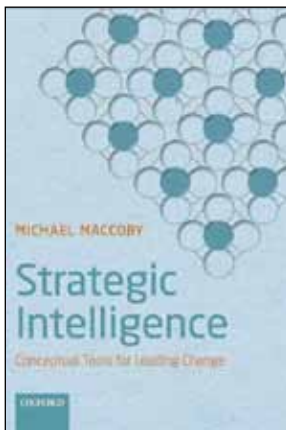# Perspective on Strategic Intelligence: Conceptual Tools for Leading Change with Dr. Michael Maccoby

By Michael J. Keegan

Today's government executives face serious and sometimes seemingly intractable issues that can go to the core of effective governance and leadership. These issues may test the very form, structure, and capacity of agencies to meet problems head-on. As a result, successful government leaders must go beyond established parameters and institutional strictures, working across organizational boundaries in pursuit of multilayered, networked approaches tailored to a specific challenge.

Given such dynamic conditions, government leaders are presented with difficult choices, but also unprecedented opportunities. As Roger Martin, former Dean of the Rotman School of Management at the University of Toronto, has observed, "There was a time when leaders shared a sense that the problems they faced could be managed through the application of well-known rules and linear logic. Those days are gone. Most of today's important problems have a significant wicked component, making progress impossible if we persist in applying inappropriate methods and tools to them."

This calls for leaders to cultivate and possess the specific abilities and conceptual tools that foster the practice of foresight, visioning, partnering, and motivating—what Dr. Michael Maccoby refers to as *strategic intelligence*.

A renowned business advisor who is both an organizational psychologist and anthropologist, Dr. Maccoby joined me on *The Business of Government Hour* to share his perspective on the following questions and to discuss his recent book *Strategic Intelligence: Conceptual Tools for Leading Change*.

- What is strategic intelligence?

- What does it mean to be a strategic, operational, or network leader?

- What is the relationship between personality and leadership?

Strategic Intelligence as a System

Strategic intelligence is a system in that each part of strategic intelligence interacts with other parts. Both strategy and intelligence have been defined in many different ways. The elements of strategic intelligence expand on the definition in the Oxford English Dictionary (OED): strategy is defined as "the art or skill of careful planning toward an advantage or desired end." Strategic intelligence employs all the qualities of head and heart to equip leaders with the conceptual tools essential to creating a better future for an organization.

The following abilities and conceptual tools are integral to strategic intelligence:

- **Foresight is the ability to anticipate currents of change that can threaten an organization or provide opportunities.** To gain foresight, you must be able to perceive patterns that indicate threats and opportunities for your organization. No one can predict the future, but someone with foresight can perceive the future in the present and make contingency plans or make bets.

- **Visioning is the ability to design the organizational system to produce the products and services valued by customers and to continually improve processes, products, and services.** Visions are often wishful pictures of greatness, but Russell Ackoff, an organizational theorist and teacher, describes a strategic vision as a systemic blueprint of an ideal future that would achieve the organization's purpose more effectively and efficiently.

• **Partnering is the ability to develop productive relationships, including a team with colleagues who have complementary abilities.** The ability to develop and sustain productive partnering relationships is an essential quality on which leaders build effective leadership teams.

• **Engaging, motivating, and empowering involves collaborating with those who will implement the vision and continuously improve products and productivity.** The challenge for leaders is to engage people's internally driven motivation, the intrinsic motivation to work and contribute.
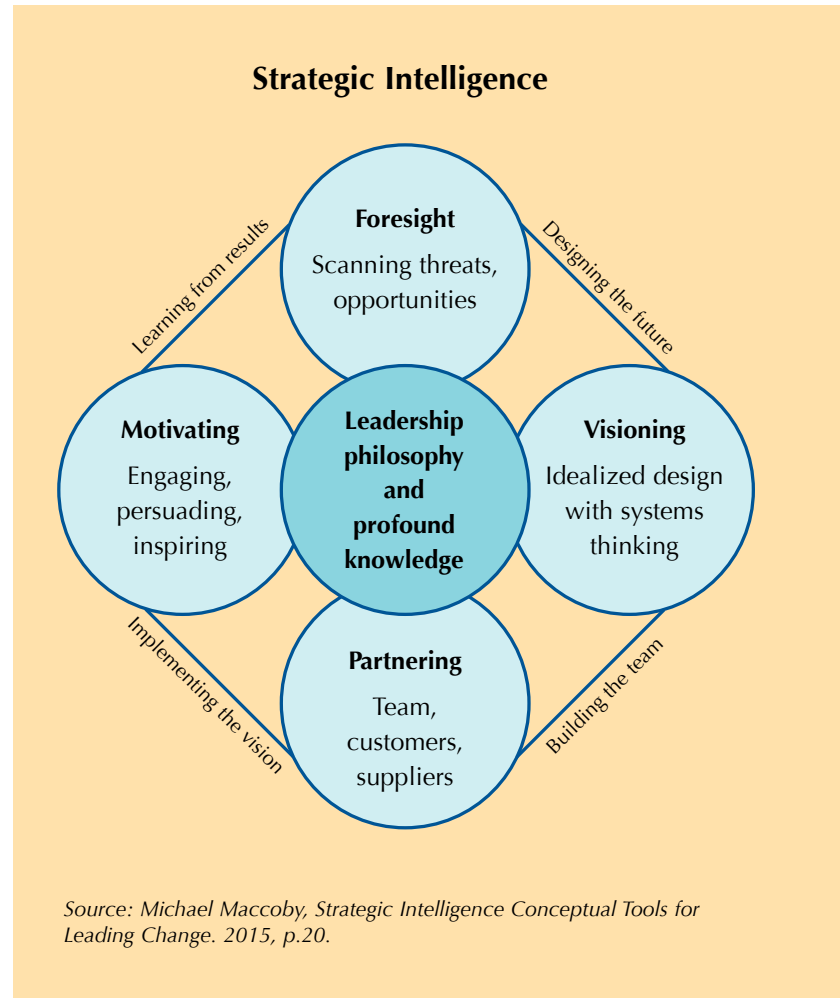
To effectively practice foresight, visioning, partnering, and motivating, leaders need to develop and communicate a philosophy that guarantees values and guides decisions about products, partnering, organizational design and relationships with customers, collaborators, and communities.

What are the practical values essential to achieve that purpose? What is the basis of your ethical and moral decision-making? Finally, what are you measuring? Are your measurements really reinforcing your purpose and your values?

Furthermore, you need to have what W. Edwards Deming called "profound knowledge," which includes understanding variation. That's not just statistics, but understanding the difference between causes that are based on the system, common causes and special causes.

Systems thinking is essential for developing an idealized design of an organization. However, it is the weakest ability in the executives my colleagues and I have interviewed about their strategic intelligence. The brief definition of a system is: a set of interrelated parts that interact to further the system's purpose. Each part of the system should be evaluated according to how well it interacts with the others to achieve the system's purpose. Ackoff distinguished three types of systems: technical systems, like automobiles, that people can design; organic systems, like the human body, that are genetically designed; and social systems, organizations that are made up of processes and people who have purposes of their own.

Third, you need to understand psychology—in particular, personality. Otherwise, you're not going to partner very well. You're not going to be able to understand what motivates and engages people, what brings out their intrinsic motivation.

Strategic Intelligence

Source: Michael Maccoby, Strategic Intelligence Conceptual Tools for Leading Change. 2015, p.20.

Finally, you need to understand how you create new knowledge because any organization today has to be able to continually innovate and improve in order to be sustainable, and that involves understanding the processes of creating knowledge.

Leadership Philosophy as a Tool for Change

Effective leaders of change communicate and practice a philosophy that shapes organizational culture. A leadership philosophy should define the purpose of an organization, the values essential to achieve that purpose, and the way results will be measured. An organizational philosophy is essential for building trust internally and with customers. It invites everyone in the organization to challenge decisions and practices that clash with the values that support the organization's purpose. It provides guidelines for innovation at all levels. It is a necessary tool for positive change.

Most organizations I have studied or worked with publish a set of values. When managers have responded to a gap survey asking how important each value is to the organization's success compared to how well the value is practiced, gaps between theory and practice often emerge. In a number of organizations, measurements clash with stated values, as when the value of teamwork is contradicted by measurements of individual performance alone. In such organizations, value statements trigger cynicism, not trust.

Without trust, people in organizations work for themselves, not for the organization and its stakeholders. I learned that by coaching managers a large technology company. One manager confided to me that he was getting himself transferred from a multi-million-dollar project because he was sure it would fail. I asked if he had reported his view to the team leader so that the project could be stopped and money saved. No, he said, that would make an enemy. It was better for his career just to leave the project.

When people in an organization trust each other, tasks are accomplished more quickly and easily. People are more willing to share information with one another. To build trust, leaders should communicate a philosophy, practice the values, follow through on what they promise, and explain what they won't do and why they won't do it. Rather than blame people for mistakes, they create a dialogue about the reasons for the mistake and what can be done to avoid future mistakes. They listen and act upon what they hear. They institute processes to facilitate ideas, and they recognize contributions from others

Leadership and Context

When I wrote *The Leader*, nobody was talking about leadership. The reason leadership has become so important is change. You can't have change without leaders. When you had bureaucracies that were stable, not changing, you didn't need leaders. You had managers—people keeping the ship on course.

What is a leader? Warren Bennis, who was a friend of mine and a leadership guru, said a leader is someone with a vision who's able to realize it. When I think about it this description is true of a gardener or a good carpenter.

There are different kinds of leaders in terms of personality, role, and behavior. A definition may fit one type but not others. Another reason has to do with the definition of good

leadership. The word "good" can mean either effectively good or morally good.

Of all the definitions proposed, the one definition of a leader that seems to me unarguable is: *a leader is someone with followers*. If you have followers, you are a leader, and if you do not have followers, you are not a leader, even if you have a formal position of authority. Leadership, then, is a relationship between leaders and followers. But this relationship has varied in different cultures and organizations. In some contexts, the leadership model has been autocratic; in others, more collaborative.

Leaders of change in the age of knowledge work are different from autocratic or bureaucratic leaders. They need collaborators who want to collaborate and innovate. To support greater collaboration, leaders may have to change how people think as well as what they do. Leadership of change in the age of knowledge work and learning organizations requires different types of leaders working together.

Leadership depends not only on qualities like strategic intelligence but also on context. In one context, someone may be a leader and not so in another context. It's a mistake to describe the qualities needed for leadership without indicating the context. The context for leadership includes two main factors: the challenges facing a leader; and the values and attitudes of followers.

Three Types of Leaders

Leadership is a relationship in a context. There are different kinds of leaders because there are different contexts. Leadership needs to become a creative partnership among three different types of leaders with different skills and personalities:

- **Strategic leaders define purpose, vision, and practical values.** They make sure that products and processes are aligned with purpose and practical values. They educate an organization about the reasons for change Strategic leaders recognize that change stirs up resistance, and they have different approaches for getting everyone on board. Some are like Jeff Bezos of Amazon, who encourages arguments backed by numbers and passions. Some are like Apple's Steve Jobs, who was quick to fire resisters. And others are like IBM's Sam Palmisano, who used training and incentives to overcome resistance. How strategic leaders lead change depends on their personality. Palmisano, with an adaptive personality, was

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Government Leaders in Action

Strategic leaders help define purpose, vision, and values of their organizations, and look for patterns and partners.

Consider **Charles F. Bolden, Jr., NASA Administrator.** Administrator Bolden's vision for the 21st century NASA is to "reach for new heights to reveal the unknown so that what we do and learn makes life better for humanity." With the retirement of the space shuttle in 2009, NASA ceded lower earth orbit to a burgeoning commercial space industry. As such, Bolden refocused NASA's mission to explore deep space with Mars as its trajectory. "When we talk about going to Mars and going to deep space, we're no longer talking merely about exploration," says Bolden. "We're talking about pioneering—about setting up habitats where humans can live for long periods of time. Much of this research is being conducted on the ISS." Read more of our conversation with Charles Bolden here:

• http://www.businessofgovernment.org/sites/default/files/Conversations%20with%20Leaders%20Bolden.pdf

• Charlie Bolden on *The Business of Government Hour*: http://www.blochhousemedia.com/ibm/charles_bolden_abc.mp3

Operational leaders are key to the design and maintenance of organizational processes. They help improve productivity and cut costs.

In **Ellen Herbst, Chief Financial Officer and Assistant Secretary of Administration at the U.S. Department of Commerce**, we see an exemplar of an operational leader. Among other duties, Herbst is also the department's point person overseeing the multi-year renovation project of the Commerce Headquarters building, the Herbert Hoover renovation project, a rather massive 13 year, one billion dollar undertaking. According to Herbst, "this project has given the department an opportunity to think about how we should work and how we can make this building built in 1930 a more 21st-century workspace." Find more insights from Ellen Herbst here:

• http://www.businessofgovernment.org/sites/default/files/Insights_Herbst.pdf

• Ellen Herbst on *The Business of Government Hour*: http://www.blochhousemedia.com/ibm/ellen_herbst_abc.mp3

Network leaders may have no formal leadership role in their organization but are key to connecting experts across disciplines, organizations, and regions.

In **Kshemendra Paul, Program Manager, Information Sharing Environment**, we see a network government leader. Though he is not in the chain of command, his specific responsibilities as program manager are to plan for and oversee the agency-based build-out and management of the Information Sharing Environment, intended to be the information fabric enabling whole-of-government responses to national security and public safety challenges that face our nation. Paul employs a "top-down, a bottom-up, and an outside-in approach" to engage and network with all the critical stakeholders that comprise the ISE. You'll find more about Kshemendra Paul and his leadership here:

• http://www.businessofgovernment.org/sites/default/files/KshemendraPaul.pdf

• Kshemendra Paul on *The Business of Government Hour*: http://www.blochhousemedia.com/ibm/kshemendra_paul2_abcd.mp3

Maccoby says these different kinds of leaders require different skills and personalities, but that successful knowledge organizations need all three types and they need to be able to work together in a creative partnership: "In any context, strategic, operational, and network leaders need to interact to develop a shared purpose and the products, practical values, and processes necessary to achieve that purpose."
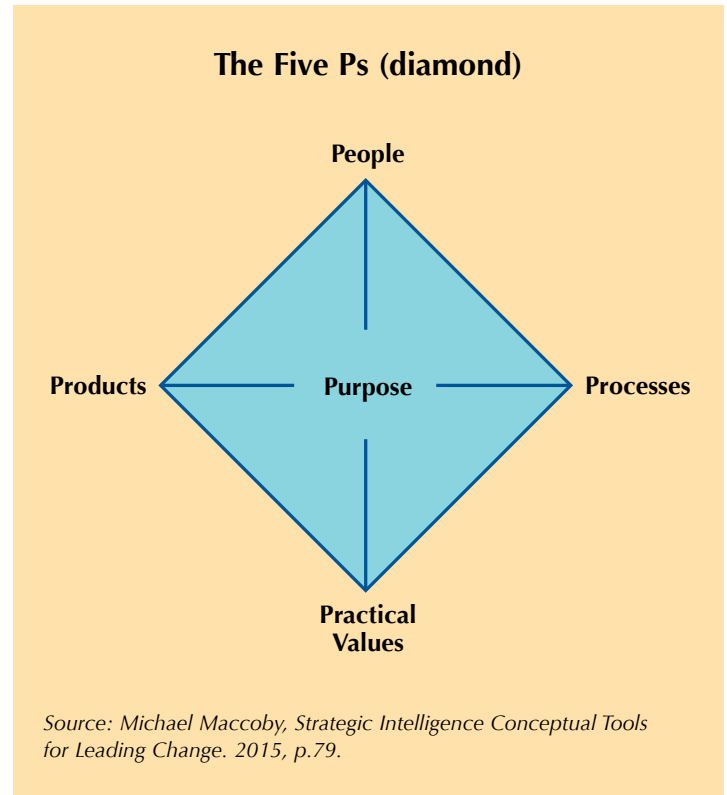
Source: What Kind of Leader Are You? by John Kamensky and Michael J. Keegan, Business of Government Blog, http://www.businessofgovernment.org/blog/business-government/what-kind-leader-are-you

respectfully interactive with subordinates and customers. Leaders like Jobs and Bezos—narcissistic visionaries intent on changing the world—are aggressive, competitive, and view subordinates as human resources, to be used as long as they are useful.

- **Operational leaders are in charge of designing and maintaining the processes that implement a vision.** They may lead teams and projects at all levels of an organization. Some of these are essential for continually improving production and supply-chain logistics. I have worked with operational leaders in middle management who have been able to engage subordinates and union reps in projects to improve processes. They did so by articulating and practicing values that responded to the needs of customers and employees, as well as owners. They gained trust by teaching teams to take over some of the management functions and trusting them to carry them out. They drove out fear by treating mistakes as opportunities for learning and improving processes. As a matter of fact, Steve Jobs' success came when he understood he needed Tim Cook, a great operational leader. He brought in all the processes of the manufacturing, he knew materials, etc. that have been crucial for Apple's success.

- **Network leaders are needed by knowledge organizations that provide complex solutions for their customers.** They connect experts across disciplines, organizational departments, and regions. To do this, they must develop the trust and facilitate the communication to make experts from different disciplines and departments collaborate. An excellent example was Lou Viraldi of Ford, who in 1980 facilitated groups of designers and engineers who produced the Ford Taurus, a car that lifted the company from near bankruptcy. Usually, Ford designers would send a design to product engineers, who would criticize it and send it back for redesign until they agreed to send it to the production engineers, who would criticize it in terms of cost and would send it back, and so on for a number of years. Viraldi got them all together cutting production time and enhancing quality.

Strategic Intelligence and Systems Thinking

The lack of systems thinking seems to be the biggest weaknesses affecting leaders running organizations today. People are taught to look at problems, stack up possible solutions, and try to put them together. For example, when HP merged

The Five Ps (diamond)

People

Products ← Purpose → Processes

Practical Values

Source: Michael Maccoby, Strategic Intelligence Conceptual Tools for Leading Change. 2015, p.79.

with Compaq, management on both sides said, let's take the best organizations from each company and put them together. That approach turned out to be a disaster. It's like saying, let's get the best parts of automobiles from every company and put them together to make a great car. You wind up with a lot of junk.

A system is a collection of elements with a purpose. None can be evaluated in a vacuum, only in terms of how well they interact with each other elements to further the system. There are three kinds of systems: mechanical systems like a car where you can design the parts; organic systems like the human body where the parts are genetically designed to serve the purpose of life; and a sociotechnical system like a company, where many of the key parts are people. Therefore leadership is essential to create a common purpose. People have to feel that purpose is worth their energy and passion.

With a systems thinking mindset, you view organizations and individuals holistically. With this mindset, you ask how the organizational system is adapting to a larger system and you will be more likely to gain foresight and openness to support change. When the growth and systems thinking mindsets strengthen each other, you will gain the capability for double-loop learning (the attitude of testing theories with

openness to changing those that do not predict expected results). With these mindsets, you can focus on developing the elements of strategic intelligence.

Five Ps—Purpose, Product, Practical Values, People, and Processes

During the past five years in leadership workshops, my colleagues and I have developed, the Five Ps: purpose, product, practical values, people, and processes. We define *purpose* and *practical values* as parts of organizational philosophy. Purpose substitutes for strategy. Practical values, more than shared values, emphasize the beliefs and behaviors essential to support the organization's purpose and support the creation of its offerings. *People* encompasses both the skills of employees and style of leadership consistent with values, purpose, and the *products* offered. And *processes* describe the organization of work and the systems used to produce products, motivative employees, and determine results. The products and services produced should express the organization's purpose.

Personality and Leadership

We have to considers all of the elements that go into personality. That's not easy. We look at what drives people are born with that shape their personality. For example, there are drives for mastery, security, relationships, dignity or meaning. Understanding another person requires both conceptual and emotional understanding of that person and their drives. Conceptual knowledge of personality equips us to predict how a person will act, but it will not tell us if someone is angry, anxious, doubtful, or happy. We may observe emotions in facial and bodily expressions. However, a heart that listens combined with conceptual knowledge of personality equips us to make sense of what we experience in our interactions with others.

The personalities of leaders influence their strategic decisions and behaviors. Personality focuses the leader's attention on aspects of the future and influences the types of visions that are meaningful to leaders and the way they think about organizational systems. Their personalities influence the types of people they consider as partners in accomplishing their visions—and the way they recruit, motivate, and empower them.

The personality of every person—and therefore every leader—is a blend of types that work together as a system. To understand these personality systems, I introduce four personality types and consider them in their various combinations with the other types—with an emphasis on leadership. There are four primary leadership personality types: caring, visionary, exacting, and adaptive. For some people, a single type is clearly dominant, but never to the total exclusion of elements of the others. For other people, one type may be dominant and blended with a clear secondary type. Many combinations of the four are possible.

Employing Strategic Intelligence

There is no standard pathway or formula for change, but strategic intelligence equips you to follow a path to effective change. There is logic to starting with a clear purpose and philosophy. The reasons for change generally have to do with adapting to threats or exploiting opportunities and innovations. A leadership team needs to develop a vision and motivate the organization, but there is no one best way to do this. It may combine top-down, bottom-up, and interactive initiatives. In summary, strategic intelligence is a system of qualities of mind and heart that equip leaders with the conceptual tools essential to creating a better future for an organization. But even with strategic intelligence, strategic decisions require good judgment and courage. Sometimes information is inadequate. Leaders may be uncertain about an investment, or they may have doubts about selecting other leaders. However, with strategic intelligence, their judgment will be strengthened. ◘

Michael Maccoby is an American psychoanalyst and anthropologist globally recognized as an expert on leadership for his research, writing and projects to improve organizations and work. He has authored or co-authored fourteen books and consulted to companies, governments, the World Bank, unions, research and development centers laboratories, and universities.

You can listen to the complete version of my interview with Dr. Michael Maccoby on *The Business of Government Hour* at businessofgovernment.org/interviews.