

# TRANSFORMATIONAL LEADERSHIP REQUIRES COURAGE

*Michael Beer*

**B**y some estimates, 70 percent of corporate transformations fail to achieve or sustain the envisioned changes. To transform trust and commitment, as well as effectiveness and performance, leaders must act courageously.

For the past 30 years, my colleagues at TruePoint and I have consulted with and studied hundreds of leaders who chose to depart from conventional wisdom about how to lead change. They led what we call an organization-wide *honest, collective, and public* (internally) conversation about their organization's ability to achieve its strategy and live its values. A comparative analysis of the most successful transformational leaders reveals seven courageous practices.

Honest conversation enabled senior leaders to tell their team the sometimes inconvenient truth about necessary changes in the face of competitive pressures. That, in turn, enabled lower-level managers to fully disclose to senior leaders barriers to effectiveness that involved top management. Let me start with the example of Becton Dickinson's outgoing chief executive officer (CEO), Ed Ludwig, and his soon-to-be-successor, Vince Forlenza.

Becton Dickinson (BD), an 8-billion-dollar global medical technology company when the honest conversation took place in 2010, had already been outperforming its competitors for a decade. Nevertheless, after many discussions, the senior team concluded that, with the changing competitive landscape, their good performance wouldn't be good enough. BD had to transform itself from an excellent operating company—succeeding through trustful customer relationships, ethical behavior, and incremental product improvement—into a much more innovative company. That would require changes in organizational arrangements, management practices, and culture. As Gary Cohen, a member of the senior team, put it, BD was already a fine athlete, but now it had to become an "Olympian." You can imagine that this was not welcome news to the many at BD who were comfortable with their successful culture.

Ludwig and Forlenza knew that company cultures don't change just because someone at the top wants them to. They would need to obtain commitment from BD's managers throughout the globe to changes about which they themselves were not clear. That is,

their new strategy would require the transformation of BD's whole *system of organizing, managing, and leading*.

They launched an organization-wide honest conversation, assisted by our TruePoint team as facilitators, about (a) which of BD's strengths had to be preserved in order to carry out the new strategy and enact BD values and (b) what barriers within the company would sabotage that strategy.

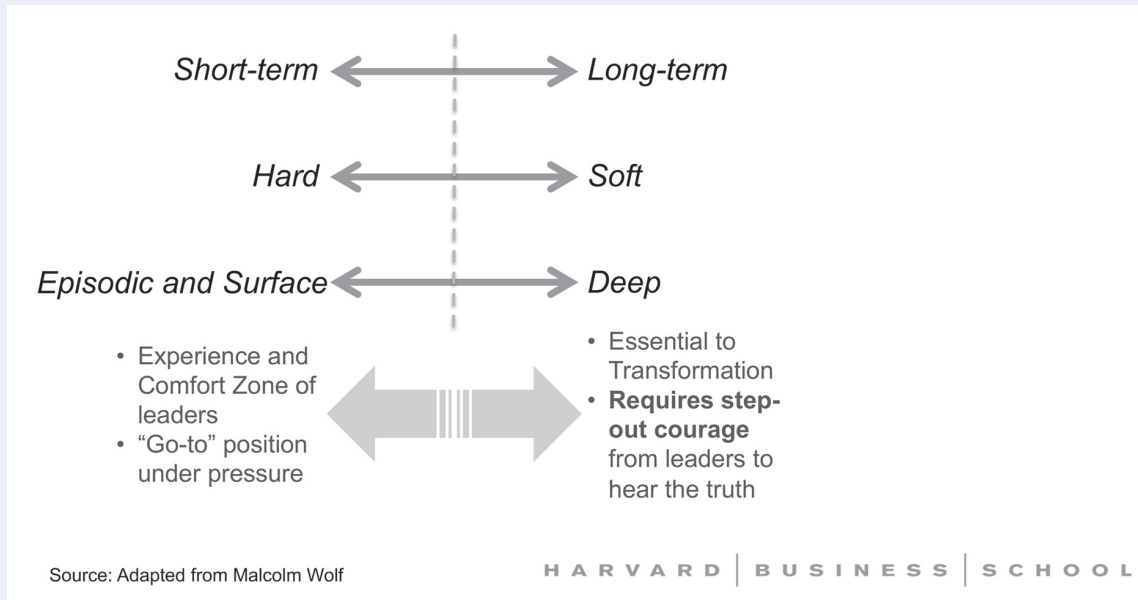
Honest, collective, and public conversation can be accomplished through different methods. In this case, it took the form of asking a task force of 12 key managers below the top, trusted by both the senior team and lower levels, to interview 150 key people in all value-creating activities about what they observed was right and wrong with BD's organization, management, and leadership. External stakeholders—investors, customers, partners, thought leaders, and industry CEOs—were also interviewed about BD's strengths and the internal barriers to its new strategy. The task force then presented the unvarnished truth they had heard to the senior team—in person. The senior team, in turn, acknowledged to the task force and subsequently to the whole company exactly what they had heard—however uncomplimentary some of it was to themselves—and what they planned to do about it. Nothing was hidden in a consultant's report or the minutes of a board meeting.

Let's take a moment to consider how unusual a step Ludwig and Forlenza had taken. They *already* knew the strategy they wanted. Why, then, would they commit themselves to listen to and act on unvarnished feedback about barriers to the transformation from people over whom they had authority? Why not just tell people what was expected of them? Why would they commit themselves to communicate honestly to hundreds of people around the world the uncensored truths they had heard about the barriers to their strategy? Wouldn't this signal that they were weak and indecisive? Wouldn't it slow down the transformation they so urgently sought? Wouldn't it lead to a culture of complaints, endless debate, and inaction? And in any case, would people below the top have that much to contribute to high-level strategy?

In Short, Why Go Asking for Trouble? Why Not Just Lead? Rapidly transforming a system of organizing, managing, and leading requires changes in numerous tangible “hard” organizational facets (structure, management processes, IT systems, and so on). But it also requires transformations of intangible “softer” socioemotional issues such as assumptions, values, and mind-sets—the culture. Without those changes, the new roles, responsibilities, and decision rights that accompany fundamental transformation are not possible. Ludwig and Forlenza understood, as years of research have shown, that lower levels often do not speak truth to power, particularly about the intangible human barriers to change. It is simply too threatening. In a constantly changing competitive environment with continuous changes in strategy and leadership, honest conversations have to occur regularly if the system of organizing, managing, and leading is to be fit to compete—aligned with senior management's vision.

Corporate transformations fail because a leader's comfort zone, particularly when they are under pressure, is to focus on short-term “hard” issues to meet quarterly earnings, not on a search for underlying reasons for ineffectiveness. That requires step-out courage to lead an honest conversation that would reveal deeper “soft” issues needed to understand the whole system (see Figure 1). To less-courageous leaders, this can seem too much to cope with. Openness, in turn, allows the change to proceed much more quickly than one might expect. Too often, the softer, deeper issues that must be confronted for long-term, sustained change are not confronted. This is decidedly human and unsurprising if we consider our own reluctance to have honest conversations with those closest to us—our spouse or partner and friends.

Though step-out courage may be difficult, it is an essential leadership quality in today's rapidly changing world. Institutional survival depends on it. While some managers may be more predisposed than others to open and authentic conversations, my research shows that leaders can learn the seven interrelated courageous practices described below. These practices led to the most rapid and effective transformations.



**FIGURE 1. WHY ORGANIZATIONAL TRANSFORMATIONS ARE HARD.**

## Advocate and Inquire

I hope you haven't gotten the idea that the leaders who led counterintuitive honest conversations were unambitious or uninterested in recognition and promotion. On the contrary, they all possessed what Jim Collins calls a strong professional will or what Marvin Bower, the founder of McKinsey, called the will to manage. They cared deeply about creating a high-performance, winning enterprise and therefore *advocated a new direction that stretched the organization's capabilities*.

Before advocating a new direction to the whole organization, these CEOs and unit leaders had the courage to involve their senior team in an open conversation about it. The best asked senior team members to consider the legacy they wanted to leave behind—the culture and capabilities required for long-term success. In many cases, this conversation changed the leader's own vision. Importantly, it developed a “real” senior team who now spoke with one voice, something that my research has shown is essential for a transformation.

While the leaders we studied strongly advocated change, they also had the will and courage to involve lower levels in an inquiry into the quality of the

direction and into the organization's ability to achieve it. By asking people to define problems and involving them in developing solutions, leaders increased the legitimacy of their vision and created a spirit of partnership to implement it.

## Inspire Trust by Revealing One's Humanity

Some of the most successful leaders inspired trust by sharing with their senior team—and sometimes with the larger organization—something about their own life that revealed who they were as human beings. Some talked about fathers or mothers who had inspired them. Others talked about a key experience that had shaped their leadership and management philosophy—perhaps a great boss or a rotten one.

These leaders may have instinctively realized that revealing one's humanity to those over whom one has authority puts people on your side, inspiring trust and legitimizing your vision. The senior team becomes more open, willing to sacrifice for the larger good and to commit to building a more effective and high-performance enterprise. Leaders who did the same in front of much larger groups

of employees broke down the power imbalance inherent in hierarchical organizations. A more collaborative and humane culture emerged and made the organization more worthy of the human spirit and far more effective.

## Embrace Feedback and Own It

It is fear of embarrassment that prevents too many leaders from embracing honest conversations in the first place. All the courageous leaders we studied were somewhat anxious about the feedback they were about to receive, but approached it with an expectation that it would help them lead.

The natural human response to feedback is defensiveness, which shuts down honesty and undermines trust. One cannot deny the feedback if one hopes to foster openness. Leaders and their senior teams overcame this natural human response by careful selection of a trusted task force of key leaders to interview 100 others across the organization. These were not chronic complainers and were respected by everyone on the senior team and in the organization. To keep the conversation from going off the track, a structured process specified ground rules for engagement, such as “Perceptions are fact—you can’t say it’s not true even if you think so,” “Feedback must be descriptive and fact-based, not evaluative,” and “Senior management can only ask for clarification.” Senior teams also asked to learn what lower levels saw as the organization’s strengths, which helped everyone realize that, whatever the barriers, there was a positive foundation to build on.

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The best of the leaders amplified the trust and commitment by demonstrating their own commitment to act on the feedback. Many emphasized the importance of the feedback before it began and reemphasized that they wanted to hear the truth. One leader took off her badge—a symbol of her employment in the company—and told her senior team she would resign if she and they could not come together and agree on an action plan for change. In response, the rest of the team took off their own badges.

## Confront Difficult Problems and Resolve Conflict

The effective transformational leaders we studied had the courage to bring the *right* people together to talk about the *right* problem in the *right* way. This requires surfacing conflicts and helping people and groups resolve them collectively (which is not to say that they do so without leadership). Ronald Heifetz, the King Hussein bin Talal senior lecturer in public leadership and founding director of the Center for Public Leadership at Harvard’s John F. Kennedy School of Government, reminds us that instead of looking to strong saviors who will impose their solutions, we should be calling for leadership that will challenge us to face problems for which there are no simple painless solutions. That is precisely what honest, collective, and public conversations allowed leaders to do.

How did they do it? They not only told those whom they asked for feedback that they wanted the truth, they suspended their own convictions about what had to change and worked with their senior team to craft alternative solutions. Vince Forlenza, who led BD’s transformation, envisioned developing stronger, world-class, worldwide functions, but as he learned more about barriers to strategy execution, he and his team realized that they needed a strong matrix organization on all three dimensions of the company’s global organization. That required difficult changes in roles, responsibilities, and decision rights for some, but the open and honest conversation that BD’s leaders had already fostered developed commitment. Forlenza’s courageous leadership resulted in significant improvements in the

rate of new product development and enabled BD to outperform the S&P 500—by a large margin—in its market capitalization growth between 2010 and 2018.

Leaders who led honest conversations came away with the realization that those at the top are “ignorant” about barriers to effectiveness. Indeed, an analysis of feedback about barriers in the hundreds of organizations we studied revealed a consistent syndrome of six barriers responsible for an organization’s inability to change. I call them the “silent killers.” They create a dynamic that makes organizations unfit to achieve senior management’s strategic and cultural objectives. Lower-level employees don’t typically tell senior management about them for fear of being branded as complainers and poor team members and of derailing their careers. Do you have the following in your organization?

1. Unclear strategy and values and conflicting priorities
2. An ineffective senior team
3. A leader who is top-down or hands-off in order to avoid conflict
4. A siloed organization that prevents coordination and collaboration
5. Inadequate leadership development and consequently too few down-the-line leaders
6. No safe organizational mechanisms for lower levels to speak truth to power

You can see that it takes courage for leaders to embrace these barriers and act to change them. Yet, as one leader observed, it’s all these silent killers boiling up that keep the organization from executing its strategy.

## Courage Enabled Requisite Systemic Change

Corporate transformations fail because leaders lack the courage to transform the whole system of organizing, managing, and leading. That requires putting all the issues on the table and making changes in roles, responsibilities, and decision rights that can threaten key managers’ power and identity. Most senior

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executives hope to ease their key leaders into change over time. This slows down the transformation because it allows for confusion and for underground efforts to save what’s going to be taken away. It also corrodes trust, because it’s pretty clear who’s going to win and lose and that the CEO isn’t willing to say so directly.

Honest conversation reveals the six silent barriers and enables the senior team to act on them simultaneously—to change the whole system in a coordinated way. Learning that others in the organization see them as ineffective creates a readiness to become a real team able to sacrifice their interests for the larger good. The very act of fostering an honest conversation enables leaders to turn silent killers into the core adaptive capabilities that our research finds are essential for continuous improvement and for the change required to compete.

To less-courageous leaders, changing the whole system—the hard and soft aspects—seems too much to cope with. That’s why most transformations fail. Structure or management processes are changed but, without changes in the senior team’s effectiveness, the other changes fail.

## Replace Heroic Leadership With Collective Leadership

Redesigning an organization has to be collective work; it cannot be driven from the top by one or a few leaders, however committed. A major change is made up of many uncomfortable and unwanted smaller changes, each of which is a point of friction. Without real



commitment, there will generally be enough passive resistance to undermine or sink the effort.

The most successful transformational leaders were willing to dispense with the conventional heroic model of leadership and humble themselves to their senior team and ultimately to a large number of leaders. The most courageous shared with their board of directors what they had heard from the honest conversation and what they planned to change. By making themselves accountable to those below and above them, a partnership was developed.

Collective leadership is unfortunately not the norm for most leaders. Unlike the courageous leaders we studied, most feel that allowing those below them to help is a sign of weakness.

## Suppress Ego, Become Vulnerable, and Learn

Underlying courageous leadership of an honest conversation is the willingness to be vulnerable. As one leader explained when asked what he had learned from leading an honest conversation over several years, making himself vulnerable made him more powerful. What he meant was that vulnerability gave him credibility and influence.

The most successful transformational leaders went a step beyond a perfunctory report to the organization of what they had heard and planned to change. Consider a vice president of a business unit in a global company struggling to adapt to a dramatic change in its market. When he communicated to hundreds of his key people what he had learned and planned to change, he went out of his way to tell them about the critique of his own leadership he had received. Another shared with all 500 people in her organization the explicit negative comments about her leadership she had heard.

The lesson: don't forget you are human and have flaws that are consequential and that those below you already know all about them. Owning up increased the authenticity of courageous leaders and earned them the right to lead the organization through difficult deep change.

## Conclusion

The most successful transformations were led by leaders who embraced all seven courageous practices authentically. They suppressed their ego, embraced what they heard, and took action. They turned the silent killers into strengths, transforming the whole system of organizing, managing, and leading. The very best of the best made honest, collective, and public conversation a regular and ongoing means for continuous improvement in effectiveness, trust, and commitment.



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