

Leadership and Management

Hossein Jadvar, MD, PhD, MPH, MBA, FACNP, FACNM
 Associate Professor of Radiology and Biomedical Engineering
 Director of Radiology Research
 President, LARS Nuclear Medicine Section



University of Southern California
 Los Angeles, California

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Leadership and Management Outline

- Definitions and tasks of leadership and management
- Practices and demands of leadership
- Differences between leadership and management
- Approaches to leadership
- Leadership levels
- Developing leadership skills
- 7-S model for organizational alignment
- Cultural stages
- The first 90 days
- bibliography

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Leadership and Management What Leaders and Managers Do

- Leadership is not mystical or mysterious, has little to do with "charisma", is not limited to a chosen few, and is not necessarily better than management
- LEADERSHIP is about COPING WITH CHANGE
- MANAGEMENT is about COPING WITH COMPLEXITY
- Leadership and management are distinctive and complementary systems of action
- Often an individual is not good at both managing and leading
- Even with strong talents, there are no guarantees that achievement will follow
- No known ways to train "great" leaders
- Without a solid organizational framework, even "great" leaders may spin their wheels, frustrating themselves and others and accomplishing little

Zalesnik A. HBS Review 1977.
 Kotter JP. HBS Review 1990.

Leadership and Management What Leaders and Managers Do

Management Tasks

- Planning and Budgeting
- Organizing and Staffing
- Controlling and Problem Solving

Leadership Tasks

- Setting a Direction, Vision, Strategy
- Aligning People
- Motivating and Inspiring People

Kotter JP. HBS Review 1990.

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Leadership and Management What Leaders and Managers Do

"Setting a Direction" vs. "Planning and Budgeting"

- Leaders gather information and perform pattern recognition to create vision and strategies to achieve that vision which do not have to be innovative or original
- Vision is not a "pipe dream"; it should serve the interests of relevant constituencies recognizing their legitimate rights and needs; should be simple to implement through sound strategy to result into a realistic "competitive strategy"
- Planning serves as reality check on vision while direction-setting process and vision provide focal point in which planning can be carried out effectively and efficiently

Kotter JP. HBS Review 1990.

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Leadership and Management

What Leaders and Managers Do

"Aligning People" vs. "Organizing and Staffing"

- Managers create human systems to implement plans – **Design Challenge**
- Leaders align "all" people (even those who can block) – **Communications Challenge**
- Aligning leads to empowerment while organizing rarely does
- Leader's message must be clear, understandable and believable – **Credibility** (track record, integrity, trustworthiness, consistency between words and deeds)

Kotter JP. HBS Review 1990.
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Leadership and Management

What Leaders and Managers Do

"Motivating People" vs. "Controlling and Problem Solving"

- Manager controls people by pushing them in the "right" direction
- Leader motivates people by satisfying basic human needs for achievement, sense of belonging, recognition, self-esteem, and feeling of control over one's life
- Leader involves people in deciding how to achieve the vision giving them sense of control; provide coaching, feedback, role modeling; recognize and reward success that is intrinsically motivating

Kotter JP. HBS Review 1990.
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What Leaders Do

"Creating a Culture of Leadership"

- Despite the importance of leadership to success of an organization, the on-the-job experience of most people undermine their ability to lead
- Recruit people with leadership potential and manage their career patterns by nurturing their leadership potential through creating challenging opportunities for them
- Create a corporate culture where people value strong leadership and strive to create and nurture it

"Institutionalizing a leadership culture is the ultimate act of leadership"

Kotter JP. HBS Review 1990.
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Leadership and Management

Leader's Roles

- Interpersonal Role**
 - Develop peer relationships, carry out negotiations, motivate people, resolve conflicts and use it as source of creativity
- Informational Role**
 - disseminate information effectively and efficiently; raises tough questions
- Decisional Role**
 - develop strategy, make decisions with incomplete or ambiguous data, allocate resources and has the emotional capacity to tolerate uncertainty, frustration and pain
- Monitoring Role**
 - understand potential challenges, identify opportunities, adapt to changing conditions; invents own university of lifelong learning

Mintzberg H. HBS Review 1975.
Heifetz RA, Laurie DL. HBS Review 1997.
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Practices of Leadership

- Model the way – set the example
- Inspire a shared vision – enlist others
- Challenge the process – take risks
- Enable others to act – collaborate
- Encourage the heart – recognize and reward

Profs. Logan and McCall lecture notes, USC Marshall School of Business

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Leadership and Management

Demands of Leadership

- Setting Direction**
 - Flaws: over-managing, overly tactical, poor staffing
- Alignment of Critical Constituencies**
 - Flaws: insensitivity, aloof, overly ambitious
- Setting and Living Values**
 - Flaws: inappropriate or unrealistic expectations
- Growth of Self and Others**
 - Flaws: difficulty handling trouble, adaptation, or over-dependent

Profs. Logan and McCall lecture notes, USC Marshall School of Business

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Leadership and Management Differences

The Manager

administers
maintains
focus on systems
asks how and when
eye on bottom line
accepts status quo
does things right

The Leader

innovates
develops
focus on people
asks what and why
eye on the horizon
challenges status quo
does the right things

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Leadership and Management Approaches to Leadership

Leadership approach is a coherent style of action; leader's personality is only one element of effective leadership

- The Strategy Approach
- The Human Assets Approach
- The Expertise Approach
- The Box Approach
- The Change Approach

"Leadership is driven not so much by what someone is like inside but what the outside demands"

Farkas CM, Wetlaufer S. HBS Review 1996.

Leadership and Management Approaches to Leadership

The Strategy Approach – Focusing on the Future, Near and Far

- Leader as **Chief Strategist**
- Ascertain the organization's point of departure (current situation), point of arrival (position of competitive advantage), and mapping the route between them
- Selected by those who frequently make decisions that can have significant consequences; requires well-calculated risk taking
- Most involved with matters external to organization's operations as opposed to internal matters

Farkas CM, Wetlaufer S. HBS Review 1996.

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Leadership and Management Approaches to Leadership

The Human Assets Approach – Managing One Person at a Time

- Value long-term employees who consistently exhibit the "company way" behaviors through closely managing growth and development of individuals
- Involved with personnel-related activities with heavy travel schedule to "meet the people"
- Hire and cultivate individuals who will act intelligently, decisively, and appropriately without direct or constant supervision
- "hiring is where it starts...it is the head of the river, and if you pollute that, then you gradually pollute everything downstream"; "we hire great attitudes, and we'll teach them any functionality that they need" – Herb Kelleher, CEO Southwest Airlines*

Farkas CM, Wetlaufer S. HBS Review 1996.

Leadership and Management Approaches to Leadership

The Expertise Approach – Championing Knowledge

- Select, cultivate, and spread a **competitive expertise** up, down and across the units of the organization
- Devote time to cultivation and continual improvement of the expertise
- Believe that a specific capability will allow the organization to differentiate itself from competitors leading the organization to a position of sustainable competitive advantage
- Do not become involved in operational details
- Interested in hiring people who are trained in the expertise but also possess flexible minds, lack biases, and show willingness to be indoctrinated in the "expertise"

Farkas CM, Wetlaufer S. HBS Review 1996.

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Leadership and Management Approaches to Leadership

The Box Approach – Applying Pressure of Orthodoxy

- BOX**: a set of procedural, financial, and cultural controls to which organization members must conform
- Belief that there is no margin for error requiring explicit rules and rewards for acceptable behaviors and outcomes
- Use internal reviews, external audits, employee rating scales, strict policies, and financial reports (aka. military style)
- Little surprises; can be powerful competitive advantage through clarity and predictability
- Values seniority, rarely hiring top-level executives from outside

Farkas CM, Wetlaufer S. HBS Review 1996.

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Leadership and Management Approaches to Leadership

The Change Approach – Upending the Status Quo

- Embrace **ambiguity, uncertainty, upheaval**
- Probably most demanding of the leadership approaches
- Almost always accompanied by controversy, discomfort, and resistance
- Strives to continual reinvention even if it creates anxiety and confusion, or leads to strategic mistakes, or temporarily hurts financial performance
- Seniority matters little
- Passion, energy, and openness to new future matters more

Farkas CM, Wetlaufer S. HBS Review 1996.

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Leadership and Management Leadership Levels

- **Level I (Capable)**
 - Productive contribution through knowledge, skill, and good work habits
- **Level II (Contributing)**
 - Works effectively with others and contributes to the team
- **Level III (Competent)**
 - Organizes people/resources toward effective/efficient pursuit of objectives
- **Level IV (Effective)**
 - Vigorous pursuit of clear and compelling vision
- **Level V (Executive)**
 - Enduring greatness through paradoxical combined humility and will

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Leadership and Management Leadership Levels

- **Level V (Executive)**
 - Enduring greatness through paradoxical combined humility and will
 - Modest, not boastful, have quiet determination, channel ambition to the organization, have resolve from long-term results
 - *“look in mirror and look out window”*

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Leadership and Management Developing Leadership Skills

- 30% genetic, 70% environmental (experience)
- **Become less vulnerable**
 - Give up strengths that no longer serve, build new more appropriate strengths, improve or offset a flaw
- **Become more capable**
 - Work with a diverse array of exceptional people, learn from your experiences, make effort to develop others
- **Become more valuable**
 - Find strategically relevant experiences
- **Become more available**
 - Take charge of own career and development

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Leadership and Management 7-S Model for Organizational Alignment

	<u>Definition</u>	<u>Question</u>
Strategy	unique proposition	what are core assets?
Structure	formal organization	how work is done?
Systems	formal processes	any flaws/blind spots?
Staffing	competencies	what kind of people?
Skills	what we're good at	what do we need?
Style	people's operation	how enthusiastic?
Shared values	organization qualities	what ticks people off?

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Leadership and Management Cultural Stages

- Cultural stage determines productivity, job and life satisfaction, and interpersonal conflict
- People tribe together to reinforce their stage
- Behavior is affected by culture, intrinsic rewards (feeling good) and extrinsic rewards (promotion, bonus)
- Values are only relevant at late stage and beyond

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Leadership and Management Cultural Stages

Stage	Values	Mood	Theme	Relations
1 (2%)	undermining	hostility	life sucks	alienated
2 (25%)	ineffective	apathy	my life sucks	separate
3 (49%)	useful	lone warrior	I'm great	Personal, micromanage
4 (22%)	important	Tribal pride	we're great	partnership
5 (2%)	vital	wonderment	life is great	team

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Leadership and Management Cultural Stage 3

- Most professionals
- Self-described cowboys, back-patting and high-fiving
- Need to out-work, out-think the competition
- Have to win; winning is personal
- “crack-hit” from winning and being the smartest and most successful
- Feel that they don't have enough time or competent support system
- Agenda-driven which may come into conflict with the stage 4 vision-driven individuals and stage 2 individuals who sit back to see who wins
- Form silos driven by personal agendas with stage 2 followers
- May ask followers not to talk to anyone unless it is OK with them

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Leadership and Management The First 90 Days

- Most vulnerable period in a new leadership position
- Lack of detailed knowledge of new challenges
- No established network of relationships
- Need to build credibility and some early wins
- Early actions will determine long-term failure or success
- Break-even point:** *new leader's value contribution to the new organization is as much as value they consume from it*

Watkins M. *The First 90 days*. HBS Press 2003.

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Leadership and Management The First 90 Days

- “root causes of transition failure always lie in interaction between the situation (opportunities and pitfalls) and the individual (strengths and vulnerabilities)
- “systematic methods that leaders can employ to lessen likelihood of failure and reach breakeven point faster”
- “build momentum by creating cycles that build credibility and by avoiding cycles that damage credibility”
- “transitions should be managed”
- “adoption of standard framework for accelerating transitions can yield big returns”

Watkins M. *The First 90 days*. HBS Press 2003.

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Leadership and Management The First 90 Days

- Promote yourself
 - Making the mental break from old job and take charge of new job
 - Assess vulnerabilities and problem preferences
 - Avoid micromanaging and intrusive oversight
 - Relearn how to learn and rework your network
 - Watch out for people who want to block you – expect early tests of authority – meet these challenges firmly and fairly – if some do not accept the situation, move them out of the organization quickly
 - “many professionals are almost always successful and rarely experience failure...because they have rarely failed, they have never learned how to learn from failure...tendency to become defensive, screen out criticism and put blame on others but themselves”

Watkins M. *The First 90 days*. HBS Press 2003.

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Leadership and Management The First 90 Days

- Accelerate your learning
 - New leaders suffer from a near compulsive need to take action
 - Do not arrive with “the answer”
 - Mangle your learning as an investment process
 - Figure out what needs to be learned so you can focus efforts (*effective learning*)
 - Identify best sources of insight and maximum extraction of information (*efficient learning*)
 - Don't get caught up in “analysis paralysis”
 - After a set of observations and insights, feed back your impressions and invite discussions

Watkins M. *The First 90 days*. HBS Press 2003.

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Leadership and Management The First 90 Days

•Match strategy to situation

- Diagnose the business situation (*STAR model* – start-up, turnaround, realignment, sustaining success)
- Balance between learning and doing – have to make some early calls without full information vs. avoiding early mistakes to undermine traditional strengths of the organization
- Focus your energy (offense: new paradigm, defense: keep core)

	More offense	More defense
More learning	realignment	sustaining success
More doing	start-up	turnaround

Watkins M. *The First 90 days*. HBS Press 2003.
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Leadership and Management The First 90 Days

•Secure early wins

- Avoid common traps (failing to focus; not taking the business situation into account; not adjusting for culture; failing to get wins that matter to your boss; letting your "means" undermine your "ends")
- Define your priorities (should follow from core problems; neither too general nor too specific; offer clear direction yet allow for flexibility)
- Target behavioral change to combat lack of focus, discipline, innovation, teamwork, sense of urgency
- Build credibility (demanding but be able to be satisfied; accessible but not too familiar to preserve authority; decisive but judicious; focused but flexible; active without causing commotion; making tough calls but humane with fairness and preservation of dignity)

Watkins M. *The First 90 days*. HBS Press 2003.
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Leadership and Management The First 90 Days

•Negotiate success

- *Situational Diagnosis Conversation* (seek to understand how your new boss sees the business situation)
- *Expectation Conversation* (seek to understand and negotiate expectations; what constitutes success; how your performance is measured; underpromise and overdeliver)
- *Style Conversation* (form and frequency of communication with boss; what decisions need to be consulted)
- *Resources Conversation* (what you need to be successful)
- *Personal Development Conversation* (how new role contributes to your professional development)

Watkins M. *The First 90 days*. HBS Press 2003.
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Leadership and Management The First 90 Days

•Achieve alignment

- *SWOT analysis* (strengths, weaknesses, opportunities, threats)
- Identify misalignments
- Assess strategy, structure, systems, skills, culture
- Assess adequacy and implementation
- Modify strategy and align key processes

Watkins M. *The First 90 days*. HBS Press 2003.
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Leadership and Management The First 90 Days

•Build your team

- Establish your criteria (competence, judgment, energy, focus, relationships, trust)
- Restructure people in your team (keep in place; keep and develop; move to another position; observe for a while; low priority replace; high priority replace)
- Align goals, incentives, and performance measures
 - total reward = non-monetary reward + monetary reward
 - monetary reward = fixed + performance-based compensation
 - performance-based compensation = individual + group
- Treat people respectfully

Watkins M. *The First 90 days*. HBS Press 2003.
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Leadership and Management The First 90 Days

•Create coalitions

- Map the influence landscape
- Identify supporters, opponents, convincibles
- Appeal to core values (loyalty, commitment and contribution, individual worth and dignity, integrity)
- Frame compelling arguments to set up momentum for change

Watkins M. *The First 90 days*. HBS Press 2003.
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Quotes

"Her many admirers know her as both collaborative and decisive, both open-minded and tough-minded, both eloquent and understated, both mindful of tradition and effective in leading innovation" – JR Houghton, Chair Harvard University Presidential Search Committee, referring to Drew G. Faust

"What I care about: alignment, passion, accountability, simplicity, courage to drive radical change;

What I won't tolerate: steering committees, ambiguity, hiding from reality, low quality customer experience"

J Schwartz, SUN Microsystems CEO

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Quotes

"As for the best leaders, the people do not notice their existence. The next best, the people honor and praise. The next, the people fear, and the next people hate. When the best leader's work is done, the people say, we did it ourselves" – Lao Tzu (6th cent. BC philosopher, Father of Taoism)

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Leadership and Management

Quotes

"Leadership without management is hallucination. Management without leadership is passionless. Marry the art of leadership with the science of management and the culture with strategy" – Prof. McCall, USC Marshall School of Business

"Leadership is creating context in which people do great stuff" – Prof. McCall, USC Marshall School of Business

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