

COMPETITIVE ADVANTAGE

THE ORGANIZATION OF LEADERSHIP

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The development of leadership skills across all levels of an enterprise is as much a source of competitive advantage as the organization of work or power.

More and more businesses are organizing courses, coaching and training programs to develop leadership. Both in recent theoretical work and business practice, there is a growing drive to develop leadership skills among employees in all spheres and at all levels of the organization. Some might see this as an isolated trend or just a fad. However, this tendency is part of an evolving process that is directly related to generating competitive advantage, that is to say, to the success, failure and survival of a business. Understanding this is important because the role of leadership, which has been increasing over recent decades, will almost certainly continue to grow in the future.

The importance of leadership today is a consequence of an evolving process that we could call the four basic *organizational dimensions of a company*: work, power, knowledge and leadership. Work involves functions and tasks; power, the ability to take decisions; knowledge, the management of information and talent; and leadership, the ability to influence beliefs, attitudes and behavior. These four dimensions can be structured according to the sphere in which they occur – people or processes – and according to the organizational level at which they develop – formal or informal (see matrix page 20).

At an individual level, each of these dimensions provides a certain capacity for action and a greater capacity to create competitive advantage. However, the greatest potential of these dimensions as a source of competitive advantage lies in their collective and coordinated development across complex organizations involving tens, hundreds or thousands of people.

COMPETITIVE ADVANTAGE AND ORGANIZATIONAL DIMENSIONS

Expanding the individual dimension to the collective dimension of the organization is part of an evolving process that covers, sequentially, the dimensions of work, power, knowledge and leadership. This transformation from the individual sphere to the organizational sphere implies, in fact, a break with the artisanal model of production in which these four dimensions are embodied in the artisan. Applying these four dimensions in the collective sphere creates different forms of organization that at the same time produce four sources of competitive advantage.

The organization of work consists of the division and distribution of work in complex pyramidal organizations. Its application on a large scale began with the idea of “scientific management” at the beginning of the 20th Century and evolved through methodologies such as job descriptions and organization by process. The organization of work involved a break

with the artisanal model of work and has shown itself to be more productive and efficient. In general terms, its ability to deliver competitive advantage has decreased progressively over time although, in certain sectors, for example, among lawyers or certain medical specialists – where the organization of work is not as developed – it still represents a certain margin of competitive advantage.

The organization of power is the distribution of the ability to take decisions and influence results across a pyramidal organization. This process, known as empowerment, also implies a break with the artisanal concept of power, in which some give the orders and the rest obey. This source of competitive advantage, commonly structured into targeted management systems or Total Quality Management systems, seeks to find more effective ways of delegating and improving employee performance. During the second half of the 20th Century, in industrial sectors such as the automotive industry where competitive advantage in the organization of labor began to lose differentiating force, the organization of power has been essential to success. This has been the case, for example, with Toyota and its system of organization (“think global, act local”) which encouraged initiative and the involvement of all employees.

The organization of knowledge involves the generation and management of knowledge in all spheres of the organization, what Peter Drucker defined as “putting knowledge at the center of productive activity.” This involves a break with the artisanal concept of knowledge, which sees innovation and learning as an individual process practiced by “some

members” of the organization and applied to “other members.” In the new paradigm, everyone in the organization is learning (“learning organization”). In looking for a source of competitiveness, businesses try to identify, capture and retain talent – where knowledge is generated – at all levels of the organization. Over the past two decades, the popularity of the organization of knowledge, helped by management and information systems, has continued to grow. This source of

“THERE ARE MORE OPPORTUNITIES FOR ORDINARY PEOPLE TO BECOME LEADERS.”



competitive advantage, for example, is the principal explanation for the rise and fall of technology businesses, although there still isn't enough accumulated evidence to explain this effect on a global scale.

The organization of leadership consists of spreading leadership throughout the organization. It involves a break with what we could call the artisanal concept of leadership – characterized by the

leader-follower model – and a move to forming “communities” of leaders along the command chain. In this mode of organization, all of the employees are called upon to exercise a positive and coordinated influence on the people they work with. Up to a point, this source of competitiveness

has been exploited by businesses that we would describe as examples of excellence. Many of these businesses have learned how to create leaders at different levels of the organization, thus managing to influence beliefs, attitudes and behavior in a collective manner. However, these first fruits, where leadership is generated in “some” members of the organization, represent only a part of the real potential of this dimension.

THE ERA OF LEADERSHIP

● Of the four basic organizational dimensions, the organization of work, power and knowledge is a reality in the majority of businesses today. But the fact is that, especially in highly developed competitive sectors, these three forms of competitiveness offer less and less potential. In fact, beyond the business sphere, the social transformations that have

accompanied the development of these three models of organization – the Industrial Revolution, the democratization of power and the rise of the knowledge society – are well established and prominent in modern-day society.

We are perhaps less conscious how the organization of leadership constitutes the beginning of a new transformation which, in the social sphere, is driven by what we might call the *leadership society*. This is a society in which great leaders are both fewer and more ephemeral, while there are more opportunities for ordinary people to become leaders. This new society is characterized by the “democratization” of leadership and the increasing development of skills, means and capabilities to communicate and exert influence at the global level.

The organization of leadership is a new forum for the evolving process of organizations that is accompanied by new social changes that have occurred in recent decades. It is the beginning of a change driven by the same forces, and probably on the same scale, as the changes in the organization of work, power and knowledge. The fundamentals are already there in the majority of organizations but the development on a global scale has yet to occur. At this point, its main competitive advantage and its main attraction is that it can give organizations something different that is difficult for competitors to imitate.

Furthermore, alongside the capacity to differentiate, there is another factor that drives the development of this transformation. Just like work, power and knowledge, leadership is a capacity inherent in people and realizing it allows them to feel more fulfilled. It is not just a question of social and organizational evolution. The organization of leadership also implies a transformation on a personal level that liberates people's potential and makes them feel more realized.

THE BASIC DIMENSIONS OF THE ORGANIZATION

