The Ecology of Leadership
by Peter M. Senge

Leader to Leader, No. 2 Fall 1996

IN the past 5 years, corporate leaders have talked more about learning and development than in the previous 50. But the discussion inspires frustration as well as hope. Senior executives invariably want to know, “How do I build a learning organization?” It is the most frequent question I am asked, but it is the wrong question, for two reasons. First, it implies that the president or CEO can single handedly make changes in an organization’s genetic code. Second, it suggests that building a learning organization (and learning itself) involves a definitive formula rather than an ongoing process.

As with any lasting change, the senior executive’s ability to implement a true learning organization is overrated. Most people who reach the top of an organization soon find they have little unilateral power to control its complex workings. That really led the CEO of an international energy company to call the word drive -- as in “How do you drive change?” -- the most useless word in the language. “You drive an automobile,” he says. “You don’t drive a human system. If you try, you might end up doing more harm than good.”

If you doubt the limited power of chief executives, consider the usual ways they try to bring about change: They articulate new strategies. They devise new cost-cutting campaigns. And, most importantly, they restructure their organizations -- often more than once. They do so because there is little else they really can do. They don’t design or produce products. They rarely sell directly to customers. And they are usually too far removed to demonstrate the connection between the strategies they devise and the work of people at the front line.

Executive leaders can develop guiding principles. They can change their own ways of thinking and interacting, and thereby become a persuasive role model. They can and must develop strategies for building a sustainable competitive advantage, which means creating an environment in which people are open to new ideas, responsive to change, and eager to develop new skills and capabilities. Above all, to sustain change -- particularly change requiring new organizational capabilities and collective intelligence -- senior executives must do two things: develop personal learning strategies, and understand the context in which they work.

The Context for Change
ORGANIZATIONS work the way they do because of the way people work in those organizations. Deep organizational change requires a change in people. Redrawing the lines and boxes in your org chart without addressing the way people within the organization interact may be like rearranging the deck chairs on the Titanic.

While many executives acknowledge the need for leaders at every level of the organization, they rarely manage the enterprise as if those leaders existed. They fall into a trap that has become embedded in our language; they confuse rank with leadership. The belief that the leaders are only those with executive titles and corner offices serves to reinforce the lack of initiative, enterprise, and entrepreneurship that these same executives rightly say is stifling their organization.

Truly innovative, adaptive companies recognize that a healthy leadership ecology requires three kinds of leaders: local line leaders (branch managers, project team leaders, sales managers, and other credible front-line performers); internal networkers (front-line workers, in-house consultants, trainers, or professional staff who spread ideas throughout the organization); and executive leaders. All three have an essential role to play. Without the initiative of local line leaders, no change effort will get very far. Without internal networkers, innovative practices rarely spread. Without executive leadership, the overall corporate climate will continually thwart basic innovation.

What People Want from the Boss
ONCE you see the necessary interdependence of these different types of leaders, the next step is to ask, “What do local line leaders and internal networkers need from executive leadership?” It’s a powerful question that spotlights the role of senior executives. If we don’t ask the question from the perspective of those inside the organization, we end up asking what the investors or the board of directors need from the executive leaders. And that perpetuates the dangerous myth that “senior executives must drive change.”

What local line leaders and community builders ask of their executives usually falls into two categories. First, they want conceptual leadership: Where are we trying to go and why? (The why is as important as the where.) Where do we come from? What are the deep insights about our business and market and what has made us unique? (For additional diagnostic questions, see the sidebar, “Asking the Right Questions.”)

In short, what people are looking for is not the leadership of exhortation, it’s the leadership of clarification. In a world where decision making is distributed throughout the organization, where front-line people are involved in what often turn out to be strategic, not just operational, decisions, executive leaders have a new responsibility to contribute to the quality of thinking throughout the organization.

The second thing that people look for from their senior executives is personal commitment -- to learning, teamwork, or whatever key ideas and values are being advanced. One of the most important ways executives can demonstrate their commitment -- and their credibility -- comes through how they work within their own teams.
Where Executives Miss the Mark

A healthy team is one in which an outsider would leave a meeting thinking, “These people are really good at talking through tough issues. There's a lot of candor and a lot of willingness to challenge one's own thinking, to lay out tough issues and say “Here’s something that I don’t understand.”” Unfortunately, such gatherings are rare. The learning capabilities of teams tend to deteriorate steadily the higher you go up the corporate ladder.

The top team is often the most dysfunctional of all.

Why? The precondition for building a team is that people perceive themselves as needing one another. And a lot of senior executives don’t perceive this with respect to the other members of the top team. They focus on their own functions, their own turf, their own agendas. That lack of perceived interdependence is in part a result of the way we select and promote people. If you look at our classic leadership profile you see people who are strong individual contributors -- forceful, articulate, and ambitious. They have steadily advanced in their careers, ideally because of their ability to produce results but often because of their ability to make impressions. They’re great political figures but often not particularly good team players. I know corporations where everyone at the executive vice president level and above is over six feet tall. That sounds like a strange coincidence, unless a primary criterion for the post is image.

A New Role for Hierarchy

IT’S easy to bash corporate hierarchy. Hierarchical authority as it has traditionally functioned is the authority of compliance -- and compliance won't get you far in today's fluid, fickle marketplace. But hierarchy still has important functions, especially if we can learn to recognize its limitations and adapt it to changing nature of leadership. Canadian researcher Elliott Jaques has suggested an important foundation for management hierarchy, based on a little-understood responsibility of executive leaders. In any organization, different people need to have different time horizons. People at the front lines who are dealing with customers or producing goods typically have a perspective that may stretch to months, perhaps in a long-term customer relationship, years. But it more often spans weeks, days, or even hours. The nature of the work requires that short-term perspective. At the other extreme, the most senior levels of an organization should be looking out 20 years and longer. Based on this reasoning, Jaques justifies up to seven levels of “requisite” hierarchy, based on accountability for different time horizons. (Of course, many companies’ horizons don’t extend beyond the expected tenure of the CEO, so you might argue that U.S. corporations lack the top two or three levels of hierarchy altogether.)

So from both a practical and theoretical standpoint, senior executives are expected to provide insight and vision about how the world is evolving over the next 10 to 30 years. But Americans probably have less sense of history than almost any culture on the planet and we seem to be, if anything, hell-bent on having even less sense of history. Understanding the past is yet another capability that senior executives, in particular, must develop.

Strategies for Personal Learning

ACTION learning -- a current buzzword for meaningful learning on the job -- is a hot topic among corporate trainers. It's a fine notion, but too often theories of learning exclude those at the top.

Can senior executives learn on the job? The answer better be yes, because if they can’t learn on the job, they can’t learn anywhere else. All learning processes really come down to what one does on a regular basis; you don’t develop new capabilities in small doses. They have to be continually reinforced and refined and enhanced.

Historically, most senior executives didn’t see themselves as needing to learn much of anything. They were not learners, they were decision makers. Learning was something they did in school -- and, by implication, stopped doing when they left school. (Of course, real learning begins when you leave school.) When top managers were honest enough to acknowledge they didn’t know the answer to a problem, they would hire consultants. And because they want to keep getting their bills paid, many consultants end up colluding with this antilearning mind-set -- they help solve a problem but rarely transfer the skills that enable them to help. Today I think more managers are becoming aware of their need to develop new capabilities. Senior executives are more motivated than ever to foster the kind of dialogue and honest inquiry that are essential to all learning.

How People Learn

AT the senior executive level, you have to ask how to make learning a continual part of your day-to-day experience.

Formal training and education programs have a role to play, but it is a limited role. The most effective training programs are catalytic -- creating a very new experience, getting you thinking “out of the box.”

Learning is not just about some brilliant new insight or breakthrough experience. How do you learn, say, team-based product development? The same way you learn to write or to play the piano or to perfect your golf stroke; you practice.

You never reach the end. No matter how much you write, play piano, or golf, you’re aware how much better you can get. You have to exploit opportunities in people’s daily experience to continually enhance their capacities -- which is really all that learning means. To do that, you need a learning infrastructure -- the time and resources to support reflection, practice, and dissemination of ideas and experience. Ford, for instance, created a “car development learning laboratory” for the 1995 Lincoln Continental project, to allow the development team to experiment with new processes and materials and to capture their learning for others. Saturn has a similar learning lab on its manufacturing floor.

One of the best diagnostic tools I know for assessing your capacity to learn on the job is to ask yourself, “How do you use your time?” I often find a huge disconnect between what executives say is important and what they spend their time doing. The most effective leaders consciously use their time to develop both a personal learning strategy and a unique...
leadership style (see the sidebar, "A Strategy for Learning and Leadership.") But most, alas, feel powerless to control their own schedules. As one experienced consultant told me recently, when he confronted a CEO about how he spent his time, the man responded, "Don't you understand? I'm too busy to work on my problems."

As a leader, you have to find learning opportunities in your own work as well as others'. For example, how do we find learning opportunities in meetings -- one of the places managers spend (and waste) the most time? Several years ago at the Learning Center we developed a simple tool we called check-ins and check-outs. You start a meeting by everybody taking a minute to check in with what they are thinking. You then take a few minutes to check out -- finding out what people are thinking at the conclusion of a meeting. Initially the comments may be perfunctory. But over time, as trust and safety develop, people start to share ideas and feelings and to understand each other's concerns, problems, and hopes. Eventually, integrating learning and working means asking tough questions and giving up long-held assumptions. And the more you have to give up, the more your psyche, your attitudes, and beliefs are exposed. People tend to internalize an organization's culture, which for senior managers can mean internalizing a hierarchical culture of compliance rather than an inclusive culture of shared learning. So the people who will have the most difficulty in changing may be the most senior people, for two reasons: they've been around the longest, and they have been selected by the system as exemplars of what the system values.

Clearly, there is no simple answer to the question "How do I build a learning organization." But that's just as well. The answers to how-to questions often turn out to be superficial. I believe that the most important questions are the "what" questions: What do we have to do to become more competitive? What do we really want? What do we really believe? Do we really want to distribute power? Do we really believe we have to organize in a different way? And if the answers to those questions are not crystal clear -- if there's any ambivalence -- no amount of effort, expense, or strategizing will make much difference. As people at the front line could tell you in the blink of an eye, there's no substitute for commitment.

**Asking the Right Questions**

The best way to learn is to ask questions. Here are a few starters for diagnosing the strengths and weaknesses of your organization.

- **What are our unifying values? What have we stood for over time?** The ability to provide context and meaning for the work people do is key.
- **How do you organize your time? Is it spent on what you say is important?** If you want to know if you're really adding value, look at your calendar.
- **Whom do you depend on?** Your real work team is those people you count on to do your job -- including support staff, suppliers, customers, direct reports, even regulators. Your performance depends on the quality of those relationships.
- **What are you being paid for?** All leaders must understand what results they're accountable for.
- **How well do you practice teamwork, empowerment, service, or whatever values you espouse?** Credibility is the No. 1 issue for leaders. By taking an honest look at your own practices -- and asking others to look at them -- you'll know where you stand.
- **How do you convey difficult issues?** Learning requires an acceptance, by definition, that one doesn't have all the answers. Your ability to discuss complex problems and develop solutions without making others defensive is a key to learning.

**A Strategy for Learning and Leadership**

Bill O'Brien, the long-time CEO of Hanover Insurance, had a powerful strategy for combining learning and leadership. O'Brien observed that the calendars of many CEOs are divided into 15- to 30-minute increments, and their days may contain 10 to 20 meetings. "If there are issues that can be resolved in 15 minutes," he asked, "why am I spending time on them? Those are exactly the issues that people should be dealing with at more local levels." The solution was to spend less time in brief meetings and more time talking with people about learning organizations, about spirit and shared vision, about understanding interdependencies and business innovation. When he had executive meetings, they typically ran one to two days, to "wrestle, together, with complex, divergent issues that plagued local decision makers." The outputs were often not decisions per se, but "better ways to frame key strategic dilemmas and help people understand short- versus long-term trade offs."

After more than 20 years of service, during which time Hanover went from the bottom to the top quartile of the property and liability industry, O'Brien concluded that real organizational transformation is a journey few understand. "Everybody always buys into the ideas," he told me. "After a while you start to wonder, if everybody wants to be part of an organization with shared vision, openness, and continual learning, why is it not the reality?"

He concluded that people have no idea of what it takes to lead such an organization. He discovered that to be an effective
leader in a true learning organization you have to be willing to "continually give up your most cherished mental models." You need to be willing to give up what's made you effective in the past. Very few of us are.

Perhaps the most difficult mental models to give up concern the very nature of executive leadership. O'Brien said it was a big year if he made three decisions -- and two of them were usually personnel-related, decisions that he was the only person in the organization able to make. "It's not about making decisions," says O'Brien. "If do a good job of understanding tough issues and clarifying and disseminating our principles, good decisions can be made throughout the organization."