

Change leader, change thyself

Nate Boaz and Erica Ariel Fox

Anyone who pulls the organization in new directions must look inward as well as outward.

Leo Tolstoy, the Russian novelist, famously wrote, “Everyone thinks of changing the world, but no one thinks of changing himself.”

Tolstoy’s dictum is a useful starting point for any executive engaged in organizational change. After years of collaborating in efforts to advance the practice of leadership and cultural transformation, we’ve become convinced that organizational change is inseparable from individual change. Simply put, change efforts often falter because individuals overlook the need to make fundamental changes in themselves.¹

Building self-understanding and then translating it into an organizational context is easier said than done, and getting started is often the hardest part. We hope this article helps leaders who are ready to try and will intrigue those curious to learn more.

Organizations don’t change—people do

Many companies move quickly from setting their performance objectives to implementing a suite of change initiatives. Be it a new growth strategy or business-unit structure, the integration of a recent acquisition or the rollout of a new operational-improvement effort, such organizations focus on altering systems and structures and on creating new policies and processes.

¹For a case study of leadership development supporting organizational change, see Aaron De Smet, Johanne Lavoie, and Elizabeth Schwartz Hioe, “Developing better change leaders,” *McKinsey Quarterly*, April 2012, mckinsey.com.

To achieve collective change over time, actions like these are necessary but seldom sufficient. A new strategy will fall short of its potential if it fails to address the underlying mind-sets and capabilities of the people who will execute it.

McKinsey research and client experience suggest that half of all efforts to transform organizational performance fail either because senior managers don't act as role models for change or because people in the organization defend the status quo.² In other words, despite the stated change goals, people on the ground tend to behave as they did before. Equally, the same McKinsey research indicates that if companies can identify and address pervasive mind-sets at the outset, they are four times more likely to succeed in organizational-change efforts than are companies that overlook this stage.

Look both inward and outward

Companies that only look outward in the process of organizational change—marginalizing individual learning and adaptation—tend to make two common mistakes.

The first is to focus solely on business outcomes. That means these companies direct their attention to what Alexander Grashow, Ronald Heifetz, and Marty Linsky call the “technical” aspects of a new solution, while failing to appreciate what they call “the adaptive work” people must do to implement it.³

The second common mistake, made even by companies that recognize the need for new learning, is to focus too much on developing skills. Training that only emphasizes new behavior rarely translates into profoundly different performance outside the classroom.

In our work together with organizations undertaking leadership and cultural transformations, we've found that the best way to achieve an organization's aspirations is to combine efforts that look outward

²For more on McKinsey's organizational-health index and findings on organizational change, see Scott Keller and Colin Price, “Organizational health: The ultimate competitive advantage,” *McKinsey Quarterly*, June 2011, mckinsey.com.

³Alexander Grashow, Ronald Heifetz, and Marty Linsky, *The Practice of Adaptive Leadership: Tools and Tactics for Changing Your Organization and World*, Boston, MA: Harvard Business Review Publishing, 2009.

with those that look inward. Linking strategic and systemic intervention to genuine self-discovery and self-development by leaders is a far better path to embracing the vision of the organization and to realizing its business goals.

What is looking inward?

Looking inward is a way to examine your own modes of operating to learn what makes you tick. Individuals have their own inner lives, populated by their beliefs, priorities, aspirations, values, and fears. These interior elements vary from one person to the next, directing people to take different actions.

Interestingly, many people aren't aware that the choices they make are extensions of the reality that operates in their hearts and minds. Indeed, you can live your whole life without understanding the inner dynamics that drive what you do and say. Yet it's crucial that those who seek to lead powerfully and effectively look at their internal experiences, precisely because they direct how you take action, whether you know it or not. Taking accountability as a leader today includes understanding your motivations and other inner drives.

For the purposes of this article, we focus on two dimensions of looking inward that lead to self-understanding: developing profile awareness and developing state awareness.

Profile awareness

An individual's profile is a combination of his or her habits of thought, emotions, hopes, and behavior in various circumstances. Profile awareness is therefore a recognition of these common tendencies and the impact they have on others.

We often observe a rudimentary level of profile awareness with the executives we advise. They use labels as a shorthand to describe their profile, telling us, "I'm an overachiever" or "I'm a control freak." Others recognize emotional patterns, like "I always fear the worst," or limiting beliefs, such as "you can't trust anyone." Other executives we've counseled divide their identity in half. They end up with a

simple liking for their “good” Dr. Jekyll side and a dislike of their “bad” Mr. Hyde.

Finding ways to describe the common internal tendencies that drive behavior is a good start. We now know, however, that successful leaders develop profile awareness at a broader and deeper level.

State awareness

State awareness, meanwhile, is the recognition of what’s driving you at the moment you take action. In common parlance, people use the phrase “state of mind” to describe this, but we’re using “state” to refer to more than the thoughts in your mind. State awareness involves the real-time perception of a wide range of inner experiences and their impact on your behavior. These include your current mind-set and beliefs, fears and hopes, desires and defenses, and impulses to take action.

State awareness is harder to master than profile awareness. While many senior executives recognize their tendency to exhibit negative behavior under pressure, they often don’t realize they’re exhibiting that behavior until well after they’ve started to do so. At that point, the damage is already done.

We believe that in the future, the best leaders will demonstrate both profile awareness and state awareness. These capacities can develop into the ability to shift one’s inner state in real time. That leads to changing behavior when you can still affect the outcome, instead of looking back later with regret. It also means not overreacting to events because they are reminiscent of something in the past or evocative of something that might occur in the future.⁴

Close the performance gap

When learning to look inward in the process of organizational transformation, individuals accelerate the pace and depth of change dramatically. In the words of one executive we know, who has

⁴For an in-depth exploration of the adult development involved as leaders mature, see Robert Kegan and Lisa Laskow Lahey, *Immunity to Change: How to Overcome It and Unlock the Potential in Yourself and Your Organization*, Boston, MA: Harvard Business Review Publishing, 2009.

invested heavily in developing these skills, this kind of learning “expands your capacity to lead human change and deliver true impact by awakening the full leader within you.” In practical terms, individuals learn to align what they intend with what they actually say and do to influence others.

Erica Ariel Fox’s recent book, *Winning from Within*,⁵ calls this phenomenon closing your performance gap. That gap is the disparity between what people *know* they should say and do to behave successfully and what they *actually* do in the moment. The performance gap can affect anyone at any time, from the CEO to a summer intern.

This performance gap arises in individuals partly because of the profile that defines them and that they use to define themselves. In the West in particular, various assessments tell you your “type,” essentially the psychological clothing you wear to present yourself to the world.

To help managers and employees understand each other, many corporate-education tools use simplified typing systems to describe each party’s makeup. These tests often classify people relatively quickly, and in easily remembered ways: team members might be red or blue, green or yellow, for example.

There are benefits in this approach, but in our experience it does not go far enough and those using it should understand its limitations. We *all* possess the full range of qualities these assessments identify. We are not one thing or the other: we are all at once, to varying degrees. As renowned brain researcher Dr. Daniel Siegel explains, “we must accept our multiplicity, the fact that we can show up quite differently in our athletic, intellectual, sexual, spiritual—or many other—states. A heterogeneous collection of states is completely normal in us humans.”⁶ Putting the same point more poetically, Walt Whitman famously wrote, “I am large, I contain multitudes.”

To close performance gaps, and thereby build your individual leadership capacity, you need a more nuanced approach that recognizes your inner complexity. Coming to terms with your full richness is

⁵Erica Ariel Fox, *Winning from Within: A Breakthrough Method for Leading, Living, and Lasting Change*, New York, NY: HarperBusiness, 2013.

⁶Daniel Siegel, *Mindsight: The New Science of Personal Transformation*, New York, NY: Bantam Books, 2010.

challenging. But the kinds of issues involved—which are highly personal and well beyond the scope of this short management article—include:

- What are the primary parts of my profile, and how are they balanced against each other?
- What resources and capabilities does each part of my profile possess? What strengths and liabilities do those involve?
- When do I tend to call on each member of my inner executive team? What are the benefits and costs of those choices?
- Do I draw on all of the inner sources of power available to me, or do I favor one or two most of the time?
- How can I develop the sweet spots that are currently outside of my active range?

Answering these questions starts with developing profile awareness.

Leading yourself—and the organization

Individuals can improve themselves in many ways and hence drive more effective organizational change. We focus here on a critical few that we've found to increase leadership capacity and to have a lasting organizational impact.

1. Develop profile awareness: Map the Big Four

While we all have myriad aspects to our inner lives, in our experience it's best to focus your reflections on a manageable few as you seek to understand what's driving you at different times. Fox's *Winning from Within* suggests that you can move beyond labels such as "perfectionist" without drowning in unwieldy complexity, by concentrating on your Big Four, which largely govern the way individuals function every day. You can think of your Big Four as an inner leadership team, occupying an internal executive suite: the chief executive officer (CEO), or inspirational Dreamer; the chief financial officer (CFO), or analytical Thinker; the chief people officer (CPO), or emotional Lover; and the chief operating officer (COO), or practical Warrior (exhibit).

How do these work in practice? Consider the experience of Geoff McDonough, the transformational CEO of Sobi, an emerging pioneer in the treatment of rare diseases. Many credit McDonough's versatile leadership with successfully integrating two legacy companies and increasing market capitalization from nearly \$600 million in 2011 to \$3.5 billion today.

From our perspective, his leadership success owes much to his high level of profile awareness. He also displays high profile agility: his skill at calling on the right inner executive at the right time for the right purpose. In other words, he deploys each of his Big Four intentionally and effectively to harness its specific strengths and skills to meet a situation.

McDonough used his inner Dreamer's imagination to envision the clinical and business impact of Sobi's biological-development program in neonatology. He saw the possibility of improving the neurodevelopment of tiny, vulnerable newborns and thus of giving them a real chance at a healthy life.

His inner Thinker's assessment took an unusual perspective at the time. Others didn't share his evaluation of the viability of integrating

Exhibit

Executives can achieve self-understanding, without drowning in unwieldy complexity, by concentrating on the Big Four of their 'inner team.'

Inner negotiator	Focus of attention	Power source	Sweet spot
Inspirational Dreamer (CEO)	<ul style="list-style-type: none"> • What I want • What I don't want 	Intuition	<ul style="list-style-type: none"> • Generate your vision • Dare to pursue your dream • Sense a path forward
Analytical Thinker (CFO)	<ul style="list-style-type: none"> • My opinion • My ideas 	Reason	<ul style="list-style-type: none"> • Apply facts and logic • Consider consequences • Look from all sides
Emotional Lover (CPO, or chief people officer)	<ul style="list-style-type: none"> • How we both feel • Our level of trust 	Emotion	<ul style="list-style-type: none"> • Connect with emotions • Build and maintain trust • Collaborate with others
Practical Warrior (COO)	<ul style="list-style-type: none"> • What task to do • What line to draw 	Willpower	<ul style="list-style-type: none"> • Speak hard truths • Hold your ground • Take action

Source: Erica Ariel Fox, *Winning from Within: A Breakthrough Method for Leading, Living, and Lasting Change*, New York, NY: HarperBusiness, 2013

one company’s 35-year legacy of biologics development (Kabi Vitrum—the combined group of Swedish pharmaceutical companies Kabi and Vitrum—which merged with Pharmacia and was later acquired, forming Biovitrum in 2001) with another’s 25-year history of commercializing treatments for rare diseases (Swedish Orphan), to lead in a rare-disease market environment with very few independent midsize companies.

Rising to a separate, if related, challenge, McDonough called on his inner Lover to build bridges between the siloed legacy companies. He focused on the people who mattered most to everyone—the patients—and promoted internal talent from both sides, demonstrating his belief that everyone, whatever his or her previous corporate affiliation, could be part of the new “one Sobi.”

Finally, bringing Sobi to its current levels of success required McDonough to tell hard truths and take some painful steps. He called on his inner Warrior to move swiftly, adding key players from the outside to the management team, restructuring the organization, and resolutely promoting an entirely new business model.

2. Develop state awareness: The work of your inner lookout

Profile awareness, as we’ve said, is only the first part of what it takes to look inward when driving organizational change. The next part is state awareness.

Leading yourself means being in tune with what’s happening on the inside, not later but right now. Think about it. People who don’t notice that they are becoming annoyed, judgmental, or defensive in the moment are not making real choices about how to behave. We all need an inner “lookout”—a part of us that notices our inner state—much as all parents are at the ready to watch for threats of harm to their young children.⁷

For example, a senior executive leading a large-scale transformation remarked that he would like to spend 15 minutes kicking off an important training event for change agents to signal its importance.

⁷ The internal-lookout concept is explored in detail in *Winning from Within*, particularly in chapter nine, pages 241–67.

Objectively speaking, he would probably have the opposite of the intended effect if he said how important the workshop was and then left 15 minutes into it.

What he needed at that moment was the perception of his inner lookout. That perspective would see that he was torn between wanting to endorse the program, on the one hand, and wanting to attend to something else that was also important, on the other. With that clarity, he could make a choice that was sensible and aligned: he might still speak for 15 minutes and then let people know that he wished he could stay longer but had a crucial meeting elsewhere. Equally, he might realize the negative implications of his early departure under any circumstances, decide to postpone the later meeting, and stay another couple of hours. Either way, the inner lookout's view would lead to more effective leadership behavior.

During a period of organizational change, it's critical that senior executives collectively adopt the lookout role for the organization as a whole. Yet they often can't, because they're wearing rose-tinted glasses that blur the limitations of their leadership style, mask destructive mind-sets at lower levels of the organization, and generally distort what's going on outside the executive suite. Until we and others confronted one manager we know with the evidence, he had no idea he was interfering with, and undermining, employees through the excessively large number of e-mails he was sending on a daily basis.

Spotting misaligned perceptions requires putting the spotlight on observable behavior and getting enough data to unearth the core issues. Note that traditional satisfaction or employee-engagement surveys—and even 360-degree feedback—often fail to get to the bottom of the problem. A McKinsey diagnostic that reached deep into the workforce—aggregating the responses of 52,240 individuals at 44 companies—demonstrated perception gaps across job levels at 70 percent of the participating organizations. In about two-thirds of them, the top teams were more positive about their own leadership skills than was the rest of the organization. Odds are, in other words, that rigorous organizational introspection will be eye opening for senior leaders.

3. Translate awareness into organizational change

Those open eyes will be better able to spot obstacles to organizational change. Consider the experience of a company that became aware, during a major earnings-improvement effort, that an absence of coaching was stifling progress. On the surface, people said they did not have the time to make coaching a priority. But an investigation of the root causes showed that one reason people weren't coaching was that they themselves had become successful despite never having been coached. In fact, coaching was associated with serious development needs and seen only as a tool for documenting and firing people. Beneath the surface, managers feared that if they coached someone, others would view that person as a poor performer.

Changing a pervasive element of corporate culture like this depends on a diverse set of interventions that will appeal to different parts of individuals and of the organization. In this case, what followed was a positive internal-communication campaign, achieved with the help of posters positioning star football players alongside their coaches and supported by commentary spelling out the impact of coaching on operating performance at other organizations. At the same time, executives put "the elephant in the room" and acknowledged the negative connotations of coaching, and these confessions helped managers understand and adapt such critical norms. In the end, the actions the executives initiated served to increase the frequency and quality of coaching, with the result that the company was able to move more rapidly toward achieving its performance goals.

4. Start with one change catalyst

While dealing with resistance and fear is often necessary, it's rarely enough to take an organization to the next level. To go further and initiate collective change, organizations must unleash the full potential of individuals. One person or a small group of trailblazers can provide that catalyst.

For many years, it was widely believed that human beings could not run a mile in less than four minutes. Throughout the 1940s and early 1950s, many runners came close to the four-minute mark, but all fell short. On May 6th, 1954, in Oxford, England, Roger Bannister ran a mile in three minutes and 59 seconds. Only 46 days after Bannister's historic run, John Landy broke the record again. By 1957, 16 more runners had broken through what once was thought to be

an impossible barrier. Today, well over a thousand people have run a mile in less than four minutes, including high-school athletes.

Organizations behave in a similar manner. We often find widely held “four-minute mile” equivalents, like “unattainable growth goals” or “unachievable cost savings” or “unviable strategic changes.” Before the broader organization can start believing that the impossible is possible, one person or a small number of people must embrace a new perspective and set out to disprove the old way of thinking. Bannister, studying to be a doctor, had to overcome physiologists’ claims and popular assumptions that anyone who tried to run faster than 15 miles an hour would die.

Learning to lead yourself requires you to question some core assumptions too, about yourself and the way things work. Like Joseph Campbell’s famous “hero’s journey,” that often means leaving your everyday environment, or going outside your comfort zone, to experience trials and adventures.⁸ One global company sent its senior leaders to places as far afield as the heart of Communist China and the beaches of Normandy with a view to challenging their internal assumptions about the company’s operating model. The fresh perspectives these leaders gained helped shape their internal values and leadership behavior, allowing them to cascade the lessons through the organization upon their return.

This integration of looking both inward and outward is the most powerful formula we know for creating long-term, high-impact organizational change. ○

⁸ For more on Joseph Campbell, visit the Joseph Campbell Foundation’s website, jcf.org.

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Nate Boaz is a principal in McKinsey’s Atlanta office. **Erica Ariel Fox** is a founding partner at Mobius Executive Leadership, a lecturer in negotiation at Harvard Law School, and a senior adviser to McKinsey Leadership Development. She is the author of *Winning from Within: A Breakthrough Method for Leading, Living, and Lasting Change* (HarperBusiness, 2013).