

Leading Change Means Changing How You Lead

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One of the toughest challenges facing leaders is that the job requirements can change dramatically and unpredictably, as the past two years have amply demonstrated. Of necessity, leaders had to divide their attention between responding to the pandemic and managing a remote workforce and have been even further stretched by issues such as social justice, supply chain disruption, climate change, hybrid work arrangements, and geopolitical instability.

It would be easy to conclude — as many commentators have — that the key requirements of leadership are flexibility and empathy. While these qualities are certainly beneficial, especially at this specific, stressful moment, the enduring requirement of leadership is to be *contextually effective*. Effective leaders are those who adjust their leadership approach to suit the context and challenges they face.

History is replete with examples of individuals who

displayed extraordinary leadership under certain circumstances but were unable or unwilling to subsequently change their leadership approach. In business, it is frequently observed that a founder is rarely the leader best suited to run the business once it achieves a certain scale because it requires a different style of leadership and skills. Alphabet's success is in part a testament to the self-awareness of Sergey Brin and Larry Page, who recognized the need to step away from the CEO role. Facebook's current travails, in comparison, are partially caused by Mark Zuckerberg's failure to acknowledge this necessity.

Three Imperatives for Leading Effective Change

In our work with leaders, we encourage them to think of contextual effectiveness as comprising three main tasks:

Drawing the map: The late publisher Arnold Glasgow observed that great leaders recognize an issue before it becomes an emergency. They consistently map the changing dynamics of the company's environment and create a clear, prioritized vision for where the business should be headed.

Establishing the mindset: The second task of leadership is to ensure that the executive team has more than just a cognitive understanding of the map. The leader's mindset drives a shared conviction about the necessity of change and an enthusiasm for the improvements that successful change will bring about. This enthusiasm is vital because achieving

change is harder than maintaining the status quo.

Communicating the message: If the map credibly identifies the needed change, and the mindset creates the appetite for change, the message is the key tool for activating that change among the broader population of employees. The leader's message serves as the rallying cry that aligns the energies of the organization around a particular goal and the attitudes and behaviors required to achieve it.

Defining the map, mindset, and message are the core tasks of leading change, but the objective of each task will vary according to the type of change that the leader is seeking to achieve. Change takes three distinct forms, as we have described in [previous articles](#):

1. Enhancing the magnitude of the company's current strategy.
2. Reimagining the activities for pursuing that strategy.
3. Shifting direction altogether.

Below, we illustrate how the objective of the “map, mindset, and message” tasks varies according to the [type of change that the leader is trying to achieve](#). Our research indicates that enhancing magnitude (doubling down) is the right decision for the 20% of companies or business lines that perform strongly on both fit to purpose and relative advantage; shifting direction (pivoting) is required for only those 15% of companies that perform poorly on both dimensions. For nearly two-thirds of companies, the change imperative is to reimagine the activities they use to pursue their strategy rather than reimagining the strategy itself.

Enhance Magnitude

When a business is performing well on fit to purpose and relative advantage, the leader needs to recognize the twin dangers of complacency (believing that there's no need for change) and [hubris](#) (overconfidence in the quality of one's leadership). Contextually effective leaders combat complacency by continually striving for change, and they combat hubris by recognizing that their own opinion is less significant than the opinions of key stakeholders.

The mapping task in this change context is to pursue excellence and reinforce the current drivers of uniqueness, utility, and value as perceived by customers and other key stakeholders. The required mindset is that of rising to a challenge — framed either as a competitive threat or an innate commitment to excellence. Finally, the task of messaging is to maintain a focus on the ultimate priorities of the business rather than on concerns that are fleeting or disconnected from the company's core strategy.

Apple's leadership has consistently executed an *enhance magnitude* change focus over the past two decades. It has deliberately chosen to use itself as its competitive frame of reference, creating a constant challenge to enhance its already leading position through targeted and continuously deepening innovation and the integration of hardware, software, and services — all without relying on large-scale acquisitions. (Apple's largest acquisition ever was the \$3 billion it paid for Beats in 2014.) The result has been the delivery of distinctive and consistent value to an expanding and engaged customer base.

Reimagine Activity

When the goal of change is *reimagining activity*, the leader's mapping task is to innovate new routes to the current destination. The accompanying mindset is one of focused experimentation and targeted risk-taking. Rather than radically reinventing existing processes, the reimagination agenda instead often looks to digitization, machine learning, and artificial intelligence to create more efficient methods to perform them. In this context, the task of messaging is to emphasize the benefits that customers and other stakeholders will continue to enjoy if the methods for delivering these benefits are improved. (This is the objective that many companies are currently trying to achieve through AI.)

Netflix's leaders have navigated this path with particular expertise over the past 20 years. They have remained focused on a goal of convenient, personalized, immersive entertainment delivered without advertising, even as the technologies for achieving this goal have changed dramatically. By keeping employees focused on innovating on the means to the end rather than on the end itself,

Netflix's leadership has maintained a sense of stability even as the business has undergone significant transformations: in its mode of distribution, from mailed DVDs to streaming; in its core business, from a content distributor to both a creator and distributor of content; and in its implementation of a “glocal” (both global and local) model of content development.

Shift Direction

When a company performs poorly on both fit to purpose and relative advantage, a *shift of direction* is required. In this context, the mapping task is to explain why a pivot is needed and how the purpose of the business must be redefined.

While it can be effective for leaders to ratchet up the pressure under the other two change scenarios, this approach is less effective in the context of shifting direction. Pressure in this context drives up anxiety levels, which hinders effective problem-solving and may even reinforce existing behaviors. Instead, the leader's mindset task is to build belief among employees, customers, and partners in the new destination for the business, and an environment that's receptive to fresh ideas. Reflecting this, the messaging task is to promote a sense of possibility.

The turnaround in Lego's fortunes led by Jørgen Vig Knudstorp is a master class in how to maintain a supportive environment even while making dramatic changes to the business — halving the number of bricks made from 13,000 to 6,500, exiting the theme park business, and expanding into video games and movies — and how the business engaged with its customers. Lego went from revenues of 800 million euros (\$1 billion) and near bankruptcy in 2004 to revenues of just under 6 billion euros in 2020.

Much of the writing on leadership takes the form of lists defining its required attributes or universal norms. But these ideals change over time and reflect the environment in which they were created. This evolution explains how competitiveness (epitomized in Jack Welch's famous 1980s-era directive to be first or second in every industry in which you compete) gave way to creativity (most famously associated with Apple's exhortation to “think different”) only to be superseded by disruption (popularized by Zuckerberg's mantra to “move fast and break things”) and hyperscaling (celebrated in the 10x mantra of the venture capital community) — which in turn have been replaced by the current celebration of empathy.




Which of these leadership ideals is actually ideal in practice? The point is, of course, that the task of leadership is deeply contextual: The attitudes and behaviors that are effective in one environment will not deliver the same outcomes under different circumstances. The form of change sought — enhancing magnitude, reimagining activity, or shifting direction — shapes how contextually effective leaders define and pursue the tasks of map, mindset, and message. As a Chinese proverb powerfully expresses, “The wise adapt themselves to circumstances, as water shapes itself to the pitcher that contains it.”

About the Authors

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Using Change Goals to Inform Leadership

When leaders carry out the three essential tasks of contextually effective leadership — drawing the map, establishing the mindset, and communicating the message — their focus will vary depending on the type of change the organization is seeking.

		CHANGE NEED		
		 ENHANCE MAGNITUDE	 REIMAGINE ACTIVITY	 SHIFT DIRECTION
LEADERSHIP MARKER	MAP	Pursue excellence	Redirect tactics	Pivot focus
	MINDSET	Stimulate challenge	Encourage risk	Build belief
	MESSAGE	Reinforce priorities	Sharpen actions	Promote possibility