Building Leadership: Thriving in Times of Change

GUEST SPEAKER

Charlene Li

It's essential to not only survive disruption, but to learn how to thrive in it. Zoom recently teamed up with Charlene Li, an expert on digital transformation, to host a webinar and provide practical tips for leaders to inspire change in business.

As a complement to the webinar, Charlene provided this handout. While this six-part program is designed as a companion to her book, The Disruption Mindset, Charlene's handout can be used to jumpstart your disruption journey — regardless of your business, title, or experience.

More about Charlene Li

For the past two decades, Charlene Li has been helping people see the future. She's an expert on digital transformation, leadership, customer experience, and the future of work. She's the author of six books, including the New York Times bestseller, Open Leadership, and co-author of the critically acclaimed book, Groundswell. Her latest book is the bestseller, The Disruption Mindset. She is the Founder and Senior Fellow at Altimeter, a disruptive analyst firm acquired in 2015 by Prophet. Named one of the most creative people in business by Fast Company, Charlene is a graduate of Harvard College and Harvard Business School. Learn more at https://charleneli.com/.

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The Disruption Mindset

Your Disruption Quotient

At the end of the introduction, there is a quick exercise to assess how disruptive your organization is. Rate your organization's current ability to be disruptive – to challenge the status quo and try to change a situation for the better – in three areas: strategy, leadership, and culture on a scale of 1 (not at all disruptive) to 10 (extremely disruptive).

Don't overthink it; just write down a number for each element and then average them.

A *strategy* inspired by future customers to make big gulp decisions	
Leadership that creates a movement of disruption	
A *culture* that thrives with disruption	
Total	
Average = Organization Disruption Quotient	

Take note of your organization disruption quotient (ODQ). Similar to an IQ test, the ODQ is a proxy for how much disruptive breakthrough growth your organization is capable of creating. But unlike an IQ score, you can change your ODQ.

Discussion Questions

1. Is your ODQ higher or lower than you expected?

2. Which elements do you believe needs the most work?

3. For groups: If you are from the same team, take a moment and agree on what your ODQ is.

4. Identify and prioritize the three elements (Strategy, Leadership, Culture) that you think the organization needs to work on.

Your Organization in a Competitive Context

It's important to note that the goal here is not necessarily to have a perfect "10" ODQ. You may be in an industry that doesn't require a high level of disruption. If most organizations in your sector have a ODQ score of 3, then scoring a 4 may be sufficient to find and secure your future growth customer. But you may be vulnerable to another organization that is aiming to operate at the 5 ODQ level. What's more important is to ask how much disruption you and your organization can create and sustain over time. This goes to the heart of your disruptive transformation strategy. Thinking about your top three competitors, what do you think their ODQ scores are? Write down those competitors and give them a score between 1 (not at all disruptive) and 10 (extremely disruptive).

Competitor	Organization Disruption Quotient (scale of 1 to 10)
#1	
#2	
#3	

Discussion Questions

1. How does your organization's disruption quotient compare to your competitors' scores?

2. Pull out a few examples of where you think your competitors are doing better at being disruptive.

3. For groups: Compare the scores you gave competitors and discuss how you perceive your competitors' disruption capabilities. Ensure that you leave with an aligned view on where your organization stands vis a vis your top competitors.

Closing Thoughts

An assessment of your current disruption capabilities – and how it compares to your industry – is crucial. To craft a disruptive transformation strategy, you have to know your starting point.

Defining Your Future Customer and Preparing to Take A Big Gulp

A focus on future customers is the way to address the classic innovator's dilemma, where easy profits from existing customers blind incumbents from seeing new competitors inching in, picking off customers on the edges.

To start, list out the five things that you don't know about your future customer. Phrase it as questions to be answered. If you are working as a group, consider having people write them on Post-It Notes and sticking them on a wall and then grouping similar questions together.

Write your list of questions here:

The first step is to identify which three questions are MOST important for you to answer first. This is an act of prioritization. If you're working as a group, each person can "vote" for three and tally which ones are collectively deemed most important. Write those questions down here:

1.

2.

3.

Now, take your best educated guess at answering these questions. Note which ones you feel pretty confident answering and which ones are complete guesses.

The goal of this exercise isn't to come up with the definitive model of your future customer, but to highlight the need to have a continuous process to update who your future customer is. By forcing yourself to craft a future customer profile, you will identify glaring gaps about what you don't know and what you still need to learn.

As a final step, identify the actions you need to take to set aside the time and resources to answer those three questions.

Action Steps to Define Your Future Customer

Action Step	Who is Responsible?	Deadline
1.		
2.		
3.		

Closing Thoughts

In Chapter 2 "Preparing For The Big-Gulp Moment", I emphasized how crucial it was for organizations to have deep, robust information about their future customers to make the difficult decisions demanded by disruption strategies. You will need a reference point of customer needs for your deliberations – a centering truth that everyone can look to for inspiration as well as a reality check.

Leading a Disruptive Movement

In disruptive times, your leadership needs to shift to create a movement that will sustain your organization as it goes through a long, difficult disruptive transformation. Movements require a different kind of leadership where the emphasis is on inspiring followers to take on the mantle of leadership themselves.

One of the best ways to do this is to create a manifesto. It helps your employees and customers keep focused during the tough, risky disruptive transformation journey ahead. They have to feel it, remember it, and make it their own. They may not remember it verbatim, but they will recall the emotion and tap into it to guide specific actions they come up with on their own.

Let's get started with writing a manifesto!

Step 1: Start with a rant.

Identify what's wrong with the world. How would things be so much better if only people did something differently? If you had a magic wand, what would you change about your industry? Take all of the things you don't like about how things are today and write them down here. (If in a group, write your rants on Post-It Notes, put them on a wall, and group then into similar rants). When done, write down the top three rants that resonate most with you.

Rant #1

Rant #2

Rant #3

Step 2: Flip the rant into a belief.

Turn each negative rant into a positive statement. For example, here's a simple rant: "As a former dog-lover-turned-cat-owner, I think it's shameful that cats are treated as second-class pets." I then flip it into a belief: "Cats deserve first-class treatment because we love them with all of our heart."

Belief #1

Belief #2

Belief #3

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Step 3: Add what you are going to do to act on that belief.

A manifesto is a playbook that lays out how those beliefs will "manifest" in the real world. Follow this simple template:

"We believe [that something is true] and that's why we will [do something]."

With my cat example, if I were a veterinary clinic, my manifesto would be, "Because we love our cats, we believe they deserve first-class treatment and parity of care. That's why we have a dedicated waiting and exam room for them, away from barking dogs and their scents."

Re-write the three Beliefs from above by adding Actions:

Belief + Action #1

Belief + Action #2

Belief + Action #3

Action Steps

Now that you have a rough draft manifesto, here are ways to further develop them:

- Refine your manifesto statements with collective and active voice. The collective voice gives the manifesto a call to action and a promise of belonging, beckoning, "Are you with us?" The active voice sets expectations of action and engagement. Nextdoor, the neighborhood-based social network, has a manifesto that makes frequent use of strong terms like, "we believe," "we embrace," "we choose."
- Write a blog post about each statement. There should be enough content and meaning there to write a few paragraphs because it's a foundational belief of your movement. If you're struggling to write even a few paragraphs, you shouldn't include it in your manifesto.
- Test with customers. Do the statements resonate with them? Do they feel differently about your organization after reading it? Do they belief something will be different because of what you do? Test, refine, repeat.

As a final step today, write down the action steps that you (or your team) will take to create and spread your manifesto.

Action Steps To Create Your Manifesto

Action Step	Who is Responsible?	Deadline
1.		
2.		
3.		

Closing Thoughts

Writing a manifesto is just one way to re-orient leadership toward creating a movement. The hard work comes from being consistent and persistent in making sure that your followers understand the beliefs and take action. Keep it simple, get over your self-consciousness, and be patient. Especially in the beginning, it will feel as if you are talking into a void. You'll feel like shouting, "Is anyone there?" or "Does anyone care?" Stick with it while also trying new things. You never know what will resonate with your followers.
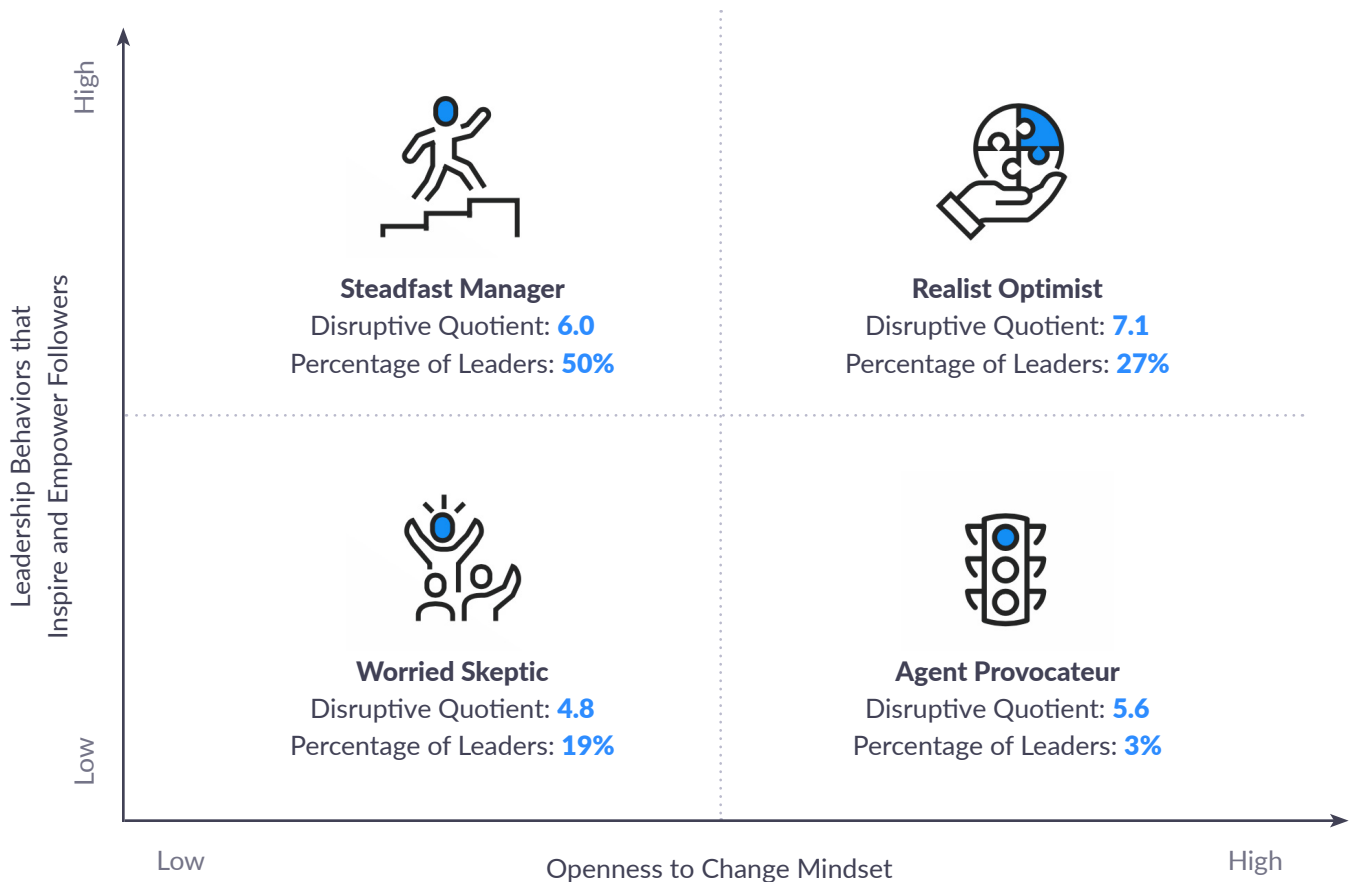
Developing Disruptive Leaders

Being a disruptive leader means having confidence in your ability to challenge the status quo and change a situation for the better. The biggest drivers of disruptive leadership are an openness-to-change mindset and leadership behaviors that empower and inspire followers.

The four archetypes of disruptive leaders can help you assess and understand what kind of disruptive leader you and your counterparts in the organization are and how you can best work together.

In this section, you'll do a self-assessment to determine your disruptive leadership archetype. If you are working as a group, you'll do this individually and then discuss your findings as a team.

Background Information

Below is a chart that lays out the Four Disruptive Leadership Archetypes, the percent of leaders that fall into each archetype, as well as their average disruptive quotient score.

Steadfast Manager
Disruptive Quotient: **6.0**
Percentage of Leaders: **50%**

Realist Optimist
Disruptive Quotient: **7.1**
Percentage of Leaders: **27%**

Worried Skeptic
Disruptive Quotient: **4.8**
Percentage of Leaders: **19%**

Agent Provocateur
Disruptive Quotient: **5.6**
Percentage of Leaders: **3%**

High

Low

Leadership Behaviors that Inspire and Empower Followers

Low — Openness to Change Mindset — High

These four archetypes offer a deeper understanding and appreciation of the nuances of disruptive leadership. All leaders in your organization have some level of disruptive leadership in them, but some may not be as open to change or haven't developed the skill of leading through others. If you want to move your organization forward, you can go only as fast as your slowest leaders, so you want to have an honest conversation about where each of you stands.

The archetypes also provide a template for how leaders with different disruptive leadership capabilities can work with each other and become more disruptive by consistently adopting certain mindsets and behaviors. The archetypes answer not only the question of how to improve your disruption quotient or that of the leaders in your organization, but also why it's important to do so.

Finally, the archetypes can form the foundation for leadership development in your organization. They can be used not only to help leaders identify the mindsets and skills they need to work on, but also to identify high-potential disruptive leaders, regardless of their role or title. In my research, I found that disruptive leadership potential did not vary with age or role, meaning that it defies traditional leadership development programs designed specifically for a role.

The Disruptive Leadership Assessment

To take the assessment, you can take it online at https://charleneli.outgrow.us/disruptors-assessment or use the written assessment beginning on the next page.

There are three parts to the assessment:

1. Disruption Quotient

2. Leadership Behaviors

3. Openness to Change Mindset

Part 1: Disruption Quotient

Being "disruptive" means challenging the status quo and trying to change a situation for the better.

On a scale of 1-10, how "disruptive" would you say you are (1 not at all disruptive, 10 extremely disruptive)? Please apply this in the context of your role as a leader.

1	2	3	4	5	6	7	8	9	10

Part 2: Leadership Behaviors

In the context of your role as a leader interacting with followers, how often do you do the following activities on a scale of 1 (never do this) to 5 (almost always does this). Choose one for each activity.

	1 Never	2 Seldom	3 Sometimes	4 Often	5 Almost always
Empower people to try out new ways to approach their work.	1	2	3	4	5
Encourage people to view problems or opportunities in a different way.	1	2	3	4	5
Envision exciting new possibilities for the organization.	1	2	3	4	5
Look beyond the boundaries of the organization to find ways to improve.	1	2	3	4	5
Build a coalition of key people to make change happen.	1	2	3	4	5

ADD up the five scores above and write it down:

Your Leadership Behavior Score: _____

Part 3: Openness to Change Mindset

Every person has a different level of how much change and risk they are comfortable with in their lives. *Please indicate how much you lean towards one statement or the other.*

I like having a daily schedule that doesn't change too much.	1	2	3	4	5	Changes in routine are interesting to me.
I focus on minimizing risks.	1	2	3	4	5	I focus on weighing which risks to take.
I think it's better to stick with what you know.	1	2	3	4	5	I think it's better to seek out the unknown.
Mistakes and failure should be avoided at all cost.	1	2	3	4	5	Mistakes and failure are an opportunity to learn.
Once I find something I like or that works, I stick with it.	1	2	3	4	5	I constantly try new things because I believe there's always something better.
Even though I know I am right, I hold back from saying it if it will be disruptive.	1	2	3	4	5	I express opinions I think are correct even if I know they will be unpopular.

ADD up the six scores above and record it.

Your Openness to Change Mindset score: _____

Calculating Your Results

Based on your Leadership Behavior and Openness to Change scores, figure out your Disruptive Leadership Archetype below. Descriptions of each of the leadership archetypes on the next pages.

	Openness to Change Score 22 or lower	Openness to Change Score 23 and higher
Leadership Behavior Score 18 or higher	Steadfast Manager	Realist Optimist
Leadership Behavior Score 17 or lower	Worried Skeptic	Agent Provacateur

Steadfast Manager

You are the leader the organization turns to when execution must happen on time and on budget – and you get it done with your team feeling encouraged and empowered to figure out the right approach. You excel at clarifying roles and expectations while detailing the rules and procedures to guide everyone's work. And people love working for you because you seek out their opinions and consult with them about decisions that may affect them.

You also spend much of your time and energy on minimizing risk, reducing the chance that mistakes and failures impact the operations and success of your organization. Once you find something that works, you stick with it. While you remain open to change, you believe it should be the exception – your definition of success is that things run well, smoothly, and consistently.

If your organization is embarking on a disruptive growth strategy, you will feel uncomfortable given the shift in priorities. It will feel unfair, as if all of the good work you had invested in smooth execution is no longer valued. In actuality, you are the lynch pin to any disruptive growth strategy. Without your strong leadership capabilities – especially in engaging your colleagues and establishing process and order – the work of disruptive growth simply won't get done. Partner with the Realist Optimists because they will know to put your strong leadership skills to work – and also understand how far they can stretch you into disruptive change without stressing you out.

The Real Optimist

You have what it takes to be a disruptive leader – a mindset that's open to change coupled with strong leadership behaviors to get it done. You look at the world with a "glass is half full" optimism, a belief that there is a better solution out there – it's only a matter of time until you find it! Change and challenges don't stress you out – it's just it opposite, new situations energize you. When things go wrong, you take it in stride, seeing it as an opportunity to learn and find a different way to your objective Your capacity to grasp failure makes you realistic about the journey ahead so you are prepared to rally your troops forward when the inevitable setbacks hit. Most importantly, you are confident in your ability to build a coalition of people to make change happen, fully realizing that you can't do it alone.

Your biggest challenge is that most of the leaders in your organization likely doesn't think the way that you do – you will stand out as the odd duck. It's crucial that you find the other Realist Optimists in your organization so that you can amplify and support each other's' agendas. Then build a coalition with the Steadfast Managers – help them overcome their anxiety around change because you will need their excellent leadership skills to rally the rest of the organization.

Worried Skeptic

Your nature is to look at the world from a glass half empty perspective and you worry about all of the thing that can go wrong. And with good reason – you're often the leader who gets called when things blow up because you are really good at cleaning up the mess. You are the hero of the moment, plugging the holes in the dam and calling for reinforcements. You rely more on your excellent analytical skills and intuition to work through problems, rather than depend on inexperienced colleagues and team members to figure it out for themselves. Because the stakes are so high, you are skeptical of hair-brained ideas to change things without a lot of study and data to make sure that the decision is the right one to make.

In an organization pursuing a disruptive strategy, it will sometimes feel like you are the only sane person in the room – the only one who can see the potential downside to a risky disruptive strategy. Your voice is crucial – you should appeal to the strong leadership behaviors of the Realist Optimists to make sure that your concerns are heard and validated. At the same time, you will need to develop your own leadership behaviors to lead through others and be more curious about the disruptive growth initiatives – or your risk being left behind. And find solace with the Steadfast Managers who face similar challenges with being open to change – having kindreds spirits going through the same disruptive leadership journey will be comforting.

Agent Provocateur

With a big appetite for change and failure, you are at the front lines of disruption, constantly trying new things because you believe there's always something better than what you're doing today. You think it's better to seek out the unknown because change creates opportunities for growth. Routines bore you so you take on new challenges at work in your personal life because they energize you.

You often feel others in your organization can't see or understand what the obvious opportunity is before you. And your biggest challenge is that while you want to advocate passionately for change, you find it challenging to get people involved and to take action. To improve your chances of being an effective disruptive leader, deepen your leadership behaviors, especially your ability to build a coalition of people that you empower to try out new ways to approach their work. Focus especially on establishing expectations and standards about the change, laying out details in process and procedures that provide guardrails for people.

In particular, seek out the Steadfast Managers in your organization. Their leadership capabilities coupled with your openness to change and failure make a powerful combination to drive disruptive growth.

Discussion Questions for Individuals

1. How does the assessment result match or conflict with how disruptive you see yourself?

2. Look at the average disruption quotient scores for your archetype on Page 14. Is your disruption quotient score higher or lower than the average for your archetype?

3. Given the change your organization needs to go through, is your disruption quotient at the right level?

4. Look back at your Organization Disruption Quotient from Page 5. How does your personal disruption quotient compare to the organization's? What are the implications for your leadership?

5. Look at the individual questions for both the Leadership Behaviors and Openness to Change Mindset questions. Which three areas do you think you need to develop?

6. For Groups. Compare your assessment results, charting the three scores: the Disruption Quotient, Openness to Change Mindset, and Leadership Behaviors. How spread apart or concentrated are those three numbers for your group? What does this say about your team's strengths and where you need to develop?

Disrupting Your Culture

Simply put, culture is a set of beliefs and behaviors that define how work gets done, and what is appropriate and what is not. Beliefs are the shared assumptions that people bring to work every day and that manifest throughout the organization as "things that we hold to be true." Behaviors are the things that people do every day to get work done: the words that we say and the actions we take.

The ultimate goal isn't to transform your culture to some ideal, "perfect" one that drives breakthrough growth. There is no such thing. The goal is to develop a culture that thrives on the three beliefs necessary to chase after your fastest-moving customers: openness, agency, and action.

All of the research I've done points to one fundamental truth: the only way to change culture is to start working differently. To do this, conduct an audit of your culture.

Conducting Your Culture Audit

Begin with a quick audit by asking people across your organization what's working well and what needs to improve. These discussions will give you insight into the underlying beliefs that make up your organization— and how consistently or inconsistently they are held across different departments, business units, or geographies. Compare your notes with the three beliefs of flux organizations (openness, agency, and a bias for action) and you'll begin seeing the gaps that need to be addressed.

Use this space to capture insights from your audit:

Flux Beliefs Exercise

This exercise is best done as a group – a team working together or a group of executives or managers at similar levels. You'll need a stack of Post-It Notes and ideally markers like Sharpies.

Take a few minutes to silently brainstorm beliefs or behaviors that are holding the organization back. You don't need to subscribe to these beliefs personally, but you see them manifesting in behaviors that aren't helping your organization thrive with flux and be focused on future customers.

Write one belief or idea per Post-It Note and put them on a wall. Group similar beliefs and behaviors together, and then examine them, and then have a discussion about these two questions:

1. Which of these beliefs and behaviors do you recognize? If you haven't seen them before, take some time to understand the source of them.

2. Decide which of these beliefs you will no longer hold to be true. Identify the behaviors that you will no longer tolerate. Make a pact with each other to move forward from these beliefs and behaviors, supporting each other to not think, say, or do these things anymore.

The second part of the exercise is all-important and much harder. Do the same exercise but instead, write down beliefs and behaviors that will move you forward, helping you thrive with flux and support beliefs like openness, agency, and a bias for action. Then group and prioritize the beliefs and behaviors that you will adopt to move forward. Some questions to discuss:

1. How will you systematically replace the beliefs and behaviors that you hold back with ones that will move you forward?

2. When will you meet again to review how the belief and behavior transplant process is going?

Closing Thoughts

Culture can seem like an intractable force that's impossible to change. But culture does change and the difference in disruptive organizations is that it is done intentionally and with purpose. But it requires diligence, attention, and follow-up to make sure you are shifting culture in the direction that you want.

The Flux Culture Operating System

In the previous section, you defined what beliefs and behaviors will form the foundation for your culture. But just adopting these disruptive beliefs isn't enough to create and sustain disruptive transformation in your culture. You need to also hardwire those new beliefs into what I call the organization's culture operating system—its structure, formal and informal processes, rituals, symbols, and stories—so the desired disruptive behaviors become the norm rather than the exception.

This section looks at each of the three parts of the culture operating system (organization, processes, and lore) to help you determine which one needs the most attention. Jump to the part that resonates most with you and do the specific exercise. If you're working as a group you can divide into three groups and tackle each of the three sections.

Where to Start

Here's a quick overview of the three culture operating system elements. Included are a few questions to ask to help you prioritize your efforts:

STRUCTURE

Structure defines the power relationships in the workplace, as well as the physical proximity of people to each other. In an increasingly digital and remote workplace, structure takes on even more importance in defining when and how people work with each other.

- Are there significant cross-overs between departments, for example, work that requires or depends on someone else from a different department? The more there cross-overs there are, the more likely a change in structure might increase openness.
- Is there a disconnect between how you're organized and how work actually gets done?

If there are issues around structure to be explored, here's the exercise:

Step 1: Map out critical relationships.
What kind of new power relationships need to be formed to execute your transformation strategy? Map out where the most important, frequent, and difficult connections must be made, and engineer that relationship into reality with your structure. One organization I know combined two teams, technology and strategy, that frequently encountered disconnects because they didn't speak the same language. When they had to report to the same organization and also sit literally next to each other, they started to bridge the gap and form a common understanding.

Step 2: Break windows between silos.
Instead of doing a large-scale reorganization, see if there's a way to punch data and communication "windows" between silos to enable people to see each other and work together from within those silos. The key is to know where to make the windows and how big to make them so they support a specific business objective. Take a moment and identify data streams that if directed to the right people can relieve some of the tension created by rigid structures.

PROCESSES

Processes include anything that can be captured and written down as repeatable steps or a policy that guides the development of a process. Examples range from the strategic planning process and how investments are prioritized to minutiae like how meetings are run or feedback is given.

- Does information flow freely and easily to the places where it's needed to support actions?
- Is it clear how decisions are made, and who makes them? Or are decisions driven far too often by consensus?
- Is there discipline and accountability in how things get done? Meaning that meetings start on time, have agendas, and clear outcomes?

If you don't have good, strong processes that connect your organization to your future customers, here's the exercise:

Step 1: Audit your processes.

Audit your organization for instances when your team slows down because they are unsure if they have permission to change how they go about doing their work. Make those areas your top priority for establishing process and clarity.

Step 2: Define a great process.

Take a moment and practice replacing or creating a new process with one that's designed well from the outset, with flux and future customers in mind. Be clear about "what good looks like" by setting first the outcome desired because you are defining the parameters of great performance. Create a service-level agreement which defines what is accomplished in what period of time.

Step 3: Design for follow-through.

Standards alone aren't enough; you also need the grit to follow through with consequences if they are not met. Consistency is everything when it comes to establishing process so be clear what accountability will be put in place as well as who will follow up if process isn't followed.

LORE

According to the Oxford Dictionary, lore is "a body of traditions and knowledge on a subject or held by a particular group, typically passed from person to person by word of mouth." These are the stories, symbols, rituals, and traditions that people share with each other. They become a type of shorthand for colleagues to confirm with each other that they are together, fighting the same fight. More important, they reflect the emotional bonds of trust that smooth the path to change.

- Are there established rituals to mark significant transitions, such as new hires, departures, recognition, and wins?
- What symbols and stories, if any, help convey your treasured beliefs and reinforce behaviors?
- Are there a plethora of rituals, symbols, and stories that reinforce beliefs and behaviors that should no longer be part of the culture?

If lore is an issue – or is mostly absent – in your organization, then do this exercise:

Step 1: Catalog rituals and stories.

Which rituals exist today, or used to exist in past? Do they support flux beliefs or do they reinforce stuck ones?

Step 2: Identify the biggest opportunity to create a new ritual.

Brainstorm a few ideas for a new ritual and prioritize one that you sketch out how the ritual will roll out.

Step 3: Commit to following through.

New rituals take time to develop and take root so you will need to commit to following through with the ritual every single time it's called for – no exceptions!

Closing Thoughts

The unifying theme for your culture operating system is to be intentional and consistent about how you shift structure, processes, and lore. Frequent changes, shifts in the direction, and lack of follow through will send the message that you are not serious about culture change – and you will be ignored. If instead you are intentional and consistent about driving new beliefs and behaviors, you will be rewarded with a new culture capable of thriving with disruption.