

# POSITIVE CHANGE LEADERSHIP

## Why a New Leadership Paradigm is Necessary Today

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Especially in 2020, changes have come so fast and furiously that organizations large and small are struggling to keep up and find their way. Conventional wisdom and tried-and-true solutions no longer seem effective. Still, some organizations manage to find a way through the complexity and do more than just hang on. For companies to not only chart a course through the current morass, but to be prepared for the next challenge, we believe certain principles and behaviors are critical.

Sustainable success has always required the integration of three interrelated elements: the environmental, customer, and workforce requirements. Most successful organizations have an approach to each of these elements, which may have needed tweaking over time, but, for the most part, have worked for them. These may be complicated approaches, but ones where the steps have previously been tested. Indeed, analysis of past performance and future projections has always been a bit of an art. Now, however, all three of these elements are shifting in ways that create a more

dynamic and complex landscape. While a great many factors are in play, for simplicity we focus on the impact of the COVID-19 pandemic. It is roiling not only health and economic conditions but has revealed underlying cultural and social issues. It is directly impacting relationships, expectations, and requirements of and for constituents, customers, and the workforce. It feels like everything is moving at the same time, and neither the short- nor longer-term future is clear.

A fourth critical element is the system of leadership and management that organizations have in place and how that system deals with this complexity. A key reason some thrive during periods of chaos and others fall away is how leaders lead. We believe leaders who authentically deploy positive change can have a direct impact on how well their organizations respond to COVID-19 or any other dynamic challenge.

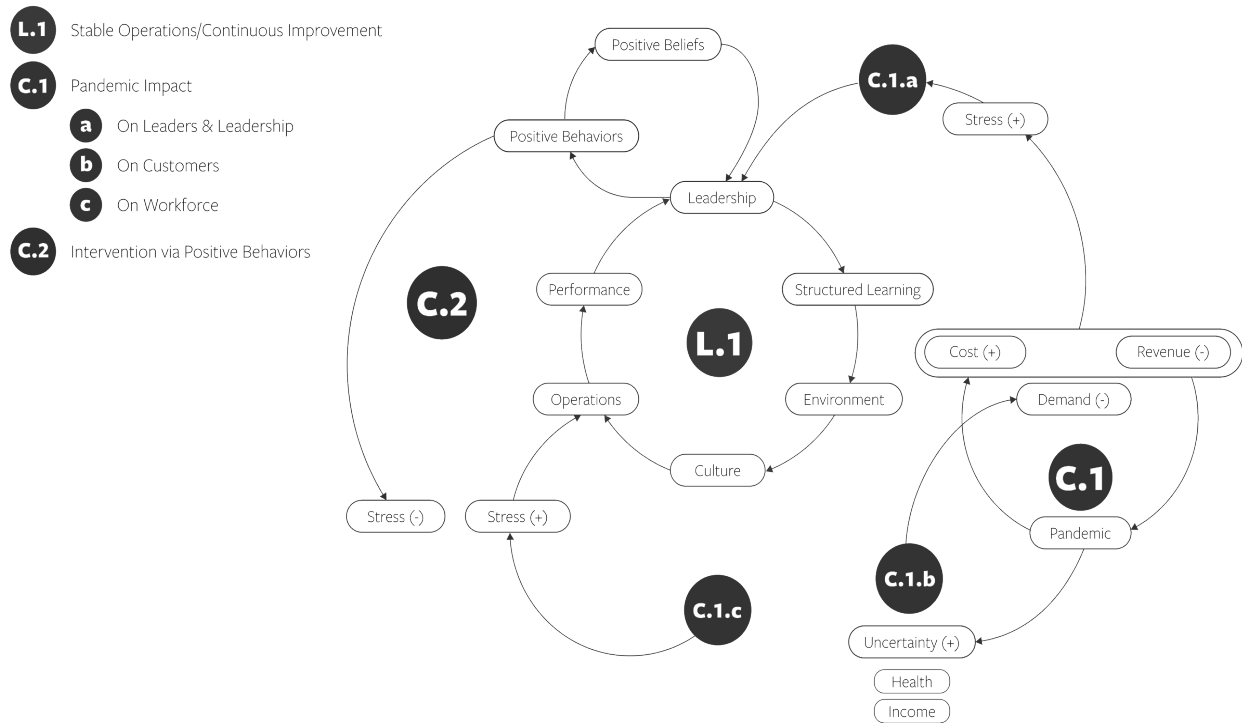
## **What Leaders Do**

Joseph Juran said, “Observing many companies in action, I am unable to point to a single instance in which stunning results were gotten without the active and personal leadership of the upper managers.” This may be why Leadership is Category 1 within the Baldrige Excellence Framework. A leader’s core function is to successfully motivate a group of people to achieve a common goal. While hundreds of books have been written about how to build leaders’ capabilities and effectiveness, few have reflected the context leaders find themselves in today.

In today’s time of uncertainty, effective leadership has never been more important. People look to leaders for clarity and confidence. They both want, and need, to trust them in order to willingly follow their lead. Leaders who earn that trust, especially while so much is unknown and unknowable, have great power. Those leaders who embrace the opportunity, who look to what is possible and authentically engage their constituents in addressing shared challenges, earn that trust through which much is possible.

Figure 1 illustrates a causal loop diagram to help leaders better comprehend the complexity of these stressors on an organization. The diagram visualizes how these external variables impact a steady state organization. As background, relationships between variables are either positive (+); i.e., they move in the same direction, or negative (-), where the two variables have opposite results. The steady state (L1) represents a positive, reinforcing closed loop. Leaders impact a series of nodes: organizational learning, organizational environment, culture, operations, and performance results. They establish, cultivate, and reinforce the environment and culture within their organizations. Good leadership results in good performance, thus reinforcing the way leaders lead. And the cycle continues. External changes (C.1 & 2) may have a positive or a negative influence on one or more nodes. Understanding these external changes and their projected impact allows leaders to the opportunity to prepare, adapt and mitigate – or multiply – their impact.

**Figure 1 Causal Loop Diagram**



By definition, organizations, regardless of type, exist to produce something (product or service) of value. As Deming wrote, “The aim proposed here for any organization is for everybody to gain – stockholders, employees, suppliers, customers, community, the environment – over the long term.” (Deming, 1993, 51) Leaders, whatever their level, are selected to ensure the organization’s aim is met. Leaders are expected to be intelligent, competent, self-confident, action-oriented, charismatic, visionary – quite the list of characteristics. But there are other qualities that are equally, or perhaps even more important: empathy, caring, compassion, forgiving, inspirational, meaningful, and authenticity. These are the characteristics that enable positive change, (Cameron, Mora, Leutscher, and Calarco, 2014, 266) and when they are the source for the behaviors and actions leaders take, it makes a difference not only in how an organization’s workforce feels, but also in what it can accomplish.

In concert with governance, leaders set direction, prioritize resource plans and processes, and set specific goals and targets. They put in place the management and oversight structures and mechanisms that enable value creation. They determine which aspects of the organization to maintain and which need to change. Baldrige calls this the leadership system, a set of principles evidenced in the decisions that are made and the way they are implemented. This system also creates and reinforces, for good or ill, the organization’s culture. Organizations where change is powered by positive psychology are driven by leaders who engage their workforce and build a culture of willing commitment to do what it takes to consistently deliver great results.

Leaders that accept the cause-and-effect theory of positive change engage in collaboration, respect those who are closest to the process, persevere in hard times, and call constituents to a set of higher principles and values. They ensure leadership development processes for leaders at all levels support these initiatives and deploy these principles to their employees. They actively share success and provide frequent positive feedback, even for daily routines built in to ensure reliability – be it accolades or financial returns – with those who made it happen. Leadership systems powered by positive change are capable of both action and compassion: they effectively link the call to action with mission and meaningful work while recognizing the legitimate concerns of customers and the workforce at the same time. Positive change leaders give direction and make decisions that reflect both. Evidence-based positive change techniques exist and may be what is most needed, now, to lead organizations through these daunting times of the pandemic.

### **Managing Turbulent Times**

Change is a constant, but the level and rapidity of it today makes it more difficult than ever to project what even the near future will be like. While everyone cries out for a return to normal, everyone also knows (whether they admit it or not) we cannot go back to pre-pandemic days. To go forward will require change in myriad ways, not the least of which is how organizations will carry out their work. The pandemic's health and economic impacts demand unprecedented degrees of organizational agility to learn and act. In times like these, when historical trend analysis and projections are upended and leaders face the unknown, there is a risk external pressures, especially financial, and especially now, may make the focus of even the best leaders narrow to solely financial outcomes and business survival.

In 2020, we learned that the old tempo of innovation and change is too slow for the rapidly evolving situations we are facing. COVID-19 has required businesses of all types to change in real time. This has been costly – not only in terms of volume and revenue, operating costs for new supplies and physical modifications to facilities, but also in relationships with customers, communities, and the workforce (Figure 1, C.1.a,b,c). Much has been written and televised about the rapid cycles of learning and improvement health care providers have made. Other businesses, from Amazon to Walmart and many in between, have also made operational adjustments. For example: they have required masks, changed hours of operation, limited purchase of high-demand goods, and limited capacity, all of which forced behavior change on customers and employees.

Another example is the confusion this fall over school openings, or not, and how education would be implemented has affected nearly everyone. For example, a lack of childcare options means parents may not be able to return to pre-pandemic hours (even if their employer has re-opened). The lack of knowing what to do now, and what comes next, raises everyone's anxiety.

The rapidity of needed change in daily operations puts additional strain on pre-pandemic leadership and management systems, including learning systems. Uncertainty is high, yet changes need implementation and, in some cases overnight. These circumstances challenge the conventional, traditional way things are accomplished in organizations. Equally as important, leaders realize they must change, too.

Positive change leaders embrace their role in helping people make sense of what is happening, act, and transparently communicate the good, the bad and the ugly of decisions. Positive change leaders trust themselves and their people – and believe together they can continue to meet the needs and expectations of their customers. They have the courage to do the right thing. They think through not only what needs to happen but also think deeply about what that means for everyone else.

### **The Superpower of Trust – Customers**

We know that people are experiencing cognitive whiplash from this year’s events. Most people are legitimately concerned, even afraid, and therefore hesitant to re-enter their pre-pandemic lives – even though they desperately want to. (Figure 1, C.1.b) When leaders have demonstrated characteristics of empathy and respect, customers are more likely to respect and trust them and their actions. Trust is earned and links directly to the reputation of the organization in its market. “When there is a high-trust brand, customers buy more, refer more, give the benefit of the doubt, and stay with you longer.” (Covey, Merrill 2006, 35) Customers want to make choices with confidence and reassurance that they are doing the right thing.

Leaders establish and resource management systems and processes for listening to, thinking about, and responding to the needs and concerns of their constituencies. Leaders who believe in positive change enter these processes with curiosity and a deep desire to understand what stakeholders *truly care about and need*. They deploy this curiosity to managers who are charged with designing listening and learning approaches that get below the surface. The information gained is not only actionable but acted upon. Customer learning also feeds into and influences organizational strategy and strategic planning. Hard-wired processes ensure the flow of information to product or service managers who are expected to use this knowledge to improve products and services. After which, research is done to determine the impact of changes made to continuously inform operations, improve organizational learning, and influence future communication and interaction. To date, actions businesses have taken, and are taking, in response to COVID-19 are rarely welcomed by customers. It takes courage for leaders to require, for example, masks to be worn or to usher patrons out of bars early. However, organizations that have successfully built trust with their customers are better able to maintain customer respect and loyalty.

Ed Schein's work on Humble Inquiry (Schein, Edgar 2013) emphasizes the importance of asking questions when you do not know (and do not think you know) the answer. Sometimes market research is conducted to confirm an organization's beliefs rather than to expand them. Most organizations do market and customer satisfaction research. At issue is whether the research is driven by true curiosity, desire to learn, and willingness to act or is a *pro forma* effort. Satisfaction surveys and, equally important, research digging into dissatisfiers, can serve as starting points to understand drivers of customer loyalty and engagement. Additionally, engagement in town halls, focus groups, community boards, and other means of interacting with customers and the community are great opportunities for learning when not used to drive a predetermined agenda, and drive true inquiry and collaboration. Numerous other listening and learning tactics can be mined to understand opportunities to better meet needs and expectations. Genuine respect for what individuals external to the organization have to say, even if – especially if – it is different from the organization's conventional wisdom, is critical.

The Blue Ocean (Kim, Mauborgne, 2017) model, a powerful approach to rethinking business strategy, begins with the idea that organizations should not try to out-compete competitors on existing features but, instead, look for nuances in the customer data already available. Digging even more deeply allows the organization the opportunity to respond to unspoken needs and to leapfrog competitors. To hear the nuance and grasp the implications from these interactive opportunities requires listening with empathy and respect. Positive change is built on honest curiosity and a willingness to take direction from what is learned.

Customer and community engagement and loyalty are outcomes of organizational learning and leaders with a performance excellence mindset using double loop learning (Argyris, Schon, 1974) tied to product offerings and coupled with authentic strategic action. For example, effective leaders and managers successfully translate this learning into the features of product or service offerings. This trust-building work pays extra dividends in these challenging times when customers and communities are nervous, frustrated, angry, tired, and resentful all at the same time. Organizations that can depend on mutual respect and trust with their community and customers will have stronger communication channels and relationships that make operationalizing these restrictions less challenging.

### **The Superpower of Trust – Workforce**

Trust, and especially mutual trust, is the foundation on which collegiality and engagement are built. Treating every member of the workforce with respect, demonstrating authentic consideration for their concerns, opinions, and ideas fosters trust. Empathy supports efforts by leaders to consciously embed meaning in the work others do, connecting it to the organization's mission and vision. Behaviors, actions, and decisions driven by good intentions – not just for the organization but also



for the individual – create a work environment and culture of *can do* rather than one of *must do*. More importantly, it creates a powerful culture of *we can do it together!*

Leaders who show their appreciation to the workforce for both their vital role in delivering operational quality and their inherent human value build trust. At the same time, leaders can still expect the system to deliver high performance while simultaneously building sustainable excellence from the ground up. A model such as Just Culture (Dekker, 2007) aligns expectations for performance and accountability by seeking to understand what went wrong when errors occur rather than assigning blame. This model builds both trust and high expectations.

Management tactics such as Management By Walking Around (MBWA), its more recent iteration, intentional rounding, or employee engagement surveys can be effective vehicles to hear the concerns and ideas of the workforce. They can also be a vehicle to demonstrate positive change traits. However, rounding's focus must be a sincere effort to understand the work environment, how it strengthens – or weakens – the workforce. At the same time, engagement surveys can also indicate opportunities. However, too many employers are seeking ways to do things *for* their workforce, without ever considering what they are doing *to* them. In the end, while leaders set direction, it is the workforce that delivers the value for which customers are willing to pay.

Keep in mind, employees are very good at determining the sincerity of those with whom they work, and that same skill is put to work with their managers and leaders. The purpose of listening to the voice of the workforce through frank, two-way communication is an *honest* commitment to evaluate issues raised, make appropriate improvements, and close the communication loop. Positive leaders value workforce input and, as a result, work with the workforce to identify ways to benefit the worker and the organization. In this way, a foundation of relationship and trust is established, and sustainable high performance may be achieved.

In today's critical time, the most urgent strategic issue organizations face is a focus on the short-term: determine exactly what should their organization do to survive the pandemic, how fast must they do it, and how to emerge as a stronger, more resilient entity, one that is capable of successfully addressing future challenges. Key to this is how to bring their workforce back – and be open and honest with those who will not be coming back. Workers are both eager to return to work and legitimately concerned for their safety. They also are concerned with the future of the company and what all this may mean for their longer-term employment. Rumors abound, fueled by fear and misinformation (C.1.c). Effectively countering them in a mutually-trusting environment is much more likely. Thus, leaders have a powerful opportunity to authentically demonstrate positive traits of compassion, empathy, respect, and gratitude, while building trust that will pay dividends today and tomorrow.

The whole concept of “essential workers” and realization of the importance of individuals who provide our care – and cook our food, stock our shelves, and pick up our garbage – has shocked

many of us. It is to be hoped that this may lead to a cultural shift in appreciation and respect for work no matter what it is. While some “non-essential” workers have maintained their jobs and livelihoods through the ability to work at home, many others have lost both and may never regain them. Leaders need to empathetically understand the real-life world of their employees in order to appreciate their needs and respond effectively to them.

At the same time, poor communication of organizational changes at a time of uncertainty stokes fear and threatens a positive culture. To be fair, errors in leadership and in implementation occur – and may be more frequent in times of rapid innovation and changing rules. Remember the Japanese saying, “Every defect is a gift,” and treat the lessons learned from that perspective. Indeed, highly reliable organizations are truly “sensitive” to their operations. (Weick, Sutcliffe 2007) This refers to ongoing interaction and sharing of information about current human and organizational factors so that adjustments can be made to ensure all processes are always reliable, no matter who is being served or the variation in circumstances. This translates to empowerment of informed decision making and expectation management, the secret sauce of workforce engagement.

Today, the best available information and description of best practices is evolving rapidly, forcing organizations to change structures and operations again and again. Any change decision is only as good as its implementation, involving everyone, whether in response to suddenly occurring change needs or longer-term strategic initiatives. Change plans must be deployed into the organization and drive action that impacts key performance results on the journey to achieving objectives. Whether culture, indeed, eats strategy for breakfast or just nibbles at it, there is little doubt that a positive culture impacts implementation. Regardless of the elegance of a plan, it is the behavior and commitment of the organization’s people that determines what will occur. The ability to learn fast, act, and adapt quickly is critical. The principles of positive change encourage leaders at all levels of the organization to work with their staff to engage them compassionately to inspire, rather than mandate, them to act.

To act with confidence, employees must trust the intentions of their leaders for the good of the organization and the workforce. Transparency is critical: when workers believe they honestly know the challenges they face, performance expectations are clear, and they trust their leaders, great things can happen.

It is abundantly clear that the future – especially the near future – demands change. Relying on negative pressure tactics; i.e., a burning platform, will not enroll your workforce and customers in the success of your operation. When change in how we live, work, and play, alone or in our families, in social and work settings, is our future, we need a different approach. Leaders play a unique role as translators between the needs of the market and customers and the priorities and decisions of the organization which flow into short-term action plans and longer-term development. Senior leaders also play a similar role within community boards and other organizations. However, nothing gets



done without the engagement of the people involved. Leaders who truly believe in the power and importance of the workforce – not just giving lip-service to “people are our greatest asset” – can be unstoppable.

### **Evidence Supports this Approach**

While bad news seems never ending, our recommendation to explicitly transition to positive change principles should be welcome. These principles are not about ignoring the bad news or denying that challenges exist. It is about addressing them clearly and honestly, but with the belief that finding a way through might be hard, but it is achievable. Leadership is an art, and its medium is connection. (Taylor, 2011) Connecting with positivity reveals a virtuous reinforcing cycle: positive leadership can create a positive culture which can enable individuals and organizations to tackle complex situations and wicked problems more successfully. Leaders who take the time to think through the kind of organization they want and need to accomplish their mission, who design the systems of leadership and management to bring it to reality, can transform their organizations. Leaders must be willing to learn, practice, and live within a positive change mindset to create a different, stronger, more agile, and higher-performing organization.

We believe that developing or burnishing positive behaviors and processes throughout the organization is critical to the longer-term success of business. Workforce engagement and customer loyalty will increase and sustain that success (C.2). This is particularly important given evidence in positive psychology and neuroscience that illustrate negative events and experiences are more intensely weighted in individual and collective memory than positive events and experiences. In the context of leadership and culture, this means negative interactions render more reaction than positive ones, and these negative experiences result in a host of emotions such as fear, anxiety, shame, guilt, and embarrassment that impede psychological safety, creativity, teamwork, and engagement – known prerequisites for great performance. Indeed, research demonstrates that to achieve threshold levels of thriving and maximal human effectiveness requires three to six positive interactions for every negative interaction – and yet many organizations and leaders focus overwhelmingly on what is negative, broken, insufficient, or *below benchmark*. (Youssef-Morgan, Luthans 2013)

Conversely, organizations founded on positive psychology principles create work environments where individuals thrive, teams cultivate caring relationships, and the organization’s culture is compassionate and empathetic with the by-product of outstanding quality and value-driven outcomes. Put another way, in pursuit of great results, the role of leaders in contributing to the welfare of the organization’s human capital is paramount. “Empirical evidence suggests that when positive factors are given greater emphasis than negative factors, individuals and organizations tend to flourish.” (Cameron, Mora, Leutscher, and Calarco, 2014) And yet, a review of nearly 500

articles pertaining to organizational change published from 1987 to 2004 in the *Journal of Applied Behavioral Change* revealed negatively motivated-techniques were 10 times more likely to be employed than positive motivational ones. (Cameron and McNaughton, 2014)

At the same time, *positive change leaders* are clear-eyed, willing to look at bad news directly. They select and use data as a source, though not the only source, of learning with the end goal being to discover top-of-mind performance measures that support organizational design and performance improvement. They want and need context to be able to integrate what the data are telling them with a deep and appreciative knowledge of the organization, its workforce, stakeholders, and customers. They review performance to learn and to improve, not for blame or punishment where results fall short of expectations. Having created an atmosphere where everyone is united in achieving goals linked to the mission and vision, they understand that the workforce is equally committed. With respect, encouragement, and support, employees are willing to work hard to improve performance.

Leaders who believe in positive change principles are self-aware, allowing them individually and collectively to evaluate themselves in relation to others, to assess impact, and to commit to improvement. They role-model behaviors, a powerful way to be clear about expectations, providing guidance for internal and external audiences not only about the desired results of the organization but also how those results should be achieved.

These leaders evolve management systems that embody these same principles: authenticity, empathy, respect, transparency, learning, and continuous improvement. As a result, they create an environment that is future-oriented and respects the need to comprehend and address the very real issues of today.

A key example where this evolution may be needed is the organization's learning and development system. The rapidity of needed change in daily operations puts additional emphasis and strain on how the organization learns and implements. Uncertainty is high, yet changes need implementation – in some cases – overnight. This requires the ability to quickly translate new information into learning structures and processes, a new expectation for departments that are more comfortable with deliberate developments. Learning localized to an education or training department will be unable to keep up. “The ability to learn is embedded in the organization's structure and internal processes at every level, and reinforced through the culture and behaviors of staff, *including what leaders say and do.*” (Berwick, 2020) Leaders must commit to thinking through what outcomes are and will be required of the organization and ensure that the approach to knowledge management and learning is up to the task. The same rigorous analysis and design/redesign may be required in multiple areas.

## **So People Don't Hurt So Much**

Yes, the primary purpose of a business is to create value and return some sort of benefit to stakeholders. However, thriving, successful businesses commit to other purposes as well. For example, many large corporations are beginning to publicly articulate the importance of social responsibility in addition to stock performance and are explicitly linking their brands to social responsibility issues such as environment/climate change and labor/pay practices or engaging in volunteer or charitable activities. The pandemic accelerated this movement, which has been further energized by unrest over social inequities. Would it not be powerful if leaders committed to creating organizations that reduce pain and hurt for their workforce, their customers, and the community? Organizations can do this through intentionally designing and strengthening their cultures as the underlying approach to social responsibility issues.

Positive change is built on honest curiosity and a willingness to take direction from what is learned. People who embody the principles of positive change are better able to connect with others, generate commitment to action, and sustain performance through difficult times. Executives with these same attributes make a difference by shaping the culture of their organizations. Positive change leaders do not adopt a set of tactics and behaviors which they employ to “sell” their workforce, customers, or the community that they care. They act out of authentic kindness, openness, positivity, and trust in others.

As the saying goes, every system is perfectly designed to achieve the results it gets. Looking for the unintended consequences on people of the systems they have designed would enable leaders to identify opportunities for improving the work – and delivery – environments they oversee. Leaders who think deeply about their role and its potential to make a difference, who are sufficiently self-aware to identify areas of personal and/or systemic improvement, and who then choose to act are truly formidable. These leaders are trusted. And with trust, much is possible.

Kindness. Empathy. The ability to forgive. Caring for others. Transparency. Honesty. These are the characteristics that build trust. We know how to act this way: we do it with our families and our friends every day. When we act the same way as leaders in our organizations, we role-model behaviors that spread and create a reinforcing loop. Especially now, being capable of attaining and retaining the trust of employees and customers when the future is unclear can make a huge difference in your organization's survival and future ability to thrive. Your circle of trust will grow and, with it, your organization's capacity to innovate from the shop floor to strategic initiatives.

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