiting, developing and retaining leadership talent.

They see their function as being to serve their subordinates, since they are basically at the service of others. This makes them more ready to relinquish their own opinions, and even their jobs, if that is the way they can serve most effectively. As leaders of leaders, they demand greater responsibility and prefer to share any successes with their subordinates rather than keep all the merit for themselves. Transcendental leaders are in a sense both more ambitious and more modest than transformational leaders.

In order to promote and foster transcendental leadership in an organization, the leaders must agree on the groups they are going to serve and the nature of their commitments to those groups. Otherwise, there is a danger that some people in the organization will focus on, say, serving customers, while others will be at the service of other groups, such as shareholders, employees or the community. This can lead to inconsistencies and even internal conflict, as despite exercising the same type of leadership, the leaders do not share a common leadership.

⁸ Bass, B. M. and Steidlmeier, P. "Ethics, Character, and Authentic Transformational Leadership Behavior", *Leadership Quarterly*, 10 (2), pp. 181-217, 1999.

Mission and leadership

In recent decades, a number of authors have argued that the key to lasting success in companies is the ability to spread a specific type of leadership throughout the organization⁹. The leadership in question, however, is not a purely charismatic leadership associated with a particular leader's personality. In most cases, especially in firms that have been consistently successful over many years, it is a leadership associated and inextricably bound up with a mission (or corporate credo, corporate principles, corporate values, etc.).

These studies confirm what we have found in practice: that in order to develop this leadership there has to be a sense of transcendence based on a common mission. This is what is meant by a "sense of mission"¹⁰. By identifying who is to be served and how, the mission gives transcendental leadership a specific meaning and objective.

It is not enough for mission and leadership to be connected in the minds of certain managers or at certain levels of the organization. Mission and leadership must be connected, first, at the top of the organization and then in cascade throughout the company. Managers must become mission communicators and role models for their subordinates. Their task is not complete until their subordinates in turn have become leaders serving the mission.

That is why transcendental leadership is implemented from the top down, starting with the firm's top executives. In our experience, this can be achieved by deploying the mission in *shared missions* for each department and level in the organization¹¹. By doing this, the mission becomes more than just a set of general statements and the company's members are more likely to commit to and identify with it. Essentially, the shared mission is the answer to every leader's question: How does my area, my department or my job contribute to the accomplishment of the company's mission?

In deploying the mission, each leader is the primary change facilitator; together, mission and leadership work in tandem, with the potential to transform the culture of an entire organization. This combination of mission and leadership is what we call Mission-Driven Leadership (MDL), a particular form of transcendental leadership. Mission-driven leaders, therefore, are not only in the service of their subordinates (as in "servant leadership"¹²) or their customers, or even the community. Because they serve the mission, their commitment encompasses all areas of the mission, which besides subordinates usually also includes customers, shareholders and other key stakeholders.

In MDL, managing means promoting commitment to a mission and developing subordinates so that they, in turn, can take responsibility for the mission as true leaders. So it is not a matter of

⁹ Evidence that leadership and certain corporate principles are key factors in a company's long-term success is to be found in the landmark studies on organizational excellence published in recent decades, including (in chronological order):

- Peters, T. and R. Waterman. *In Search of Excellence*. New York: Harper & Row, 1982.
- Kotter, John P. and James L. Heskett. *Corporate Culture and Performance*. New York: The Free Press, 1992.
- Collins, J. C. and J. I. Porras. *Built to Last: Successful Habits of Visionary Companies*. London: Century Business, 1996.
- Collins, J. *Good to Great*. Harper Business, 2001.

¹⁰ Campbell, A. and L. Nash. *A Sense of Mission: Defining Direction for the Large Corporation*. Addison-Wesley, 1992.

¹¹ For a detailed account of the deployment of the mission in shared missions, see Cardona, P. and C. Rey. *En busca de la misión*. Alianta, 2008.

¹² Greenleaf, R. K.. *The Servant as a Leader*, The Greenleaf Center, Indianapolis, 1970.

leading departments, divisions or even people. All managers, at all levels in the company, lead a mission: that is what makes them leaders. It is not that they have certain exceptional qualities or personal charisma, although it may prove very useful if they do. MDL is directly related to a particular mission and particular values that go beyond the leader as an individual. A mission-driven leader, therefore, is a person (CEO, senior manager or middle manager) who is at the service of a mission and promotes this same spirit of service in his subordinates.

The dimensions of mission-driven leadership

Implementing MDL leads to a change in corporate culture. But the change does not follow automatically from taking certain training courses or applying certain tools. It is a learning process in which managers and their subordinates gradually acquire new knowledge, attitudes and behaviors until they all assume responsibility for the mission, each at his respective level, with a leader's sense of personal responsibility. This process can be structured in three basic dimensions: commitment, cooperation and change.

COMMITMENT

The first dimension of MDL is the creation of a culture of strong commitment among subordinates. To the basic extrinsic relationship (working for money) and the intrinsic relationship (the satisfaction of meeting a challenge), MDL adds the transcendental relationship of commitment (the sense of "owning" a mission). As their leader follows the steps shown in Figure 1 below, subordinates start to be motivated by commitment to the mission, rather than just by interest in the job or the pay and benefits.

Figure 1

The commitment process



1. Personal commitment First, a leader must be at the service of the company's mission and feel personally committed to it. This is the first condition and the first driver of the whole change process.

2. Convey the commitment Then, a leader must know how to convey this personal commitment to his subordinates so that they, too, commit to the mission. For that, the mission must be the main theme of the leader's day-to-day communication with his subordinates.

3. *Act consistently* The leader must inject a sense of urgency into the mission and set ambitious goals in all areas. If the mission encompasses, say, customers, shareholders and employees, consistency demands that these three groups be addressed with the same sense of commitment.

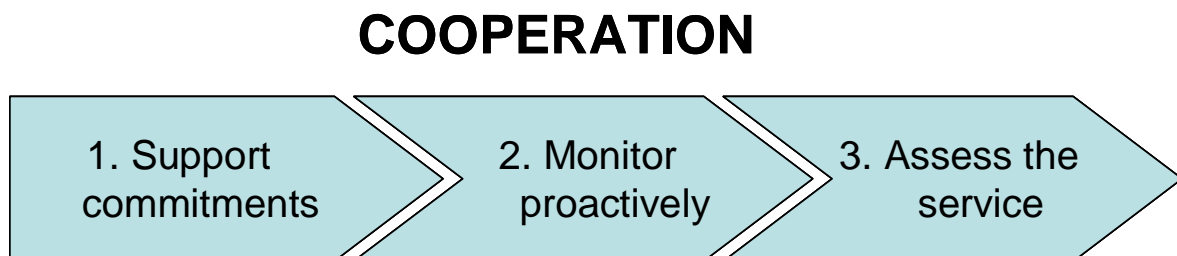
These three behaviors – showing personal commitment, conveying commitment and acting consistently – are not something a leader will engage in occasionally or for a limited period. They require a constant, determined effort. If the leader does not persevere, nor will his subordinates, and then all the effort expended in securing commitment and creating a sense of urgency will have been wasted. Perseverance is not simply a matter of maintaining a commitment; it demands a continuous deepening of the commitment at a personal level through constant reinforcement of the three steps in the process.

COOPERATION

The second dimension of MDL is the development of a culture of cooperation out of a sense of mission, i.e. a form of team working that goes beyond mere coordination of functions or simple cooperation for reasons of economic efficiency. Cooperating out of a sense of mission means understanding how others in the company contribute to the accomplishment of the company's mission and helping them to do their job effectively. In fact, cooperation out of a sense of mission occurs spontaneously when people are genuinely committed to a common mission. Figure 2 shows the process by which managers develop this particular form of cooperation.

Figure 2

The cooperation process



1. *Establish support commitments* First, the leader must know what others need him to do in order to accomplish the company's mission and, by agreement with them, establish support commitments¹³. Thus, a mission-driven leader undertakes to cooperate, not as a favor nor as an inconvenience, but out of a true sense of mission; and instills the same attitude in his team.

2. *Monitor proactively* Once the initial commitment has been established, the leader must continuously adapt the support commitments to changing circumstances and rectify any imbalances. Cooperating out of a sense of mission is not merely a matter of meeting numerical targets, but of ensuring that cooperation is effective and has a real impact on the company's mission.

¹³ Internal customer-supplier relationships have been studied and discussed in various publications since the 1980s. To learn more about the systems and tools that can facilitate this process, we recommend reading a good TQM manual. What makes MDL different is that the cooperation is focused primarily on the mission and a clear relationship is established between the services to be provided to other areas and how those services further the company's mission.

3. *Assess the service* At regular intervals, the leader must ask his *internal customers* to assess the services, so that he can measure progress. The aim is not to apportion blame, but to detect new needs that have not yet been identified or that have not been given sufficient priority.

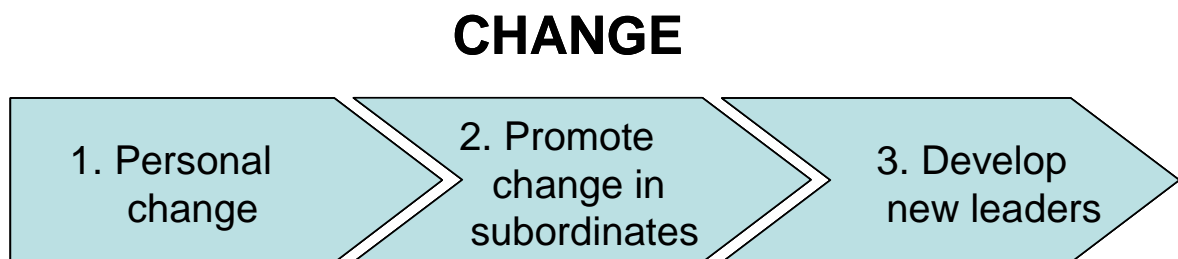
These three steps – support commitments, proactive monitoring and service assessment – are equally useful for systematic planning and ad hoc conflict resolution. In fact, the only way to create a true culture of cooperation out of a sense of mission is by constantly reinforcing this process.

CHANGE

The third dimension of MDL is the leader's capacity to implement the changes that the mission demands. For this, the leader must look constantly "outward" and see how not only conditions in the environment but also the expectations and needs of the mission stakeholders (customers, shareholders, employees, etc.) are changing. For example, a person who buys a car today has very different expectations and needs from a car buyer 20 years ago; and 20 years from now, buyers' expectations and needs will have changed again. The same applies to the needs and expectations of employees (nowadays, for instance, career development and work-life balance are becoming increasingly important). In fact, a mission may remain "unchanged" for decades and yet the way it is put into practice will be constantly evolving. The leader must drive the mission by constantly striking a balance between the old and familiar (exploitation) and creative reinvention (exploration)¹⁴. This is the change process depicted in Figure 3.

Figure 3

The change process



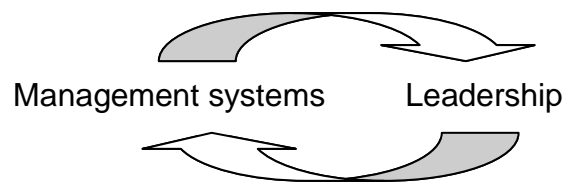
1. *Personal change* A mission-driven leader does not cling to old assumptions (it is the mission that directs change); but once he has identified the new path to follow, he is the first to take it.

2. *Promote change in subordinates* Once he has started along the path of change, even though it is a long process and he has only just started, the leader already has the authority to promote change in his subordinates. The leader must be a coach to his team: somebody they can talk to about the problems and needs that arise when change is promoted out of a sense of mission.

3. *Develop new leaders* The leader must get his own subordinates to drive the change. When they do this, the subordinates start to see the mission with the eyes of leaders and assume responsibility for the mission at their level.

¹⁴ James G. March, "Exploration and Exploitation in Organizational Learning", *Organization Science*, Vol. 2, No. 1 (1991), pp. 71-87.

We have tried to condense our experience of how transcendental leadership can be instituted throughout an organization in these three processes: commitment, cooperation and change. To implement MDL successfully, however, it is very helpful to develop certain leadership competencies¹⁵ and use what in other publications we have called *mission management tools*¹⁶. These tools, which are actually adaptations of traditional management tools, drive and reinforce the mission and make MDL more consistent with day-to-day management. They include mission interdependencies (a matrix which clarifies cooperation between areas), the mission scorecard (translating the mission statement into specific indicators), mission-linked objectives and mission-centered performance assessment. Using these tools, management systems and leadership reinforce one another, working in tandem to drive the sense of mission in the company as a whole.



Developing MDL

Properly implemented, MDL can “awaken” the leader in people and, given time and effort, turn followers into successful leaders. It is also a useful learning process for those who are already leaders. In this latter case, however, the learning does not start from zero but must be adapted to existing leadership practices. Depending on the type of leadership, we can distinguish three patterns in the development of MDL:

<u>Leadership style</u>	<u>Learning</u>	<u>Keys</u>
Transactional	Gradual	Willingness to reconsider one’s own leadership style
Transformational	Rapid	Willingness to place oneself at the service of the mission
Transcendental	Exponential	Willingness to extend commitment to all areas of the mission

In the case of transactional leaders (leadership based on a relationship of economic influence), the evolution toward MDL is not always straightforward. The problem is that transactional leaders tend to see the mission as pure theory, or perhaps as an “internal marketing” tool, not as something that could ever affect them personally.

¹⁵ For more information see Cardona, P. and P Garcia-Lombardía. *How to Develop Leadership Competencies*. EUNSA 2005.

¹⁶ Cardona, P. and C. Rey. *Management by Missions*. Palgrave Macmillan, April 2008.

They are a long way from MDL. They may be highly committed, but only to the economic aspects of the mission. They tend not to be good team workers and are generally reluctant to change except in response to poor economic performance.

Transactional leaders are usually slow to adapt to MDL, as they must first overcome the tendency to judge everything exclusively in economic terms. Once they have overcome this tendency, they progress steadily as they learn to abandon other transactional leadership practices. The key lies in getting them to reconsider their own leadership style.

Transformational leaders (leadership based on a relationship of professional influence) are more readily persuaded to move toward MDL, although they, too, have certain difficulties to overcome. Being, for the most part, charismatic or visionary leaders, they are accustomed to being the source of all “inspiration” and motivation for their subordinates. They may find the mission useful as a management tool, but they do not feel comfortable with the idea that the mission must take precedence over their own charisma or personal vision.

In some ways, transformational leaders are very close to MDL: strong personal commitment, ability to secure the commitment of their subordinates, strong ability to promote cooperation and team work, and great tenacity in following through changes and implementing them in their subordinates. The problem is that the commitment, cooperation and change they promote are focused on their own personal command or charisma, not necessarily on the company’s mission.

Transformational leaders usually need time to adapt, until they feel comfortable with the idea of placing themselves at the service of the mission. As they start to internalize this new service role, however, they learn quickly. In practice, transformational leaders soon realize that it is simpler to implement a vision by appealing to subordinates’ sense of mission than by relying exclusively on their own skills.

Needless to say, developing MDL does not mean abandoning transformational leadership. In certain key positions it is an advantage if the leader combines a sense of mission with personal vision and charisma. This applies, for example, to corporate presidents and CEOs. In these cases, the key for evolving toward MDL is to exploit the advantages of transformational leadership while at the same time placing leadership skills and personal charisma at the service of the mission.

The transition to MDL is usually much easier for transcendental leaders (leadership based on a relationship of personal influence in the service of certain groups or individuals) than for the other two types because MDL is essentially a particular form of transcendental leadership. For transcendental leaders MDL is a specific, structured way of doing what, to some extent, they have been doing all along.

Basically, transcendental leader already have the foundations for MDL: their personal commitment and the commitment of their subordinates is focused on serving others, fostering cooperation and promoting change to satisfy the groups to which they are committed. However, these may not be the only groups that fall within the scope of the mission. Servant leadership, for example, which we mentioned earlier, focuses on serving subordinates, but does not usually include other groups.

For transcendental leaders MDL is a way to make their leadership more effective and pass it on more easily to their subordinates. Their rate of learning is usually exponential, so that they quickly become role models for the rest of the organization. The key to successfully developing MDL in transformational leaders is to broaden their personal commitment and that of their subordinates to encompass all areas of the mission.

The battle against the ego

Besides advancing in the three dimensions of commitment, cooperation and change, mission-driven leaders also have a personal battle to fight, one that greatly influences the effectiveness of MDL: the battle for control of the ego. This is a battle that all top and mid-level managers holding leadership positions in organizations must engage in constantly¹⁷.

We have observed that mitigating the harmful effects of the ego is one of the main concerns of many managers. Some organizations try to mitigate the ego of their employees through policies such as equality of status or the abolition of marks of rank. This is because, as we saw earlier¹⁸, many managers realize that a leader's out-of-control ego can limit performance in many ways. For example, leaders with out-of-control egos tend to see their subordinates' claim to leadership as a threat and (often unconsciously) prevent their subordinates from developing leadership skills.

Perseverance in the personal battle against the ego (which may take different forms over the course of a manager's career) is a core requirement of MDL. It is a battle to rise above one's own ego, focus on the mission in preference to personal opinion and ambition, and foster the leadership potential of subordinates without fear of losing power or authority. In fact, encouraging leadership in subordinates has rather the opposite effect: it reinforces personal leadership and makes the team more united.

The huge impact that ego can have on the effectiveness of MDL is summed up by the following equation:

$$\text{MDL} = \frac{\text{Commitment} \times \text{Cooperation} \times \text{Change}}{\text{Ego}}$$

This equation also symbolizes the fact that the three dimensions of the numerator (commitment, cooperation and change) are multiplicative, that is to say, if any one of them is 0, the sum total of MDL is 0. For MDL to be effective all three must be positive.

¹⁷ A significant contribution on the importance of ego control (humility) in management is the recent study by J. Collins, "Level 5 Leadership: The Triumph of Humility and Fierce Resolve", *Harvard Business Review*, Jan. 2001.

¹⁸ Maccoby, M., "Narcissistic Leaders: The Incredible Pros, the Inevitable Cons", *Harvard Business Review*, Jan. 2000.

Benefits of MDL

In our experience of MDL implementation and deployment, we have found that this system is capable of producing extraordinary results. Benefits we have observed include:

- It helps to spread leadership throughout the organization.
- It intensifies the sense of urgency at all levels of the company.
- It makes the efforts of top and mid-level managers more effective.
- It enhances cooperation between areas and individuals.
- It is an effective tool for recruiting, developing and retaining leadership talent.
- It is a powerful catalyst for structural and organizational change.

In short, the exercise of mission-driven leadership, whether by followers on their way to becoming leaders or by already established leaders, is basically an exercise in self-realization, the result of many victories and also of many defeats accepted sportingly and as a learning opportunity. Ultimately, MDL is never complete. To exercise mission-driven management effectively, managers must constantly reinforce the learning process and never drop their guard, fostering leadership in their subordinates so that it may pervade the rest of the organization.