Multispeed leadership

Claus Rydkjær and **Tue Juelsbo** outline how operating and leading at several different speeds simultaneously is necessary to succeed in an exponential world

"From the enterprise level, the business function level and down to the individual level, the perception of speed and the actual speed of development are different. To grasp and navigate this fragmented reality we need a new set of lenses, concepts and practices. We need a multispeed perspective

We all have an uncomfortable feeling that the world is changing in ways we did not foresee and do not fully understand. Mannaz works with some of the largest organisations globally and we feel the acceleration both internally and among our clients.

Technologically enabled disruption, the Internet of Things (IoT) and new ways of on-demand manufacturing affect our business context and that of our clients.

Pick up a trade journal or business newspaper and you might get the sense that a big, smooth, accelerating wave of change is upon us. In fact it is not one wave but choppy water fraught with cross-currents, dangerous eddies and hidden reefs.

As a manager, you might feel that everything is speeding up but parts of your organisation might actually still operate efficiently in much the same manner as before while other departments or teams are much more agile in their approach to dealing with new technology, co-creation with large external communities or digitisation of services. It is a new actuality running at several speeds simultaneously – a multispeed reality. This is bringing about a need for different approaches to leadership.

Speed: the short story, the allure and the misperceptions

Everywhere we turn business leaders, technologists and public figures tell variations of the same story of macro-environmental instability and rapid change.

"The pace of change is accelerating", Eric Schmidt and Jonathan Rosenberg of Google proclaim in their book *How Google Works*. Yet, another version reads quite differently. In 2015 *The Economist* newspaper concluded a large study (published in December 2015) where it sought sound data that could support the claims of acceleration across sectors. They were hard to find.

Yes, ideas can spread faster than ever before but the rate of new consumer product launches, for example, is steady or slowly declining. The average private-sector worker has held his or her job for 4.1 years - longer than in the 1990s.

That leaves us with a confusing picture.

Production lines and speed-to-market *will* generally be affected by the Fourth Industrial Revolution, 3D print-on-demand and IoT. As a CEO, you might find yourself having to lead both traditional production lines and functions, independent and agile project teams in your R&D, and networks of communities that you can engage in testing products or even reach out to for core development.

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The multispeed perspective

All organisations need to deal with digitisation: there is no other option. Even if digitisation is essential, however, it is misleading to claim that all companies are, or should be, digital. The reality is that we often still need to be both analogue and digital. Both modalities often need to sit side-by-side within our complex organisations and we must be able to relate to multiple realities at the same time across an organisation.

In addition, these realities are developing at different speeds. Trying to manage exponential projects and "digital natives" in the same way we run our core business will fail us. The key is to optimise our governance and leadership to match these different and co-existing realities. We do not, however, advocate a total shift away from a focus on efficiency toward hyper-agility and exponential realities.

Parts of our organisations must remain focused on efficiency but a one-size-fits-all approach will no longer work. Without this differentiation, we will not be effective in adjusting and responding to changing customer needs, dealing with digitisation, and readjusting and developing our organisations to match these new scenarios.

In Mannaz we use the term "multispeed business" (see Figure 1) to describe this new reality that will simultaneously induce a need for altering our organisational design, affect governance and decision making, put our leadership practices to the test, and shape culture and mindset.

Many organisations are conscious of the challenge that moving at different speeds brings. They have not yet, however, determined how to manage the complexity of this situation. The digital natives are now entering the labour market and this brings a completely new set of leadership headaches.

This new generation thinks significantly differently – and is motivated differently – making it a challenge to lead all employees using the same one-size approach used previously. Many organisations have learned this the hard way, experiencing attrition rates of up to 35%-40% among graduates compared with the more traditional 10%-15%.

This raises the challenge we must urgently address: how do we lead in organisations that operate at different speeds, with each speed requiring its own unique mix of organisational, governance, leadership and cultural orientations?

Leadership of multispeed businesses

Multispeed business realities also mean that we must re-assess what leadership is fundamentally about, how we describe it and where we look for it. In other words, we need a new theory of leadership.

Generally, we base our understandings of leadership on two fundamentally different worldviews or ontologies: tripod ontology and the DAC ontology.

In tripod ontology (Figure 2) leadership is the process by which a leader convinces followers to pursue a common and clear goal.

For the tripod to exist it needs all three ingredients: leaders, followers and shared goals. Throughout most of management history, this fundamental understanding has formed the basis of how we thought and practised leadership. In recent years, however, the context for leadership has changed, making this tripod less stable.

In global organisations, it is not possible for a leader to be physically present on all sites (virtual technologies have helped, but not solved, this conundrum). What happens when there is no designated leader present and only followers and goals remain? The tripod loses a leg and tips over.

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In 2008 Wilfred Drath and a team of researchers published an article in *Leadership Quarterly* where they proposed a new ontology – a new operating model for leadership. Drath, and later researchers, suggest that we slowly replace or supplement the tripod ontology with a new image; that of a leadership understood as a collective process. This represents a new view of leadership in which its defining elements are three collective outcomes: Direction, Alignment and Commitment. This is the DAC ontology of leadership (see Figure 3)

In this view, leadership is not defined in terms of individual characteristics or behaviours but as a social process for collectively generating the direction, alignment and commitment needed by a group to accomplish its goals. In this new social system, leadership can happen anywhere and anytime and is not limited to a setting, organisational level or person.

This fundamentally different understanding of the nature of leadership has profound relevance and practical consequence. In some of our work with top management teams this ontology also represents a useful basis for discussing high-performance cross-boundary teams and for teams in which every individual is both a leader and a team member.

Multispeed leadership continuum

These two different ontologies –which are fundamental understandings of leadership – represent two ends of a continuum rather than opposites (Figure 4). Even when adhering to the tripod model of leadership it is still necessary to create a strong direction, align members and ensure a clear commitment. In network organisations or hyper-agile teams, it might still

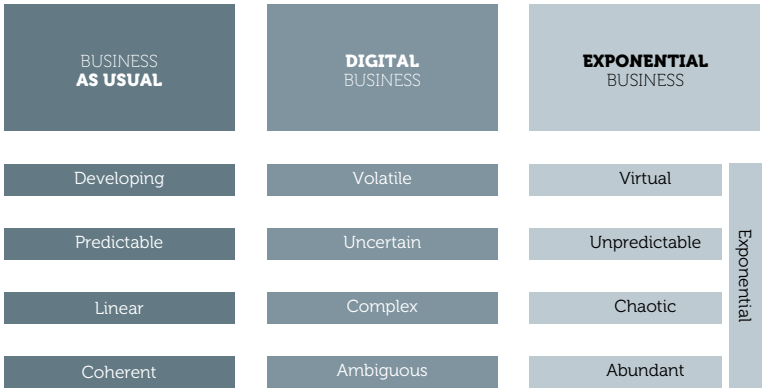

Figure 1:
Multispeed business

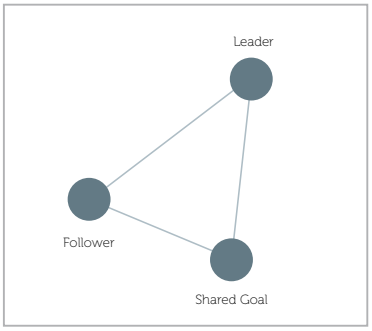

Figure 2:
Tripod Ontology

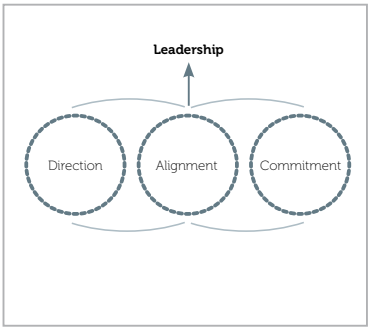

Figure 3:
DAC Ontology ofLeadership

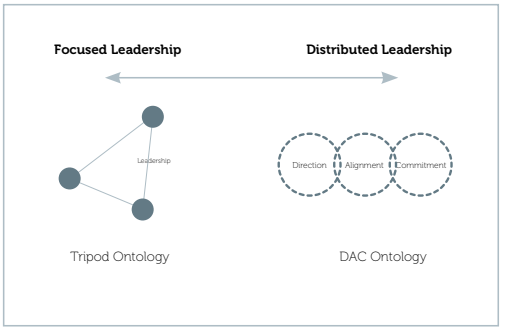

Figure 4:
The Multispeed Leadership Continuum

be useful to talk about clearly defined leadership roles, followership and common goals.

In our multispeed reality, we need to be able to assess and match our leadership practices to the nature of the task, its speed and what we are trying to achieve.

For parts of our organisation the tripod ontology still represents a valid model. In organisations oriented to operational excellence strong individual leaders are still celebrated.

For some more agile development teams we might need to balance our need for control and compliance with setting the team free and delegating leadership – within clear frameworks and with regular feedback and check-ins.

Leadership versatility is key in a multispeed reality

The approach of leaders today must be much more versatile to succeed in the multispeed leadership continuum.

Leaders must be able to set direction, define the playing field and act in a supportive manner and employees must be proactive and take responsibility. This represents nothing new. The classic leadership disciplines have not changed but the need for leadership versatility has become immensely more important.

Leaders today must also have the agility to hold different leadership ontologies at the same time. They must also be able to lead very different types of employees – from digital hackers to experienced engineers – within their multispeed business context. If companies do not proactively embrace this new multispeed reality and develop a corresponding multispeed leadership practices for their leaders their foundations will crumble.

Warning signs are poor retention of the younger generation, a shrinking core-business and an inability to innovate quickly to capture future business opportunities. Multispeed leadership is becoming critical for success across all dimensions of the business.

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