# Activity 3
# Are you really leading?



## Purpose

To enable participants to understand the importance of challenging the *status quo* and to examine two different ways of doing this.

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## Introduction

One of the key features that distinguishes a leader from a manager is that the leader is never content with how things are. Leaders like to challenge the *status quo*. There are different ways of doing this. One is the revolutionary approach – to find ways of doing things radically different virtually overnight. The other is more evolutionary – finding ways to do things just a little better, day after day. This activity explores the relative merits of both approaches.

## Purpose

To enable participants to understand the importance of challenging the *status quo* and to examine two different ways of doing this.

## Application

This activity works well towards the beginning of a Leadership Development programme. It is a useful precursor to *Activity 4 Innovation*, *Activity 5 Continuous improvement*, and *Activity 22 Creativity and problem solving*.

This activity can also be used as a part of training courses on Management Skills, Managing Change, Personal Effectiveness, and Process Improvement.

## What happens

A discussion on the difference between leading and managing ends with the recognition that leaders challenge the *status quo*. Participants compare the two ways of challenging the *status quo* in business – by innovation (revolution) and by continuous improvement (evolution).

## Time

Overall time required: 1 hour 30 minutes

- Managing *versus* leading: 30 minutes
- Leaders challenge the *status quo*: 15 minutes
- Evolution or revolution?: 45 minutes

## Materials & resources

- 3 Handout masters:
  - **3.1** *Leaders challenge the* status quo
  - **3.2** *Evolution* versus *revolution*
  - **3.3** *Innovation* versus *continuous improvement*

- 2 Trainer's briefs:
  - **3.4** *Leader cards*
  - **3.5** *Challenge cards*

- Flipchart and stand or whiteboard
- Marker pens for trainer
- Paper and pens for participants
- Thin card
- Envelopes
- Space for small-group work

## In preparation

Photocopy **Trainer's brief 3.4** *Leader cards,* and **Trainer's brief 3.5** *Challenge cards,* on to thin card. Cut them up and put one set of leader cards into one envelope and one set of challenge cards into another envelope. You need one set of envelopes for every pair of participants.

## How do I do it?

### MANAGING *VERSUS* LEADING

Start by explaining that the participants will begin to explore the difference between being a manager and being a leader. Say that by the end of the session you hope they will agree that there is a difference – and that twenty-first century organisations need leaders as much as they need managers.

Ask the participants to work in groups of three to brainstorm two lists – a list of what a good manager does and a list of what a good leader does. Allow 10 minutes for this. Bring the group back together and ask the participants to share the ideas that emerged during this exercise. In the discussion that follows, encourage the following themes to emerge:

- Managers are generally concerned with keeping things running smoothly – leaders are more interested in changing things for the better.

- Managers tend to focus on the present – leaders focus more on the future.

You could sum up the discussion with a quotation from Warren Bennis, an American leadership expert: 'Managers do things right – leaders do the right thing'.

Allow 30 minutes for this exercise.



## LEADERS CHALLENGE THE *STATUS QUO*

One of the key characteristics of a leader is to be dissatisfied with how things currently are; they want to challenge the *status quo*. Imagine if Winston Churchill had said to his cabinet colleagues at the beginning of the Second World War 'I suppose you're right – we'll never win this war. Let's make peace with Hitler now and see if he will offer us some decent terms if we surrender'. He is unlikely to have gone down in history as a leader if he had said this. Or imagine if the young Richard Branson had thought 'Of course I'd like to start a record company, but there's no point in an unknown like me trying to compete against the big, well-established record companies'. If he had said this to himself, it's unlikely anyone would have heard of him today, let alone hear him quoted as a business leader.

Explain that you want the participants to appreciate how important challenging the *status quo* is for a leader. Ask them to work in pairs and give each pair a set of envelopes (leader cards in one and challenge cards in the other). The task is to match the leaders to the challenges.

Encourage the participants to share ideas with each other. If they get stuck give hints based on Handout 3.1 Leaders challenge the *status quo*. After 15 minutes, when they have successfully completed the exercise, distribute the handout by way of summary.

**Distribute Handout 3.1**
*Leaders challenge the* status quo

**TRAINER'S TIP**

If all the participants are from the same organisation, research some examples of leaders in that organisation who challenged the *status quo*. Organisations often come into being because a founding leader sets out to challenge the way things are currently done in that industry.

## EVOLUTION OR REVOLUTION?

Explain that, in a business context, there are two ways of challenging the *status quo*. Continuous improvement is more akin to evolution – a series of small improvements, over a period of time, that add up to significant change in the long run. Innovation is more akin to revolution – one highly creative thought that changes everything.

**Distribute Handout 3.2**
*Evolution* versus *revolution*

Divide the participants into groups of four and ask them to work on the case study in Handout 3.2 Evolution *versus* revolution, to explore the difference between evolutionary and revolutionary change. Allow the groups 20 minutes to read the case study and answer the questions. Then lead a group discussion based on their answers to the questions on the handout.

When you have concluded this discussion, give out Handout 3.3 Innovation *versus* continuous improvement, simply as a record of the main differences.

**Distribute Handout 3.3**
*Innovation* versus *continuous improvement*

Summarise the discussion by stating that both innovation and continuous improvement have their place in moving organisations forward. Effective leaders are familiar with both so that they can choose the approach most suited to the needs of the moment.

Allow a total of 45 minutes for this exercise.

# Leaders challenge the *status quo*



| Leader | Challenge | Comments |
|---|---|---|
| Martin Luther King | Black Americans were second-class citizens | As leader of the American civil rights movement, King turned local protests and conflicts into moral issues of nationwide concern. He won some of his greatest victories by appealing to the consciences of white Americans and so put pressure on the government in Washington to change the segregation laws. |
| Winston Churchill | A coal-powered British Navy | When Churchill was First Lord of the Admiralty during the First World War, he suggested that the Navy convert from coal power to oil power. This was revolutionary at the time: Britain had plenty of coal mines but was dependent on oil from far-away places. The Admirals objected on the grounds that it was against the tradition of the Royal Navy, leading to Churchill's famous riposte – 'Rum, sodomy and the lash, those are the traditions of the Royal Navy'. Churchill got his way and an oil-powered Royal Navy was just a few knots faster than a coal-powered Navy. Those few knots of extra speed gave British ships a significant advantage in both World Wars. |
| Mohandas Gandhi | India was a British colony | India finally achieved its independence in 1956. |

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# Leaders challenge the *status quo*

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| Leader | Challenge | Comments |
|---|---|---|
| Margaret Thatcher | Role of unions and the state | Whether you love her or hate her, you have to agree that Margaret Thatcher challenged many assumptions about how society operates. |
| Richard Branson | Small organisations can't challenge big ones | What is it that unites Richard Branson's diverse portfolio of companies – apart from having fun? It's taking on big, well-established companies and beating them. |
| Sam Walton | Retailers make profits from a big mark-up | When Sam Walton opened his first Wal Mart store in Bentonville, Arkansas on 2 July 1962, the conventional wisdom was that you needed to put a big mark-up on groceries to make any money. Sam Walton's mark-ups were tiny, but he turned over a huge volume and made his money that way. Walmart is now one of the largest, and most profitable, companies in the world. |
| Howard Schultz | People won't pay a premium price for fine coffee | You might not recognise the name Schultz, but you will recognise his brand – Starbucks. |
| Michael Dell | You have to make a computer before you can sell it | Dell transformed the computer industry by making computers to order. Competitors who take the traditional method of large warehouses full of computers ready for shipment have so much money tied up in inventory, it makes it hard for them to compete. |

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# Leaders challenge the *status quo*

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| Leader | Challenge | Comments |
|---|---|---|
| Henry Ford | Cars are luxury items | When Ford started producing motor cars only a few extremely wealthy individuals could ever aspire to own one. Ford achieved his goal of 'democratising the automobile' through his new technique of mass production. |
| Eiji Toyoda | Quality is expensive | When Eiji Toyoda was establishing his motor firm in post-war Japan, everyone assumed that products were either high quality and very expensive or cheap and shoddy. He found a way to produce quality at a low price. |
| Stellios Haji-Iannou | A budget airline won't fly | The founder of EasyJet made cheap air travel a reality in the UK. |
| James Dyson | Vacuum cleaners need bags | This simple challenge made Dyson a millionaire. |
| Arthur Fry | There is no market for glue that won't stick properly | Arthur Fry knew that he could do something with this non-sticky glue that a 3M boffin had invented, despite the fact that the marketing people said there was no demand. Post-it® Notes continue to generate profits for 3M. |

# Evolution *versus* revolution

Read the case study below, discuss it with the other people in your group, and then agree some answers to the questions listed. You have 20 minutes in all to do this.

The earliest motor cars began to appear in the 1880s and 1890s. In those early days there was competition between the three available forms of power – steam, electricity and internal combustion. Steam power in particular looked promising because it involved none of the difficult and noisy gear changes required by the early petrol-driven cars. However, by the start of the twentieth century most manufacturers were convinced of the virtues of petrol, including Peugot, Singer, Sunbeam, Riley, Fiat and Rover; the modern car industry was ready to take shape.

Pre-eminent among these manufacturers was Rolls-Royce, and the 1905 Rolls-Royce Silver Ghost set a new standard for reliability and luxury.

Every Silver Ghost was individually made, by a team of craftsmen, for a specific customer. This meant that each was unique, not only because it incorporated features requested by its owner but also because the dimensions of each component differed from car to car. Although this didn't matter to the craftsmen building the car, it made servicing and spare parts problematic. But this approach to building a car wasn't unusual. Nearly everything that had ever been made from furniture to bridges, railway locomotives to artillery cannon had been made this way, piece by piece by groups of craft workers.

Henry Ford changed all that in 1914 with the invention of mass production. His brilliantly simple idea was to ensure that the components of his Model T car were made to such an exact specification that any part would fit any car. He also realised that time would be wasted if his workers had to walk from one car to another, so he hit on the idea of having the partly assembled cars moving to the workers. He also limited the range of tasks each worker would have to do, so that he did not have to spend time or money training his workers to the kind of skill levels required to hand-craft a Rolls-Royce. In fact, not only were Ford's workers generally unskilled, a 1915 survey of his factory showed that his workforce spoke over 50 different languages and that many hardly spoke English.

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# Evolution *versus* revolution

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Ford's innovation transformed the car industry almost overnight and achieved his dream of democratising the automobile. But it also changed the way we think about manufacturing. Ford's revolutionary idea of mass production is now applied to almost every sphere of manufacture, from cars to clothing, from food to furniture.

In 1950, a young Japanese entrepreneur called Eiji Toyoda went to visit Ford's huge car plant. Toyoda's company, the Toyota car company, was struggling. In the previous 13 years it had managed to produce a total of 2,685 cars, compared to the 7,000 Ford was churning out every single day. Toyoda returned to Japan with some ideas to talk over with his production director, Taiichi Ohno. They decided that transforming their little company into a company like Ford overnight was out of the question. But they decided that they would start to make little improvements each day. For example, Toyoda had noticed that Ford wasted a lot of time changing the settings on the huge presses that produced body panels. It sometimes took at day to change a press. Ohno worked with his engineers to reduce the set-up time from a day to half a day; and then from half a day to a few hours; and finally from a few hours to a few minutes. This relentless pursuit of improvement was applied to every aspect of Toyota's production. Every day the company evolved by doing something better, more quickly or more cheaply, than the day before. This was the philosophy of continuous improvement in action.

Henry Ford's creation of mass production was a revolution – it changed the industry overnight. Toyoda's evolutionary approach was less dramatic in the short term, but its effects are just as powerful in the long run.



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# Evolution *versus* revolution

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1. What other business innovations can you think of that have changed industries virtually overnight?

2. What other organisations can you think of that have a genuine culture of continuous improvement – they always appear to be striving to do something better each day?

3. How good is your company at innovation?

4. How good is your company at continuous improvement?

5. What are the pros and cons of innovation *versus* continuous improvement?

# Innovation *versus* continuous improvement

| Innovation | Continuous improvement |
|---|---|
| • Revolution. | • Evolution. |
| • Can be hugely profitable in the short term. | • Results not always apparent in the short term. |
| • Can be very risky – what if your innovation doesn't work or isn't wanted. Remember the Sinclair C5 (an electric vehicle that no one wanted to buy). | • Danger of 'manicuring the corpse' – improving a situation when dramatic innovation is really what's required. |
| • Needs a climate where people are encouraged to take risks and try things out. | • Needs a climate where everyone in the organisation is committed to continuous improvement. |
| • Needs the skills to think creatively. | • Requires knowledge of the right continuous improvement tools. |

# Leader cards

| | |
|---|---|
| Martin Luther King | Michael Dell |
| Winston Churchill | Henry Ford |
| Mohandas Gandhi | Eiji Toyoda |
| Margaret Thatcher | Stellios Haji-Iannou |
| Richard Branson | James Dyson |
| Sam Walton | Arthur Fry |
| Howard Schultz | |

# Challenge cards



| | |
|---|---|
| Black Americans were second-class citizens | You have to make a computer before you can sell it |
| A coal-powered British Navy | Cars are luxury items |
| India was a British colony | Quality is expensive |
| Role of unions and the state | A budget airline won't fly |
| Small organisations can't challenge big ones | Vacuum cleaners need bags |
| Retailers make profits from a big mark-up | There is no market for glue that won't stick properly |
| People won't pay a premium price for fine coffee | |