Matching leadership style to the situation

MODULE 1 | 1.7.2 | STUDENT COMPANION

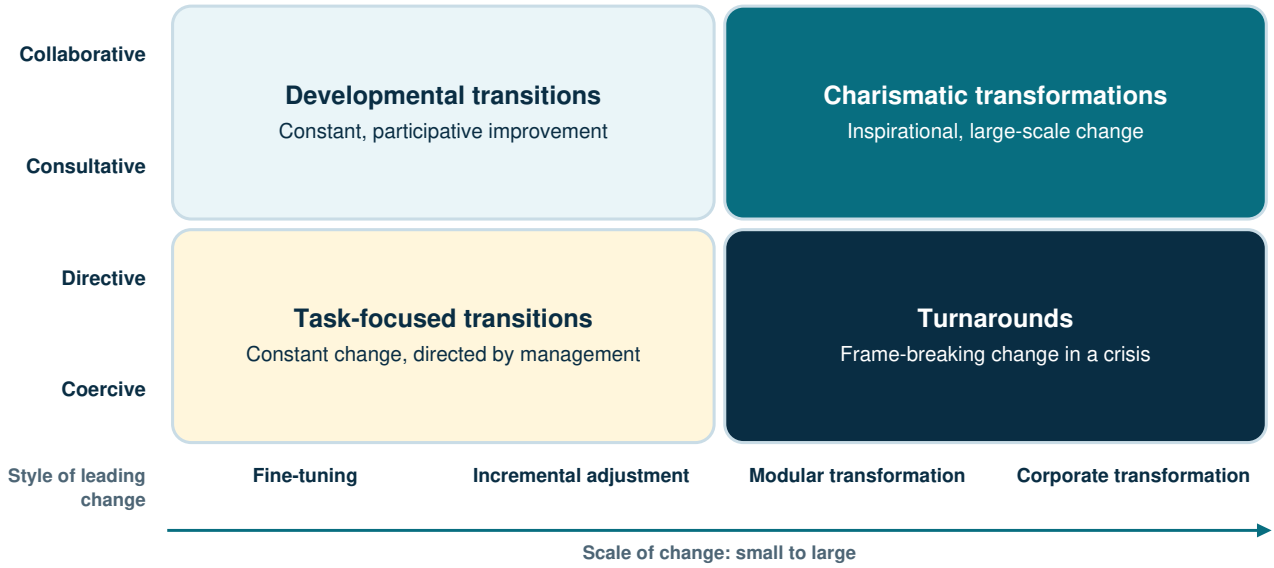
Four types of change

Type	How big?	How much of the organisation?
Fine-tuning	Minor, like continuous improvement	Usually part of it
Incremental adjustment	Relatively minor	The whole organisation
Modular transformation	Major	One part, such as a division
Corporate transformation	Major	The whole organisation

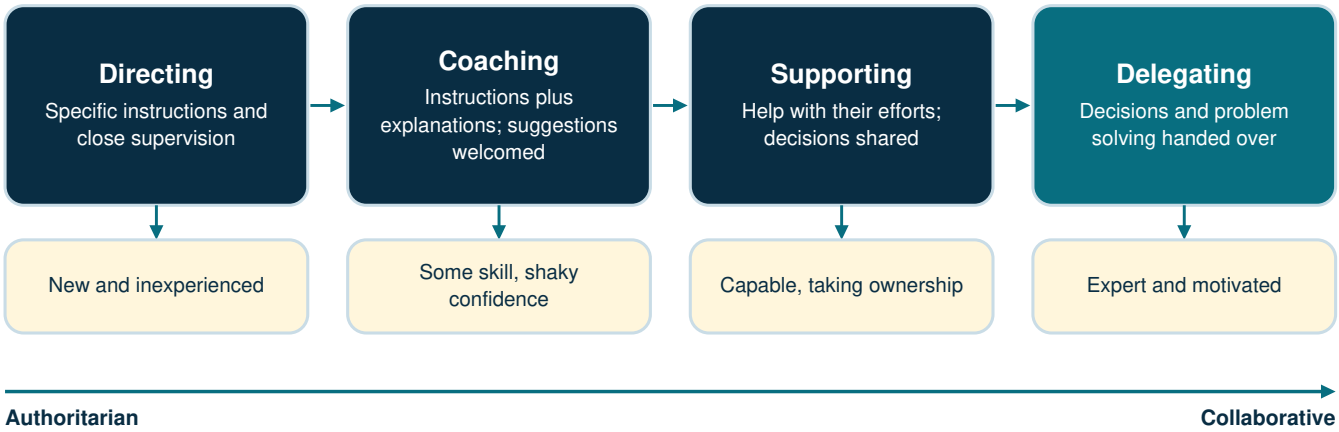
Four styles for leading change

Style	What it involves	When it suits
Collaborative	Employees heavily involved in key decisions about the future and the change	Knowledge is spread throughout the organisation
Consultative	Views sought before change; employees help set goals in their own areas	Management has a plan but feedback adds value
Directive	Management authority, limited participation	Knowledge sits at the centre, or leaders are changing the culture
Coercive	Change forced through, sometimes using outside parties	A crisis with little time or resource; often involves job cuts

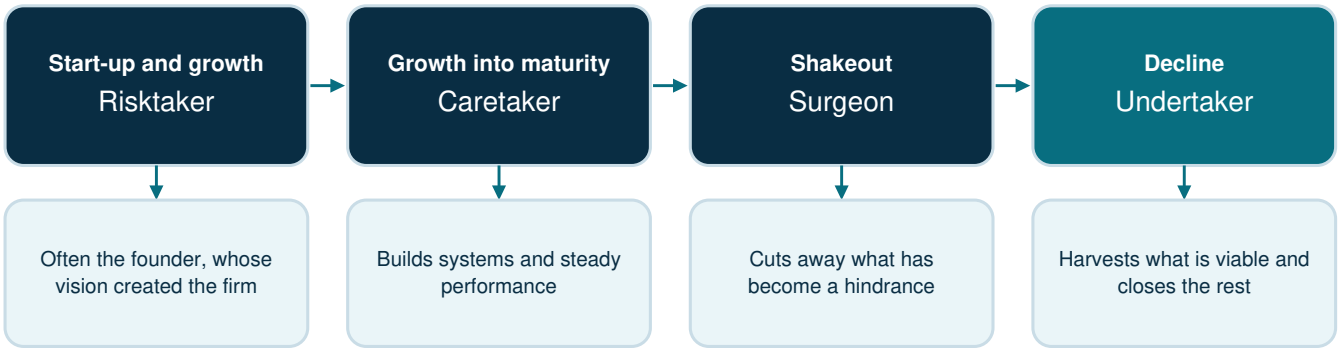
The intensity of change model



Four situational leadership styles



Leadership across the life cycle



Real example of a surgeon: Alan Mulally at Ford from 2006 sold Aston Martin, Jaguar, Land Rover and Volvo and focused on one global Ford brand

Case note: Alan Mulally at Ford

Alan Mulally left Boeing to become Ford's chief executive in September 2006; Ford lost US$12.7 billion that year. Late in 2006 Ford raised about US$23.5 billion, of which US$18.5 billion was secured against almost all its assets, including the blue oval logo. Ford then sold Aston Martin (2007), Jaguar and Land Rover (2008) and Volvo (2010), closed the Mercury brand and focused on one global Ford brand under the 'One Ford' plan. In the 2008-09 crisis it was the only one of the three big US carmakers to avoid bankruptcy and the emergency government rescue loans its rivals needed, and in 2009 it earned US$2.7 billion: a surgeon's style matched to a shakeout.

Sources: Ford Motor Company news releases and annual reports, 2006-2011.

Culture and leadership style

Organisational culture covers shared norms, perceptions, stated values and agreement about goals. Across borders, **power distance** (how far people accept that power is distributed unequally) affects how much directive authority employees expect, and in China **guanxi**, a network of personal connections and trust, makes business leadership more relationship-oriented than rule-based. Silence in a meeting may not mean agreement.

Practice questions

MODULE 1 | 1.7.2 | TRY THESE BEFORE THE WORKED ANSWERS

Question 1 - Classify each change and choose a style

Situation	Type of change, style and strategy
(a) A bank's IT team keeps refining how it tests software; the know-how sits with its engineers.	
(b) An airline that has just lost its most profitable route must cut costs by 30% within three months to survive.	
(c) A university redesigns its entire teaching model across every faculty over five years, with broad academic input.	
(d) A retailer introduces a new standard returns procedure in every store, designed at head office.	

Question 2 - Which situational style suits each person?

Team member	Style and why
(a) Zoe joined last week, is eager to learn and has never done this task.	
(b) Ahmed has learned the basics but is getting discouraged by early mistakes.	
(c) Chen is capable but hesitant to make decisions on his own.	
(d) Ruth is an expert who enjoys the task and is highly motivated.	

Question 3 - Rothschild's four faces

Leader	Which face, and why?
(a) A founder risks her savings to launch an electric ferry company built on an untested idea.	
(b) A new chief executive closes loss-making divisions and sells a non-core brand during an industry shakeout.	
(c) An executive is appointed to wind down a printing business in terminal decline, selling valuable equipment and closing sites in an orderly way.	

Worked answers

MODULE 1 | 1.7.2 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - Classify each change and choose a style

Situation	Answer
(a) Bank IT testing	Fine-tuning; collaborative or consultative because the knowledge is spread among the engineers: a developmental transition
(b) Airline survival	Corporate transformation under crisis; directive, even coercive, style: a turnaround
(c) University redesign	Corporate transformation with time and widely spread expertise; collaborative or consultative: a charismatic transformation
(d) Standard returns	Incremental adjustment (minor, but organisation-wide); directive because the design sits at head office: a task-focused transition

Question 2 - Which situational style suits each person?

Team member	Answer
(a) Zoe	Directing: clear instructions and close support while she learns
(b) Ahmed	Coaching: keep giving direction, but explain the reasons and encourage him
(c) Chen	Supporting: share decisions and build his confidence to decide alone
(d) Ruth	Delegating: hand over decisions and problem solving

Question 3 - Rothschild's four faces

Leader	Answer
(a) Electric ferry founder	Risktaker: a founder's vision in the start-up stage
(b) Shakeout chief executive	Surgeon: cutting parts that have become a hindrance to secure the future
(c) Printing wind-down	Undertaker: harvesting what is viable and closing the rest to stop losses

The caretaker, who steers a business from growth into maturity by building systems and steady performance, is the face not described in these three cases.