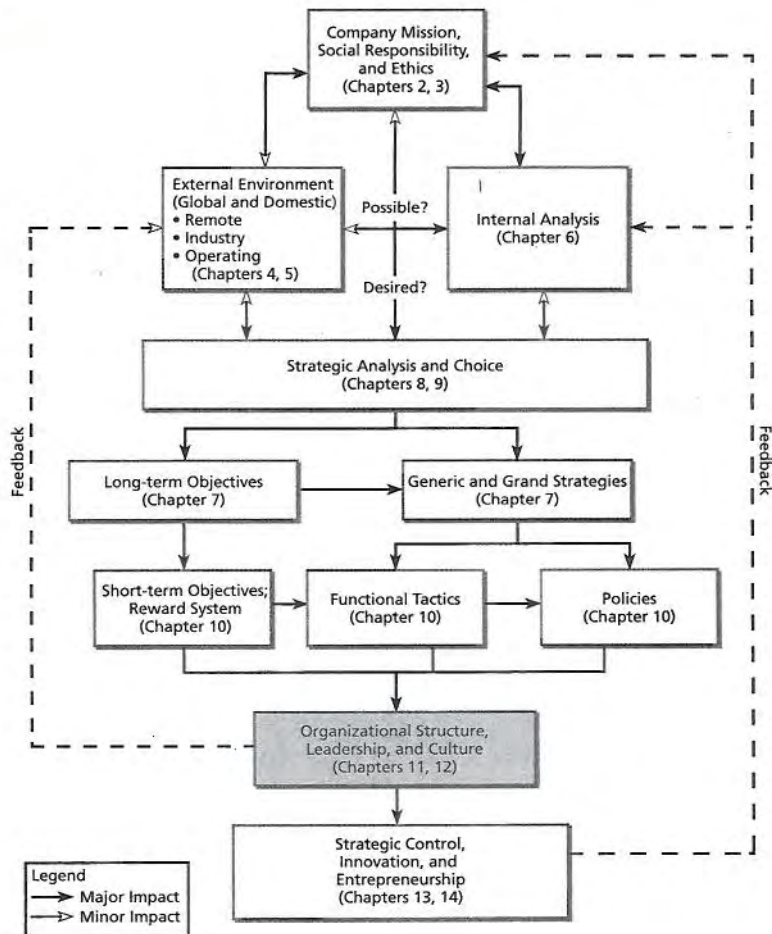


Chapter Twelve

Leadership and Culture

After reading and studying this chapter, you should be able to

- 1 Describe what good organizational leadership involves.
- 2 Explain how vision and performance help leaders clarify strategic intent.
- 3 Explain the value of passion and selection/development of new leaders in shaping an organization's culture.
- 4 Briefly explain seven sources of power and influence available to every manager.
- 5 Define and explain what is meant by organizational culture, and how it is created, influenced, and changed.
- 6 Describe four ways leaders influence culture.
- 7 Explain four strategy-culture situations.



The job of leading a company has never been more demanding, and it will only get more challenging amidst the global dynamism businesses face today. The CEO will retain ultimate authority, but the corporation will depend increasingly on the skills of the CEO and a host of subordinate leaders to lead, coordinate, make decisions, and act quickly. The accelerated pace and complexity of business will continue to force corporations to push authority down through increasingly horizontal, flattened management structures. As we saw in the last chapter, these organizations will also need to be more and more open, agile, and boundaryless. This will require all the more emphasis on able leadership and a strong culture to shape decisions that must be made quickly, even when the stakes are big. In the future, every line manager will have to exercise leadership's prerogatives—and bear its burdens—to an extent unthinkable 20 years ago.¹

John Kotter, a widely recognized leadership expert, predicted this evolving role of leadership in an organization when he distinguished between management and leadership:

Management is about coping with complexity. Its practices and procedures are largely a response to one of the most significant developments of the twentieth century: the emergence of large organizations. Without good management, complex enterprises tend to become chaotic in ways that threaten their very existence. Good management brings a degree of order and consistency to key dimensions like the quality and profitability of products.

Leadership, by contrast, is about coping with change. Part of the reason it has become so important in recent years is that the business world has become more competitive and more volatile. . . . The net result is that doing what was done yesterday, or doing it 5 percent better, is no longer a formula for success. Major changes are more and more necessary to survive and compete effectively in this new environment. More change always demands more leadership.²

Organizational leadership, then, involves action on two fronts. The first is in guiding the organization to deal with constant change. This requires CEOs who embrace change, and who do so by clarifying strategic intent, who build their organization and shape their culture to fit with opportunities and challenges change affords. The second front is in providing the management skill to cope with the ramifications of constant change. This means identifying and supplying the organization with operating managers prepared to provide operational leadership and vision as never before. Thus, organizational leadership is guiding and shepherding toward a vision over time and developing that organization's future leadership and organizational culture.

Consider the challenge currently facing Ford Motor Company CEO Alan Mulally as he seeks to transform Ford's culture and return the company to profitability after years of accelerating decline and a severe economic downturn. He was brought in by CEO Bill Ford, great-grandson of the founder, who finally threw up his arms in frustration and concluded that an insider could no longer fix Ford. Mulally was not Bill Ford's first choice, but Ford concluded Mulally was someone who knows how to shake the company to its foundations.

Mulally inherited virtually all the managers he must work through. Ford was losing from \$3,000 to \$5,000 on most every car it sold. There is a legacy within the company of placing a premium on personal ties to the Ford family, sometimes trumping actual performance in promotion decisions. Mulally had no experience in the automobile industry and was viewed with suspicion as an outsider in a town that places a premium on lifelong association with

¹ Ram Charan, *Leadership in the Era of Economic Uncertainty* (New York: McGraw-Hill, 2008); Larry Bossidy, "What Your Leader Expects of You," *Harvard Business Review*, June 2007; and Anthony Bianchi, "The New Leadership," *BusinessWeek*, August 28, 2000.

² John P. Kotter, "What Leaders Really Do," *Harvard Business Review* (May–June 1990), p. 104.

organizational leadership

The process and practice by key executives of guiding and shepherding people in an organization toward a vision over time and developing that organization's future leadership and organizational culture.

the industry. On Mulally's first meeting with his inherited management team, one manager asked early on: "How are you going to tackle something as complex and unfamiliar as the auto business when we are in such tough financial shape?"

Wall Street was skeptical early on. Of 15 analysts surveyed by Bloomberg.com, only two rated it a buy. The other 13's opinion: fixing Ford will require much more than simply whacking expenses and replacing a few key people. The company will have to figure out how to produce more vehicles consumers actually want. And doing that requires addressing the most fundamental problem of all: Ford's dysfunctional, often defeatist, culture. Once a model of efficiency, it has degenerated into a symbol of inefficiency, and its managers seem comfortable with the idea of losing money.

If you were Alan Mulally, how would you lead the dramatic change that appears to be needed at Ford Motor Company? How would you seek to move Ford's 300,000-plus employees and managers in a direction that abandons ingrained, and to some "sacred," cultural and leadership norms, quickly.

Consider another example. Jeff Immelt took the reins of leadership of GE from Jack Welch, recognized worldwide as one of the truly great business leaders of the twentieth century, and faced a leadership and organizational culture challenge quite different in some ways from what Alan Mulally is addressing. GE under Welch built more value for its stockholders than any other company in the history of global commerce. That legacy alone would be pressure enough on a new leader, wouldn't you think?

Fortunately, some would quickly answer, Immelt had trained for many years under and in Welch's shadow. He was Welch's choice as successor. He was deeply schooled in the GE way and the Jack Welch leadership approach, as were all the other 300,000 GE employees over the prior 20 years. That Welch/GE way valued, above all, executives who could cut costs, cut deals, and generate continuous improvement in their business units. They were evaluated personally by Welch on an annual basis, in front of each other at the GE School.

But a storm was brewing. Shortly after Immelt became CEO, the 9/11 tragedy unfolded. A major recession and stock market drop soon followed. The option to continue mega deal making was slowing down with fewer candidates. The ability to generate GE-caliber earnings growth via sales growth combined with relentless efficiency was slowing down. So Immelt concluded that he could not continue with the old strategy. Rather, he would have to embark on virtually a new direction at GE that would dramatically change what he needed GE executives as leaders to prioritize and become. Instead of being experts in deal making and continuous improvement, they needed, in Immelt's vision, to become creative, innovators of internal growth generated by identifying new markets and technologies and needs as yet unknown.

With a slower-growing domestic economy, less tolerance among investors for buying your way to growth, and more global competitors, Immelt, like many of his peers, is being forced to shift the emphasis from deals and cost-cutting to new products, services, and markets. "It's a different world," says Immelt, than the one Welch knew. And so, he inherited one of the world's greatest companies yet faced a situation he concluded required dramatic changes in the way GE would be led, in the nature of the culture it needed, and in the fundamental priorities its managers would build GE's future. The dramatic 2008–2010 financial services initiated global economic collapse further underscored the challenge Immelt faced.

If you were Jeff Immelt, how would you lead such a change? How would you seek to move GE's 300,000 people in a direction that abandons "sacred" cultural and leadership norms that were well used and entrenched under Welch's watch to make GE great? How would you quickly and convincingly lead those people to accept massive change throughout this special company and very quickly have that uncertain change produce the growth and profitability investors understandably expect?

The challenges Immelt and Mulally faced were different, but both were nothing short of a revolution. The bottom line is that Immelt and Mulally, as well as all good executives, focus intensely and aggressively on the organizational leadership and organizational culture elements we will now examine.

STRATEGIC LEADERSHIP: EMBRACING CHANGE

The blending of telecommunications, computers, the Internet, and one global marketplace has increased the pace of change exponentially during the past 10 years. All business organizations are affected. Change has become an integral part of what leaders and managers deal with daily. The opening example about Jeff Immelt shows a manager normally able to celebrate 20 years of historically unmatched accomplishment, only to face the need for dramatic change at a GE employees and investors had come to believe was infallible.

The leadership challenge is to galvanize commitment among people within an organization as well as stakeholders outside the organization to embrace change and implement strategies intended to position the organization to succeed in a vastly different future. Leaders galvanize commitment to embrace change through three interrelated activities: clarifying strategic intent, building an organization, and shaping organizational culture.

Clarifying Strategic Intent

Leaders help their company embrace change by setting forth their **strategic intent**—a clear sense of where they want to lead the company and what results they expect to achieve. They do this by concentrating simultaneously and very clearly on two very different issues: vision and performance.

Vision

A leader needs to communicate clearly and directly a fundamental vision of what the business needs to become. Traditionally, the concept of vision has been a description or picture of what the company could be that accommodates the needs of all its stakeholders. The intensely competitive, rapidly changing global marketplace has refined this to be targeting a very narrowly defined **leader's vision**—an articulation of a simple criterion or characterization of what the leader sees the company must become to establish and sustain global leadership. Former IBM CEO Lou Gerstner is a good example of a leader in the middle of trying to shape strategic intent when he began to try to change IBM from a computer company to a business solutions management company. He said at the time: "One of the great things about this industry is that every decade or so, you get a chance to redefine the playing field." He further commented, "We're in that phase of redefinition right now, and winners or losers are going to emerge from it. We've got to become the leader in 'network-centric computing.' It's a shift brought about by telecommunications-based change that is changing IBM more than semiconductors did in the last decade." Said Gerstner, "I sensed there were too many people inside IBM who wanted to fight the war we lost," referring to PCs and PC software, so he aggressively instilled network-centric computing as the strategic intent for IBM in the next decade. It is a comment on his sense of vision that his successor, Sam Palmisano, sold IBM's PC business to China's Lenovo, creating the world's third-largest PC company, and is aggressively pushing his IBMers to concentrate on newer IBM businesses in IT services, software, and servers—and seriously examining IBM's future in the online digital world, the 3D Internet.

Keep the Vision Simple The late Sam Walton's vision for Wal-Mart, *value to the consumer*, lives on in that amazing global company, guiding its development in a vastly

strategic intent

Leaders' clear sense of where they want to lead their company and what results they expect to achieve.

leader's vision

An articulation of a simple criterion or characterization of what a leader sees the company must become in order to establish and sustain global leadership.

changed world. Meg Whitman's leadership of eBay has produced explosive growth, keeping everyone committed to a vision that eBay simply exists to help you buy or sell anything, anywhere, anytime. Coca-Cola's legendary former CEO and chairman Roberto Goizueta said, "Our company is a global business system for which we raise capital to make concentrate and sell it at an operating profit. Then we pay the cost of that capital. Shareholders pocket the difference." Coke averaged 27 percent annual return on stockholder equity for 18 years under his leadership. Exhibit 12.1, Top Strategist, shows how Mayor Michael Bloomberg articulated a radical yet simple vision of New York City that has resonated with New York's famously cynical citizenry, who give him a 75 percent approval rating. All four of these organizations are very different, but their leaders were each effective in shaping and communicating a vision that clarified strategic intent in a way that helped everyone understand, or at least have a sense of, where the organization needed to go and, as a result, created a better sense of the rationale behind any new, and often radically changing, strategy.

Performance

Clarifying strategic intent must also ensure the survival of the enterprise as it pursues a well-articulated vision, and after it reaches the vision. So a key element of good organizational leadership is to make clear the performance expectations a leader has for the organization, and managers in it, as they seek to move toward that vision.

Oftentimes this can create a bit of a paradox, because the vision is a future picture and performance is now and tomorrow and next quarter and this year. Steven Reinemund, former CEO of PepsiCo and responsible for its impressive performance the last several years, offered an insightful way to think about this role of a good leader in clarifying strategic intent. "As I am looking to select other leaders, it's important to remember that results count. If you can't get the results over the goal line, are you really a leader?" The job of a good leader, in clarifying strategic intent, is to do so by painting a picture of that intent in future terms, and in setting sound performance expectations while moving toward that vision and as the vision becomes a reality.³

Jim McNerney, Boeing CEO and GE alumnus, described how he handles this paradox at Boeing and 3M as a contrast between an encouraging style (visioning) and setting expectations (performance).

I think the harder you push people, the more you have to encourage them. Some people feel you either have a demanding, command-and-control management style or you have a nurturing, encouraging management style. I believe you have to have both. If you're only demanding, without encouraging, eventually that runs out of gas. And if you're only encouraging, without setting high expectations, you're not getting as much out of people. It's not either/or. You can't have one without the other.⁴

A real challenge for Alan Mulally at Ford is changing managers' mindsets about being profitable. When he was reviewing Ford's 2008 product line as the new CEO, he was told that Ford loses close to \$3,000 every time a customer buys a Focus compact. "Why haven't you figured out a way to make a profit?" he asked. Executives explained that Ford needed the high sales volume to maintain the company's CAFÉ, or corporate average fuel economy, rating and that the plant that makes the car is a high-cost UAW factory in Michigan. "That's not what I asked," he shot back. "I want to know why no one figured out a way to build

³ Diane Brady, "The Six 'Ps' of PepsiCo's Chief," *BusinessWeek Online*, January 10, 2005.

⁴ Michael Arndt, "The Hard Work in Leadership," *BusinessWeek Online*, April 12, 2004.

Top Strategist

Mike Bloomberg, New York's CEO Leader

Exhibit

12.1



Michael Bloomberg, classic entrepreneurial success story, has proven to be an extraordinary leader as mayor of New York City. Sworn in as mayor shortly after 9/11, Bloomberg's leadership approach was based on a businesslike view of NYC—NYC is the company; its citizens are its customers; its

public servants NYC's talent; and Bloomberg the CEO responsible for results. Here's his leadership approach.

BE BOLD AND TAKE RISKS

Bloomberg's first major decision was to raise property taxes to put NYC in a better financial condition. Overwhelmingly advised this was political suicide, Bloomberg saw only two choices, reduce services or increase taxes. The risk paid off. NYC's finances improved—and economic activity in the city improved in the process. At the same time, he sought to have NYC win the 2012 Winter Olympics. He lost to London. Bloomberg's reaction: "In business, you reward people for taking risks. When it doesn't work out, you promote them because of their willingness to try new things. If people come back and tell me they skied all day and never fell down, I tell them to try a different mountain."

BE OPEN ABOUT PERFORMANCE AND RESULTS

He insisted that employees, and customers, see decision making in action and regularly see results. So he first changed doors on key meeting rooms and offices from wood to glass, so people could look inside the city's administrative activities. Second, he made semi-annual reports in detail about NYC's revenues and expenses, so citizens and others can see in paper and online a detailed financial picture of what each agency of NYC government costs, is doing, and so forth.

COMMUNICATE WITH CUSTOMERS

Bloomberg has long been obsessed with maintaining constant customer contact and feedback. So as mayor, he immediately established a 311 telephone and Web-based system so that any citizen or guest of NYC could call, 24/7, to comment on any- and everything being done in NYC. And, Bloomberg personally reviewed weekly summaries of all calls to get a feeling for key citizen concerns. The number of calls reached 50 million within the first 16 months and has resulted in numerous improvements in services and actions solving problems or complaints. It has also reduced dramatically the number of 911 calls, by more than 1 million annually, meaning critical first-responders are used more for real emergencies, while nonemergency concerns get addressed in a more appropriate manner.

RECRUIT TOP OPERATIONAL TALENT

Most politicians fill top jobs with people owed political patronage. Not Bloomberg. He views as critical to his success as a leader, regardless of whether he is leading a business or a government, the priority of filling key operating positions with the best talent he can get. And he wants that talent to be able to identify targets for their units, and then lead their people in achieving them. He immediately sought to hire Katherine Oliver, a talented executive with Bloomberg—the business operation in London—to join NYC to build first-class film and TV operations in NYC. The targets she set were impressive, and the results have been even more so.

Bloomberg has maintained a very high approval rating in perhaps the world's most cynical city populace. He recently managed to change the rules to be allowed to run for an unprecedented third term as NYC mayor. His impressive, open, dedicated leadership style has won him not only the approval of his citizenry and NYC employees, it has won him admiration worldwide as a proven leader in both business and government settings.

Source: "The CEO Mayor," *BusinessWeek*, June 25, 2007.

this car at a profit, whether it has to be built in Michigan or China or India, if that's what it takes." Nobody had a good answer.⁵

Building an Organization

The previous chapter examined alternative structures to use in designing the organization necessary to implement strategy. Leaders spend considerable time shaping and refining their organizational structure and making it function effectively to accomplish strategic intent. Because leaders are attempting to embrace change, they are often rebuilding or remaking their organization to align it with the ever-changing environment and needs of a new strategy. And because embracing change often involves overcoming resistance to change, leaders find themselves addressing problems such as the following as they attempt to build or rebuild their organization:

- Ensuring a common understanding about organizational priorities.
- Clarifying responsibilities among managers and organizational units.
- Empowering newer managers and pushing authority lower in the organization.
- Uncovering and remedying problems in coordination and communication across the organization and across boundaries inside and outside the organization.
- Gaining the personal commitment to a shared vision from managers throughout the organization.
- Keeping closely connected with what's going on inside and outside the organization and with its customers.

There are three ways good leaders go about building the organization they want and dealing with problems and issues like those listed: education, perseverance, and principles.

Education and **leadership development** is the effort to familiarize future leaders with the skills important to the company and to develop exceptional leaders among the managers you employ. Jack Welch was legendary for the GE education center in Croton-on-Hudson, New York, and its role in allowing the GE leader to educate current and future GE managers on the ways of GE and the vision of its future. It allowed a leader to shape future leaders, thereby building an organization. His successor, Jeff Immelt, uses the same facility to interact with and discuss GE's future with a new crop of future leaders.

Leaders do this in many ways. Larry Bossidy, former chairman of Honeywell and co-author of the best seller, *Execution*, spent 50 percent of his time each year flying to Allied Signal's various operations around the world, meeting with managers and discussing decisions, results, and progress. Bill Gates at Microsoft reportedly spent two hours each day reading and sending e-mail to any of Microsoft's 36,000 employees who want to contact him. All managers adapt structures, create teams, implement systems, and otherwise generate ways to coordinate, integrate, and share information about what their organization is doing and might do. Once again, here is what Jim McNerney had to say:

It comes down to personal engagement. I spend a lot of time out with our people. I probably do 30 major events a year with 100 people or more, where I spend time debating things and pushing my ideas, telling them what I am thinking and soliciting feedback. Most CEOs are smart enough to figure out where to go with a company. The hard work is engaging everyone in doing it. That's the hard work in leadership.⁶

Others create customer advisory groups, supplier partnerships, R&D joint ventures, and other adjustments to build an adaptable, learning organization that buys into the leader's

⁵ David Kiley, "New Heat on Ford," *BusinessWeek*, June 4, 2007.

⁶ *Ibid.*

leadership development

The effort to familiarize future leaders with the skills important to the company and to develop exceptional leaders among the managers employed.

Top Strategist

Jeff Bezos, Founder and CEO, Amazon.com

Exhibit
12.2



Since starting Amazon.com, Jeff Bezos has often been in Wall Street's doghouse. The main reason is his insistence on building capacity to support new services his team has determined Amazon's customers need, even as their stock price steadily declines or fluctuates wildly. Asked about his seemingly

consistent ability to ignore Wall Street's criticism, Bezos offered these thoughts: "We don't claim that our long-term approach is the right approach. We just claim it's ours. Our approach has been to be as clear as we can be about what kind of company we are and let investors choose." To his employees, Bezos repeatedly makes it clear that Amazon's vision is to find ways that make Amazon's operations more efficient and lower its costs so that it can make its customer experience more value-added while also less costly. And, Bezos notes, "I've taken repeated criticism about our stock price, but never about our customer experience." He goes on to describe that he has repeatedly sat with harsh critics discussing fluctuations in Amazon's stock price yet its insistence on innovation investments, and then, he notes, they would end the meeting saying "I am a huge [Amazon] customer."

Bezos also describes how he clarifies this simple vision to his employees—continuously improving on providing what Amazon customers need. "We have three all-hands meetings a year, and I'll tell people that if the stock is up 30%, please don't feel you are 30% smarter. Because when the stock is 30% down, it's not good to feel 30% dumber." The key is to continuously focus on ways to improve the ways we provide customers what they need. "Companies get skills-focused, instead of customer-needs-focused. When they look at growing their business into some new area, the first question is 'why should we do that—we don't have any skills in that area.'" That approach, Bezos believes, leads eventually to a company's decline because the world constantly changes and a company's current skills eventually become less important. So he leads Amazon by focusing on one simple question, "What do our customers need?" From there he urges his managers to determine if Amazon has the skills to meet the needs and, if not, to go out and hire the people that do. Bezos cites Amazon's Kindle, and electronic books, as a clear example of doing just that, hiring people who know how to build hardware devices, creating a whole new book-reading-related competency in the process. His principles and perseverance to stick with that simple question as Amazon's foundation have proven, over time, to provide solid leadership, ultimately allowing Amazon to emerge as a key Internet-based business model.

Source: "Bezos on Innovation," *BusinessWeek*, April 17, 2008.

vision and strategic intent and the change driving the future opportunities facing the business. These, in addition to the fundamental structural guidelines described in the previous chapter for restructuring to support strategically critical activities, are key ways leaders constantly attempt to educate and build a supportive organization.

perseverance (of a leader)

The capacity to see a commitment through to completion long after most people would have stopped trying.

Perseverance is the capacity to see a commitment through to completion long after most people would have stopped trying. Exhibit 12.2, Top Strategist, describes how Jeff Bezos personifies perseverance in leading Amazon.com. The opening example about Jeff Immelt conjures up images of some people in GE being hesitant to follow him because of their longtime loyalty to Jack Welch and his ways. Immelt will need to have patience and perseverance to deal with these people, to help them gradually shift their loyalty and accept the new. The example also conjures up another image, one of people excited to embrace Immelt's effort to take GE in a new direction—just because of the excitement of the moment

along with some sense that a change is needed. But imagine that the first signs are not good, that it is unclear whether the radical new approach will work or not. It is relatively easy to then imagine a significant negative shift in the enthusiasm and faith of this group—again, Immelt must call on considerable perseverance to simply continue to bring them along and build their commitment over the long term.

“When the going gets tough, the tough get going” is a mantra often heard in sports and in U.S. Marine Corps leadership training. The real point in this is perseverance. NYC Mayor Michael Bloomberg’s perspective on risk described in Exhibit 12.1 reflects an emphasis on perseverance. The capacity to take a risk, to make a tough decision, to commit to a new vision, and then to stick with that decision even when it doesn’t appear “right” early on is a scenario often found in the history of effective leadership that ultimately creates a favorable future. A broad panel of U.S. historians recently rated Abraham Lincoln the best American president—based in large part on his perseverance in preserving the union. Winston Churchill’s perseverance was perhaps his most compelling trait as he successfully led England through World War II.

Principles

(of a leader)

A leader’s fundamental personal standards that guide her sense of honesty, integrity, and ethical behavior.

Principles are your fundamental personal standards that guide your sense of honesty, integrity, and ethical behavior. If you have a clear moral compass guiding your priorities and those you set for the company, you will be a more effective leader. This observation is repeatedly one of the first thing effective leaders interviewed by researchers, business writers, and students mention when they answer a question about what they think is most important in explaining their success as leaders and the success of leaders they admire. Steven Reinemund, PepsiCo’s very successful (former) CEO, said it this way:

It starts with basic beliefs and values. It’s important to make clear to the people in the organization what those are, so you’re transparent. They have to be consistent with the values of the organization, or there will be a problem. If you look at all the issues that have happened in the corporate world of the last few years, . . . it all boils down to a basic lack of a moral compass and checks and balances among leaders. We as leaders have to check each other. We’re going to make mistakes. If we don’t check each other on them, you get in trouble. Most of the companies that got into trouble had a set of stated principles, but the leaders didn’t check each other on those principles.⁷

Principle boils down to a personal philosophy we all deal with at an individual level—choices involving honesty, integrity, ethical behavior. Indeed Exhibit 12.3, Strategy in Action, gives you the chance to “test” your personal principles in comparison with the actions of some of your business school peers at Duke university’s MBA program, and *BusinessWeek*’s thoughts too. The key thing to remember as a future leader is that your personal philosophies, or choices, manifest themselves exponentially for you or any key leaders of any organization. The people who do the work of any organization watch their leaders and what their leaders do, sanction, or stand for. So do people outside that organization who deal with it. These people then reflect those principles in what they do or come to believe is the way to do things in or with that organization. An effective organization is better built—is stronger—when its leaders show by example what they want their people to do and the principles they want their people to operate by on a day-to-day basis and in making decisions shaped by values and principles—a clear sense of right or wrong. “Values,” “Lead by example,” “Do as I say AND as I do”—these are very basic notions that good leaders find great strength in using. *BusinessWeek*’s “The Ethics Guy” says simply that principles should boil down to “five easy principles,” which are:⁸

1. Do no harm.
2. Make things better.

⁷ Brady, “The Six Ps.”

⁸ Bruce Weinstein, “Five Easy Principles,” *BusinessWeek*, January 10, 2007.

Test *YOUR* Principles

Just a few years ago, the dean of Duke's Fuqua School of Business announced that 10 percent of its MBA class had been caught cheating on a take-home final exam and would be dismissed. These MBAs were "cream of the crop" students with six years of corporate experience and careers under way in the new "wiki" world of online collaboration and aggregation of other's knowledge via the Web as an emerging key source of competitive advantage. So they collaborated in crafting answers to the take-home final exam, sharing insights and ideas, and so forth. Their professors saw the similarity in answers, and, looking to evaluate individual performance, found the collaboration unethical, dishonest, lacking integrity, and fundamentally wrong. So they were dismissed for cheating.

A *BusinessWeek* Commentary took issue with the decision—and saw a different interpretation. Their point: the new world order is about teamwork, shared information. Social networking, a new culture of shared information, postmodern learning wiki style.

Text messaging, downloading essays, getting questions answered from others, often unknown, via the Web. All of these are the new ways we work today. We function in an interdependent world, where success often hinges on creative collaboration, networking, and "googling" to tap a literal world of information and expertise available at the click of a keyboard or a cell phone.

Others, starting with their Duke professors, viewed these students collaborating on a take-home exam as a conscious effort to break the rules, or at least, gain unauthorized advantage. And maybe, they apparently thought, this was a good situation about which to make an example in order to rein in an increasingly rudderless business culture.

What do you think? Is what these students did ethical, principled leadership? Is it "cheating," or simply collaborative learning?

Source: Michelle Conlin, "Commentary: Cheating—or Postmodern Learning?" *BusinessWeek*, May 14, 2007.

3. Respect others.
4. Be fair.
5. Be compassionate.

The value of that kind of clarity, and transparency, as PepsiCo's Reinemund described it, can become a major force by which a leader will shape and move his or her organization.

Shaping Organizational Culture

Leaders know well that the values and beliefs shared throughout their organization will shape how the work of the organization is done. And when attempting to embrace accelerated change, reshaping their organization's culture is an activity that occupies considerable time for most leaders. Elements of good leadership—vision, performance, perseverance, principles, which have just been described—are important ways leaders shape organizational culture as well. Leaders shape organizational culture through their passion for the enterprise and the selection/development of talented managers to be future leaders. We will examine these two ideas and then cover the notion of organizational culture in greater detail.

Passion, in a leadership sense, is a highly motivated sense of commitment to what you do and want to do. PepsiCo's Reinemund described it this way:

I remember when I was a kid, Kennedy made the announcement that he wanted to put a man on the moon and bring him back safely to earth. That was so motivating and passionate. Nobody believed it could happen, but he inspired them to do it with his passion.⁹

Like many other traits of good leaders, passion is best seen through the leaders' intermittent behaviors while in the throws of the challenging times of the organizations they lead.

⁹ Ibid.

passion (of a leader)

A highly motivated sense of commitment to what you do and want to do.