9

Missions-Driven Leadership

Abstract In this chapter, we present the leadership style required by management by missions (MBM). We first make a brief review of the different types of leadership that have been proposed in the past: transactional, transformational and transcendental leadership. And then, we propose the key competencies of missions-driven leadership (MDL) structured in four areas: commitment with purpose and missions, developing a culture of cooperation through a sense of purpose, ability to implement the changes required by the organization's purpose and the struggle for control the personal ego.

Keywords Leadership • Transformational leadership • Transcendental leadership • Purpose • Missions • Management by missions

The meaning of the term “leadership” has evolved significantly since the early twentieth century. Leadership literature and practice have gradually moved beyond the personality-centric leadership perspective to include the person or teams being led. During the last decades, leadership has

The sponsors are: DPMC Foundation & Chair in Management by Missions and Corporate Purpose (UIC)

come to be defined as a “relationship of influence” in which both leaders and followers play an important role.¹ This perspective focuses on the relationship a leader builds with his or her followers. Various modern leadership models belong within this relational approach. The best known of them is transformational leadership. However, the limitations of this leadership model are now becoming more apparent.

In uncertain and volatile times, leadership becomes an increasing challenge. The business playbook, in which companies are supposed to focus solely on maximizing profits, is no longer accepted. Society expects business leaders to create profitable companies but in ways that also enrich society, by attending to the environmental and humanitarian dimensions of their activity. Leaders who confront this challenge will be limited if employees are tied to the organization only by traditional monetary incentives. But when they build companies with a deep sense of purpose, their employees become catalysts of progress, ensuring their organization thrives, even though the most challenging times.

In this chapter, we introduce a new type of leadership for the new times. In order to more fully understand the characteristics of this new leadership, we will make a brief review of the different types of leadership that have flourished in the past.

Types of Leadership

We can distinguish three types of leadership, according to the nature of the influence a leader exerts on his or her followers:² transactional, transformational and transcendental.

Transactional Leadership

Transactional leadership is built on a relationship of economic influence. A transactional leader relies on rewards and punishments to motivate

¹ J.C. Rost, *Leadership for the Twenty-First Century*, Praeger, New York, 1991.

² P. Cardona, “Transcendental Leadership,” *Leadership & Organization Development Journal*, vol. 21, no. 4, 2000, pp. 201–207.

their subordinates. In fact, their ability to influence people depends on their ability to give or withhold incentives. To do that, they lay down clear rules and set carefully designed objectives. Their management style tends to be “command and control,” with an emphasis on control and robust use of formal power. They pay close attention to the short term and use processes and resources efficiently.

A transactional leader is, therefore, a good manager who seeks continuous improvement through standardization, organization and repetition of tried and tested processes. Good transactional leaders tend to be good negotiators: they are authoritarian, even aggressive, in getting maximum benefit out of the relationship of economic influence they have created. And yet that benefit is suboptimal from the point of view of other, higher-value-added relationships, because even in the best of cases it includes only the employee behaviors that are part of the formal job requirements.

Transformative Leadership

Transformational leadership is based on a relationship of professional influence. In a professional relationship, the subordinate is interested not only in compensation and benefits but also in the job as such: the challenge it offers, what they expect to learn from it and its overall appeal. The influence exerted by a transformational leader goes deeper than that of a transactional leader, as a transformational leader is able to influence people not only through rewards and punishments but also through an attractive job in which subordinates will learn and commit to tasks. A transformational leader is usually nonconformist, visionary and charismatic. They are an excellent communicator. Compelling and persuasive, they have great faith in themselves and their vision, and pursue the changes they have decided upon with great determination and energy.

The transformational leader is not necessarily opposed to the transactional leader: they are an enriched transactional leader. “Transformational leadership is an extension of transactional leadership.”³ This is the type of

³ B.M. Bass and B.J. Avolio (eds.), *Improving Organizational Effectiveness Through Transformational Leadership*, Sage Publications, Thousand Oaks, CA, 1994.

leadership advocated by authors such as Warren G. Bennis:⁴ “[Leaders] know what they want, why they want it and how to communicate what they want to others, in order to gain their cooperation and support.” Transformational leaders get people to identify with them and their vision, and then empower them to pursue their objectives independently. There is a clear distinction between the leader and their followers: there is only one leader, everyone else is a follower. We could say that the transformational leader retains leadership at the top of the pyramid: the leader is the guarantor of the corporate vision and the driver of organizational change. This makes it difficult to develop new leaders within the organization.

Transformational leadership can be especially problematic when the leader’s personal vision becomes an end in itself or, worse still, an exercise in self-aggrandizement. The literature is full of examples of leaders who carried people with them for their own personal glory. This is what is often referred to as “narcissistic leadership.”⁵ The danger of the narcissistic leader is that they can be manipulative in their efforts to persuade people to do what they want. To deal with this dark side of the transformational leader, Bernard Bass draws a distinction between authentic transformational leadership and pseudo-transformational leadership.⁶ Authentic transformational leaders have ethical principles as well as charisma, whereas pseudo-transformational leaders succumb to narcissistic temptation. However, this is a somewhat flimsy distinction. Basically, it shows that another category is needed in order to distinguish authentic from pseudo-transformational leadership.

Transcendental Leadership

What makes transcendental leadership unique and powerful is that it is built on a relationship of personal influence. The influence exerted by a transcendental leader is even deeper than that of a transformational

⁴ W.G. Bennis and R. Townsend, *On Becoming a Leader*, Addison-Wesley, Reading, MA, 1989.

⁵ M. Maccoby, “Narcissistic Leaders: The Incredible Pros, the Inevitable Cons,” *Harvard Business Review*, vol. 82, no. 1, January 2004, pp. 92–101.

⁶ B.M. Bass and P. Steidlmeier, “Ethics, Character, and Authentic Transformational Leadership Behavior,” *The Leadership Quarterly*, vol. 10, no. 2, 1999, pp. 181–217.

leader, because a transcendental leader is able to influence people not only by giving out rewards and punishments or interesting professional challenges, but also by appealing to their awareness of how other people need them to do their job well, out of a sense of purpose. The transcendental leader is strongly committed to social and environmental challenges and makes their subordinates realize how their work contributes to its progress. They walk the talk, which enhances their credibility among their subordinates. Lastly, they radiate a powerful sense of urgency and encourage their subordinates to accept leadership responsibility, so that they set for themselves demanding and ambitious goals in service of the corporate purpose.

The transcendental leader does not hoard leadership at the top; they do their best to ensure that leadership permeates the entire organization. They are a leader who makes leaders. They do this by inspiring a sense of purpose in their subordinates, each at their particular level of responsibility. The resulting sense of ownership goes deeper than the empowerment championed by transformational leaders. A transcendental leader sees their work as a service to their subordinates. Essentially, the transcendental leader is at the service of the purpose. As a leader of leaders, they expect their subordinates to take on more responsibility and prefer to share success, rather than taking all the credit themselves. The transcendental leader could be said to be both more ambitious and more humble than the transformational leader.⁷

Purpose and Leadership

In practice, we see a history of leaders who give example to transcendental leadership: leaders who make other leaders. Many of them are widely studied and admired and are held up as models. We have already mentioned David Packard of Hewlett-Packard, R.W.W. Johnson of Johnson & Johnson and Tom Watson of IBM. Mostly, they are people with

⁷J. Collins comes to the same conclusions in “Level 5 Leadership: The Triumph of Humility and Fierce Resolve,” *Harvard Business Review*, January 2001.

exceptional, extraordinary qualities who surround themselves with a team of leaders. They have deeply rooted personal principles and values that enable them to achieve what so many companies wish for nowadays: employees who are committed to a shared endeavor.

Perhaps the reader now wonders: Is this leadership for exceptional people only? And what about the rest of us—managers, supervisors, team leaders?

In our consulting work with organizations of different sizes and in different industries, we have found that transcendental leadership is possible and attainable at all levels, provided the context is right. This is where MBM comes into the picture, as it generates a particular form of transcendental leadership—one with a purpose-driven mindset—that aims to turn people into leaders who will take ownership of the company's purpose in their own area of influence. Unlike transformational leadership, this form of leadership can be extended to all levels of the organization.

Leading “by missions,” it is not a matter of leading departments, or divisions, or even people. Every manager, at every level, leads through purpose: that is what makes them a leader, not necessarily whether they have exceptional qualities or a special charisma. Missions-driven leadership (MDL) is directly related to a purpose and values that transcend the leader as a person. That is why in this chapter we shall use the term “leader” to refer to any person—CEO, director or middle manager—who contributes to a purpose through their commitment to their specific missions. Thus, the missions-driven leader is the one who accomplished the purpose by leading through its various missions toward the purpose.

Dimensions of Missions-Driven Leadership

In MBM, as we have explained, management tools are the driver, while the leader is the facilitator of cultural change in the company. In other words, cultural change does not come about automatically just because a company uses certain tools. It is a learning process in which managers and subordinates gradually acquire new knowledge, attitudes and

behaviors, until everyone embraces the organizational purpose.⁸ In implementing MBM in a variety of companies, we have developed and tested a model for how a manager can become a missions-driven leader. This model is structured in three basic dimensions: commitment, cooperation and change.

Commitment

Missions-driven leadership (MDL) begins with developing commitment. One of the main effects MBM has on an organization is to enrich the employer-employee relationship. In the basic employment relationship—be it extrinsic (work for money) or intrinsic (satisfaction of the challenge)—MBM adds a transcendent layer where employees know they have a part in the purpose being fulfilled. Following the steps shown in Fig. 9.1, people begin to willfully accept a purpose commitment, in addition to their interest in the job itself or the pay and benefits.

Let's take a look at the steps involved in the cycle of commitment:

1. *Personal commitment.* First, a leader must genuinely serve in word and action the company purpose and missions. This is the first condition and first factor facilitating the entire process of change.
2. *Conveying commitment.* Next, a leader should convey a personal commitment to other members in the organization to ensure that they also commit to the purpose. For that to happen, they must organize their communication around the purpose and missions whenever the occasion arises in their day-to-day endeavors.

Fig. 9.1 Cycle of commitment

⁸ R.E. Quinn and A.V. Thakor, "Creating a Purpose-Driven Organization," art. cit., pp. 78–85.

3. *Acting consistently.* A leader must promote the purpose and missions with a sense of urgency by aiming to achieving ambitious goals in all areas of the missions. For example, if the missions include commitments to customers, shareholders and employees, the leader must treat all three stakeholder groups with an equally high sense of commitment.

The three behaviors we have described—personal commitment, conveying commitment and creating a sense of urgency—are not occasional or temporary efforts. A leader must practice them resolutely and constantly. If the leader does not persevere, few colleagues will be likely to follow their example, and all the initial effort to secure commitment and create a sense of urgency will be wasted. Perseverance is not just about maintaining commitment; it also means continually renewing and reinforcing commitment at the personal level, which brings us back to the start of the cycle.

Cooperation

The second dimension of MDL involves developing a culture of cooperation through a sense of purpose: a form of teamwork that goes beyond the mere coordination of functions or simply cooperating for a matter of economic efficiency. Cooperating out of a sense of purpose means understanding how other colleagues contribute to carrying out the company's missions—their shared missions—and also supporting them so that they can do their jobs effectively. In fact, cooperation out of a sense of purpose occurs naturally when there is a true commitment to a shared purpose and missions. The way managers exhibit this particular form of cooperation is described in the process illustrated in Fig. 9.2.

Let's look at the steps in the cycle of cooperation:

Fig. 9.2 Cycle of cooperation

1. *Define support commitments.* First, the leader must clearly know what others need from them to fulfill the company purpose and missions, through agreements between the parties, establish support commitments. In this way, the missions-driven leader makes cooperative commitments, not as a favor or an annoyance, but out of a true sense of purpose, and, in turn, fosters this attitude among their team members.
2. *Follow up cooperation proactively.* Once the initial commitment is established, the leader must adjust the support commitments to fit current circumstances, and must actively correct any imbalances. In fact, cooperating out of a sense of purpose is not about hitting some numeric targets, but rather ensuring that the cooperation is truly effective and having a real impact on the company's missions.
3. *Evaluate the service.* Periodically, the leader should look to evaluate subordinates in their area and other areas to measure progress on their contribution to other areas apart from their own. The purpose of evaluation is to diagnose faults that had not been detected or prioritized before, not to pass judgment or point fingers.

These three steps—support commitments, proactive follow-up and service evaluation—are extremely useful for both regular planning and specific conflict resolution. In fact, creating a true culture of cooperation out of a sense of purpose requires constantly reinforcing the practice of the three steps outlined.

Change

The third dimension of MDL is the leader's ability to implement the changes required by the organization's purpose and missions. To do this, the leader must constantly look "outward," and understand how the conditions of their environment and the expectations and needs of the missions' stakeholders (customers, shareholders, employees, etc.). In today's VUCA (volatile, uncertain, complex and ambiguous) environment, constant change is already a condition for survival. A car buyer today has rather different expectations from just three years ago, and expectations will be quite different three to five years from now as well. The same

Fig. 9.3 Cycle of change

applies to the needs and expectations of a company's employees, where aspects such as professional development and work/life balance are increasingly more important in a world that is getting used to working remotely. A purpose may remain "untouched" for decades, but the way to fulfill that purpose with excellence will be constantly changing. The leader must promote a constant balance between what is already known (exploitation) and creative rethinking (exploration).⁹ The change process follows the steps described in Fig. 9.3.

Let's take a look at the steps in this change process:

1. *Identify needs for change.* The missions-driven leader does not cling to his or her thinking—as purpose is driving the change. Instead, they are constantly looking for new ways to adapt to changing environments and better fulfill the company's purpose and missions.
2. *Personal change.* Once the new path has been chosen, the leader is the first to walk it. In this learning path, the leader must have the courage to explore new paths, overcoming any uncertainty this may entail. Besides courage, they must also practice the humility that any learning process requires: know how to listen, accept help, try new methods, try again—without being discouraged—if they fail the first time and so on.
3. *Promote change in employees.* Once the personal change is underway, even though it is a long process that has barely begun, the leader has the necessary authority to try to change their subordinates. The leader must be a coach to their team: somebody close with whom team members can discuss the problems and needs they face in promoting purpose-driven change.

⁹James G. March, "Exploration and Exploitation in Organizational Learning," *Organization Science*, vol. 2, no. 1, 1991, pp. 71–87.

In these three cycles—commitment, cooperation and change—we have tried to condense our experience of how MDL develops throughout the organization. Now, as we have said before, to successfully implement MDL, one must use the purpose management tools correctly. These tools promote and reinforce each of the processes described, by facilitating and guiding their development. In this way, management systems and leadership mutually reinforce each other by creating a consistent binomial that promotes a sense of purpose throughout the company.

Battling the Ego

Along with the exercise of the three dimensions described above—commitment, cooperation and change—there is also a personal battle involving the leader that significantly impacts the effectiveness of MDL. It is the struggle for control of their personal ego, something that everyone who holds a leadership position in an organization must constantly engage in.¹⁰ This preoccupation with mitigating the harmful effects of the ego is something we have observed to be among the main concerns of many managers. Some organizations try to tame employee egos through policies like equal status, eliminating external distinctions between levels and so on. This is because, as we have seen before,¹¹ many managers realize that the leader's uncontrolled ego can result in numerous limitations. For example, a leader with an unchecked ego often perceives their subordinates' leadership as a threat, and often unconsciously, these managers end up stifling the leadership development of their own employees.

Perseverance in the personal battle against the ego, which can manifest itself in different ways throughout the manager's life, is a constant in the practice of what we have defined as missions-driven leadership (MDL). It is about the struggle to transcend one's own "I," to focus on the purpose, putting it above personal opinions and ambitions. It is also about fostering the leadership of subordinates, without worrying that this could

¹⁰ Regarding the importance of ego control (or the exercise of humility) in the managerial role, the recent study (2001) by J. Collins, "Level 5 Leadership," art. cit.

¹¹ M. Maccoby, "Narcissistic Leaders: The Incredible Pros, the Inevitable Cons," art. cit.

$$\text{MDL} = \frac{\text{Commitment} \times \text{Cooperation} \times \text{Change}}{\text{Ego}}$$

Fig. 9.4 The MDL *formula*

mean a loss of power or authority. In fact, the impact of boosting employee leadership is quite the opposite: it reinforces one's own personal leadership and strengthens the consistency of the entire team.

The impact of the ego on the effectiveness of MDL is so important that we can illustrate it by using the *formula* shown in Fig. 9.4.

This formula reflects a multiplicative relationship between the three dimensions of the numerator—commitment, cooperation and change. In other words, if either of them is zero, the total leadership is zero. For MDL to be effective, all three dimensions must make at least some contribution. Moreover, this formula reflects the observation that leadership decreases in proportion to the leader's ego.

The leadership model we just presented is not a theoretical model developed in an office; it is the result of our observations from having implemented MBM in different companies and at different levels. As we mentioned above, MBM requires a certain kind of leadership—transcendental leadership—to actually produce a cultural change. But, at the same time, the very implementation of MBM helps to create this leadership, or at least greatly facilitates it. In other words, it is the natural result of a good MBM implementation.

In short, missions-driven leadership (MDL) is still an exercise in personal fulfillment, the fruit of many victories and also many defeats taken with sportsmanship and a spirit of learning. In Table 9.1, we present an MDL self-diagnosis that could help leaders reflect on whether or not they are moving in the right direction and how they are doing with it. MDL is certainly not something that is achieved once and lasts forever: leadership is a path that must be traveled. To achieve effective missions-driven leadership, you must constantly reinforce the process and never lower your guard, while promoting leadership in employees so that it *transcends* throughout the entire organization. As such, we suggest supporting the implementation of management by missions with a serious and sustained program of leadership training and mentoring.

Table 9.1 Self-diagnostic test for missions-driven leadership (MDL)

1. I am personally invested in the company's missions.
2. I attach importance to all areas (stakeholders) of the missions.
3. I view my leadership as a service to my subordinates.
4. I know what others need from me and how I can help them.
5. I promote cooperation with the missions of other areas.
6. I request feedback from my colleagues and subordinates on how I help them achieve their missions.
7. I know the needs for change required by the company's missions.
8. I promote the development of skills among my subordinates.
9. I try to avoid the spotlight and help others shine.
10. I promote altruistic actions and activities, leading by example.

Developing the Local Ecosystem

Alpha Omega is a company headquartered in Nazareth (Israel) with offices in several countries. It predominantly focuses on the development, production and sale of high-tech medical supplies for treating neurological disorders such as Parkinson's, essential tremor and epilepsy. Husband and wife duo Imad and Reem Younis, founders of the company and members of the Israeli Arab community, use management by missions to fuel their purpose of "improving people's lives," while developing the local ecosystem of Nazareth and its surroundings, transcending local conflicts and seeking harmony between Arabs and Jews.

"I met Imad at Technion more than 30 years ago," says Reem,¹² "when he was studying electrical engineering. It was Imad's dream to be a part of the high-tech business scene that was starting in Israel during the 1970s and 1980s. But, when he started looking for a job, he saw how hard it was for an Arab engineer to get hired, because most high-tech jobs were dominated by the military, and Arab engineers had no access to those positions. So we said to ourselves: 'If they won't hire us, we'll just start our own company.' And that's what happened. In 1993, we went into business in Nazareth by selling one of our used cars and four gold coins that Imad's father gave us. That was the start of our company.

(continued)

¹²Testimonial compiled from the talk by Imad and Reem Younis at the 6th Symposium of the Chair of Management by Missions and Corporate Purpose, "Management by Missions Across Cultures," held on November 28, 2018.

(continued)

"Today," Reem continues, "inequality and discrimination still exist, even if it is not officially recognized. Due to these inequalities and the lack of resources and opportunities, our community is trapped in a vicious circle that keeps its development far behind that of its neighboring countries, with higher levels of poverty and fewer possibilities of education and employment. Imad and I decided it was our responsibility as company owners to help break that vicious circle, and we did so through management by missions. At Alpha Omega, to fulfill our purpose of improving the quality of life for people with neurological diseases and, at the same time, to develop our local ecosystem, we target these four areas:

- To our **customers**, who are mostly from outside of Israel, we promise to exceed their expectations. We will not only meet their expectations, we will exceed them; this is very difficult to do, but this is our promise.
- In turn, we want **sustainability for the company**, because in order to impact the ecosystem in Nazareth we need a sustainable project.
- Looking within the company, in order to change the ecosystem, we need to promote leadership and entrepreneurship among our **employees**. We want to give them tools so that, the day they're ready to fulfill a dream, they can start their own companies in their towns and cities and impact the local ecosystem.
- And, finally, we focus on the **community**, promoting diversity and inspiring new generations; only in this way can we change the community and give back to the land in which we grow together."

At Alpha Omega, for more than ten years, these missions have been at the heart of a common commitment in which Arabs and Jews cooperate together for a shared purpose: to improve people's lives. With this philosophy, pioneering in the country, the company makes great efforts to attract talent from both cultures and maintain an inclusive work environment.

"It's not an easy task, but the benefits for both society and the company are innumerable," says Imad. As a result, Alpha Omega has become a source of inspiration and model for other companies in the country. It is also an example that illustrates the three dimensions of missions-driven leadership: shared commitment, cooperation beyond differences and change—rooted in a sense of purpose—in mindsets and confrontational attitudes that have lingered in the country for decades.

"Many ask us what we do in our company to embrace diversity," Imad continues, "to have a Zionist sitting next to a patriotic Arab and achieve the same goal. How can you do that? It is practically mission impossible. And

(continued)

(continued)

here we have the solution: It's management by missions. I'll give an example that happened last week on Israel's Independence Day. A day earlier, there is a one-minute siren in homage to the Israeli Jewish soldiers who died during the 1948 Arab-Israeli War (or Israel's War of Independence). We Arabs call Israel's Independence Day *Nakba*, which means disaster, because it was the day of catastrophe. And on that day, we also want to embrace diversity. How do we do that? It's clearly a challenge. But with our missions, the strong missions that we have, we can connect all the different people and make everyone respect their own vision: people can stand or sit, whichever they please, just respecting each other in a way that everyone is accepted. This experience has been a major change for me as well. Because, in management by missions, the hardest part is reaching the person, their habits and their character. Management by missions, at the end of the day, touches a person's soul. And that is the hardest thing to do; not only with the employees, but also with me. I need to change."

Open Access This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons licence and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons licence, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons licence and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.