



‘Leadership Plasticity’ *Survival depends on adaptability and resiliency*

The economic climate today continues to challenge leaders beyond what might be defined as reasonable. Can leadership habits constructed in a more stable economy become a liability?

McKinsey Global Institute senior fellow Eric Beinhocker says, “Markets exhibit periods of relative calm and stability, which are interrupted by stormy periods. Such dis-equilibriums make it difficult ... to survive for long periods ... strategies, skills or cultures tend to get finely optimized for stable periods, and then suddenly become obsolete ...”

Stormy periods require the flexibility to bend but not break, to adjust but not compromise core competencies. We call this process Leadership Plasticity.

Plasticity is the ability to mold to a new shape without losing innate strength. Leadership Plasticity therefore is the ability to change, adapt and forge alternative pathways in an effort to leverage new market opportunities. This is especially important during stormy periods when markets undergo rapid and significant change.

Leadership Plasticity is being tested in the banking industry as a growing number of consumers demand banking accessibility via their mobile phones. Bankers who traditionally managed money and investments are now finding themselves in the apps business.

Leadership Plasticity is also being tested by major shifts in consumer spending attitudes. The results come from Young & Rubicam’s BrandAsset Valuator, a quarterly survey of 16,000 American consumers. Findings show that 71 percent of Americans want to do business with socially responsible (eco-friendly, charitable, and humane) people and companies.

Among the most desired of company attributes – at nearly 400 percent – are the values of kindness and empathy.

John Gerzema, chief insights officer at Young & Rubicam, writes that new cultural values – sustainability, self-reliance, craftsmanship, kindness – are behind this new shift in consumer behavior. Consumers are already rewarding those organizations that demonstrate these values. In turn, these new consumer behaviors are creating the need for new leadership strategies.

“A leader’s responsibility is to connect the future to the present.”

Leadership Plasticity is optimized when there is congruency among each of these five strategic elements:

1. Vision

A compelling vision inspires and motivates. For an employee it justifies how they invest their time, effort and energy. Employees want to make a meaningful contribution. Vision puts meaning in their work and answers the question “Why am I doing this?”

2. Values-driven culture

Employees and customers support organizations whose corporate values align with their own as the BrandAsset Valuator confirmed. Identifying the values that preserve the long-term interests of the company and making those values continually relevant for employees and cus-

tomers is now a fundamental responsibility leaders must consider as they define and craft their brand and culture.

Harvard Business School’s Kotter and Keskett found that companies with strong adaptive cultures outperformed companies with rigid or weak cultures. Their study revealed that revenues grew four times faster, the rate of job creation was seven times higher and their stock price

increased 12 times faster. This is the epitome of plasticity applied to culture.

According to Beinhocker, “Strong cultures are only valuable if they exhibit adaptive and learning qualities. Otherwise, they become a liability during periods of accelerated change.”

Culture is your brand and adaptability is necessary for survival. Values represent the anchor that supports how employees engage with one another, with their customers and how they work.

3. Human capital

Procter & Gamble’s former president/CEO, John Smale said, “You can take away all of our buildings, brands and equipment but if you leave me my people, I will rebuild this business in ten years.”

The challenge facing many businesses today is that employees are not fully

engaged. Gallup's Employee Engagement Survey shows that only 29 percent of employees are fully engaged, 54 percent are not engaged and 17 percent are actively disengaged.

Human capital represents a company's greatest asset and possibly its only competitive advantage. When a company's values align with those of its employees, the result is a measurable increase in productivity and creativity.

4. Communication

Communication links vision, culture and human capital around the strategic plan. Clearly understood and well-timed communication provides the roadmap that directs employees' investment of time and energy.

Collaborative, inter-disciplinary communication fosters new pathways to excellence. This framework promotes a healthy functioning network that facilitates honest dialogue, idea generation, problem solving, decision-making and flawless implementation.

Effective communication serves as a compass to align employee effort and energy around the strategic objectives.

5. Resiliency/adaptability/ renewal

Resiliency is emotional fortitude, not a genetically fixed trait. It is how we choose to view the world and interpret events. It requires adaptability – finding the opportunity when others only see a dead-end. It's about embracing the process of renewal and gracefully, or maybe not, adapting and leveraging current opportunities to build a

bridge to a more prosperous future.

It's not uncommon during a period of renewal for mistakes and errors to occur, missed plans and failed targets happen. People need permission to try and possibly fail, or they may become intensely fearful of the consequences associated with learning. People must feel safe practicing their new skills without the threat of reprisal. As the leader, be the first to admit when you don't have the answer or make a costly mistake – a leader's attitudes are contagious.

Without risk there's no reward. Without plasticity there's no renewal.

A leader's responsibility is to connect the future to the present. Tumultuous economic times often make it difficult to see with clear vision. Social media not only allows the public to challenge a company's values but also how they live those values by asking hard questions, such as, "How does this company make the world a better place by its existence?"

Skeptical employees question the significance of what they are working for and many wonder about the meaning of their contribution. Today's leaders must exercise plasticity to stretch beyond the necessary goals of meeting internal scorecard measures to develop the degree of meaning and purpose demanded by its critical stakeholders – their employees and customers. ■

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