

The Renewal Factor - How the Best Get and Keep the Competitive Edge

Robert H. Waterman, JR.. Bantam Books, New York, New York 1987

The following are excerpts from the above work. We felt that these provide some critical insight into the characteristics of leaders and the successful systems in which they are a part.

In today's business environment, more than in any preceding era, the only constant is change. Somehow there are organizations that effectively manage change, continuously adapting their bureaucracies, strategies, systems, products, and cultures to survive the shocks and prosper from the forces that decimate their competition. They move from strength to strength, adjusting to crises that bedevil others in their industry. They are masters of **Renewal**. No organization can maintain excellence without renewing. No organization can strive for excellence, or even attempt to improve, without the ability to renew.

The only true source of renewal in a company is the individual.

In actuality, virtually all learning phenomena resulting from direct experience occur on a vicarious basis by observing other people's behavior and its consequences for them. The capacity to learn by observation enables people to acquire large, integrated patterns of behavior without having to form them gradually by tedious trial and error" Albert Bandura at Stanford

There are people who do it right and they seem to have a common vision. They are the renewers, and while their lessons can be organized in many ways, the eight themes that emerge as most important are:

Informed Opportunism

Set direction not detailed strategy -

- They are suspicious of forecasts and open to surprises. They know the value of being prepared and they also know that some of the most important strategic decisions they make are inherently unpredictable.
- Renewing companies treat information as their main strategic advantage, and flexibility as their main strategic weapon - They assume opportunity will keep knocking, but it will knock softly and in unpredictable ways.
- They behave as informed optimists - equal emphasis given to both words in the phrase
- They often see more value in the he process of planning than in the plan itself (the renewers seem to know how important the process can be in generating information, in identifying issues, in improving communications, in reinforcing the culture, in supporting the financial control system, and in identifying possible crises points.

Direction and Empowerment

The renewing companies treat everyone as a source of creative input. What's most interesting is that they cannot be described as either democratically or autocratically managed. Their managers define the boundaries, and their people figure out the best way to do the job within those boundaries. They give up a measure of control in order to gain control over what counts - results

When people are treated as the main engine rather than interchangeable parts of the corporate machine, motivation, creativity, quality and commitment to implementation well up.

Friendly Facts, Congenial Controls

- Renewing companies treat facts as friends and financial controls as liberating
- Renewing companies have a voracious hunger for facts. They see information where others see only data. They love comparisons, rankings, measurements, anything that provides context and removes decision making from the realm of mere opinion.

A Different Mirror

Leaders of renewing organizations seem to get their determination from their singular ability to anticipate crisis. That stems from their continuing willingness to look into a different mirror. These companies get their passport to reality stamped regularly. They are open, curious and inquisitive. They get their ideas from customers, suppliers, front-line employees, competitors, politicians - almost anyone outside the hierarchy

Teamwork, Trust

Renewers constantly use words such as teamwork and trust. They are relentless in fighting office politics and power contests, in breaking down the we/they barriers that paralyze action. They are heroic leaders, but not lone rangers: little emphasis on charisma, rather, they are outstanding people, supported by others with complementary skills. Most of the renewing companies had a calm at the center: there was quiet intensity and determination without the helter-skelter behavior, slamming doors, shouting voices etc.

Stability in Motion

The renewing companies know how to keep things moving. If they share a habit pattern, it's the habit of habit breaking. Renewing companies are deliberate bureaucracy busters. They use all sorts of devices to keep organizations fluid (structure and function changes)

Renewal requires a constant interplay between stability and change

Attitudes and Attention

Visible management attention, rather than management exhortation gets things done. Action may start with the words, but it has to be backed by symbolic behavior that makes those words come alive

Attention makes a difference, and so do attitudes and expectations. If I expect you to do well, you probably will do well, and if I expect the reverse, you probably won't do as well.

Psychologists call it the Pygmalion Effect.

Causes and Commitment

- Man is a maker of meanings in a world that sometimes seems without meaning. Few things help us find meaning more than a cause to believe in, better yet, about which to get excited. Renewing organizations seem to run on causes.
- Renewing companies constantly review their causes in light of the issues: the major problems and opportunities that shift with time. They seem to be able to turn tedious issues into noble causes. With effort, they do so in ways that enhance the dignity of the people they employ.
- Commitment is not something that emanates from management edict. Instead, it results from extensive communication and management's ability to turn grand causes into small

actions so that people throughout the organization can contribute to the central purpose. In taking small steps people often become more committed than they realize

Surrender the Memories

Historian J. H. Elliott described the decline of imperial Spain said, "Heirs to society which had over-invested in empire and surrounded by the increasingly shabby remnants of a dwindling inheritance, they could not bring themselves at the moment of crisis to surrender their memories and alter the antique pattern of their lives. At a time when the face of Europe was altering more rapidly than ever before, the country that had once been its leading power proved to be lacking the essential ingredient for survival - the willingness to change